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### CULTURAL HERITAGE "LAKE TOBA" AS AN ACCELERATION OF FOREIGN INVESTMENT ADVANCEMENT IN INDONESIA

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#### **ABSTRACT:**

Lake Toba is one of the 10 priority tourist areas being developed by the Indonesian government. By combining three main potentials, namely geodiversity, biodiversity, culture diversity, Lake Toba has an important role in supporting the tourism sector. The beauty of the tourist destination of Lake Toba, North Sumatra, was promoted in the international music event Toba Caldera World Music Festival (TCWMF) 2019. The purpose of this study is to analyze how Lake Toba is a cultural heritage in accelerating the advancement of culture and foreign investment in Indonesia. With the empirical juridical research method with an interview approach. The results of the study stated that the designation of Lake Toba as part of the UNESCO Global Geopark, could encourage cultural advancement, economic development and sustainable development in the region. Through the development of sustainable geo-tourism, there are opportunities for local communities to promote culture, local products and create wider employment opportunities, opening up opportunities for foreign investors to join. At the same time, with the recognition and attention of the world towards the Toba Caldera, the government and local communities are obliged to improve and continue to preserve the environment and the integrity of the Toba Caldera Area.

#### **INTRODUCTION**

Lake Toba is located in North Sumatra, which is one of the most beautiful volcanic lakes in Indonesia. With an area of 1,145 square kilometers. Lake Toba looks like an ocean which is 900 meters above sea level. Apart from being called

the largest lake in Southeast Asia, the lake which has a depth of 450 meters is also the deepest lake in the world.

In addition, there is an island in the middle of Lake Toba, namely Samosir Island. Samosir Island has a small lake above it, namely Lake Aek Natonang and Lake Sidihoni. Samosir Island, which has an area almost the same as Singapore, is not an empty island. This island is home to the Samosir Batak tribe. The Batak people who live on Samosir Island still adhere to their ancestral beliefs. They also still carry out various rituals that were usually carried out by their previous ancestors. Not only is Samosir Island the main attraction of this tourist spot, Lake Toba is also surrounded by Pine Forest and several waterfalls and also warm water baths in the forest. The scenery around the lake is very beautiful with relatively cool air so you will feel at home for long.

From May 2016 to April 2017 in three districts in the Lake Toba area, namely Samosir, Simalungun, and Porsea Regencies. The results showed that the organisms found in the waters of Lake Toba were Plakton, Macrozoobentos, and Nekton. The macrozoobenthic diversity index in the three districts is low. The highest diversity value was found in Samosir Regency (1.6) followed by Tobasa (1.5), and Simalungun (0.43). The plankton diversity index values in the three districts are; Samosir Regency (2.47), Tobasa (1.41), and Simalungun (1.63). The fish diversity index in the three districts is low; Samosir Regency (1.97), Tobasa (1.16), and Simalungun (1.61). In the three sub-districts there are 25 types of plankton, 12 types of macrozoobenthos and 8 types of fish. Changes in environmental conditions affect animal diversity. The results show the need for conservation as a management plan to overcome environmental conditions in order to maintain the environmental quality of Lake Toba (Lubis, 2019).

The analysis that is carried out using the proximity method can map the range of distances from tourist objects that provide economic correlation. Mapping is carried out using strategic location variables, leading tourism objects, tourism linkages on leading tourism objects, priority locations for tourism support toba and settlements that support priority tourism locations as a linkage of tourism services. Thus it can formulate the need for the concept of the need for handling residential areas related to Lake Toba tourism in the form of (1) a scenario for handling priority areas for supporting settlements on Parapat Free Beach, Ajibata, Tomok, Muara followed by (2) Increasing Wharf; (3) Lakefront City (4) Development of Tourism Destination Areas through Primary Tourism Destination Areas (Geopark and Lake Toba) and Secondary Tourist Destination Areas; (5) Park and Ride System and (6) Development of the Sosor Saba terminal as a tourist terminal and parking area for tourists (Widhijanto, 2018).

Currently, Lake Toba is one of the 10 priority tourist areas being developed by the Indonesian government. By combining three main potentials, namely geodiversity, biodiversity, culture diversity, Lake Toba has an important role in supporting the tourism sector. The beauty of the tourist destination of Lake Toba, North Sumatra, was promoted in the international music event Toba Caldera World Music Festival (TCWMF) 2019. And to explore Lake Toba while enjoying views of Lake Toba, you can not only visit for one day.

However, it can be done for days in order to enjoy every element that is around Lake Toba.

Currently, Lake Toba is submitted to UNESCO as a world heritage. As the need for good development to be maintained. In the development of Lake Toba, it must have a cool climate, the environment is not affected by pollution, the community participates in maintaining cleanliness and environmental sustainability, organizing tour packages between tourist objects in Parapat and tour packages with the Samosir tourist area in Tomok and Tuk-tuk, there is an institutional role in managing tourism and cultural tourism attractions, Tor-tor dance and Gondang Batak music and the use of online media for promotion (Buaton, 2015). And from here it is very important for the development of remote areas in order to increase economic development, as well as the development of untapped resources. In addition, the many things that have developed can increase investors' interest in our resources which can be a positive value in line with future per capita economic developments.

that the interest and interest of respondents is 56% - 81.6% of the issue of the discourse of Lake Toba as a global Geopark Caldera by UNESCO. As much as 71.6% - 88.3% of respondents wish Lake Toba as a UNESCO global Caldera Geopark and tend to give positive answers. Another thing, namely (decision) decisions and interest in disseminating discourse issues also provide positive answers (Hidayat, 2019). In the short term, GDP and infrastructure do not have a significant effect, while inflation has a negative and significant effect at  $\alpha$  5% on foreign investment. In the long term, GDP and infrastructure have a positive and significant effect at  $\alpha$  5%, while inflation has no significant effect on foreign investment in Indonesia (Cahyaningsih, 2016). So it is very important for the increase in GDP and the existing infrastructure to be developed into a wider network. Likewise, in the development of the tourism side in tourist areas such as Lake Toba so that it is extended to all surrounding areas as well. In the tourist area of Lake Toba, in the area of Parapat City, there are not only Lake Toba attractions, there are still 4 other natural attractions, namely Hanging Rock, Huta Loting Monkey Park, Bangun.

Dolok and camping ground and Dolok Simarbalatuk. If these objects are developed properly, they can give more value to the Parapat tourist area, but their current condition is almost unknown to the public. From the data from the Tourism and Culture Office of Simalungun Regency (2012) it is known that these objects are still independent, seen from only tourist objects around Lake Toba Parapat which are the objects most visited by tourists. Meanwhile, other objects are rarely visited, so there is no specific data collection regarding the number of visitors, the development of each object is also disproportionate because only objects around the shore of Lake Toba have experienced significant development while no other objects have developed, connecting routes between tourist objects. those that are not available in the research area, in terms of the tourist attractions offered, still tend to be minimal or limited. The lack of friendly local people in receiving visitors is considered to have an impact on the development of this tourist area.

Foreign direct investment plays an important role in financing the global economy, and it is a feature most often used in funding the national economies of developing and countries in transition. The demand for foreign investment in the global market is very large, therefore the government has carried out many activities to create a more conducive environment for attracting investors. Particular attention is paid to direct investment in financing economies on a global scale, the importance of such investment for global economic development and the impact of foreign direct investment on economic development. The main activities, which need to be done to attract the highest possible volume of investment, have been emphasized. Using statistical and quantitative analysis, this paper shows that foreign capital inflows are one of the basic prerequisites for accelerating economic growth and that foreign capital inflows have a positive impact on economic development. By monitoring and analyzing various instruments of foreign capital inflows, with an emphasis on investment in free zones and joint ventures with foreign investors, it is clear that these instruments have various but positive effects on macroeconomic variables (Susic, 2016). that the relationship between international investment law and protection of cultural heritage is still necessary for a balance between the jurisprudential that is given to protect cultural heritage. thus the need for control so that cultural heritage is included in the investment agreement is not misused and also how it can be withdrawn from cultural heritage by the community, especially investors who want to invest in areas around cultural heritage areas (Vadi, 2008).

Things that affect tourist attraction, accessibility, infrastructure and facilities, social conditions and community support are very important aspects of progress in the location of Lake Toba. in this case, these aspects significantly affect existing tourism. And the weak aspect of the five things is community support in the region (Siregar, 2018). So it is very important to carry out training or socialization of the goals to the community in order to support and help how these developments will advance the area there and its surroundings. of course with good supervision too.

At this time, the development of Lake Toba is increasingly famous, let alone a geopark icon. So the triggering of the desire to visit will probably increase and may attract investors both from outside and inside the country to visit and invest in Indonesia, especially around Lake Toba in North Sumatra. What is different from this study compared to previous studies is an examination of how the influence of the cultural heritage of Lake Toba on the desire to invest by outside investors in Indonesia. The purpose of this research is to analyze how Lake Toba as a cultural heritage can accelerate the advancement of culture and foreign investment in Indonesia. What is different from this study from previous research is how the viewpoints and developments towards international investment that occur in the cultural heritage of "Lake Toba".

## **METHOD**

The method used in this research was juridical empirical or non doctrinal. With a sociological / empirical approach using a non-positivistic approach and using qualitative analysis by examining the opportunities of Lake Toba as a cultural

heritage in accelerating the advancement of foreign investment which is the object of research then projecting it on the standard of legal norms / regulations that apply to the ideal It is hoped that later it will be interpreted (interpreted) based on a theory (theoretical interpretation) and for later generalizations will be drawn as an ideal formulation (ius constitutum).

## **RESULTS AND DISCUSSIONS**

Investment is a very common thing to happen. Moreover, the investment was carried out by foreign investors. Foreign investment in Indonesia comes from various countries in Asia, especially China, Japan, South Korea, China, Singapore and Malaysia. With the entry of foreign investors, the possibility of regional development is even greater.

The determination of the business fields to invest foreign capital is dynamic because every time it changes according to the conditions of the country and the nation. However, in developing this business sector, foreign investment can be made on the condition that there must be cooperation with Indonesian citizens or Indonesian business entities. To review the various existing regulations.

If we examine the definitions above, foreign investment is categorized into four types, namely:

1. individual foreign citizens;
2. foreign corporation;
3. foreign legal entity; and / or
4. foreign government.

Foreign nationals individuals are foreign individuals who invest in Indonesia. A foreign business entity is a foreign institution that is not a foreign legal entity, which is a legal entity established based on statutory regulations or Act in force in the foreign countries. An Indonesian legal entity is a legal entity domiciled in Indonesia, however the capital of the legal entity is partly or wholly owned by a foreign party. A foreign government is a government that comes from outside in horror, investing in Indonesia. This investor invests in Indonesia.

The country that owns the capital will choose the destination country for investment, especially those that are poor in natural resources. For the host country, this kind of investment is very beneficial because it helps the country to exploit natural resources that are still untapped. The government of the recipient country of capital is the government that allows foreign investors to invest in their country.

The rights and obligations of foreign investors have been stipulated in Article 10, Article 12, Article 19, Article 26, Article 27 of Law Number 1 Year 1967 concerning Foreign Investment. The obligations of foreign capital companies are:

1. Fulfilling the need for manpower with Indonesian citizens, except in the cases stipulated in Article 11 (Article 10 of the Foreign Investment Law);
2. Cooperating between foreign capital and Indonesian capital;

3. Manage and control the company in accordance with the principles of the company economy without prejudice to the interests of the state (Article 26 of the Foreign Investment Law);
4. Provide opportunities for participation for national capital effectively after a certain period of time and according to a balance set by the government (Article 27 of the Foreign Investment Law);
5. Obligated to organize and / or provide training and educational facilities at home and / or abroad in a regular and directed manner for Indonesian citizens. The goal is to gradually replace the workforce of foreign nationals by Indonesian workers (Article 12 of the Foreign Investment Law).

The rights of foreign investors include:

1. Use of land, such as rights to build, right to cultivate and use rights (Article 14);
2. The right to bring in expert foreign nationals for positions that cannot yet be filled with Indonesian citizens (Article 9);
3. Transfer rights in the original valuation of capital at the exchange rate applicable to:
  - a. Profits obtained by capital after deducting taxes and other payment obligations in Indonesia;
  - b. Costs associated with foreign workers employed in Indonesia;
  - c. Other costs that are determined further;
  - d. Depreciation of fixed equipment tools;
  - e. Compensation in terms of nationalization (Article 19).

The rights and obligations of capital investors, especially foreign investment have been stipulated in Article 8, Article 10, Article 14, Article 15, Article 18 of Law Number 25 Year 2007 concerning Investment. Foreign investors' rights, are presented below.

1. Transferring the assets he owns to the party he wants.
2. Transfer and repatriate foreign candidates.

Transfer rights are an incentive to attract foreign investors. Free repatriation (delivery) in the form of foreign currency, without delay based on non-discriminatory treatment, in accordance with the prevailing laws and regulations. These transfer and repatriation rights include:

- a. Capital;
- b. Profits, bank interest, dividends and other income;
- c. Funds needed, for:
  - 1) Purchasing raw and auxiliary materials, local finished goods or finished goods; or
  - 2) Replacement of capital goods in order to protect the viability of investment.
- d. Additional funds needed for investment financing;
- e. Funds for loan repayment;
- f. Royalties or fees to be paid;
- g. Income from individual foreign citizens who work in investment companies;

- h. Proceeds from sales and liquidation of capital investments;
- i. Compensation for expropriation;
- j. Compensation for expropriation;
- k. Payments made in the context of:
  - Technical assistance;
  - Fees payable for engineering and management services;
  - Payments made under a project contract; and
  - Payment of intellectual property rights.
- l. Proceeds from sales results.

This, does not reduce the government's authority to:

- a. Carry out the provisions of laws and regulations that require reporting on the implementation of fund transfers; and
- b. The right of the government to get taxes on / or royalties and / or other government income from investment.
- 3. Using foreign national experts for certain jobs and expertise.
- 4. Obtain certainty of rights, law and protection.
- 5. Open information about the line of business it runs.
- 6. Right to service.

The obligation to invest, especially foreign investors, has been stipulated in Article 15 of Law Number 25 of 2007 concerning investment. These obligations include:

- Applying the principles of good corporate governance;
- Carry out corporate social responsibility;
- Making reports on investment activities and submitting it to the Investment Coordinating Board;
- Respect the cultural traditions of the community around the location of investment business activities; and
- Comply with all provisions of laws and regulations.

Apart from these rights and obligations that investors must obey, especially foreign investment, investors also have other responsibilities. Responsibility is a condition to bear everything related to investment. This responsibility has been stipulated in Article 166 of Law Number 25 of 2007 concerning Investors. There are six investment responsibilities, especially foreign investors, namely:

- Guarantee the availability of capital originating from sources that do not conflict with the provisions of laws and regulations;
- Bear and settle all obligations and losses if investors stop or leave or abandon their business activities unilaterally in accordance with the provisions of laws and regulations;
- Creating a healthy competitive business climate, preventing monopolistic practices, and other things that are detrimental to the state;
- Preserving the environment;
- Creating work safety, health, comfort and welfare; and
- Comply with all provisions of laws and regulations.

Complying with all provisions of laws and regulations means that assign investors who invest in Indonesia, not only comply with statutory regulations in the field of investment, but also in other fields, such as, for example, in the fields of environment, forestry, taxation, land, and others. If they violate statutory regulations, they will be subject to sanctions. The sanctions are in the form of

criminal, civil and administrative sanctions. Criminal sanctions are sanctions imposed on foreign investors who have committed an illegal act or have not fulfilled the performance as stipulated in the contract. Administrative sanctions are sanctions imposed on foreign legal entities, namely by revoking the permits that have been granted to such foreign legal entities.

Cooperation between foreign capital and national capital is regulated in Article 23 and Article 24 of Law Number 1 Year 1967 concerning Foreign Investment. In fields open to foreign capital, cooperation between foreign capital and national capital can be established. In the legal literature, this cooperation is called a regulatory agreement or joint venture contract. which is the essence of the joint venture are:

- Cooperation between foreign and national capital;
- Forming new companies, between foreign entrepreneurs and national entrepreneurs;
- Based on the contractual (agreement).

A new company is a company formed between a foreign entrepreneur and a national entrepreneur. Initially, foreign entrepreneurs have their own company names and national entrepreneurs also have their own company names. However, with the agreement made by the parties, they agreed to form a new company.

The existence of a joint venture contract in naming foreign capital has enormous meaning and benefits for both parties. That there are six benefits of a joint venture contract, namely:

1. Limitation of risk

Carrying out an activity that is full of risks can lead to a collaboration. By getting together, the risk can be spread to the participants.

2. Financing

With cooperation, efforts to utilize capital can be done simply by pooling the required capital.

3. Save energy

When viewed from the labor force required, handling that will reduce the personnel required is compared to activities carried out by each company alone.

4. Rentability

With the existence of a joint venture, the profitability (terms of profit and loss) from the existing investment from the parties can be improved.

5. Possible optimization know-how

Joint ventures are able to bring together partners that are not of the same type both within the country and outside the country. Companies that are not in the same type of business enter into cooperation so that business diversification can occur.

6. Possible limitation of concurrency (interdependence).

In Article 1 of Law Number 11 of 1970 concerning amendments to Law of 1 of 1967 concerning Foreign Investment, various facilities provided by the government for foreign investment companies, or foreign capital companies that enter into joint ventures with Indonesian citizens and / or Indonesian legal entity. The conveniences are like:

- Exemption from capital stamp duty;

- Exemption of transfer of name duty on ship registration deeds for the first time in Indonesia which is carried out within a period of up to two years after the start of production with respect to the type of business;
- The concessions in the corporate tax sector, such as compensation for losses, compensation for losses suffered during the first six years since establishment;
- Exemption from dividend tax for two years starting from the time of production on the share of profits paid to shareholders, as long as the dividend in the recipient country is not taxed on profits or income.

Providing convenience to foreign investment companies is intended so that these companies can invest and cooperate with domestic companies so that these companies can later receive new technology, share ownership, receive dividends, and others.

Various forms of convenience facilities have been carried out to facilitate and show the world the charm of one of our cultural tours in North Sumatra. One of them is by making Silangit Airport into an international class airport, the construction of the Medan-Tebing Tinggi toll road, the construction of an increasingly open and broad inter-regional railway. That is expected to add aesthetic value to the geopark area that has been legalized by UNESCO, in North Sumatra.

## CONCLUSIONS

Lake Toba, which is currently designated as part of the UNESCO Global Geopark, is one of the keys that can encourage cultural advancement, economic development and sustainable development in the region. This development is very beneficial for the progress that will occur in the area around Lake Toba. Moreover, after becoming part of the Geopark, better and new opportunities will open up in the future. Through the development of sustainable geo-tourism, there are opportunities for local communities to promote culture, local products and create wider employment opportunities, opening up opportunities for foreign investors to join. At the same time, with the recognition and attention of the world towards the Toba Caldera, the government and local communities are obliged to improve and continue to preserve the environment and the integrity of the Toba Caldera Area. So that the existing ecosystem around Lake Toba can run intact even though development continues.

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