

"Do You Know" Series



Exclusive Jurisdiction and CISG for Contracts under Indonesian Law

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Produced under the project of the Asian Business Law Institute to harmonise contractual clauses in Asia

The Asian Business Law Institute ("ABLI") returns with its popular series on contracting in Asia. All past write-ups in this series are available on ABLI's [LinkedIn](#), with full compilations available [here](#).

The short article below discusses the international aspects of a contract under Indonesian law by focusing on the questions of exclusive jurisdiction and CISG. An earlier article on other aspects of internationality of contracts under Indonesian law is available [here](#).

Exclusive jurisdiction

Under Indonesian law, matters concerning suspension of debt payment, bankruptcy, insolvency, employment and consumer protection must be resolved before Indonesian courts. From a practical standpoint, although not mandated by law, disputes involving immovable objects in Indonesia, such as land and buildings, should ideally be resolved through local courts in Indonesia.

For matters that fall under the exclusive jurisdictions of Indonesian courts by law, parties do not have the freedom to select their preferred forum for dispute resolution.

CISG

Indonesia has not signed the United Nations Convention on Contracts for the International Sale of Goods (**CISG**). Accordingly, the CISG is not incorporated into Indonesian law.

The contract law provisions under the Indonesia Civil Code (**ICC**) and the CISG differ on several fronts. For instance, the CISG, as its name suggests, is specifically tailored to contracts for the international sale of goods, while the ICC may apply to a broad range of contracts without any specific distinction. For legal remedies, the CISG offers options such as full compensation, restitution, provision of substitute goods, etc. Conversely, the ICC only offers compensation and interest as remedies for breach of contract. Despite their differences, the CISG and the ICC share common underlying principles, such as freedom of contract, good faith and consent.

Based on practical experience, it seems relatively common for parties to exclude the application of the CISG to their commercial contracts.

For completeness, the UNIDROIT Principles of International Commercial Contracts, which is a non-binding codification or "restatement" of the general part of international contract law, is not recognised as a material source of law in Indonesia, and it is uncommon for parties to incorporate those Principles in their contracts.

Acknowledgment

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The experts are contributors to ABLI's project that aims at harmonising contractual clauses in Asia, covering 12 key contracting jurisdictions that include Australia, China, England, India, Indonesia, Japan, Malaysia, New York State, the Philippines, Singapore, Thailand and Vietnam.

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