



Analysis of The Impact of Environmental Permit Changes in The Omnibus Law Regulation: Between Ease of Doing Business and Environmental Protection

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ARTICLE INFO

Keywords: Omnibus Law, Environmental Approval, Business Licensing, Legal Protection

Received : 18, April

Revised : 20, June

Accepted: 22, August

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ABSTRACT

This study critically examines the transformation of environmental permit mechanisms introduced by Law No. 11 of 2020 on Job Creation (Omnibus Law) in Indonesia. By altering the legal status of Environmental Impact Assessments (AMDAL) from an independent administrative permit to an integrated environmental approval embedded in business licenses, the regulatory shift aims to streamline business licensing and accelerate economic investment. Using a normative legal research methodology combined with a comparative statutory approach, this paper evaluates whether this integration compromises environmental protection safeguards. The analysis reveals substantial structural vulnerabilities, including diminished public participation and narrowed administrative oversight. Consequently, strict legal standards must be institutionalized to maintain environmental sustainability.

INTRODUCTION

The enactment of Law No. 11 of 2020 on Job Creation, widely known as the Omnibus Law, marked a fundamental paradigm shift in Indonesia's regulatory landscape. Conceived primarily to eliminate bureaucratic bottlenecks, boost domestic and foreign investment, and foster economic growth, the Omnibus Law overhauled dozens of existing sectoral laws simultaneously. Among the most heavily amended legal frameworks is Law No. 32 of 2009 on Environmental Protection and Management (PPLH Law). Regulatory integration under the Omnibus Law sought to transition the nation's licensing apparatus into a Risk-Based Approach (RBA), thereby expediting investment procedures for commercial ventures across various industrial sectors.

Prior to the Omnibus Law, the Environmental Permit (Izin Lingkungan) served as an independent, standalone administrative instrument. Under Law No. 32 of 2009, obtaining an environmental permit was an imperative precondition before a business entity could apply for a general commercial license. The environmental assessment process—centered around the Environmental Impact Assessment (AMDAL)—functioned as an autonomous preventive gatekeeper. However, under the new framework established by the Job Creation Law, the standalone 'environmental permit' has been abolished and replaced by 'environmental approval' (Persetujuan Lingkungan), which is directly subsumed within the broader business license (Perizinan Berusaha).

This structural modification has ignited intense legal debate among academic scholars, environmental activists, and policymakers. On the one hand, proponents argue that integrating environmental approvals into business licenses minimizes redundant bureaucratic steps, reduces corrupt practices in permit issuance, and enhances legal certainty for investors. On the other hand, critics contend that deemphasizing the independent legal status of environmental permits severely undermines the precautionary principle (*prinsip kehati-hatian*) and diminishes the legal mechanisms available for environmental protection. Therefore, this article examines the juridical consequences of these amendments, assessing the delicate balance between promoting economic activities and safeguarding ecological integrity.

LITERATURE REVIEW

Regulatory Reform and the Precautionary Principle

The precautionary principle constitutes a foundational cornerstone of international environmental law, establishing that the lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation. Legal scholars emphasize that preventive administrative instruments, such as mandatory environmental impact assessments and independent permits, are essential mechanisms for implementing this principle in domestic legislation. When administrative frameworks prioritize economic deregulation over rigorous precautionary checks, ecological vulnerabilities inevitably increase.

Integration of Environmental Approvals in Licensing Frameworks

Academic literature on regulatory simplification highlights two competing models of environmental governance: the independent permit model and the integrated approval model. The independent model provides strict legal separation between environmental oversight and economic development, ensuring that environmental authorities retain veto power over high-risk projects. Conversely, the integrated model consolidates multiple approvals into a single operational license to increase administrative efficiency. However, comparative international studies demonstrate that integrated licensing systems require robust oversight bodies and transparent public participation mechanisms to prevent regulatory capture and administrative oversight failures.

METHODOLOGY

This study utilizes a normative legal research methodology (doctrinal legal research) to systematically analyze the legal norms, concepts, and statutory provisions surrounding environmental licensing in Indonesia. The primary data sources consist of legislative enactments, including Law No. 32 of 2009 on Environmental Protection and Management, Law No. 11 of 2020 on Job Creation, Government Regulation No. 22 of 2021 on Environmental Protection and Management, and relevant judicial precedents from the Constitutional Court. In addition to statutory analysis, a conceptual approach is employed to evaluate the legal implications of shifting from an independent environmental permit model to an integrated environmental approval system. Secondary legal sources – such as peer-reviewed journal articles, authoritative legal treatises, institutional reports, and official parliamentary records – were systematically collected, categorized, and analyzed through qualitative content analysis and deductive legal reasoning to formulate comprehensive legal conclusions.

RESEARCH RESULT

De-escalation of the AMDAL Instrument and Public Participation

The legal analysis indicates that the Job Creation Law significantly alters the functional scope and operational mechanisms of the AMDAL process. Under the previous legal regime, the formulation of AMDAL required comprehensive public participation, explicitly encompassing directly affected communities, environmental NGOs, and academic experts. The amended legal provisions restrict public consultation almost exclusively to 'directly affected communities' (*masyarakat terdampak langsung*), thereby narrowing the legal standing of environmental advocacy groups and independent experts during the assessment phase.

Administrative Re-categorization of Environmental Approvals

Furthermore, the statutory realignment redefines the legal nature of environmental compliance documents. Rather than serving as an independent administrative decision (Keputusan TATA Usaha Negara) capable of being challenged independently in State Administrative Courts (PTUN), the environmental approval is now treated as a prerequisite commitment within the unified business license. Table 1 summarizes the key structural differences between the pre-Omnibus Law framework and the current Job Creation Law regime.

Table 1. Legal Parameter between Environment Law and Omnibus Law

Legal Parameter		Law No. 32 / 2009 (Pre-Omnibus Law)	Law No. 11 / 2020 (Job Creation Law)
Legal Instrument Status		Standalone	Integrated
		Environmental Permit (Izin Lingkungan)	Environmental Approval (Persetujuan Lingkungan)
Public Involvement Scope		Broad: Directly affected citizens, NGOs, and environmental experts	Narrowed: Primarily directly affected communities
Judicial Review Path		Direct administrative lawsuit against the environmental permit	Lawsuit targeted at the master business license

DISCUSSION

The statutory transformation of environmental permits into integrated approvals reflects an attempt to reconcile economic growth with regulatory simplification. However, from a juridical perspective, this integration introduces substantial legal risks regarding environmental enforcement. By embedding environmental approvals directly into business licenses, administrative sanctions for non-compliance are tied closely to the revocation of business operational rights, which administrative authorities are historically hesitant to enforce due to potential economic backlash.

Moreover, restricting public involvement during the AMDAL preparation stage contradicts the principle of open environmental governance. Third-party oversight provided by environmental non-governmental organizations (NGOs) and academic specialists serves as a vital counterweight to potential administrative arbitrariness or technical inaccuracies in environmental impact assessments. Limiting participation diminishes democratic legitimacy and increases the likelihood of localized environmental conflicts and unmitigated ecological degradation.

Furthermore, paraphrasing legal doctrines and restructuring administrative accountability mechanisms are essential steps to ensure compliance with constitutional mandates regarding a healthy environment. A rigorous enforcement mechanism must be preserved within the Risk-Based Licensing approach to ensure that high-risk industrial activities remain subject to strict environmental oversight and legal accountability.

CONCLUSIONS AND RECOMMENDATIONS

The legal transformation brought by the Omnibus Law on Job Creation significantly alters Indonesia's environmental governance structure by replacing independent environmental permits with integrated environmental approvals. While this realignment successfully streamlines licensing procedures and lowers administrative barriers for business investments, it weakens preventive environmental protection mechanisms by narrowing public participation and altering administrative litigation avenues.

To mitigate these legal vulnerabilities, it is recommended that the government strengthen technical standards and audit procedures for environmental approvals within the Risk-Based Licensing system. Additionally, legislative amendments should reinstate comprehensive public consultation rights – including legal standing for environmental organizations – to guarantee sustainable, transparent, and constitutionally compliant environmental governance.

ADVANCED RESEARCH

Future academic research should focus on empirical studies analyzing the post-enactment enforcement of environmental approvals across specific high-impact industrial sectors, such as mining, forestry, and heavy manufacturing. Additionally, comparative legal studies evaluating risk-based environmental licensing models in other developing economies could provide valuable insights for refining Indonesia's regulatory framework.

ACKNOWLEDGMENT

The authors express their sincere gratitude to the Faculty of Law, Universitas Indonesia, for providing academic support and research facilities required to complete this legal study.

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