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Implementation Of Foreign Direct Investment In Indonesia

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Abstract

[The Importance of Foreign Direct Investment (FDI) for developing countries like Indonesia in improving living standards and promoting general welfare is crucial. Limited capital and low productivity can impact a country's income development. Indonesia is undergoing development in all aspects and requires substantial capital, including foreign funds through FDI. Although foreign investment in Indonesia has been significant, it still lags behind several Asian countries such as Malaysia, China, Singapore, Korea and Thailand. The history of foreign direct investment in Indonesia dates back to the colonial era until the New Order period. An explanation of the definition of FDI according to Law Number 25 of 2007 concerning Investment is included as a legal basis for foreign investment in Indonesia. The regulation on foreign direct investment began in 1967 with the issuance of Law Number 1 of 1967 concerning Foreign Direct Investment and Law Number 6 of 1968 concerning Domestic Investment. The Indonesian government has enacted Law Number 25 of 2007 concerning Investment as a legal umbrella to enhance the investment made by investors in Indonesia. The law aims to provide legal certainty, transparency, non-discrimination among investors, and equal treatment to both domestic and foreign investors.]



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I. INTRODUCTION

Foreign Direct Investment or Foreign Investment is one of the important financings for a country, especially developing countries. Indonesia is a developing country that still needs ways and focuses on improving living standards by requiring large capital. The lack of productivity and also the limited capital of a country will affect the development of its income. In accordance with the ideals of the Indonesian State as outlined in the preamble to the 1945 Constitution, namely to promote public welfare, development activities are needed because development is an important matter in the progress of a country.

As a developing country, in achieving and realizing the ideals of advancing general welfare, Indonesia strives to carry out development in all aspects. In its development activities, Indonesia requires large capital. Not only capital and sources of funds from within the country but also requires sources of funds from abroad so that additional funds are required from foreign investment or known as foreign investment. The development of foreign investment coming into Indonesia is included in the significant category, but periodically when compared to several countries in Asia such as Malaysia, China, Singapore, Korea and Thailand, foreign investment in Indonesia is still below it.

Foreign investment activities in Indonesia have actually started long ago since colonialism, whose history can be divided into several periods; namely the first during the occupation or colonization by European Nations (1511-1942), the second during the Japanese occupation (1942-1945), the third during the revolution to defend independence (1945-1949), the fourth during the Old Order period (1949-1947) and the fifth during the New Order period (1967-1998) ¹.

The definition of *Foreign Direct Investment* or Foreign Investment according to Law Number 25 of 2007 concerning Investment is contained in Article 1 paragraph 3 which reads:

¹ Ida Bagus Supancana, *Legal Framework and Direct Investment Policy in Indonesia*, (Bogor: Ghalia Indonesia, 2006), p. 2.

"Foreign Investment is an activity of investing to conduct business in the territory of the Republic of Indonesia which is carried out by foreign investors, either using fully foreign capital or joint ventures with domestic investors". The provisions in this Law apply to investments in all sectors within the Territory of the Republic of Indonesia.

What is meant by investment in all sectors within the territory of the Republic of Indonesia is direct investment and does not include indirect or portfolio investment. Foreign investment in Indonesia is something that cannot be avoided, and even has a very important and strategic role in supporting the implementation of national development. This is because Indonesia's national development requires enormous funding to be able to support the desired level of economic growth. The funding needs can not only be obtained from domestic funding sources, but also from abroad.²

Regulations regarding foreign investment in Indonesia began in 1967, namely since the issuance of Law Number 1 of 1967 concerning Foreign Investment and Law Number 6 of 1968 concerning Domestic Investment. With these two laws, it is expected that foreign and domestic investors can invest in Indonesia.³ In order to increase the amount of investment invested by investors in Indonesia, as well as for the purposes of adjusting the statutory provisions in the investment sector, in 2007 the government issued and ratified Law Number 25 of 2007 concerning Investment as a legal umbrella for investing. Law 25 of 2007 concerning Investment was prepared with the intent and purpose of providing:⁴

1. Legal certainty;
2. Transparency;
3. Does not discriminate between investors; and provide equal treatment to both domestic and foreign investors.

For developing countries, in this case Indonesia, foreign investment certainly has a big influence in improving the economy in Indonesia.

² David Kairupan, *Legal Aspects of Foreign Investment in Indonesia*, (Jakarta: Prenada Media, 2013), p. 2.

³ Salim HS and Budi Sutrisno, *Investment Law in Indonesia*, (Depok: Rajawali Pers, 2017), p. 1.

⁴ *Ibid.*, p. 5

However, foreign investment has positive and negative impacts for Indonesia, including:⁵

Positive impact:

1. Profits in the form of dividends, interest and growth in economic value;
2. An increase in the form of services and profits for a certain amount of investment results within a certain period of time;
3. Increase in tax revenue for the state in a certain amount within a certain period of time as a direct result of the investment in question;
4. Increased absorption of a certain number of workers in a certain period of time as a direct result of the investment concerned;
5. development of lagging areas.

While the negative impact, namely:

1. The potential for unfair economic practices such as monopoly;
2. The emergence of disputes due to differences in the legal system;
3. If a foreign company is managed by a foreign party, the management policy is in accordance with the foreign company's operations.

Based on the description of the background of the problem, several problems can be formulated, namely Who are the parties to *Foreign Direct Investment* in Indonesia, What are the risks in *Foreign Direct Investment* in Indonesia and What are the responsibilities of multinational companies and Country of Origin of Foreign Investors in *Foreign Direct Investment* (Foreign Investment) in Indonesia.

The purpose of this paper is to reveal answers to the problems raised by this paper. To find out the parties involved in *Foreign Direct Investment* in Indonesia, to find out the risks in *Foreign Direct Investment* in Indonesia. Indonesia, and to find out how the responsibilities of multinational companies and countries of origin of foreign investors in *foreign direct investment* in Indonesia. Theoretical Benefits. For academics to broaden the discourse and for practitioners it is hoped that they will become reference material, sources of information, and contribute good new ideas regarding the application of *Foreign Direct Investment* (Foreign Investment) in Indonesia. Practical Benefits For business actors to be used as a legal reference in understanding the implementation of *Foreign Direct*

⁵ Salim HS, *Divestment Law in Indonesia*, (Jakarta: Erlangga Publisher, 2010), p. 90.

Investment in Indonesia and Providing the results of the views in this paper to related parties and practitioners regarding the implementation of *Foreign Direct Investment* in Indonesia.

II. RESEARCH METHOD

This type of research is normative legal research using the approach method used in this research is the normative juridical approach method. The normative juridical approach is an approach that is carried out based on the main legal material by examining theories, concepts, legal principles and laws and regulations related to this research, namely the application of Foreign Direct Investment (Foreign Investment) *in* Indonesia. This approach is also known as the library approach, namely by studying books, laws and regulations and other documents related to this research. Regarding a research that is analytical descriptive in nature, Bambang Sunggono argues that descriptive analytical research is a problem-solving procedure that is investigated by describing, describing the state of the subject, the object of current research based on the facts that appear as they are.⁶

III. RESULT AND DISCUSSION

A. Parties In Foreign Direct Investment In Indonesia

In Law Number 25 of 2007 concerning Investment Article 1 point 6 it is stated that foreign investors are Individual foreign citizens, Foreign Business Entities, and/or Foreign Governments. However Prof. M. Sornarajah believes that foreign investment is even broader, which includes:⁷

1. *The Multinational Corporations* or multinational companies. According to Sornarajah, multinational companies have the most important role in foreign investment because they affect the economy of a country

⁶ Bambang Sunggono, " *Legal Research Methodology* ", (Raja Grafindo Persada, Jakarta, 1997), p. 134

⁷ M. Sornarajah, *The International Law on Foreign Investment* , (Cambridge: Cambridge University Press, 2004), p. 4

they enter. The positive impact is to encourage economic progress of the host states but the negative impact is that with a strong influence multinational companies can ensure that they get full support from their original country for their interests/benefits. It is this strong influence that makes it possible to exert influence in shaping international law in foreign investment as a whole.

2. *The State Corporation*, or what is also known as a state company. State companies still hold control/monopoly in certain sectors which are usually of high interest for foreign investors to enter. For example, the natural resource sector which involves the lives of many people must still be held by state companies.
3. *International Institutions* are also needed in the development of *foreign direct investment* because it encourages economic liberalization which opens up opportunities for *foreign direct investment*.
4. *Non-Governmental Organizations (NGOs)*, needed in connection with efforts to protect against the negative impacts of *foreign direct investment*, for example environmental pollution, violations of human rights and so on.
5. *Other actors (ex: International Chamber of Commerce)*, are needed in the framework of complementary efforts to resolve disputes related to *foreign direct investment*.

Furthermore, in Law Number 25 of 2007 concerning Investment, it is stated that the parties involved in foreign investment activities, namely investors and the government, are interconnected and provide reciprocity with each other.

1. Investor

According to the definition in Law Number 25 of 2007 concerning Investment, Investors can be classified and defined as follows:

- a. Investors are individuals or business entities that make investments which can be in the form of domestic investors and foreign investors;

- b. Domestic investors are individuals of Indonesian citizenship, Indonesian business entities, the Republic of Indonesia, or regions that invest in the territory of the Republic of Indonesia;
- c. Foreign investors are individual foreign citizens, foreign business entities and/or foreign governments investing in the territory of the Republic of Indonesia.

Foreign investment must be in the form of a limited liability company based on Indonesian Law and domiciled in the Indonesian Territory, unless otherwise stipulated in the law. The purpose of this is explained in the elucidation section of Law Number 25 of 2007 concerning Investment, which is one of the conditions for investors to participate in implementing *Foreign Direct Investment* or conducting business activities in *Foreign Direct Investment*. A limited liability company or *naamloze vennootschap* (in Dutch), *company limited by shares* (in English) ⁸, according to Article 1 point 1 of Law Number 40 of 2007 concerning Limited Liability Companies is a legal entity which is a partnership of capital, established based on an agreement, carrying out activities business with authorized capital which is entirely divided into shares and fulfills the requirements stipulated in this law and its implementing regulations. All PTs that are Indonesian legal entities because they were established according to Indonesian law, whether all shares are owned by Indonesian citizens or some shares are owned by foreign nationals, then based on Article 6 of Government Regulation Number 26 of 1998 it is ordered that the company name be in Indonesian in accordance with Indonesian language rules. which is good and right.⁹

2. Investment Coordinating Board (BKPM)

In implementing investment policies and services, coordinating investment policies, both coordination between government agencies,

⁸ Abdul R. Saliman, *Business Law for Companies: Theory and Case Examples, Second edition, cet. 10*, (Jakarta: Kencana Prenada Media Group, 2010), p. 105.

⁹ Gatot Supramono, *The Company's Position as a Subject in a Civil Suit in Court*, (Jakarta: PT. Rineka Cipta, 2007), p. 47

between Government Agencies and Bank Indonesia, between Government Agencies and Regional Governments, as well as between regional governments, the Government establishes an Investment Coordinating Board.

In Article 27 paragraph 4 UUPM, BKPM, which is led by a head and directly responsible to the President, is appointed and dismissed by the President. Furthermore Article 28 paragraph 4 UUPM states that BPKM has the following functions:

1. Carry out tasks and coordinate the implementation of policies in the field of investment;
2. Reviewing and proposing investment service policies;
3. Establish norms, standards and procedures for the implementation of investment activities and services;
4. Develop investment opportunities and potential in the regions by empowering business entities;
5. Making a map of Indonesian investment;
6. Promote investment;
7. Developing the investment business sector through investment guidance, including increasing partnerships, increasing competitiveness, creating fair business competition, and disseminating the widest possible information within the scope of investment implementation ;
8. Help resolve various obstacles and consult problems faced by investors in carrying out investment activities ;
9. Coordinate the role of domestic capital that carries out investment activities outside the territory of Indonesia; And
10. Coordinate and implement one-stop integrated services.

3. Investment Management Institution (LPI)

In Law Number 11 of 2020 concerning Job Creation which was previously regulated in Law Number 25 of 2007 concerning Investment, namely the establishment of an Investment Management Institution as stated in Article 165 paragraph 1 which reads "In the framework of investment management as referred to in Article 154 paragraph 3 letter b, for the first time pursuant to this law an Investment Management Institution is formed, the purpose of which is further stated in Article 165 paragraph 2 which reads "The establishment of an Investment Management Institution is intended to

increase and optimize the value of assets in the long term, in order to support sustainable development”.

Quoting from the statement of the Director General of State Assets, Ministry of Finance in the Webinar on the Role of Regulation in the Field of State Finance to Support Ease of Doing Business and Investment on 18 November 2020, that in fact quite a number of foreign investors are interested in investing, but are still reluctant to place their funds in Indonesia.

This is due to the fact that there are no investment institutions in Indonesia that are considered capable of being strategic partners that are strong legally and in terms of governance, therefore special breakthroughs are needed to create an investment partner that is reliable and can be trusted by global investors. This ultimately underlies the urgency of formulating several articles in Law Number 11 of 2020 concerning Job Creation to form an institution that is given special authority (*sui generis*) in the framework of investment management.¹⁰

LPI is an Indonesian legal entity which is wholly owned by the Government of Indonesia and is responsible to the President. whose objectives are further stated in article Article 165 Paragraph (2) which reads "The establishment of an Investment Management Institution is intended to increase and optimize asset value in the long term, in order to support sustainable development ".

LPI will function as government investment manager, where LPI is tasked with planning, organizing, supervising and controlling and evaluating Investments.

¹⁰ [djkn.kemenkeu.go.id](https://www.djkn.kemenkeu.go.id/berita/baca/22443/LPI-Kunci-Pemerintah-Get-KeTrustedan-Investor.html), “ *LPI, Key to the Government Gaining Investors’ Trust* ”, <https://www.djkn.kemenkeu.go.id/berita/baca/22443/LPI-Kunci-Pemerintah-Get-KeTrustedan-Investor.html> accessed 3 December 2022 .

B. Risks In Foreign Direct Investment In Indonesia

Investment certainly has its own risks. According to Prof. Sornajah *Foreign Direct Investment* has several risks including:¹¹

1. *Ideological Hostility* – for example, the ideology adopted by *the host country* is starting to feel excessive. For example in Indonesia, industrialists/traffickers in alcoholic beverages will not be uncomfortable operating in provinces that adhere to sharia law .
2. *Nationalism* – the rise of excessive nationalism in *the host country* can lead to the threat of nationalization. For example, from 1950 to 1957, there was a dispute between West Irian and the Netherlands, which resulted in the Dutch company being taken over by workers. Then in 1958 the government issued Law no. 86 concerning the nationalization of Dutch owned companies. The government also issued Government Regulation (PP) No.23/1958 which stated that Dutch companies which had been nationalized became the property of the Indonesian government. Another example of nationalization is the nationalization of PT Indosat under President Suharto's regime .
3. *Ethnicity as a factor* – in developing countries, foreign investors make alliances with powerful minorities who control businesses and thus provoke a reaction from the majority community . This can be seen from Malaysia and South Africa. For example, in the apartheid regime in South Africa, black citizens could not contribute or enjoy economic development.
4. *Changes in industry pattern* - an example can be seen in the oil industry, which initially used concession agreements, but in its development concession agreements have begun to be abandoned. This is because the government is aware of the huge profits from this industry and wants to take part in taking big profits. In Indonesia, this change was made by implementing a production *sharing contract* involving PT Pertamina (Persero) in every oil investment contract in Indonesia.

¹¹ M. Sornajah, *Loc. cit.*

5. *Contracts made by previous regime* – it is common for the new government to review existing contracts made by the previous government, for several reasons, be it suspicions of corruption or other reasons. A relevant example in Indonesia is the change in PT Freeport's Contract of Work to the Mining Business Permit regime .
6. *Onerous contracts* – Investment agreements that are too difficult to implement carry the risk of government (*host state*) intervention to reduce risk or strengthen the position of *the host state* in contract execution. The example is the same as the previous point .
7. *Regulations of the economy* – this can be described as a form of government control over the entry of foreign investment into the country, by prioritizing " *national interest* ". This can be seen from the example where BPKM once canceled the business license of PT PMA due to violations of BPKM regulatory provisions.
8. *Human rights and environmental concerns* – the development of awareness of human rights and the environment has the potential to create uncertainty for foreign investors, where the risk of government intervention on foreign investors' businesses will increase where the government seeks to increase protection of human rights and the environment .
9. *The Law and Order Situation* – this is described as a risk of destruction or attack on the assets of foreign investors by criminal groups.

Apart from what has been stated above, there are several other opinions as stated by Prof. M. Khoidin who puts more emphasis on the risks that foreign investors may experience are lengthy bureaucracy, issues of transparency and legal certainty, technology transfer, investment guarantees and employment. Furthermore, another opinion that we take from Hartono and Harjito's 2002 book, the risks that investors can experience are Purchasing Power Risk, Business Risk, Interest Rate Risk, Market Risk and Liquidity Risk .

C. Responsibilities Of Multinational Companies and Countries of Origin for Foreign Investment in *Foreign Direct Investment* in Indonesia.

Based on Law Number 25 of 2007 concerning Investment Articles 15, 16, and 17 concerning the obligations and responsibilities of investors, investors have the following obligations and responsibilities:

a. The obligations of investors are:

1. Applying the principles of good corporate governance;
2. Carry out corporate social responsibility;
3. Make a report on investment activities and submit it to the Investment Coordinating Board;
4. Respect the cultural traditions of the community around the location of investment business activities; And
5. Comply with all statutory provisions.

b. Responsibilities of investors are:

1. Ensuring the availability of capital from sources that do not conflict with the provisions of laws and regulations .
The Investment Law states that capital is all assets in the form of money or other non-money forms owned by investors that have economic value .¹² The sources of capital are Domestic Capital and Foreign Capital. Foreign Capital is capital owned by foreign countries, foreign business entities, foreign legal entities, and/or Indonesian legal entities whose capital is partly or wholly owned by foreign parties (Article 1 paragraph (8) of the Investment Law).
2. Bear and settle all obligations and losses if the investment stops or abandons or abandons its business activities unilaterally in accordance with the provisions of the laws and regulations .

If an investor abandons or terminates or abandons his business activities, the investor must complete all of his obligations both to the Government, to the workforce, and to relations related to his business activities. Such as paying taxes on business activities if they have not been paid, paying all debts that arise during business activities, paying labor wages/salaries if they have not been paid and fulfilling what is the right of workers according to applicable laws and regulations and returning all facilities facilities provided by the Government in accordance with the applicable laws and regulations.

1. Creating a Healthy Competition Business Climate, Preventing Monopolistic Practices and Other Things That Are Harmful to the State.

¹² Hulman Panjaitan, *Foreign Investment Law* , (Jakarta: IndHill Co, 2013) p. 33.

Every investor must create fair business competition, meaning that every investor/business actor in carrying out production and or marketing activities of goods or services must be carried out honestly or not contrary to applicable laws and regulations and investors must prevent monopolistic practices, namely the concentration of activities by one or more business actors that result in the control of the production or marketing of certain goods and services, giving rise to unfair business competition that can harm the public interest (Article 1 paragraph 2 of Law Number 5 of 1999 concerning Prohibition of Monopolistic Practices and Unfair Business Competition) Healthy). In addition, every investor is prohibited from doing things that are detrimental to the state, such as actions that are contrary to laws and regulations; committing corporate crime, inflating costs to minimize profits so that it can result in state losses .

2. Maintaining Environmental Sustainability .

In carrying out its business activities, every investor must pay attention to the condition of the environment around the location of the business activity. As in the case of disposal of waste/remains of goods produced, regarding the chimneys of these companies which can cause pollution. Here the company must try to prevent water pollution due to waste disposal from the company and air pollution so as not to cause various losses to both the company itself and the health and safety of humans and other living things that live around it .

3. Creating Safety, Health, Comfort, and Welfare of Workers .

In terms of carrying out its business activities, investors need a workforce of both trained and educated workers. These workers work for a wage/salary from the company that employs them, and the company must also guarantee the safety, health, comfort and welfare of workers. To ensure work safety, health, comfort and welfare of workers, investment must pay attention to Article 67 to Article 101 of Law Number 13 of 2003 concerning Manpower which regulates the protection of disabled workers, child workers, female workers,

working time, occupational safety and health, wages, and labor welfare.

4. Comply with All Provisions of Legislation .

In carrying out its business activities, investors must pay attention to all regulations relating to investment. Every investor must know what actions are permitted and which are prohibited in these regulations and they must comply with these regulations because if investors in carrying out their business activities violate or carry out actions that are contrary to statutory regulations, they will receive severe sanctions. according to what is stated in the statutory regulations .

Apart from Law Number 25 of 2007 concerning Investment, *the liability of multinational corporations and liability home state measures* are also explained by experts .

a. Responsibility of Multinational Corporations

According to Sornarajah, the responsibilities of Multinational Companies are 4 important points, namely:¹³

1. *The Obligation Not to Interfere in Domestic Politics*, namely the obligation not to interfere in domestic politics because it is the sovereignty of the host country .
2. *Obligations Relating to Human Rights*, that is, companies have responsibilities and obligations that must be complied with towards human rights in the host country .
3. *Liability for Violations of Environmental Norms*, the obligation of the country of origin to ensure that its multinational companies comply with environmental standards in the host country, especially if the environmental protection rules comply with international environmental law .
4. *The Obligation to Promote Economic Development*, namely multinational companies that invest in the host country must promote economic development or, at least, must not take actions

¹³ M. Sornarajah, *Loc. cit.*

that hinder the economic development of the host country. Parties of the country of origin must also ensure that their nationals, who make foreign investments, do not take actions that are detrimental to the economic development of the host country. This is the emphasis on avoiding unfair business competition practices and acts of corruption .

b. Responsibilities of the country of origin of foreign investors

Responsibilities of the country of origin of foreign investors include:¹⁴

1. The home country of a multinational company has a responsibility to ensure that its nationals do not act to the detriment of their host country while abroad .
2. The home country provides protection for the host country's citizens from abuse by multinational corporations. Example: substandard labor wages, unfair treatment/racism, unfair competition .
3. Commitment from the state to prevent multinational companies from breaking the law .
4. The obligation not to harm other countries. The country of origin must ensure that its citizens who become foreign investors abroad act in a manner that is consistent with international norms through the exercise of jurisdiction on the basis of nationality .
5. State responsibility arises from human rights violations committed by multinational companies abroad. When such violations occur, there is an obligation from the country of origin to provide remedies for the victims of the violations.
6. Countries should ensure that their multinational companies do not make investments that are dangerous or violate laws related to investment activities in the host country .

¹⁴ *Ibid.*

IV. CONCLUSION

From the description regarding the Application of *Foreign Direct Investment* in Indonesia in the previous chapter, it can be concluded as follows:

1. Parties in *Foreign Direct Investment* (Foreign Investment) in Indonesia consist of:
 - a. Foreign citizen individual;
 - b. Foreign corporation;
 - c. foreign governments;
 - d. *The Multinational Corporations*;
 - e. *The state corporations*
 - f. *international institutions*;
 - g. *Non-Governmental Organizations*;
 - h. *Other actors (ex: International Chamber of Commerce)*
 - i. Investment Coordinating Board (BPKM)
 - j. Investment Management Institution (LPI)
2. The risks involved in foreign investment are :
 - a. *Ideological Hostility* (the ideology adopted by the host country is not in accordance with the ideology of the investor) ;
 - b. *Nationalism* (the rise of excessive nationalism in the *host country* ;
 - c. *Ethnicity as a factor* ;
 - d. *Changes in industry patterns*;
 - e. *Contracts made by previous regimes*;
 - f. *Onerous contracts* (investment agreements that are too difficult to execute);
 - g. *Regulations of the economy*;
 - h. *Human rights and environmental concerns*;
 - i. *The law and order situation.*
3. Forms of responsibility of investment multinational companies, namely:
 - a. The obligation not to interfere in domestic politics because it is the sovereignty of the host country ;

- b. Companies have responsibilities and obligations to comply with human rights in the host country ;
- c. The country of origin has an obligation to ensure that its multinational company complies with the environmental standards of the host country, especially if the environmental protection rules comply with international environmental law ;
- d. Multinational companies investing in host countries must promote economic development or, at least, must not engage in actions that hinder the host country's economic development. Parties of the country of origin must also ensure that their nationals, who make foreign investments, do not take actions that are detrimental to the economic development of the host country. This is the emphasis on avoiding unfair business competition practices and acts of corruption .

Forms of responsibility of the Country of Origin of Foreign Investors include:

- 1. Ensure that nationals of its companies do not act prejudicially to their host countries while abroad ;
- 2. Provide protection for host country nationals from misuse of multinational corporations ;
- 3. Commitment from the state to prevent multinational companies from breaking the law ;
- 4. The obligation not to harm other countries ;
- 5. State responsibility arises from human rights violations committed by multinational companies abroad. When such a violation occurs, there is an obligation from the country of origin to provide reparation for the victims of the violation ;
- 6. Must ensure that their multinational companies do not make investments that are dangerous or commit violations of laws related to investment activities in the host country .

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