



# Constitutional Court's Landmark Decision Reshapes Indonesian Manpower Law

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Indonesia's Constitutional Court has issued a decision that significantly alters various aspects of the Manpower Law. Key changes include requiring court approval for disputed terminations, capping fixed-term contracts at five years, revising wage calculations, and prioritizing Indonesians over foreigners for job vacancies.

Handed down on 31 October 2024, the Constitutional Court's Decision No. 168/PUU-XXI/2023 ("Decision") invalidates and amends numerous provisions in the Manpower Law cluster within the omnibus law on Job Creation.

Issued in response to a case filed by labor unions and private employees, the Decision also orders the House of Representatives to pass a new manpower law within two years to streamline manpower provisions spread across different laws and align them with the latest amendments.

The Decision addresses long-standing concerns over employee protection versus business flexibility, clarifying provisions that had multiple interpretations and adding new ones.

This advisory lists the Decision's key points and their potential impact on employers.

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