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Legal Construction of International Business Contracts as an Instrument for Strengthening Banana Cracker Exports and Ogan Banana Supply Chain Management in Lumajang Regency

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ABSTRACT

Today's entrepreneurs prioritize international trade as an important goal in business development, which leads to the formation of international business contracts, but not all entrepreneurs understand the various regulations related to international business contracts, dispute resolution in the event of a dispute, and legal certainty in the event of force majeure. In addition, this study also wants to analyze the provisions for the use of Indonesian in agreements based on Law of the Republic of Indonesia Number 24 of 2009 concerning the Flag, Language, and National Emblem, as well as the National Anthem, with an analytical knife using the principle of freedom of contact. This research related to international business contracts was inspired by the desires of home industry entrepreneurs in Nogosari Village, Rowokangkung District, Lumajang Regency, who produce "banana crackers" and want to spread their wings into the world of international trade. In addition to understanding the various rules of international business contracts, banana crackers entrepreneurs also face the problem of difficulty in obtaining organic banana raw materials. Fruits have a high water content so they are easily damaged and have a short shelf life. Bananas are a type of fruit that is easily damaged, so there must be a solution, namely producing banana products, one of which is banana crackers and analyzing the management of the Supply Chain. Therefore, this

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study is expected to reveal the supply chain management of ogan bananas so that their business can run smoothly without experiencing raw material constraints. Alternative strategies are needed that can be applied in the development of the Banana Crackers agroindustry. The formulation of the problem in this study is regarding the construction of the ideal International Business contract law to support the banana crackers business to penetrate export products and supply chain management that is able to provide protection for the interests of Ogan Banana farmers to support banana crackers export products. The research method used from the legal aspect uses the doctrinal research method (normative juridical) while related to the Ogan Banana supply chain management using the case study method. The data collected includes primary data and secondary data. The withdrawal of respondents in this study was purposive sampling, namely determining the sample by considering certain criteria that are considered capable of providing maximum data, so the respondents taken were Banana Crackers entrepreneurs and as supporting respondents, namely 3 employees of entrepreneurs and 1 customer. The results of the study from the legal aspect are the limitations on the principle of freedom of contract with the use of language and provide recommendations for more adaptive reform of international business contract law. Apart from that, it also puts forward various principles and theories of choice of law that can be included in contract clauses, also discusses the Alternative Resolution of International Disputes that can be taken by the parties. In addition, it also reveals the importance of the force majeure clause in the contract for legal certainty regarding the rights and obligations of the parties. Various discussions in this writing are expected to be a legal instrument for strengthening the export of banana crackers. In order to develop banana crackers, the strategy that can be carried out is an aggressive strategy with more focus on the SO (Strength-Opportunities) strategy, namely by using strength to take advantage of existing opportunities.

Keywords: Contract, Business, International, Supply Chain, Export.

I. INTRODUCTION

In the era of globalization, legal relations in the field of civil law (private) are increasingly developing, especially in relation to the world of trade. Legal relations in the field of trade, the legal subjects are no longer limited to one country's territory but can cross borders between countries (transnational), in this kind of legal relationship pattern, of course, it is no longer limited to conducting face-to-face meetings but can also conduct legal relations virtually using information technology. Through the development of information technology, the face of the world has changed to be limitless, resulting in changes in culture, economy and society as well as rapid law enforcement patterns (Fahamsyah et al., 2022).

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Observing the legal relationship, especially business that crosses national borders, it is an important issue to analyze that each country certainly has different legal sovereignty between one country and another. This has the potential to result in several implications or points of contact related to jurisdiction and concerning the determination of the competence of the court that will try if a dispute occurs. The point of contact regarding jurisdiction gives rise to the choice of law and choice of forum which are very closely related to the competence of the court to try when a business contract carried out by the parties has a dispute that can cause a dispute between the parties.(Earth, 2018).

For business people, in carrying out cooperation, International Business Contracts are guidelines or the basis of relationships so that business people must fully understand various aspects of law or regulations related to the business contracts they carry out, including banana crackers entrepreneurs in Lumajang. International business contracts are in the realm of private law, therefore there is a basic principle, namely the principle of freedom of contract. The principle of freedom of contract means that the parties are free to determine the contents of the agreement as well as the achievements that will be made by the parties. However, the parties in carrying out business transactions must still pay attention to the rules of international law and the national laws of each country (Rotinsulu, 2021).

Based on Article 31 of Law Number 24 of 2009 concerning the Flag, Language, and National Emblem and the National Anthem, it mandates the use of Indonesian in agreements or memorandums of understanding involving state institutions, government agencies, private institutions, or individual Indonesian citizens (hereinafter abbreviated as UURI No. 24 of 2009). In addition, Presidential Regulation Number 63 of 2019 concerning the Use of Indonesian (hereinafter abbreviated as Perpres No. 63/2019) stipulates that "The

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national language of the foreign party and/or English is used as an equivalent or translation of Indonesian to equate the understanding of the memorandum of understanding or agreement involving foreign parties. The memorandum of understanding must be written in two languages, including Indonesian, and this regulation can be used as a legal basis for canceling the agreement, even though the parties know that the agreement is written in a foreign language without any Indonesian text at the time of signing. This is certainly not in accordance with the principle of freedom of contract.

This study is related to the banana processing business unit in Ogan in Lumajang Regency into banana crackers, based on the results of the interview showed a strong desire to export banana crackers products. Understanding international business contracts is also very important how to find solutions related to the unstable Ogan banana supply chain, of course it requires the implementation of a clear framework to ensure that contractual obligations with importers are fulfilled, even though bananas are abundant and raw materials are difficult to find. Related to the difficulty of continuity of banana crackers raw materials, previous researchers said that fresh agricultural food ingredients have a perishable nature, namely they are easily damaged due to high water content so that they cannot be stored for a long time. These foods include horticulture, livestock products, and fisheries whose production is abundant, but good post-harvest handling is needed to reduce losses due to damage and maintain product quality (Budiwati, 2016). One of the efforts that can be done to maintain the shelf life of fresh food products is by processing the products into crackers and chips. Processing fresh food products into crackers and chips is an alternative solution in an effort to maintain product quality, increase shelf life, prevent damage, and as a form of diversification of agricultural products (Jamalludin, 2018).

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This article also discusses the validity of international business contracts, their basics, and the construction of interstate agreements. It discusses the legal basis and regulations governing the contract, as well as dispute resolution options using the theory of analytical knives and the theory of legal certainty. In addition, the important force majeure clause will be discussed further in this article to be included in the substance of international business contracts. The difference between this study and other studies lies in the importance of legal certainty in international business contracts which is based on the language aspects used, the principle of freedom of contract, clarity of choice, and the importance of the force majeure clause to provide legal protection to the parties from claims for compensation due to force majeure.The development of agroindustry faces many obstacles that must be addressed to grow and develop because of the factors that hinder small businesses. Therefore, the agroindustry development strategy to determine the internal factors (strengths and weaknesses) and external factors (opportunities and threats) owned by the banana crackers processing industry that is taken must be adjusted to the characteristics and problems of the agroindustry concerned. The development strategy will affect the maintenance of competitiveness or business existence and overcome the problems that exist in the banana crackers agroindustry business.

There has been no writing related to International Business Contracts concerning small agricultural commodities such as Banana Crackers, so writing this article is very important, especially to provide a contribution in the form of a fair, legal and beneficial International Business Contract legal construction that can protect the interests of the parties, as well as the importance of providing solutions to problems related to supply chain stability as a requirement for export sustainability.

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II. RESEARCH METHODS

Research related to International Business Contracts uses doctrinal legal research, which is a research method that places authoritative texts such as laws and regulations, doctrines, court decisions as the main source of research for understanding positive law. In Indonesia, it is often referred to as normative legal research. Doctrinal research aims to find laws that are relevant to the various facts presented. Doctrinal legal research is a study of positive law, both written and unwritten, contained in legal rules / laws and regulations (Arifin et al., 2025). Concepts, principles, and court decisions and annotations in the literature. Doctrinal legal research is a study of legal concepts or principles in laws or other laws and regulations, court decisions related to the analysis of legal doctrine to be developed and applied so that they can be used properly which are presented in a case or legal argument based on legal reasoning (Efendi, 2019). Regarding the supply chain management of Ogan Bananas to support export products, Rambak Pisang conducted a case study research with a qualitative research approach in the form of an in-depth and intensive study of a case that was carried out comprehensively to reveal the reality behind the phenomenon being studied (Rangkuti, 2021).

III. RESEARCH RESULTS AND ANALYSIS

Based on the background described previously, the research in this scientific article was conducted on Ogan banana processing business unit in Lumajang Regency into banana crackers, which has a strong desire to export banana crackers products. So it is very important to understand international business contracts, as well as find solutions related to the unstable Ogan banana supply chain, because the characteristics of bananas are easily rotten while the existence of Ogan bananas as raw materials is very limited. In order to be able

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to step into international trade that is able to compete, of course, it requires the implementation of a clear framework to ensure that contractual obligations with importers are fulfilled, in addition to the need for continuous and abundant provision of Ogan banana raw materials, it requires a strategy to strengthen its supply chain to support the efforts of Banana Crackers products as export commodities. The results and discussion in this article will be divided into several sub-chapters to make it easier for readers to understand the author's thought process.

A. Principles of Limitation of Freedom of Contract in International Business Agreements

All business activities always begin with a contract, so it is appropriate if this contract issue is placed as part of business law. Contracts (in English) and overeenkomst (in Dutch) in a broader sense are often also called agreements, although in the following description the author uses the term contract for agreements that actually have almost the same meaning. The parties who agree on the matters agreed upon are obliged to obey and implement them, so that the agreement gives rise to a legal relationship called an obligation (verbintenis) (Alkatiri et al., 2023).

Based on the nature and scope of the law that binds it, there are 2 types of contracts, namely national and international contracts. A national contract is said to be if the contract is made by two individuals (legal subjects) in a country's territory that does not contain foreign elements. While an international contract is a contract that contains or contains foreign elements. A contract is a legal agreement that can be enforced. Contracts or agreements are usually in writing between two parties in trade, and have binding force for both parties concerned. (International) contracts today are everyday activities. The form of the contract is written and some are oral. This activity is mainly carried

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out by entrepreneurs or traders in the world. They buy products in a country and sell them in a third country or in their country. In international business transactions carried out by sellers (exporters) and buyers (importers) rights and obligations will arise for each party. Exporters are required to deliver goods and have the right to receive payment for the delivery of goods. On the other hand, importers are required to pay the price of the goods and have the right to demand the delivery of the goods they purchased(Cindawati, 2016).

Based on Article 1338 Paragraph (1) of the Civil Code, it states that all agreements made legally apply as laws for those who make them. The wording of this article contains the principle(Warassih, 2018):

a. Consensualism, is an agreement that has occurred if there is a consensus between the parties entering into the contract.
b. Freedom of contract, meaning that a person is free to enter into an agreement, is free about what is agreed, and is also free to determine the form of the contract.
c. Pacta sunt servanda, meaning that the contract is a law for the parties who make it (binding).

International contracts as stated in the introduction are a legal field that plays a very important role in the era of globalization to support activities in the international trade and business transaction sector (Sudirman et al., 2024). There is a very crucial issue that is not a simple matter to unite the relationship between the parties in the international scope, because it involves differences in paradigms, legal systems, and applicable legal rules as a rule that is mandatory to be obeyed by the parties in each country. If you want to conduct international trade, contracts are an important part of international transactions, this is related to the legal rules that apply in each country. The differences in national regulations in each country provide a separate need that is international and

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universal. In the context of harmonization and unification of law in the field of international contracts, Indonesia has ratified the UNIDROIT agreement, the contents of which contain the principles of international contracts that must be applied to business actors in trade transactions. Consistency in international business contract law is essential to address such differences, which can hinder fast and safe transactions that require rapid interpretation of rights and obligations between countries.

Export and import business between countries (transnational) gives birth to provisions that are binding on both parties (exporter-importer), or in other words that after the business contract is agreed upon by both parties, the obligations that arise from the agreement between the parties are the law or apply as laws for both parties who bind themselves in the agreement or international business contract and there are legal consequences for both parties, then "International Business or Trade Law" arises (Damayanti, 2023). The difference between a business contract and an international business contract is that theoretically there is a foreign element that can be an indicator of a contract (a national contract that has a foreign element) several elements that can be observed and can cause problems include:

a. Different nationalities
b. The parties have legal domiciles in different countries.
c. The law chosen is foreign law, including the rules or principles of international contracts regarding the contract.
d. Contract dispute resolution takes place abroad
e. Implementation of the contract abroad
f. The contract was signed abroad
g. Contract objects abroad
h. Language used in the contract

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i. The use of foreign currency in the contract.

The Law of Agreements (contracts) recognizes the respect and recognition of the principle of consensus and freedom of the parties (party autonomy). This means that all provisions concerning the terms of business or trade including the Rights and Obligations of the parties are entirely left to the parties, and the law respects this agreement as stated in the agreement as stipulated in Article 1320 of the Civil Code / Burgelik Wetbook (BW). Although freedom of contract for the parties is very essential, this freedom of contract has its limits. It is subject to various restrictions that surround it, including:

a. The main limitation is that this freedom must not be contrary to the law, public order, morality and decency.
b. The status of the contract itself is a Contract in international trade that has foreign elements. This means that the contract, although in the field of international trade, is at least subject to and limited by national law (a particular country).
c. What binds the parties are agreements or trade customs previously made by the parties concerned.

The main sources of law in international contracts are international treaties, consisting of the Contracts For The International Sale of Goods (CISG) and the UNIDROIT Principles of International Contract called UNIDROIT. And seeks to harmonize international contract law, providing a neutral choice of law for the validity of contracts, enforcement, and dispute resolution. The UNIDROIT Principles on International Commercial Contracts, first published in 1994, have been revised several times, with the last revision in 2010. Although international business transactions are classified as private law, the parties must still comply with international law and the rules of national law in each country.

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International Business Contract Law, as outlined in the International Convention on Contracts for the International Sale of Goods (CISG) and the UNIDROIT Principles on International Contracts 1994, emphasizes the principles of freedom of contract, sovereignty of national law, and choice of law. Parties can determine the content and achievements while complying with the sources of international contract law, ensuring that the parties have the freedom to do so. Because it is always used in business settlements, contracts must be flexible in order to keep up with dynamic market developments. The principle of freedom of contract is indeed the main pillar underlying contract law. However, limitations are still needed so that this principle does not harm the sense of justice, especially for parties who have a weak bargaining position. Based on the Civil Code, the principle of freedom of contract is regulated in Article 1338 of the Burgelijk Wetbook (BW). This principle of freedom of contract is a manifestation of the understanding of the free market pioneered by Adam Smith with classical economic theory based on laissez faire. By revealing the nature of dominance and so that the principle of freedom of contract is not misused, this principle must be juxtaposed with other principles of agreements in order to create a healthy contract and not vice versa. One of the principles that is juxtaposed with the principle of freedom of contract is the principle of good faith, as a principle that is controlling so that the principle of freedom of contract becomes unlimited and becomes a harsh jargon to prey on weaker parties. "The direct challenge to the concept of contract law as a coherent expression of the principle of autonomy is thought to come from the doctrines of good faith, injustice, and coercion" (Charles Fried, 2015). The position of the contract in society is the main determinant of the realization of justice and legal certainty, so that social welfare can be realized. The principle of freedom of contract in the International Convention includes rules that are mandatory,

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exceptions to rules that are mandatory, and restrictions on the freedom to make strict prohibitions in international and national business contracts. State norms and the propriety of business actors are also excluded or limited in this freedom of contract.

Indonesian citizens have limited freedom of contract in international business contracts. This can be seen from Article 31 of Law Number 24 of 2009 concerning the Flag, Language, and National Emblem and the National Anthem. Based on this Law, it is mandated to use the Indonesian language in agreements or memorandums of understanding involving state institutions, government agencies, private institutions, or individual Indonesian citizens (Penasthika, 2019). Presidential Regulation Number 63 of 2019 concerning the Use of the Indonesian Language (Presidential Regulation No. 63/2019) stipulates that "The national language of the foreign party and/or English is used as an equivalent or translation of Indonesian to equate the understanding of the memorandum of understanding or agreement involving foreign parties. The memorandum of understanding must be written in two languages, including Indonesian, and this regulation can be used as a legal basis for canceling the agreement, even though the parties know that the agreement is written in a foreign language without any Indonesian text at the time of signing (Earth, 2018). Observing the obligation to use Indonesian in addition to foreign languages in the regulations above, the author believes that this is a less adaptive rule, for agreements involving foreign citizens it should be written in an international language or English, this will be more flexible or easier for the parties making the contract. International business certainly involves parties of different nationalities, it can be imagined if the obligation to use this national language is also applied by other countries, of course the contracts made will be ineffective and inefficient so that the use of the national language in

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agreements involving foreign elements must be reformed so that the agreements made are more adaptive in responding to the pace of development in the era of globalization (Suwardiyati & Rustam, 2024).

Indonesian is used in international contracts because it is the national or official language. The use of Indonesian in international business contracts also has an impact on the less conducive climate of business contracts in Indonesia, because the language limits the freedom of contract for the parties making the contract. If every country has the same principle, business contracts between parties of different nationalities will certainly be very complicated when they have to use the national language in transactions. However, Article 26 paragraph 2 of Presidential Regulation of the Republic of Indonesia Number 63 of 2019 concerning the Use of Indonesian also states that every business agreement involving a foreign party must also be written in the national language of the foreign party and/or English. According to the author, the use of an International Language or English is fairer so that every agreement between people from different countries is made in only one language so that it can be understood together, and has more legal certainty because it avoids different interpretations compared to using various languages from each country. Furthermore, based on the value of utility, the use of one international language creates a simpler process, and also avoids the creation of agreements between citizens of different countries at high costs.

B. Choice of Law in International Business Contracts

As modern trade or business transactions develop, the need for contract law becomes more apparent. David Reitzel argues that contracts are one of the most important legal institutions in economic transactions in society.(Adolf, 2018).In international business contracts, choice of law is an important clause that determines which legal system will govern the contract. This clause helps

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the parties avoid legal uncertainty that can arise due to differences in legal systems between countries.

Choice of law is an agreement between the parties to an international contract to determine which national legal system will apply to the content and implementation of their contract. This is important because in international business, the parties can come from different countries with different legal systems (Koesnadi et al., 2023). A consensual agreement between business actors that covers more than one legal system is called an international business contract. International commercial contracts are governed by the principle of freedom of contract based on the substance of the agreement, which is limited to lawful purposes and does not conflict with the law, morality, or public interest. In Indonesia, there is no explicit regulation regarding the choice of law in the international context, but the principle of freedom of contract (Article 1338 of the Civil Code) provides space for the parties to choose foreign law as long as it does not conflict with public order in Indonesia.

Regarding the Choice of Law in International business contracts, there are General Principles, including:

1. Freedom of Choice of Law: The parties have the freedom to choose the law that will govern their contract. This choice must be clearly stated in the contract.
2. Limitations of Freedom: Although there is freedom to choose the law, the choice must not conflict with the public order (public policy) of the country concerned.
3. No Choice of Law: If the parties do not specify the governing law, the law that has the closest relationship to the contract will apply. This determination is based on the principles of international law and applicable conflict of laws rules.

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Choice of law can be done in several ways, namely (Khairandi, 1999):

1) Explicit choice of law, the parties entering into the contract expressly and clearly determine which country's law they choose.
2) A tacit choice of law (*stilzwijgend*, implied, tacit), which can be inferred from the intent or provisions, and the facts contained in the contract.;
3) The choice of law is considered. This is only a pre-assumption iuris, a *rechtsvermoeden*. This means that the judge accepts that a choice has occurred based on mere legal assumptions. The judge's assumption is a basis that is considered sufficient to maintain that the parties really wanted it.
4) Hypothetically, the judge's choice of law works with a fiction: if the parties had thought about the law to be used, which law they would have chosen in the best possible way. So, in fact, there is no choice of law from the parties.

In a Contract if there is a choice of law clause, then the law that applies is the one that has been stated in the clause, according to the agreement then that is what applies as the law for the maker. The choice of law clause in international contracts is often done for the reason (Aminah, 2019):

1) In accordance with the principle of freedom of contract, in international business contracts, of course, the parties have their respective interests which form the basis for negotiations in determining the contents of the contract and the choice of dispute resolution, as long as it does not conflict with the law, morality and public order as stated in Article 1337 of the Civil Code.
2) Practical reasons, by including a choice of law clause, the parties can regulate their own legal relationship or legal consequences. Thus, the

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parties will be able to prepare everything so as not to do anything that is contrary to the contents of the contract;

3) For reasons of legal certainty, an agreement that has been made is binding as law for the parties (Article 1338 paragraph (1) of the Civil Code) and must be obeyed (*Pacta Sun Servanda*), thus there is legal certainty regarding the rights and obligations of each party, certainty of transactions and their legal consequences, including choice of law and dispute resolution.
4) In order to determine the legal certainty that must apply (*lex causae*), because the parties have different legal systems if a dispute occurs, the applicable law must be determined, so that it can make it easier for the judge/arbitrator to carry out the process according to the lex causae that has been chosen by the parties. If in an international business contract there is no choice of law clause related to *lex causae*, the judge bases it on theory or doctrine to determine the *lex causae*.

Several theories in international civil law to determine the law that must apply or *lex causae*, namely (Khairandi, 2020):

1) *Lex Loci Contractus*is a classical theory, that the law that applies is the law of the place where the contract was made. In today's global era, international trade practices are difficult to apply. This opinion is correct because the parties do not always meet directly (face to face) but can also be virtual using digital technology media, the contracts made are often in the form of paperless contracts (without paper) or scriptless (without script);
2) *Mail Box Theory*and Theory of Declaration if the parties to an international contract do not meet each other (via correspondence) then the important point is that one party can send a letter containing the acceptance or offer

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submitted by the other party. The Mail Box Theory is widely applied in Common Law countries while in Civil Law countries the theory of declaration (Theory of Declaration) is developed that acceptance of the offer by the offeree must be stated clearly;

3) *Lex Loci Solutionis*namely according to this theory the applicable law is the place where the contract is executed. This will also bring problems if the contract is executed in several countries;
4) *The Proper Law of a Contract*used in countries with a Common Law legal system. Proper law means a legal system that is expressly desired by the parties in a contract, if not stated explicitly then using a legal system that has the closest and most real relationship with the transaction that occurs.
5) The Most Characteristic Connection Theory, this theory is based on the best expert opinion that can be used as a guideline in international business contracts. According to this theory, the obligation to perform the most distinctive (characteristic) performance becomes the determining benchmark that will regulate the contract. The law of the country that performs the most distinctive performance becomes the applicable law.

Alternative Resolution of International Business Contract Disputes

Alternative dispute resolution for international business contracts is an effort to resolve disputes that occur between parties in cross-border contracts without having to go through the litigation process in court. This resolution is important because of the complex nature of international business relationships, involving different legal jurisdictions, and prioritizing efficiency and confidentiality. Based on the Law of the Republic of Indonesia Number 30 of 1999 concerning Arbitration and Alternative Dispute Resolution, it regulates the form of dispute resolution methods including arbitration, and alternative dispute resolution in the form of mediation,

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conciliation, negotiation, and consultation. Arbitration in the Law is defined as the settlement of a civil dispute outside the general court based on an arbitration agreement made in writing by the disputing parties. While mediation, conciliation, negotiation and consultation are not defined in the Law.

Regarding the understanding of each Alternative Dispute Resolution or alternative dispute resolution from different sources:

1) Mediation based on Supreme Court Regulation Number 1 of 2016 Concerning Mediation Procedures in Court, Mediation is a way of resolving disputes through a negotiation process assisted by a Mediator to obtain an agreement between the Parties. The mediator can be a judge or another party certified as a neutral party who will help the parties find the best solution for the disputing parties.
2) Conciliation is a dispute resolution with the intervention of a third party (conciliator), where the conciliator takes the initiative to compile and formulate settlement steps, which are then offered to the disputing parties or in other words, the conciliator is more active. If the disputing parties are unable to formulate an agreement, then the third party submits a proposal for a way out of the dispute (Wuisan, 2019)The conciliator is not authorized to make decisions, but is authorized to make recommendations, the implementation of which is highly dependent on the good faith of the disputing parties.
3) Negotiation means a two-way process carried out to establish communication so that an agreement can be reached.
4) Consultation is an action between a certain party as a client and another party who is a consultant, where the consultant provides his opinion to the client according to the needs and requirements.

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Arbitration and alternative dispute resolution if they do not produce results, then international business disputes will be resolved in court, either a national court or a court abroad. Depending on the law of which country is chosen when the international business contract is made. The custom in international law can also be used, namely the law of the country that will be used is the country where the object of the contract is located. This is already widely known in international relations so that its binding force has been recognized (Sopamena, 2022).

For the sake of legal certainty for agreements made by citizens with different legal systems, the choice of law should be determined at the beginning of the agreement. This can only happen if from the beginning the parties make an agreement about which law can be applied fairly and benefit the parties. Even if a dispute occurs later, the court can use a connecting point to resolve it. A connecting point is a condition or factor related to a particular legal event, or a transaction that connects a person with a country. The choice of law or choice of forum in international business contracts is also based on the principle of freedom of contract and the agreement of the parties in accordance with the provisions of Article 1339 of the Civil Code as long as it does not conflict with propriety, customs, laws, and the applicable legal system. Clauses in international business contracts are important to implement. To anticipate various risk attacks, appropriate steps are needed so that each party gets protection.This is necessary to ensure harmonization and consistency with international conventions, while still considering national law. By considering the choice of law, it is better if the choice of applicable law, choice of domicile, or choice of forum or court chosen in the event of a dispute is stated explicitly in the international business contract from the beginning, so that problems do not arise later. However, this is a difficult agreement to achieve because each

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party will certainly look for how each party's national jurisdiction will handle the dispute.

1. **Force Majeure or Overmacht Clauses in International Business Contract Law**

International business contract law aims to build a mutually beneficial relationship between the parties. Business professionals primarily focus on the benefits of the contract. However, there are some risks that can undermine the benefits that may be obtained. Since unforeseen circumstances can arise at any time, these risks are difficult to predict. Risk refers to the responsibility or obligation to bear or incur losses resulting from an event beyond the control or fault of the parties involved. In the business world, individuals seek to reduce potential risks. This is often outlined in international business contracts by including a Force Majeure or *Overmacht* clause. This clause protects the parties involved from having to bear losses resulting from events beyond their control. Force Majeure refers to a condition when one party to a contract has difficulty fulfilling its obligations due to the occurrence of events or conditions that could not be predicted at the time the contract was made. The party entering into the contract cannot be held responsible for these circumstances or events, and at the same time the party does not act in bad faith.

Article 7.1.7 UNIDROIT contains the principle of Force Majeure in international business contracts. This provision states:

a. Non-compliance by a party is excused if the party proves that the non-compliance was caused by an obstacle beyond its control and that the party could not have been reasonably expected to take that obstacle into account at the time of the conclusion of the contract or to avoid or overcome it.

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b. When the impediment is only temporary, the exemption shall apply for a reasonable period of time taking into account the impact of the impediment on the performance of the contract.
c. The party who fails to perform must give notice to the other party of the impediment and its effect on its ability to perform. If the notice is not received by the other party within a reasonable time after the party who fails to perform knows or should have known of the impediment, that party is liable for damages arising from the failure to receive the notice.
d. Nothing in this article shall prevent a party from exercising the right to terminate the contract, withhold performance, or demand interest on money due. According to this principle, the inability of a party to fulfill an obligation is considered valid if the party can prove that the inability was caused by an obstacle beyond its control, and that at the time the contract was made, the party was not expected to take into account or overcome the obstacle.

Force majeure in contracts can be divided into several types, including:

a. *Force Majeure* due to natural conditions, is an *overmacht* related to force majeure that arises due to natural events that cannot be predicted or avoided by anyone because they are natural without any element of intent. For example, in an international banana crackers business agreement, a natural disaster befell the factory so that it could not produce to meet the quota set in the agreement for some time.
b. *Force Majeure* due to emergency, is an *overmacht* that refers to force majeure that arises due to an unreasonable, urgent, and short-term situation or condition that cannot be predicted in advance. For example, in an international banana crackers business agreement, there is a force majeure

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that prevents it later due to war which has an impact on the severance of import-export routes so that the parties cannot fulfill their obligations.

c. *Force Majeure* due to the destruction or loss of the object of the agreement, so that the agreement becomes impossible to implement. For example, if the object of the banana crackers business contract agreement in the form of banana crackers is lost or stolen by someone, so that the implementation of the contract regarding the sale of banana crackers cannot be carried out.

d. *Force Majeure* due to government policies or regulations, which affect ongoing activities. For example, a banana crackers company is prevented from fulfilling the export quota of the object of the agreement due to changes in regulations regarding export quota limits.

In business contracts, especially international contracts, which carry higher risks than domestic contracts, the inclusion of a force majeure or overmatch clause is very important. A force majeure clause can prevent one party from being sued or held liable for losses caused by unforeseen circumstances that hinder the implementation of the agreement. Therefore, a force majeure clause can be a solution to reduce risk and prevent losses for one party, can function as protection in business relationships, because the parties understand what the consequences are if a force majeure situation occurs, and make the situation a win-win solution, no party feels that their interests can be defeated. A force majeure clause allows for the suspension, cancellation, or renegotiation of the contract due to uncontrollable circumstances beyond the control of the parties. However, the parties cannot sue or request compensation for non-compliance with the terms of the contract due to force majeure.

2. Supply Chain Management

*Supply Chain Management*or Supply Chain Management is a system that regulates the supply of goods starting from scheduling activities, procurement

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of goods, the process of receiving goods, production, to the delivery of products carried out by suppliers to customers. Control in supply chain management is carried out on information, human resources, activities, and other factors that can affect the supply chain process. Supply chain management aims to meet customer demand and maintain the inventory of products provided by the company so that activities can be more effective and efficient (Bizplus, 2022)

In the increasingly competitive business environment, efficiency and quality in the supply chain are key factors in a company's success. Supply Chain Management (SCM) is a systematic approach that aims to optimize the flow of goods, information, and services from suppliers to customers. In this article, we will explore the concept and benefits of SCM and its implementation steps to achieve supply chain optimization. Supply Chain Management (SCM) involves the efficient coordination of the various functions and entities involved in the supply chain. This includes suppliers, manufacturers, distributors, and customers. SCM focuses on the tight integration between all elements of the supply chain to achieve increased efficiency, quality, and customer satisfaction (Anonymous, 2023).

Bizzplus also stated that in the supply chain management system there are three types of methods that can be used so that the supply chain process can run smoothly, namely:

a. *Upstream Supply Chain,* It is a supply chain control carried out by monitoring inventory from upstream to downstream. This method is a process in which a company or organization receives a supply of raw materials from suppliers or suppliers to carry out the production process.
b. *Internal Supply Chain,* is a supply chain control carried out within the company to process raw materials that have been received from suppliers for further processing in the production process.

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c. *Downstream Supply Chain* is a supply chain control that is carried out by monitoring inventory from downstream to upstream. This method is a process in which products that have been made by the company will be distributed to customers or distributors.

Strategies that can be used in supply chain management include:

a. Having more than one supplier, working with more than one supplier. This strategy is the most widely used strategy. To find the best supplier who can meet customer demand. Generally, this strategy is used to meet short-term needs.
b. Working with a few suppliers, to maintain stability and communication with suppliers. Generally this strategy is used to fulfill needs in the longer term compared to the first strategy.
c. Running vertical integration with suppliers to meet customer demand needs, can be done by acquiring suppliers to become part of the company. By acquiring, coordination and control of the fulfillment of needs will be easier. This strategy is generally used to meet long-term needs, and also on a large scale.
d. Running a Keiretsu Network, This strategy is a combination of vertical integration methods and the method of having few suppliers. In this strategy, acquiring supplier companies can also continue to work with several external suppliers, so that when demand cannot be met by the acquired suppliers, you can easily maintain the balance of control.
e. Working with Vendors, this strategy is through collaboration with vendors who act as third parties and play a role in fulfilling customer demand needs.

Related to the Banana Crackers business unit that wants to develop an export business but has difficulty in obtaining raw materials for "Ogan

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Bananas", this supply chain management is very important to implement, by implementing a strategy of having more than one supplier of "Ogan Bananas". By having more than one supplier and finding the best supplier who can meet customer demand, for the sustainability of the availability of raw materials in the long term, cooperation is needed in planting the type of raw material "Ogan Banana" with farmer groups. Fulfillment of raw materials by prioritizing existing local products, the shortage can cooperate with suppliers from the nearest district, working with groups to plant these raw materials. Thus, the continuity of raw materials for the needs of producing banana crackers will be maintained so that the hope of being able to carry out international trade can be realized. In marketing production, production continuity must be guaranteed, so as not to disappoint consumers in addition to paying attention to the quality of the banana crackers production results. Making attractive packaging and maintaining quality, and also ensuring the safety of the distribution process. Future research on export standardization requires experts in agricultural product technology to ensure food safety and prevent market failure. Partners with processed banana products must prepare their products to meet international standards, while implementing supply chain management and strategies to maintain product sustainability in the international market.

IV. CONCLUSION

In the era of globalization, international contracts are a legal field that plays a very important role in supporting activities in the international trade and business transaction sectors. Indonesian citizens in carrying out international business contracts have limited freedom of contract due to the obligation to use the Indonesian language for all kinds of agreements as required by Article 31 of Law Number 24 of 2009 concerning the Flag,

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Language, and National Emblem and the National Anthem. As well as Presidential Regulation Number 63 of 2019 concerning the Use of the Indonesian Language. The use of the Indonesian language in international business contracts has an impact on the less conducive business contract climate in Indonesia, because the language limits the freedom of contract for the parties making the contract. If every country has the same principle, then business contracts between parties of different citizenships will certainly be very complicated when they have to use the national language of each country in transactions.

Choice of law in international business contracts, is an important clause that determines which legal system will govern the contract. This clause helps the parties avoid legal uncertainty that can arise due to differences in legal systems between countries.

Disputes that may arise as a result of international business contracts can be resolved through the courts, arbitration or through alternative dispute resolution. Alternative dispute resolution is an effort to resolve disputes that occur between parties in cross-border contracts without having to go through the litigation process in court. This resolution is important because of the complex nature of international business relationships, involving different legal jurisdictions, and prioritizing efficiency and confidentiality by using methods such as mediation, conciliation, negotiation, and consultation.

Force Majeure or *Overmacht* clauses are needed to protect parties involved in international business contracts from having to bear losses caused by events beyond their control. Force Majeure refers to a condition when one party to a contract has difficulty fulfilling its obligations due to an event or condition that could not be predicted at the time the contract was made. The contracting party cannot be held responsible for the circumstances or events as long as they are

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not based on bad faith. In increasingly tight business competition, efficiency and quality in the supply chain are key factors in a company's success.

Supply Chain Management (SCM) or Supply Chain Management is a systematic approach that aims to optimize the flow of goods, information, and services from suppliers to customers. In relation to the Rambak Pisang business unit that initiated the manufacture of this antique, wanting to develop an export business but having difficulty with raw materials "Ogan Banana" then this supply chain management is very important to implement, by implementing a strategy of having more than one supplier of "Ogan Banana". By having more than one supplier and looking for the best supplier who can meet customer demand.

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