Quo Vadis Regulation on Underwater Cultural Heritage in Indonesia: Balancing Conservation and Economic Interest

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Abstract
The management of underwater cultural heritage in Indonesia is still experiencing many obstacles, one of which is the imbalance between conservation and economic interest in managing underwater cultural heritage. The results indicate that these problems stem from the legal gap that exists in the Indonesian legal system. Existing Laws and Regulations have not been adequate to respond to the needs for conservation and proper economic utilization of underwater cultural heritage. The non-existent provision in regards to in situ and ex situ conservation, as well as the appraisal and selling methods, has led to further legal uncertainty. By using normative legal research methods, this research paper aims to analyze the urgency of managing valuable cargo objects from sunken ships classified as underwater cultural heritage objects and formulate a new concept of underwater cultural heritage management which contain seven steps that will balance both conservation and economic interest.

Keywords: Conservation; Economic interest; Underwater cultural heritage

1. INTRODUCTION
1.1. Background
The geographical condition of Indonesia provides strategic shipping lanes for ships from all over the world. Malacca Strait, Makassar Strait, Lombok Strait, and Sunda Strait are major straits in Indonesia, which are the most traversed straits by ships from all over the world.1 However, not all ships have fared well. Many of the ships sailing through Indonesian waters had accidents and sank, resulting in many shipwrecks and historical assets were found in Indonesian waters.

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It is often said that there is more history underwater than in all the museums of the world combined. Historical assets buried on the seabed are commonly referred to as Underwater Cultural Heritage (UCH). Underwater archaeological assets represent a relevant part of the world cultural heritage and a particularly important element in the history of people, nations, and their relations with each other concerning their common heritage in the form of UCH.

Two worldwide conventions specifically target UCH, namely the United Nations Convention on the Law of the Sea (UNCLOS) and the UNESCO Convention on the Protection of the Underwater Cultural Heritage (2001 UNESCO Convention). Articles 149 and 303 of UNCLOS being the only two UNCLOS’ articles related to the UCH. These articles focus only on the need to protect the UCH and on the rights and jurisdictions over the UCH in case of their accidental location.

The awareness of countries in the world about the need for a globally standardized management of UCH is increasing after the 2001 UNESCO Convention. The 2001 UNESCO Convention aims to synchronize vision statement, mission statement, definitions, principles, and basic recommendations for the management of UCH among countries in the world, by 2019. To date, it has been successfully ratified by 71 countries. The 2001 UNESCO Convention has also categorized UCH as unrenewable resources and therefore adding more understanding that UCH should be managed with due regard to the conservation aspect.

Based on the history of Indonesian laws and regulations regarding UCH, prior to the 2001 UNESCO Convention, the history of UCH management regulations in Indonesia began in 1989 when President Soeharto issued Presidential Decree No. 43/1989 concerning the National Committee for the Lifting and Utilization of Valuable Objects from the Load

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6 Andrew Viduka, “Australia and Pacific Island countries: The need to collaborate to protect underwater cultural heritage,” *Historic Environment* 31, no. 2 (2019): 88-100; 2001 UNESCO Convention has defined as underwater cultural heritage as all traces of human existence having a cultural, historical or archaeological character which have been partially or totally under water, periodically or continuously, for at least 100 years such as: (i) sites, structures, buildings, artefacts and human remains, together with their archaeological and natural context; (ii) vessels, aircraft, other vehicles or any part thereof, their cargo or other contents, together with their archaeological and natural context; and (iii) objects of prehistoric character, see 2001 UNESCO Convention, Art. 1(a).
of Sunken Ships. Furthermore, the management of UCH is increasingly widespread and has made many companies interested in taking part in the appointment of UCH. Therefore, the Indonesian Government made Presidential Decree No. 25 of 1992 concerning the Distribution of Proceeds from the Lifting of Valuable Objects from the Cargo of a Sunken Ship Between the Government and Companies (“Presidential Decree No. 25/1992”). In Presidential Decree No. 25/1992, it is explained that profit sharing from the management of UCH, which is better known in the Indonesian language as *Benda Muatan Kapal Tenggelam* (BMKT), is divided into 50% owned by the state which is deposited into Non-Tax State Revenue (PNBP) and 50% is given to companies that assist in the management of the appointment of the BMKT. In this case, commercial objectives in BMKT management appear to be prioritized over conservation goals.

After the 2001 UNESCO Convention was held, the BMKT regulations were revised again in 2007 and 2009 regarding the composition of the UCH National Committee itself. Furthermore, BMKT was officially recognized as a cultural heritage in 2009 pursuant to Minister of Finance Regulation No. 184/PMK.06/2009 (MOFR 184/2009) which explains that BMKT is a cultural heritage controlled by the state, followed one year after that Law No. 11 of 2010 Concerning Cultural Conservation (Law 11/2010) which includes BMKT as one of the objects of cultural heritage.

The Minister of Marine and Fisheries, acting in her capacity as the Chairman of the National Committee for the Lifting and Utilization of Valuable Objects from the Load of Sunken Ships issued a regulation, suspended temporarily the survey and lifting of such objects From 25 September 2015 until 31 December 2016. This was also followed by the inclusion of BMKT management in the Negative Investment List in Presidential Regulation No. 44 of 2016 concerning the List of Business Fields Closed and Business Fields Open with Conditions in the Investment Sector. However, after the issuance of Law No. 11/2020 concerning Job Creation and its derivative rules, namely Government Regulation No. 5 of 2021 concerning Risk-Based Business Licensing, the BMKT permit is reopened and requires a business license to carry out the management of

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9 Presidential Decree No. 25 of 1992 concerning the Distribution of Proceeds from the Lifting of Valuable Objects from the Cargo of a Sunken Ship Between the Government and Companies, Art. 2(2).

10 Presidential Decree No. 19 of 2007 concerning the National Committee for the Lifting and Utilization of Valuable Objects from the Shipload of Sinking Ships as amended by Presidential Decree No. 12 of 2009 concerning Amendments to Presidential Decree No. 19 of 2007 concerning the National Committee for the Lifting and Utilization of Valuable Objects from the Load of Ships Sink, Art. 6

11 Regulation of Minister of Finance No. 184/PMK.06/2009 concerning Procedures for Determining the Status of the Use and Sale of Valuable Cargo Objects from Sunken Ship, Art. 1(3).

12 Regulation of Minister of Maritime Affairs and Fisheries No. 28/PERMEN-KP/2015 of 2015 concerning Temporary Termination (Moratory) Licensing of Surveys and Removal of Valuable Objectives Origin of Carrying on Sunknking Ship, Art. 1 and Art.3 and Regulation of Minister of Maritime Affairs and Fisheries Regulation No. 04/PERMEN-KP/2016 of 2016 concerning Temporary Termination (Moratory) Licensing of Surveys and Removal of Valuable Objectives Origin of Carrying on Sunknking Ship, Art. 1 and Art.3
the BMKT. In addition, Presidential Regulation No. 10 of 2021 concerning the Investment Business Sector states that the management of BMKT is opened for investment. Looking at the history of the legislation regarding BMKT after the 2001 UNESCO Convention, although Indonesia did not ratify the convention, the conservation spirit that underlies the 2001 UNESCO Convention is also contained in Indonesian laws and regulations that regulates BMKT, especially MOFR 184/2009 and Law 11/2010.

Moving on to the comparison of the contents of the laws and regulations governing BMKT and The 2001 UNESCO Convention, compared to the definition of UCH defined in the 2001 UNESCO Convention, Indonesian laws and regulations only recognize a narrower scope of BMKT. Based on Indonesia’s hierarchy of laws and regulations, there is no law that specifically defines and regulates BMKT until now. BMKT under Indonesian law is only recognized as a part “BMKT lifting”, which is categorized as one type of activity under Maritime Service.\(^\text{13}\) To carry out the activities of BMKT lifting, a Business Permit is required.\(^\text{14}\) In a literal sense, BMKT means valuable cargo objects from a sunken ship.\(^\text{15}\) In relation to the activities of BMKT lifting, so that they can be implemented in accordance with the direction and objectives of the regulation in Law 32/2014, then the term “BMKT” itself needs to be defined first.

Although currently no law specifically defines BMKT, the definition of BMKT can be found under lower regulation, namely the Government Regulation No. 32 of 2019 concerning Marine Spatial Plan (GR 32/2019) which defines BMKT as “object originating from sunken ship which have economic, historical, cultural, and/or scientific values that are on the seabed.”\(^\text{16}\) The definition of BMKT is also contained in MOFR 184/2009 concerning Procedures for Determining the Status of the Use and Sale of Valuable Cargo Objects from Sunken Ship, which defines BMKT as “objects originating from sunken ship which have economic, historical, cultural, and/or scientific values that are in Indonesia’s waters area, exclusive economic zones, and continental shelf, and are at least fifty (50) years old.”\(^\text{17}\) This definition is in accordance with the scope of UCH contained in 2001 UNESCO Convention, which states that UCH also includes vessels, aircraft, other vehicles or any part thereof, their cargo or other contents, together with their archaeological and natural context.\(^\text{18}\)

In relation to the difference in the scope of the definition of BMKT and UCH, the similarity that both have in common that the main component

\(^\text{13}\) See, Article 27(4) letter b of Law No. 32 of 2014 concerning Marine Affairs as amended by Law No. 11 of 2020 concerning Job Creation (“Law 32/2014”).

\(^\text{14}\) See, Law 32/2014, Article 47A.


\(^\text{16}\) See, GR 32/2019, Art. 1(14).

\(^\text{17}\) See, MOFR, 184/2009 Art. 1(2).

\(^\text{18}\) See, 2001 UNESCO Convention, Art. 1(a)(iii).
that is protected and regulated is the shipwreck or its cargo. The difference in the scope and definition of BMKT and UCH impacts the protection and management activities of both terms. The management of the findings of underwater objects that can be categorized as BMKT is regulated through the existing regulations regarding BMKT, namely Law 32/2014, GR 32/2019, MOFR 184/2009, and other relevant laws and regulations. As for the findings of underwater objects that can be categorized as UCH based on the 2001 UNESCO Convention, it is currently regulated in Law 11/2010 and other relevant laws and regulations.

Apart from the differences and similarities between The 2001 UNESCO Convention and the Indonesian laws and regulations governing the scope of the definition of UCH, various reasons underlie Indonesia’s reluctance to ratify The 2001 UNESCO Convention, including 1) The principles of “No Commercial Exploitation” and “In Situ Preservation as First Option” which are not appropriate if implemented in Indonesia, 2) Differences in provisions in the authority to use UCH regulated in the laws and regulations in Indonesia, 3) The number of countries that have ratified the 2001 UNESCO Convention is still relatively small, and 4) Complicated legal and political issues.

In the discussion above, it has been explained that in principle there are differences in the management of UCH as regulated in Indonesian laws and regulations and The 20001 UNESCO Convention. From 1989 until now, based on management principles formulated by the Government of Indonesia itself, there are several examples when the Indonesian Government has suffered losses in managing UCH, including the removal of cargo from the wreck of VOC ship Geldermalsen by Michael Hatcher in 1985 without giving notice to the Indonesian Government. At that time, the Indonesian Government did not yet have laws and regulations governing the management of valuable cargo objects from sunken ships and/or UCH objects. Objects removed from Geldermalsen, including 150,000 ceramic pieces and 126 gold ingots, were later auctioned off at Christie’s auction house. This incident has raised the awareness of the Indonesian Government to make regulations and institutions specifically to manage

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21 Ibid., 571-572.
22 Ibid., 572.
UCH so that Indonesia will not lose the cultural and economic values of UCH objects.\(^{25}\)

In 1999, Tek Sing salvage also caused controversy\(^{26}\) because of the large loss of the portion of cultural material that should have become the property of Indonesia. The lack of records on the excavation process, the conservation processes that did not meet standards, and the tendency of handling only the most valuable UCH objects made Tek Sing salvage not in accordance with professional archaeological standards. In addition, in the same year as when the Tek Sing shipwreck was salvaged, the Belitung shipwreck was also salvaged. The obstacles in the salvage of the Belitung shipwreck were still the same as those in the previous salvages of UCH, namely, non-compliance with international standards for the salvage of UCH, financial limitations, and limited human resources. Of the several sunken ships whose valuable cargo objects have been removed, the Cirebon shipwreck is the only one whose salvage and conservation was almost in accordance with the guidelines for archaeological research.\(^{27}\) However, the Cirebon shipwreck auction was unfortunately considered less successful since no one had submitted an offer until the third auction in 2014.\(^{28}\)

Scientists and specialists working on underwater archaeology and related disciplines have faced common and significant obstacles related to its management, particularly in the aftermath of the global economic crisis. These challenges include: a) a lack of coordinated regulatory and planning policies, as well as tools, methods, and/or resources to support a sustainable economic development that includes UCH; b) ineffective protection of UCH and inability to use them as assets for sustainable economic development; c) insufficient measures to address the effects of climate change or the damage they suffered in the underwater; and d) a lack of understanding and, more importantly, methodologies and materials suitable for underwater in situ conservation and protection.\(^{29}\)

Based on previous UCH management practices in Indonesia, several practices did not pay attention to cultural conservation elements and only focused on commercial interests. However, over time, Indonesia implements a UCH management system that is not only oriented to one type of management. In general, UCH management options in Indonesia can be divided into two, namely “conservation” and “commercialization”, which are differentiated based on the type of valuable cargo objects from sunken ships.

\(^{25}\) Muhammad Ikhsan Purnama, “Penanganan Kapal Karam Bersejarah Di Wilayah Perairan Indonesia Berdasarkan Hukum Internasional (Kasus Kapal Geldermansen Milik VOC 1985 Di Perairan Kepulauan Riau)” (Thesis, Faculty of Law, Jenderal Soedirman University, 2018), 54.


\(^{28}\) Tjoa-Bonatz, op. cit., 94-96.

In practice, measures for conservation and commercial use of valuable cargo objects from sunken ships still encounter obstacles. Based on data obtained from the Ministry of Maritime Affairs and Fisheries, there are 170,894 pieces of valuable cargo objects from sunken ships that have not been sold since 2002. It happens because there are several laws and regulations related to valuable cargo objects from sunken ships which tend to contradict the commercialization of the objects, one of which is the MOFR 184/2009 which categorizes valuable cargo object from sunken ship as cultural heritage object.

For several BMKTs that have gone through the auction stage, the challenges of a commercial use can be found in the form of difficulties in getting buyers. An actual example of this challenge is the less successful Cirebon shipwreck auction as mentioned earlier. In addition, conservation has not been able to be implemented properly due to the limited legal instruments that regulate it. The conservation efforts carried out face several challenges, namely conservation sites that do not meet standards, conservation procedures that tend to reduce the quality of BMKT, and overlapping institutional authorities.

Therefore, it is necessary to study a series of UCH management issues in Indonesia in terms of commercialization and conservation of UCH in order to produce UCH management policy that balances the conservation and the commercialization aspects.

1.2. Research Aims

This research aims to analyze the urgency of managing valuable cargo objects from sunken ships which are classified as UCH objects and to formulate a new concept for the management of UCH.

1.3. Method

This research is a normative legal research, which is a legal research conducted by examining existing legal materials and documents. The data used in this research is qualitative data in the form of secondary data, which does not directly provide data to data collectors, as well as the primary, secondary, and tertiary legal documents and materials.

In this research, the data were analyzed qualitatively. The qualitative data analysis method is an analysis method that is conducted by describing qualities in the form of regular, coherent, logical, non-overlapping, effective, and systematic sentences in order to facilitate the reader in interpreting the data and understanding the results of the analysis. The whole series of

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30 Ibid.
33 Abdulkadir Muhammad. Hukum dan Penelitian Hukum (Bandung: Citra Aditya Bakti, 2004), 52.
processes will be described in an orderly, coherent, logical, and systematic sentence so that it is easier to understand.

The conclusions in this research were obtained through the deductive analytic method. The deductive method is applied by reading, interpreting, and comparing what has been discovered in the secondary data, while the analytical method is conducted by interpreting and analyzing various sources related to legal writing in order to meet the conclusions that are in accordance with the research objectives. Based on this deductive-analytic method, researchers will read, interpret, and compare what is discovered in the secondary data to meet the urgency of managing valuable cargo object from sunken ships which is classified as cultural heritage objects and the new concepts of UCH management.

1.4. Literature Review

Based on document searches that have been conducted both online and offline, no research paper that discusses “Quo Vadis Regulation on Underwater Cultural Heritage in Indonesia: Balancing Conservation and Economic Interest” has been found. Nevertheless, several relevant research papers are used as the academic foundation of this research.

A research paper written by Mario J. Aznar specifically discusses in situ conservation in its position as the legal principle of underwater archaeological activities at the present time and as the first option in conserving UCH. Since the implementation of in situ preservation is optional, there is no legal prohibition to apply other options in the context of conserving UCH, including the salvage of valuable cargo objects from sunken ship from the seabed. The salvage is possible as long as it is conducted according to proper procedures.34

Another related study, was conducted by Bingbin Lu and Shichao Zhou. The combined conservation model of in situ conservation and ex situ conservation is considered an ideal model to be implemented in China. In situ conservation is the main option to conserve UCH. However, due to limitations in doing in situ conservation, ex situ conservation methods still need to be done by salvaging UCH from the seabed. In addition, the option of commercializing the management of UCH up to the stage of salvage is also discussed.35

As far as concerned, there is no research yet that discusses how to balance economic and cultural aspects in the context of management of UCH in Indonesia. A research paper by Arina Hukmu Adila discusses the management of valuable cargo objects from sunken ships from a cultural

perspective using the cultural resource management method.\textsuperscript{36} From an economic perspective, a research paper written by Athina Kartika Sari, Much Nurachmad, and Hudiansyah Is Nursal stated that the management model based on Blue Economy Policy is the right model for the management of valuable cargo objects from sunken ship to accommodate the high economic potential of the objects.\textsuperscript{37} Thus, this research was conducted to fill the related research gap in the management of UCH in Indonesia in order to balance the economic and cultural aspects.

2. RESULT AND ANALYSIS

2.1 The Urgency of the Balance of Management of Valuable Cargo Objects from Sunken Ship which are Considered Underwater Cultural Heritage Objects in the Perspective of Cultural and Economic Interests

2.1.1. Opportunities and Challenges in Underwater Cultural Heritage Management in Indonesia

A survey conducted by the Ministry of Maritime Affairs and Fisheries together with the Association of Indonesian Marine Salvage and Sunken Ship Utilization Companies (APPP BMKTI) revealed that underwater treasures in Indonesian waters have a value of USD 12.7 billion or equivalent to IDR 127.6 trillion. The entire underwater treasures are spread over 464 (four hundred and sixty-four) location points throughout Indonesia.\textsuperscript{38}

\begin{itemize}
  \item \textsuperscript{36} Arina Hukmu Adila, “Pengaturan Pengelolaan Benda Berharga Asal Muatan Kapal Tenggelam Di Indonesia Berbasis Cultural Resource Management” (Master’s Thesis, Faculty of Law, Diponegoro University, 2017).
  \item \textsuperscript{37} Athina Kartika Sari, Much Nurachmad and Hudiansyah Is Nursal, “Model Pengelolaan Benda Berharga Muatan Kapal Tenggelam Berdasarkan Kebijakan Ekonomi Biru (Blue Economy) untuk Memperkuat Ekonomi Berkelanjutan Indonesia,” \textit{Lex Jurnalica} 18, no. 1 (2021)
\end{itemize}
Based on data from the Ministry of Maritime Affairs and Fisheries, from an estimated 464 (four hundred and sixty-four) location points of sunken ships and their valuable cargo objects, only 25% of the total location points were successfully surveyed. The number of valuable cargo objects from sunken ships that have been successfully salvaged is only 3% of the total number of valuable cargo objects that have been successfully surveyed.\(^{39}\)

In addition to the economic potential of the recovered valuable cargo objects from sunken ship, the tourism potential of shipwreck sites that have been successfully conserved is also an opportunity for \textit{UCH} management activities. The Ministry of Maritime Affairs and Fisheries estimates that of the shipwreck sites that have been successfully surveyed, 15-30\% of these sites can be developed into tourist sites. One of the shipwreck sites that is designated as \textit{UCH} site and has been developed into a tourist location is the USAT Liberty shipwreck in Tulamben, Bali. Every year, the USAT Liberty shipwreck at Tulamben dive site is estimated to earn a profit of IDR 3.2 billion. In addition to good management from a managerial perspective, the successful management of the Tulamben site is also driven by community compliance with \textit{awig-awig} (customary law) to preserve the Tulamben site.\(^{40}\)

\(^{39}\) Director of Marine Services, “Urgensi Pengaturan Pemanfaatan BMKT”. Presentation. (Jakarta, 2021).

Other than turning shipwreck sites into dive sites, one of the tourism potential is the use of technology to maximize the educational tourism experience.\textsuperscript{41} The use of new technologies to improve the exploitation of UCH began in 2007 with the Virtual Exploration of Underwater Site (VENUS) project, which focused on the virtual reconstruction of underwater archeological sites. Since then, several campaigns to acquire detailed 3D models of ancient shipwrecks have been conducted. The underwater digital models have been employed in a few Virtual Reality (VR) and Augmented Reality (AR) applications for interactive and immersive visualization, allowing archaeologists to investigate the virtual site from within. Recently, the Virtual and Augmented Submerged Archaeological Sites (VISAS) project suggested a virtual diving system based on a VR application that simulates a real diving session from the perspective of a scuba diver. The software follows a plot that is described by a virtual diving partner who accompanies users through the underwater archaeological site’s exploration. Users can access general and historical-cultural content, as well as information about the flora and fauna of a specific submerged site, through the virtual diving system.\textsuperscript{42}

In managing UCH in Indonesia, one of the challenges is the looting of UCH objects. Although the 2001 UNESCO Convention has afforded greater protection to UCH worldwide, it has been less effective in Southeast Asia due to its limited uptake.\textsuperscript{43} The Southeast Asian region itself has long been known as an area prone to looting and destruction of UCH objects.\textsuperscript{44} The history of the salvage of valuable cargo objects from sunken ship in Indonesia also records incidents of looting, which mostly occurred after the discovery of the objects by local fishermen or divers. In fact, shipwrecks are almost always discovered accidentally by local fishermen and divers.\textsuperscript{45} The rate of looting of BMKT increased when there was a temporary suspension of survey activities and the lifting of BMKT (moratorium). At which time time looting activities, especially in the Bangka Belitung, Bintan, and Batam areas almost always occurred every week.\textsuperscript{46}

Due to the lack of knowledge about archeology, valuable cargo objects from sunken ships found by local fishermen and divers are usually sold directly to antique dealers without government permission. Not only valuable cargo objects, but also information about the coordinates of the objects are sold. Before being sold, usually the local fishermen and divers


\textsuperscript{42} Fabio Bruno, \textit{et al.}, \textit{op. cit.}, 1-2.


\textsuperscript{44} Tjoa-Bonatz, \textit{op. cit.}, 87.


\textsuperscript{46} CNN Indonesia, \textit{loc. cit.}
take some valuable objects that they can exploit.\textsuperscript{47} In line with the facts on the ground, the Ministry of Maritime Affairs and Fisheries also presented information about the obstacles faced in managing UCH sites, which are the rampant theft of scrap metal and the theft of valuable objects.\textsuperscript{48} Theft causes the UCH to lose the completeness of archaeological information because several valuable objects were taken without permission.

In addition, the feasibility of the location and the operational costs required for \textit{ex situ} conservation still need more attention during the conservation process. UCH objects that have been salvaged so far are exhibited in the gallery, stored in the warehouse owned by a marine salvage company, stored in the government-owned Cileungsi Warehouse,\textsuperscript{49} or stored in the privately-owned Sawangan Warehouse.\textsuperscript{50} The UCH management in the storage warehouse is still done in a perfunctory manner and does not meet the standards for archeological preservation. The UCH objects that have been salvaged are only placed in a basket and not soaked for a long period of time to remove the salt content. It has the potential to cause damage to the objects.\textsuperscript{51}

Another problem is the granting of maintenance authority which is not accompanied by capacity building and budget allocation for those appointed to do the maintenance of UCH. The after-salvage maintenance of UCH should be under the competent authority of the Ministry of Culture and Education to ensure that the maintenance is in accordance with standards for archeological preservation. However, the authority is not given to the Ministry of Education and Culture. According to the GR 32/2019, the authority is given to the Ministry of Maritime Affairs and Fisheries which does not yet have archaeological competence equivalent to the competence of the Ministry of Education and Culture. In addition, the budget allocated for the maintenance of archaeological objects is minimal, so the maintenance done by the two ministries is not optimal.

Challenges in managing valuable cargo objects from sunken ship are also encountered at the utilization stage. As previously explained, valuable cargo objects from sunken ship in Indonesia can be managed through conservation or selling. Valuable cargo objects from sunken ships are categorized as Suspected Cultural Heritage Objects based on the Law on Cultural Property. In addition, MOFR 184/2009 also states that valuable cargo object from sunken ships is a cultural heritage object.\textsuperscript{52}

With the status as cultural heritage objects, valuable cargo objects from sunken ships cannot be freely traded because the orientation of the regulation in the Law on Cultural Property is to conserve the object. This is

\textsuperscript{47} Ibid.
\textsuperscript{48} Director of Marine Services, “Urgensi Pengaturan Pemanfaatan BMKT,” \textit{loc.cit.}
\textsuperscript{49} Ibid.
\textsuperscript{50} Adila, \textit{op.cit.}, 80.
\textsuperscript{51} Ibid, 81.
\textsuperscript{52} Regulation of Minister of Finance No. 184/PMK.06/2009 concerning Procedures for Determining the Status of the Use and Sale of Valuable Cargo Objects from Sunken Ship, Art. 3(1).
contrary to MOFR 184/2009 which allows non-state owned valuable cargo objects from sunken ships to be traded commercially. This conflict of regulations has been hampering the process of selling valuable cargo objects that actually are not classified as UCH object. Based on data from the Ministry of Maritime Affairs and Fisheries, there are 170,894 pieces of valuable cargo objects from sunken ships that have been salvaged but have not been utilized for commercial gain.53

2.1.2. The Urgency of The Balance of Underwater Cultural Heritage Management in Terms of Conservation and State Finance

The development of regulations regarding the management of UCH in the international scope tends to be more focused on conservation measures as mandated in the 2001 UNESCO Convention. In terms of managing UCH, the 2001 UNESCO Convention has four main principles, namely obligation to preserve UCH, *in situ* preservation as the first option, no commercial exploitation, and training and information sharing. Recognizing that *in situ* preservation and ethical access to UCH are prerequisites for its protection is now a widely accepted approach around the world.54 The salvage of UCH is considered to damage the context and archaeological collection of UCH sites that should be preserved.

However, it should also be considered that this conservation approach cannot be applied in all countries. The looting of shipwrecks that is rife in Southeast Asia makes this approach inapplicable to endangered UCH sites in Southeast Asia. At least, with marine salvage, some cultural heritage objects can be saved from being looted.55

The commercialization of UCH objects is legal in various Southeast Asian countries, such as Indonesia, the Philippines, Malaysia, and Vietnam, except Cambodia which has ratified the 2001 UNESCO Convention, and in other countries such as the United States where the government issues permit to private companies for the commercialization with profit sharing scheme. That way, government revenue is guaranteed and the government will be avoided the risk of costs required to do the salvage operations. This policy is considered common, especially in developing countries that prioritize the government budget for more essential public needs, in the implementation of high-cost maritime activities.56

Indonesia’s policy on the management of valuable cargo objects from sunken ship, which are designated as suspected cultural heritage objects, provides two types of management options, namely “conservation” and “commercial use”. The management of suspected cultural heritage objects in Indonesia cannot be separated from the debate between the issue of cultural

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53 Director of Marine Services, “Urgensi Pengaturan Pemanfaatan BMKT,” *loc.cit.*
55 Tjoa-Bonatz, *op. cit.*, 87.
56 Ibid.
heritage and national economic interests. According to Law 11/2010, cultural heritage is the nation’s cultural richness as the materialization of thought and behavior of the human being having the important meaning for the historical, scientific, and cultural understanding and development in the community’s, nation’s and state’s life, therefore, it is necessary to appropriately conserve and manage through the protection, development, and utilization program to improve the national culture for the people’s greatest prosperity.\(^{57}\) Meanwhile, commercial use regulated in MOFR 184/2009 should also be accommodated.

However, in practice, there are actually conflicts between regulations that result in the implementation of the two types of management being not optimal. The dualism between the conservation spirit and state finance results in conflicts of law.\(^{58}\) It is regarding the categorization of all types of valuable cargo objects from sunken ship as cultural heritage object as regulated in MOFR 184/2009 and Law 11/2010 makes commercial use as regulated in MOFR 184/2009 unable to be implemented, thus the ideals of balancing UCH management have not been achieved. On MOFR 184/2009, after being examined, valuable cargo object from sunken ship that does not fall under the category of cultural heritage object will be sold through auction mechanism. It is contradictory to Law 11/2010 that stated valuable cargo object from sunken ships is a cultural heritage object that cannot be sold. However, until now, both regulations are still intact and applicable because there has not been any implementing regulation from Law 11/2010 or amendment of MOFR 184/2009.\(^{59}\)

Recently, the Indonesian Government is preparing a Draft Presidential Regulation on BMKT management.\(^{60}\) In this case, the authors try to formulate a new concept of BMKT management to enrich references to the Draft Presidential Regulation on BMKT management so that all cultural and commercial aspects of the UCH management process can be balanced.

### 2.2 A Proposed New Concept for Underwater Cultural Heritage Management

To balance commercial and conservation interests in the management of UCH, a new concept of UCH management is proposed as follows:

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\(^{58}\) Sari, Nurachmad, and Nursal, *op. cit.*, 39.

\(^{59}\) *Ibid*.

Figure 1.2. A proposed new concept for UCH management

**a. Licensing**

The licensing process tries to follow the existing UCH management flow. Before carrying out UCH management activities consisting of surveys, appointments, and utilization of UCH, business actors must have a Business License which consists of a Business Identification Number (NIB) and a Permit.61

**b. Salvage Operation of Valuable Cargo Object from Sunken Ship**

In the existing mechanism, the lifting process is conducted immediately after the survey is carried out. In this process, the novelty proposed by the author is after the survey has been done, the next step is to determine whether the valuable cargo object from sunken ship will be salvaged and recovered on land or will be conserved at the site where

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61 Government Regulation No. 5 of 2021 concerning Risk-Based Business Licensing, Annex 1.
it was found (in situ conservation). The main purpose is to prioritize the completeness of the suspected cultural heritage objects. If after a survey has been conducted and it is stated that the suspected UCH object is impossible to be removed for fear of damaging or changing the shape of the object for one reason or another and/or because it is considered better to be conserved in the place where it was found, in situ conservation will be done. Referring to Article 20 of the 2001 UNESCO Convention, if there is an underwater treasure (in this case, UCH object), the government is obliged to provide information as openly as possible to the public so that the public will know the shape, value, history, and potential of the treasure and obliged to urge the public to participate in protecting the treasure. However, if the object is salvageable and can be recovered on land, the procedure follows the flow of existing regulations.

c. Inspection of Suspected Underwater Cultural Heritage Object

In the existing mechanism, based on Article 3(1) of MOFR 184/2009, all UCH are classified as Cultural Conservation Objects. In this process, the novelty proposed by the author is after the suspected UCH object is salvaged, the Coordinating Team for the Management of Valuable Cargo Objects from Sunken Ship will check whether the object meets the elements to be categorized as UCH object. The criteria for cultural heritage object is still according to Law 11/2010, namely objects that have significant values for the history, science, and culture of the Indonesian nation and are characterized by a distinctive and unique feature, with very limited and rare quantities and types. The Ministry of Education and Culture is the one that can provide recommendations whether the salvaged object meets the elements of cultural heritage or not. A suspected UCH object that meets the elements is immediately designated as a cultural heritage object by the Ministry of Education and Culture.

The number of suspected UCH objects that are salvaged and designated as cultural heritage objects will be adjusted to national needs. These national needs refer to Law 11/2010 which states that the number is sufficient to meet national needs if it has been stored in a national and/or regional public museum and/or at the site where it was found. This will be followed up by the Ministry of Education and Culture as the ministry in charge of culture and museums. The purpose of enacting such a regulation is for reasons of flexibility where in the future, not all UCH objects salvaged have the appropriate number, so it must adapt to existing conditions.

63 Presidential Decree No. 19 of 2007 concerning the National Committee for the Salvage and Utilization of Valuable Cargo Objects from Sunken Ships as Amended by Presidential Decree No. 12 of 2009, Art. 12(1).
64 Law No. 11 of 2020 concerning Job Creation, Elucidation of Art. 12(2).
d. Valuation of Valuable Non-Cultural Heritage Object

Suspected UCH object that does not meet the criteria for UCH object as referred to in point 1 above will be sold through auction mechanism. The commercialization of valuable non-cultural heritage objects begins with an appraisal by the Coordinating Team for the Management of Valuable Cargo Object from Sunken Ship with the final result in the form of a recommendation to sell valuable non-cultural heritage objects through auction. Later, this recommendation will be followed up by appointing an independent appraiser. An appraiser is someone who has obtained permission from the Minister of Finance to provide taxation services for an object (in this case, valuable non-cultural heritage object).65 The appraisal must also pay attention to transportation costs, transfer costs, maintenance costs, and other costs. The results of the appraisal by the appraiser will be part of the professional considerations that will be taken into account in determining the auction price for the valuable non-cultural heritage object. The output provided by the appraiser is in the form of a standardized report on the Indonesian Appraisal Standard (SPI).

e. The Auction of Valuable Non-Cultural Heritage Object

Previously, the auction of BMKT was only held at the KPKNL. The provision for selling BMKT through auction at the state auction office (KPKNL) first appeared in Presidential Decree No. 25/1992. The auction through the KPKNL is an alternative among other options, namely to auction it at the International Auction Center.66 However, later in MOFR 184/2009, it is stipulated that both BMKT other than cultural heritage which includes state-owned BMKT and non-state-owned BMKT must be sold through the state auction office (KPKNL).67

In the new concept, BMKT that falls into the category of non-cultural heritage object that has been appraised will then be auctioned. This auction will be further coordinated by the Coordinating Team whether it will be auctioned at the Office of State Assets and Auction Service (KPKNL) or at a privately-owned auction house. The regulations are enforced in such a way as to provide flexibility to the needs in the management of UCH. If it is set to be auctioned only in one particular place, it will be difficult to adjust to future conditions.

f. Auction Process

The auction will be closely monitored by the Coordinating Team for the Management of Valuable Cargo Object from Sunken Ship to prevent

65 Regulation of Minister of Finance No. 184/PMK.06/2009 concerning Procedures for Determining the Status of the Use and Sale of Valuable Cargo Objects from Sunken Ship, Art. 1(3).
66 Presidential Decree No. 25 of 1992 concerning the Distribution of Proceeds from the Lifting of Valuable Objects from the Cargo of a Sunken Ship Between the Government and Companies, Art. 2(1).
67 Regulation of Minister of Finance No. 184/PMK.06/2009 concerning Procedures for Determining the Status of the Use and Sale of Valuable Cargo Objects from Sunken Ship, Art. 10.
price manipulation or fraud during the auction. If the valuable non-cultural heritage object is successfully sold, the profits from the auction will be distributed to the government as non-tax revenue (PNBP) as much as 60% and to business actors as much as 40%. This profit value is the value after deducting costs such as salvage and removal service cost, maintenance cost, and other costs so that the government and business actors receive a net profit.

However, if the object fails to sell at the first auction, a second auction will be conducted by giving the authority to the Coordinating Team for the Management of Valuable Cargo Object from Sunken Ship to conduct an auction at the same auction house or another auction house with consideration of whether it will get the same results if the auction is conducted at the same auction house as before.

g. **Different Ways of Selling**

If the valuable non-cultural heritage object remains unsold after two auctions, it will be sold in another way. This is indeed the last resort because the auction method is prioritized by considering transparency in the implementation of the auction. This other method of selling can be in the form of direct offering to antique collectors or direct sales.

h. **Distribution of Valuable Non-Cultural Heritage Object Collections**

If valuable non-cultural heritage objects are still not successfully sold, the objects will be distributed to the government and business actors. The distribution will be based on a further agreement between the business actors and the Coordinating Team on the calculation of the commensurate share and compensation. Later, valuable non-cultural heritage objects that do not sell and are owned by the government will become state property as stated in the regulation of the Minister of Finance regarding the Utilization of State Property.\(^{68}\)

Therefore, to balance the economic and cultural interest in the management of UCH, there are at least seven processes that need to be followed, namely: the licensing activities related to the UCH management, salvage operation of the cargo from the sunken ship, inspection of the suspected UCH object by the Ministry of Education and Culture, valuation of valuable non-cultural heritage object by a licensed appraiser and the non-cultural heritage object could be sold through first and second auction, with the profit allocation of 60% as PNBP and 40% to the business actor. If the second auction fails, the management team could directly sell the non-cultural heritage object to the collector and if it still does not succeed, the non-cultural heritage object shall be deemed as state property and distributed among the business actor to be preserved.

\(^{68}\) Regulation of Minister of Finance No. 53/PMK.06/2021 of 2021 concerning Management of State Property Derived from Other Assets, Art. 29.
3. CONCLUSION

Currently, the management of UCH in Indonesia has not yet manifested a balanced management condition in terms of commercial and conservation aspects of cultural heritage. The management of UCH in Indonesia still has a lot of commercial potentials. There is also potential for managing locations where suspected UCH objects are found, considering that there are still many location points of suspected UCH objects that have not been managed optimally. In addition, good and correct management is also needed by taking into account the challenges in management in Indonesia, including: 1) The rampant looting of UCH objects, 2) Poor post-salvage management, 3) Overlapping authority among management institutions, and (4) Conflicts of regulations.

Policies regarding the management of valuable cargo objects from sunken ship in Indonesia actually provides two management options, namely, conservation and commercial use. However, in practice, there are actually contradictions between two regulations, namely, Law 11/2010 and MOFR 184/2009 which resulted in the implementation of the two options being not optimal. The dualism of law that contradicts each other will results in violation of one of the most important purposes of the law itself which is legal certainty. Moreover, the previous regulation does not regulate the in situ and ex situ conservation, valuation of valuable non-cultural heritage object, and other methods of selling besides auction thus creating a legal gap. Therefore, a new management concept that can balance commercial interests and conservation that at the same time provides legal certainty, is needed.

The new concept of UCH management is done based on the following steps: 1) Determining whether to apply in situ conservation or ex situ conservation to suspected cultural heritage objects found, 2) Checking the status of suspected cultural heritage object as a cultural heritage object or as a valuable non-cultural heritage object, 3) Valuation of valuable non-cultural heritage object, 4) Selling valuable non-cultural heritage object through auctions as the first and main option, 5) Distribution of net profits from the auction of valuable non-cultural heritage object as much as 60% for the government and 40% for business actors, 6) Selling valuable non-cultural heritage object by other methods if it is not successfully sold after two auctions, and 7) Distributing of valuable non-cultural heritage objects that do not sell based on an agreement between the government and business actors.

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69 Athina Kartika Sari, Much Nurachmad, and Hudiaansyah Is Nursal, op. cit., 40.
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