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## Article

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# The Perspectives of Legal System on the Policy of Unifying Fuel Pricing in Indonesia

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## ABSTRACT

This study aims to find out about the perspectives of legal system on the policy of unifying fuel pricing in Indonesia. Various problems of fuel in Indonesia such as legal issues, pricing and ensuring the supply, availability and smooth supply to the public in the domestic market, the government is obliged to intervene in determining the fuel price and at the same time guarantee its availability in the domestic market. This study researchers use normative juridical research methods, research on the legal principles contained in regulations and legislation using qualitative data. From the results of the discussion, it was concluded that the government policy regarding the establishment of fuel price unification in Indonesia is an effective economic law policy in order to realize the development, prosperity and prosperity of the Indonesian people as stipulated in the preamble of the 1945 constitution and 1945 constitution article 33 as its legal basis.

**Keywords:** Law System, Unification of Fuel Pricing, Preamble of the 1945 Constitution, Article 33 of the 1945 Constitution

**JEL Classifications:** K23, K32, Q48

## 1. INTRODUCTION

Fuel and natural gas are energy sectors and have strategic value in a country, such as in Indonesia the issue of fuels arguably has become a tool for disrupting power (Von Hippel et al., 2011). Anyone who occupies the presidency of the Republic of Indonesia, must have trembled if he had to deal with the problem of fuels. Energy is indispensable in carrying out Indonesia's economic activities, both for consumption needs and for production activities of various economic sectors (Ouédraogo, 2010). Energy as a natural resource must be utilized as much as possible for the prosperity of the community and its management must refer to the principle of sustainable development because global demand for energy is increasing, driven by population growth with increasing living standards. Meanwhile, the strategic value associated with fuel oil and natural gas is the need and availability of energy including energy security, competitiveness and sustainability depending on diversification of energy supply and moderate energy demand (Helm, 2002). Then, so far fuel prices in the interior of

Papua and West Papua can reach IDR 60,000–100,000 (equal to 4.10–6.84 USD) per liter. Whereas in big cities, premium and diesel prices are relatively the same as in Java, so that the gap in fuel prices in Java and Papua needs to be implemented in the uniformity of fuel pricing policy throughout Indonesia so that the premium price will be the same, which is IDR 6,450/l or 0.44/l USD in 2016). Furthermore, the need for fuel in people's lives and various problems that continue to emerge in Indonesia empirically are legal issues, pricing and ensuring the supply, availability and smooth supply of fuel to the public in the domestic market. On the other hand the data shows that at present the consumption of oil-based fuels in Indonesia has reached the range of 1.4–1.6 million barrels per day. Meanwhile, Indonesia's oil production capacity currently ranges from 750 thousand to 800 thousand barrels per day (Wicaksono, 2015). From the results of that production, Indonesia only gets a share of around 60% or 4,50,000–4,80,000 barrels per day, because 40 percent of production is part of the contractor and cost recovery. Therefore, the main tasks and functions of the government are as a buffer, and the government immediately builds

a buffer reserve for fuel, and the fuel buffer reserve serves as a guardian of stability when supplies experience disruptions such as global security turmoil, which leads to economic disruption (Kalicki and Goldwyn, 2013; Fattouh, 2007).

Considering the important role of fuels in people's lives as a basic necessity of households, entrepreneurs in both the industrial and transportation sectors, as well as the role of fuels are reflected as important factors in determining changes in staple goods prices or inflation (Álvarez et al., 2011; Hooker, 2002), as well as to overcome various fuel problems in Indonesia such as legal issues, pricing and ensuring the supply, availability and smooth supply of fuel to the public in the domestic market, the government is obliged to intervene in determining prices, the interaction between demand and supply in the free market used to determine the cost of goods or service. Fuels and at the same time guarantee its availability in the domestic market as stipulated in the Preamble of the 1945 constitution and the 1945 constitution of article 33 as its legal basis. Compared to the facts in some advanced countries, mass logistics transportation is so widely available and can reach out to inland areas (Porter, 2000; Hamelinck et al., 2005). In Australia and China, fuel prices in even the smallest remote areas are the same. If there has been a unification of fuel prices, it could have a positive impact on the business climate. Economic growth can also move up. Fuel which is primary energy is still obliged to be subsidized, especially for public transportation and logistics. Thus, the government must be able to implement economic law to regulate and control the price of fuel through the policy of determining the unification of fuel prices in Indonesia in the context of the state, the legal system and in the social context, economic aspects. In this way, the government can find out the implications and actions to be taken towards regulating and controlling fuel prices to avoid the scarcity of fuels in Indonesia which can result in triggering economic, social and political chaos (Sihombing and Lisdiyono, 2018).

Prior to the stipulation of the Government's policy on fuel one price, the price of fuel in Papua reached an average of seven to 14 times the price in Java. In Puncak Regency, for example, fuel prices range from Rp.50,000 to Rp.100,000/l. The implementation of the fuel price integration policy is an expectation for other regions that have been buying fuel at higher prices. In the area of North Kalimantan, Central Kalimantan, the regions there are also still having trouble getting fuel. Furthermore Ibnu Fajar in Aziz (2017) stated that one price fuel program throughout Indonesia which was proclaimed by the Jokowi-Jusuf Kalla government was still constrained by licensing, coordination with the local government often experienced differences of opinion relating to the determination of the location of Pertamina, sometimes also different from the wishes local government. Therefore, to date, there are only around 26 inaugurated from the target of 54 points in 2017 while the total FUELS point of one price up to 2019 is 150 points. On the other hand, the impact of equalizing fuel prices in Papua with fuel prices on the island of Java, Pertamina must bear the logistical costs and distribution of fuel in Papua which is not small and causes Pertamina to lose Rp. 800 billion because the land conditions in Papua are filled with mountains and valleys so that the transportation costs are quite large.

From various findings of these problems, the researchers conducted a study related to the legal system perspective on the policy of unifying fuel prices in Indonesia. The urgency of the policy of unifying fuel prices in Indonesia is the right economic law policy to realize development. Prosperity of the people of Indonesia is the strategic agenda of the government of President Jokowi and Vice President Jusuf Kalla in the context of the state. In this case, the context of the state can be interpreted as a legal system, consistent with the Constitution of the 1945 constitution, so that fuel which is a commodity that controls the livelihood of the wider community remains regulated or intervened by the State C. Q Government. While in the social context, economic aspects include regulating and controlling fuel prices and ensuring the supply, availability and smooth supply of fuel to the public in the domestic market in order to ensure the sustainability of economic development in Indonesia. The research problem is summarized as follows: "What is the perspective of the legal system on the policy of unifying fuel prices in Indonesia?" This study is expected to be a material consideration for the Government of Indonesia, the government is obliged to intervene in determining the fuel price and at the same time guarantee its availability in the domestic market to realize the development, prosperity and welfare of the Indonesian people based on the preamble of the 1945 constitution and the 1945 constitution Article 33 which is the legal basis, and also the benefit of this research for the world of science is as an academic study to find out about the perspective of the legal system and the economic aspects of the policy of determining the fuel price unification in Indonesia that has been and will be implemented to find solutions to the root causes of fuel oil in Indonesia such as problems law, pricing and ensuring supply, availability and smooth supply to the public in the domestic market can be resolved.

## 2. LITERATURE REVIEW

Legal theory relates to 'the relationship between individuals, between communities, between states, and between the basic groups themselves (Berg et al., 2004). Radbruch (2006) state the purpose of legal theory, the theory of three ideas of basic legal elements that some parties identify with three legal objectives, namely: Justice, expediency and legal certainty. The notion of law is reasoned thinking contained in state decisions, and law as a logical system (Hart, 2017) about a set of rules that are well organized and regularly are binding on judges and the community contained in the decision of the state, the law will always be linear with the demands of justice for the whole community. Law has dynamics that can be known through tracing the thoughts and policies that occurred in the past, in order to fix the present and predict what will happen in the future (Wicaksono, 2018; Mulyawan, 2018). As the notion of law and positive legal capacity, as a set of legal propositions, the legal system is to provide definitive answers and is one of the main ways in relating thoughts and policies that occur in the past, present and future in front of the community. Positive law, *ius constitutum* refers to a collection of principles and written legal rules that are currently in force and binding in general or specifically gives effect to legitimate expectations or at least to obtain them legally related to rights including property rights, contractual and quasi-contractual rights, trust, the right to compensation, restitution, etc. so as to allow for the expansion

of laws governing economics, culture, behavior, families and individuals and so on (Prayogo, 2018).

Law is a set of norms about what is right and what is wrong that is made or recognized by the government, which is outlined in both written rules and unwritten, which binding and in accordance with the needs of the community as a whole and with the threat of sanctions for violators of the rule. Thus, the definition of law can be interpreted as a written rule or unwritten, which is binding and in accordance with the needs of its people as supremacy that must be obeyed by every citizen and must be upheld by the State in the framework of national, state and community life (Wirawan, 2018). Then, economic law was born as a result of rapid economic growth. Along with the acceleration of economic conditions that occur, the implication is that there is a tendency to cause various conflicts, so regulations are needed that can solve the conflict problems.

According to Mueller (2001), economic law, as a priori synthetical reasoning that one cannot manipulate the law empirically because they are in themselves. According to Head (2008), economic law is the relationship between law and economic activity. According to Wilson (1980), economic law is the overall norms made by the government or authorities as a personification of society that regulates economic life in which interests individuals and community interests face each other.

Furthermore, in Indonesia itself regarding economic issues, the provisions in the law are regulated commonly known as economic law, legal provisions governing economic life that occur in society. According to Hartono and Sunaryati (2003), economic law as the first economic order is based on positive law or the first is based on positive law or positive law while understanding the system as an ideal order for some relate to the constitution and for some the law must still be built to achieve the economic system and the legal system that supports it. Thus the notion of economic law can be interpreted as legal provisions governing economic life that occur in society because economic law was born as a result of the acceleration of economic growth which is very rapid occurrence, the implication is the tendency to cause various conflicts so that regulations are needed who can solve these conflict problems.

On the other hand the pricing of goods and services is a key strategy in various companies as the concentration of deregulation, increasingly fierce global competition, low growth in many markets, and opportunities for companies to strengthen their position in the market (Smith and Grimm, 1987). Prices affect financial performance and also greatly influence buyer perceptions and their positioning as well as being a measure of product quality buyers experience difficulties in evaluating complex products. Furthermore, studies that examine pricing practices generally describe practices that managers use to achieve price decisions (Dutta et al., 2003; Ingenbleek and Van der Lans, 2013). Pricing is the interaction of the forces of demand and supply on the free market to determine the general price level for goods or services and is related to price decisions taking into account all factors that influence it are both the demand and the bid price, as well as to develop a price structure based on the pricing policy strategy carried out through the price determination process. According

to Kalpana (2018), price determination is the main factors that affecting product pricing is the cost of the product; utilities and requests; level of competition in the market; government and legal regulations; price setting objectives; and the marketing method used. Whereas, the method for setting prices in developing price structures based on pricing policy strategies can be carried out through demand-based, cost-based, profit-based, and competition-based pricing methods (Jampala, 2016).

Then, the production activities are more directed to produce quality products with the most efficient production costs and followed by the strategy of product availability precisely in the market. The distribution strategy can be interpreted as the movement of products ranging from suppliers, manufacturers, dealers, retailers, and finally to the final consumer in order to ensure the supply, availability and smooth supply of goods and services (Christopher, 2016). With the activity of product movement process in the distribution channel, reliable logistics management is needed, to ensure the product is delivered in a timely, precise quantity, right quality, and the right location with the most efficient cost includes the role of logistics, warehousing and requires various modes of transportation such as sea freight, air freight, inland trucking, railroad and intermodal transportation. Thus supply chain activities include everything from product development, sourcing, production and logistics, and the information systems needed to coordinate these activities (Mentzer et al., 2008).

### 3. RESEARCH METHODS

The approach used in the writing of this research is normative-empirical legal research method concerning the implementation of normative legal provisions (laws) in its action on any particular legal event in a society (Muhammad, 2004) which uses secondary data which includes primary legal material, secondary legal materials and tertiary legal materials, namely materials that provide information about primary and secondary legal materials systematically by explaining the relationship between facts and applicable laws and regulations. Thus the normative-empirical legal research method concerning the implementation of normative legal provisions or legislation (Fajar and Achmad, 2010) in its action on any particular legal event in a society and reviewing the law conceptualized as norms or rules that apply in society, and become the reference of each person's behavior and the nature of this research is analytical descriptive (Soerjono, 1986), the description is the exact measurement and reporting of the characteristics of some population or phenomenon under study (Babbie, 2001). Therefore, the approach used in this writing is a normative-empirical method concerning the legal system perspective on the policy of unifying fuels prices in Indonesia.

#### 3.1. National Economy and Global Challenges in Managing Oil and Gas Price

The constitution itself stipulates that the business sector related to the interests of the wider community must be used entirely for the welfare of the people, article 33 of the 1945 constitution. Thus all the people of Indonesia should be able to enjoy the natural wealth that Indonesia has as well as stated in the preamble of the 1945 constitution, as follows: “.Protect the entire Indonesian



nation and all of Indonesia's bloodshed and to promote general welfare." and also "realize a social justice for all the people of Indonesia." According to Kelsen (2017) that the preamble of the 1945 constitution is a formulation of basic norms (postulates) from the existence of the Indonesian state. This has the consequence that the Preamble of the 1945 constitution is a self-evident norm, and as a basic norm needs to be reduced to more operational (special) norms.

The formulation of article 33 of the 1945 constitution consists of 5 paragraphs with the following formulation: (1). The economy is prepared as a joint venture based on the principle of kinship; (2) Production branches that are important for the state and which control the livelihood of the public shall be controlled by the state; (3) Earth and water and the natural resources contained therein shall be controlled by the state and used for the greatest prosperity of the people; (4). The national economy is organized based on economic democracy with the principles of togetherness, efficiency in fairness, sustainability, environmental insight, independence and by maintaining the balance of progress and national economic unity; and (5) Further provisions regarding the implementation of this article are regulated in the law (Magnar et al., 2010). Therefore, article 33 of the 1945 constitution constitutes the basic foundation of Indonesian economic law and the consequence is that it implies the relationship between the statement of the purpose of the state (social justice and general welfare) contained in the preamble of the 1945 constitution and Article 33 of the 1945 constitution, is a relationship between the purpose (preamble of the 1945 constitution) by means/method (Article 33 of the 1945 constitution). In such a position Article 33 of the 1945 constitution is a fundamental legal principle of the 1945 constitution whose validity depends on the opening of the 1945 constitution.

Furthermore, the formulation of Article 33 of the 1945 constitution, is a formula that regulates in principle the country's economy that is built, the national economic system which is the embodiment of the Pancasila philosophy and the 1945 constitution which is based on kinship and mutual cooperation from, by and for the people under the leadership and government supervision. This economic system has the basic ideology of Pancasila and the constitutional basis of the 1945 constitution, and the economic system adopted by Indonesia. Thus, it can be interpreted that the economic system applied in Indonesia is the Pancasila Economic System, which contains economic democracy, also known as the Economic Democracy System. Economic Democracy means that economic activities are carried out from, by, and for the people under the supervision of the government as a result of the people's election.

According to Mubyarto (1997) the notion of Pancasila economic ethics economic concepts in his pancasila economic system and moral is characterized as follows:

(1). The wheels of the economy are driven by economic, moral and social stimuli; (2). There is a strong will from all members of the community to realize a state of socio-economic equality; (3). The priority of economic policy is the development of a strong and resilient national economy, which means that nationalism always

animates every economic policy; (4). The cooperative is a teacher of the national economy; (5). There is a clear and firm balance between centralism and decentralization of economic policies to ensure economic justice and social justice while maintaining efficiency and economic growth.

On the other hand, global challenges to socio-economic development and environmental sustainability have led to increased efforts to find alternative strategies for development (Tremblay, 2012). Then in managing the natural resources of oil and gas and also mineral (coal and minerals) nationally, it is affirmed that the State of Indonesia as a representation of its citizens must truly represent the interests of all people who have the highest sovereignty over economic resources of wealth. Indonesia's nature. Therefore, the Government is the holder of mining rights, and the state-owned enterprise (SOE) as the holder of the mining rights (economic right). In this context, SOEs must be the mainstay of managing natural resources to realize prosperity for all Indonesians, as the ideals formulated by the nation's founders in the opening of the 1945 constitution.

### 3.2. Legal System Perspectives on the Policy of Unifying Fuel Pricing in Indonesia

The oil and gas sector business activities, starting from upstream business (exploration and exploitation) to downstream businesses (processing, transportation, storage and trading) are regulated by Law No. 22/2001 concerning oil and gas and its implementing regulations. Regarding the revenue sharing of oil and gas revenues to the regions, Law No. 33/2004 concerning financial balance between the central government and regional governments applies, Law No.21/2001 concerning special autonomy for the Papua province, and Law No. 11/2006 concerning the Government of Aceh. After the existence of reserves is found, the process of exploitation (production), transportation, and other supporting industries will have very high economic value so that business competition will be opened within the industry. In Indonesia the regulation on oil and gas mining business is regulated in Law No. 22 of 2001 concerning petroleum and natural gas. And for mineral and coal regulated in Law No. 4 of 2009 which is an update of Law No. 11 of 1967 concerning basic conditions of mining.

The fundamental changes that occur are the change from the contract of work system on oil and gas and the agreement to a licensing system in mineral and coal, so that the Government is no longer in a position that is equal to the business actor and is the party that gives permission to business actors in the oil and gas mining industry and also mineral mining (Syaepudin, 2012). Then, Pertamina, which was once the "sole ruler" of oil and gas managers (SOEs) became a company, according to the definition of Law No. 19 of 2003 concerning SOEs, is a state-owned company whose capital is divided into shares which all or at least 51% of their shares are owned by the Republic of Indonesia whose main objective is to pursue profits. Thus, Pertamina no longer regulates the management, distribution, purification, exploitation and others. Pertamina is one of the parties or companies that will seek energy management. Pertamina, which no longer monopolizes oil and gas management, is replaced by the executive agency for upstream oil and gas business activities (BP Migas), business activities

that are based on exploration and exploitation activities, namely for the upstream sector, and the regulatory agency for oil and gas downstream Activities (BPH migas) for downstream sector. BP and BPH oil and gas in accordance with Law 22/2001 article 4 paragraph 3 was formed by the Government and the responsibility is also directly to the Government.

However, on November 13, 2012, the Constitutional Court ruled that the article regulating the duties and functions of the Oil and Gas Implementing Agency (BP MIGAS) regulated in Law Number 22 Year 2001 concerning Natural Oil and Gas is contrary to the 1945 Constitution and has no binding law (Constitutional Court, 2012), the Government decided to issue a presidential regulation (Perpres) No. 95/2012 to establish the temporary working unit for implementing upstream oil and gas business activities (oil and Gas SK), as a step after the decision of the constitutional court. This body later became the special task force for implementing upstream oil and gas business activities (SKK Migas) through presidential Regulation (Perpres) No. 9/2013. SKK migas is an institution established by the government of the republic of Indonesia through a presidential regulation (Perpres) number 9 of 2013 concerning the implementation of management of upstream oil and gas business activities.

Then, SKK Migas is tasked with carrying out the management of upstream oil and gas business activities under a cooperation contract. The establishment of this institution is intended so that the extraction of the state's natural oil and gas resources can provide maximum benefits and revenues for the country for the greatest prosperity of the people. Whereas BPH Migas the agency established has the duties and functions to regulate supervision of the supply and distribution of FUELS and natural gas, as well as the transport of natural gas through pipelines in downstream business activities. BPH Migas is responsible to the President (Agustinus, 2017). Along with the dynamics of the world oil and gas industry, the Government issued the Oil and Gas Law No. 22 of 2001. As a consequence of the application of the Act, Pertamina changed its form to PT Pertamina (Persero) and only acted as an operator that established Cooperation Contracts (KKS) with the Government represented by SKK MIGAS. The Act also requires PT Pertamina (Persero) to establish a Subsidiary to manage the exploration, exploitation and production of oil and gas as a consequence of the separation of upstream and downstream businesses.

Furthermore, the business of the upstream oil and gas sector, including activities in the fields of exploration, production and transmission of oil and gas, is Pertamina's responsibility, especially in several regions in Indonesia and abroad. To support these activities, Pertamina also pursued the technology and drilling services business, as well as other activities consisting of the development of geothermal energy and coal bed methane. In the oil and gas business both at home and abroad, Pertamina operates both independently and through several patterns of cooperation with partners, namely operation cooperation (KSO), joint operation body, technical assistance contract, Indonesia Participating/Pertamina Participating Interest, and joint operating agency (BOB). Whereas in the downstream sector Pertamina includes processing crude oil, marketing and trading of oil, gas

and petrochemical products, and shipping business related to the distribution of the company's products. processing activities consist of: RU II (Dumai), RU III (Plaju), RU IV (Cilacap), RU V (Balikpapan), RU VI (Balongan) and RU VII (Sorong). Furthermore, Pertamina also operates the Arun (Aceh) liquefied natural gas (LNG) refinery unit and the bontang LNG refinery unit (East Kalimantan). while the products produced include fuels such as premium, kerosene, diesel oil, fuel oil and non-fuel such as lubricants, asphalt, liquefied petroleum gas, musicool, and LNG, paraxylene, propylene, polytam, pure terephthalic acid and other products.

From the description related to the business activities of the oil and gas sector, it can be concluded that there are currently three opinions regarding the form of the executive board of upstream oil and gas which are considered in line with the legal considerations of the constitutional court in the case decision No.36/PUU-X/2012, then the implementation oil and gas upstream activities by the ministry of energy and mineral resources, oil and gas BUMN (pertamina); and special SOEs (National Oil And Gas Management Reform Team, 2015). Therefore, it is necessary to apply the legal system, legal structure, legal substance and legal culture (Ali, 2015). According to (Friedman 1977), legal input is a shock wave in the form of demands originating from the community that ultimately moves the legal process. According to Sihombing (2018), the legal system is as follows:

1. Legal structure, legal institutions are structural components or organs that are engaged in a mechanism, both in making regulations, and in implementing or implementing regulations. Legal structure as a machine, a structural system that determines whether or not the law (legislation) can be carried out properly. Legislation cannot run or be upright if there is no credible, competent and independent apparatus. How good a law is if it is not supported by a good apparatus, then justice is just wishful thinking. The weakness of the mentality of the apparatus has resulted in the enforcement of laws and regulations that are not working properly;
2. Legal substance, a product of the legal structure, whether the rules are made through the mechanism of formal structures or regulations that are born out of habit. Substance, products produced by people who are in the legal system that includes the decisions they make, the new rules they form. The substance of the law includes living law, not only the rules in the law (law books);
3. Legal culture is the value, thought, and hope of the method or norm in the social life of the community (public perception). Legal culture is closely related to community legal awareness, the level of community compliance with the law is one indicator of the functioning of the law. In other words, the relationship between the three elements of the legal system is like mechanical work. Legal structure is like a machine, legal substance is what is done and produced by a machine, while legal culture is anything or anyone who decides to turn on and turn off the machine, and decide how the machine is used.

Based on the legal system, three legal elements can be operationalized so that they can go together as follows: A legal system perspective on the policy of unifying fuels prices in

Indonesia that has been determined to achieve its goals and objectives, can uphold justice, have effective and efficient implications and the justice felt by the community that is regulated by the law itself. The legal system is used to see a legislative product and analyze a problem that is still new, its objectivity can provide good results for the perpetrators of legal products (legislation) both in the field of law criminal, civil law, international law. In this connection, the product of the legislation in question is whether to side with the government, society and the private sector. On the other hand a legal product (legislation) can be seen as leading to interests or to needs. Therefore the legal system is very appropriate to be used so that the government policy on the determination of the unification of fuel prices in Indonesia can run and achieve the goals as well as the stated goals. Because the legal system has 3 (elements) related, legal structure, legal substance and culture/legal culture. The legal structure requires reliable human resources (HR) based on knowledge, attitude, skills and habits (KASH), infrastructure development must run, accompanied by strong financing to build infrastructure and worldwide corporation-based., Pertamina as a public body and as responsible main for the performance of upstream oil and gas activities, including crude oil processing activities, marketing and trading of oil, gas and petrochemical products, and shipping business related to product distribution. Thus, Pertamina as a part of the government has the authority based on the legislation of each and has five functions as follows: (1) Policy - beleid, (2) management - bestuurdaad, (3) regulation - regelend, (4) management - beheerdaad, (5) supervision - toezicht houdesdaad). Therefore, all authority in issuing rules and permits regarding the management of the upstream oil and gas sector that is publicly binding can be done by PT. Pertamina (Persero) with a strategy of synchronizing authority with Ministries and other institutions as well as local government based on legal culture.

### 3.3. Legal System Implications for Fuel Price Unification Policy in Indonesia

Schematically, the legal system research and its implications for the policy of determining the unification of fuel prices in Indonesia in order to realize the development, prosperity and prosperity of the Indonesian people, as stipulated in the Preamble of the 1945 constitution and 1945 constitution article 33 as its legal basis policy on the unification of fuels prices in Indonesia to realize Indonesian people's development, prosperity and welfare based on the preamble of the 1945 constitution and Article 33 of the 1945 constitution as the legal basis.

The analysis of the perspective and implications of the legal system on the policy of unifying fuel prices in Indonesia is as follows: An integrated legal system must be implemented and supported by the apparatus as reliable HR based on KASH and the licensing process is carried out in an integrated manner by empowering technology and information technology information and communication technology (ICT) by having operational standards, guidelines that are used to ensure the organization's standard operational activities so that the organization of fuel price unification policies in Indonesia runs smoothly, implemented transparent, accountable and oriented to yield and usability so that it does not require a long time so that there are no licensing

constraints, coordination with the local government related to the determination of the location of Pertamina with the wishes of the local government. The efficiency factor of the upstream oil and gas industry is a strategic focus because, the contribution to state revenue is also an important indicator, the 2017 State revenue from the oil and gas sector reaches Rp. 138 trillion or penetrates 117% of the target set, a number of positive trends are emerging (Information Bureau and Law, 2018).

After the existence of reserves is found, the process of exploitation (production), transportation, and other supporting industries will have very high economic value so that business competition will be opened within the industry. As described, that in Indonesia the regulation on oil and gas mining business is regulated in Law No. 22 of 2001 concerning petroleum and natural gas. And for Mineral and Coal regulated in Act No. 4 of 2009 which is an update of Law No. 11 of 1967 concerning Basic Conditions of Mining. The fundamental changes that occur are the change from the contract of work system on oil and gas and the agreement to a licensing system in the mineral and coal sector, so that the Government is no longer in a position that is equal to the business actor and is the party that gives permission to businesses in the oil and gas mining industry and also coal. Therefore, a complete legal system must be implemented because if not, then there will be multipliers effects, the implications for the cost, cost recovery, the retail price of fuel in the country when compared with foreign fuel prices, and the potential for misuse of subsidized diesel oil, transportation infrastructure, oil and gas distribution and storage.

Furthermore, supply chain management activities include everything from product development, resources, production and logistics, and having and developing an integrated information system with various related institutions so that coordination of government policies must be optimally implemented. In this regard the strategic agenda that must be carried out by the government towards Pertamina is through the rule of law in implementing the policy of unifying fuel prices in Indonesia. The rule of law, the constitutional guarantee that the implementation and enforcement of the law in the political process carried out by the executive, legislative and judicial authorities will always be based on the authority determined by law (Arief, 2018). With the rule of law, the policy of determining the unification of fuel prices in Indonesia can be carried out in order to realize the development, prosperity and prosperity of the Indonesian people based on the Preamble of the 1945 Constitution and Article 33 of the 1945 Constitution as its legal basis.

## 4. CONCLUSIONS AND RECOMMENDATIONS

From the research conducted then the conclusions and recommendations of the research results are as follows. The legal system is very appropriate to be used in its entirety so that the government policy on the determination of the unification of fuel prices in Indonesia can proceed and achieve the goals and objectives as set forth, as formulated in Chapter XIV of the 1945 constitution which was deliberately given the title "national economy and social



Welfare.” Based on article 33 paragraphs (2) and (3). Because after the existence of reserves is found, the process of exploitation (production), transportation, and other supporting industries will have very high economic value so that business competition will be opened within the industry. Therefore the legal system must be applied in its entirety in this case, because the legal system has 3 (elements) relationship, which are legal structure, legal substance and culture/legal culture. The legal structure requires reliable HR based on KASH. the licensing process is carried out in an integrated manner by empowering technology and information technology ICT by having operational standards, guidelines that are used to ensure the organization’s standard operational activities so that the organization of fuel price unification policies in Indonesia runs smoothly, implemented transparently, accountable and oriented to yield and usability so that it does not require a long time so there are no licensing constraints, coordination with the local government related to the determination of the location of Pertamina with the wishes of the local government.

Hence, Pertamina, as national oil company, as part of the government, has the authority based on its respective laws and has five functions as follows: (1) Policies, (2) strategic management, (3) regulation, (4) operational management, (5) supervision. Therefore, all authority in issuing rules and permits regarding the management of the upstream oil and gas sector that is publicly binding can be done by Pertamina with a strategy of synchronizing authority with Ministries and other institutions as well as local government based on legal culture. Company management activities based on supply chain management, covering everything from product development, resources, production, and logistics, as well as having and developing an integrated information system with various related institutions so that coordination of government policies must be optimally implemented by Pertamina in accordance with the authority possessed in accordance with the prevailing laws and regulations.

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