

## **Legal Protection for Livestock Farmers in Core-Plasma Partnership Schemes: A Study of Unequal Contractual Relations**

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### **Abstract**

This study examines the legal dynamics of core-plasma partnerships in Indonesia, focusing on the structural imbalance between core companies and smallholder farmers. Although regulations such as Law No. 20 of 2008 and Ministry of Agriculture Regulation No. 13 of 2013 promote equitable collaboration, contractual practices often reflect asymmetry in bargaining power, particularly regarding pricing, exclusivity, and penalty clauses. Using a normative juridical method supported by statutory and case analysis, including KPPU Decision No. 09/KPPU-K/2020, the study reveals that legal protection for farmers remains largely formal and unenforceable due to weak regulatory oversight and limited access to justice. The findings highlight a gap between legal ideals and practical implementation, demonstrating how formal agreements may legitimize exploitative practices under the doctrine of contractual freedom. To address this, the study proposes legal reforms including independent contract review, standardized fair clauses, regulatory enforcement, and legal empowerment initiatives for farmers, aiming to realign partnership practices with principles of justice, accountability, and inclusive rural development.

**Keywords:** core-plasma partnership; contract law; legal protection; power asymmetry

### **Abstrak**

*Penelitian ini mengkaji dinamika hukum dalam kemitraan inti-plasma di Indonesia dengan menyoroti ketimpangan struktural antara perusahaan inti dan peternak plasma. Meskipun regulasi seperti Undang-Undang No. 20 Tahun 2008 dan Peraturan Menteri Pertanian No. 13 Tahun 2013 mendorong kolaborasi yang adil, praktik perjanjian sering kali menunjukkan ketimpangan posisi tawar, terutama dalam hal penetapan harga, kewajiban eksklusivitas, dan klausul penalti. Dengan menggunakan metode yuridis normatif yang didukung analisis peraturan perundang-undangan dan studi kasus, termasuk Putusan KPPU No. 09/KPPU-K/2020, penelitian ini menemukan bahwa perlindungan hukum bagi peternak masih bersifat formalistik dan belum efektif akibat lemahnya pengawasan serta terbatasnya akses terhadap keadilan. Hasil penelitian menunjukkan adanya kesenjangan antara idealitas hukum dan implementasi di lapangan, di mana perjanjian formal seringkali melegitimasi praktik eksploitatif atas nama kebebasan berkontrak. Untuk mengatasi hal tersebut, penelitian ini merekomendasikan*

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*reformasi hukum berupa pengawasan kontrak secara independen, standarisasi klausul adil, penguatan peran lembaga pengawas, serta pemberdayaan hukum bagi peternak agar kemitraan dapat selaras dengan prinsip keadilan, akuntabilitas, dan pembangunan pertanian yang inklusif.*

**Kata kunci:** hukum perjanjian; kemitraan inti-plasma; ketimpangan kekuasaan; perlindungan hukum

## 1. INTRODUCTION

The core-plasma partnership model has played an increasingly important role in Indonesia's livestock sector. It is designed to integrate smallholder farmers into the broader agribusiness value chain by linking them with large-scale corporate entities that serve as the "core." In this arrangement, core companies provide inputs such as feed, vaccines, and technical support, while plasma farmers are responsible for livestock production. The underlying assumption is that such partnerships offer a mutually beneficial collaboration, one that fosters rural empowerment and national food security. From a legal standpoint, the model is supported by Law No. 20 of 2008 on Micro, Small, and Medium Enterprises, and the Ministry of Agriculture Regulation No. 13 of 2013, which aim to ensure fairness, equality, and shared benefit. However, the practical implementation of these partnerships often deviates from their normative framework. Many agreements are characterized by unequal power relations, lack of negotiation opportunities, and dependency.<sup>1</sup> These realities raise serious legal concerns about whether core-plasma contracts genuinely serve the interests of the weaker party.

A persistent issue within these partnerships is the imbalance in bargaining power. Core companies typically draft standard-form contracts that dictate essential terms such as input pricing, marketing obligations, and penalties. These terms are presented to farmers without meaningful negotiation, effectively forcing them to accept or lose access

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<sup>1</sup> Anna Maria Tri Anggraini, Renti Maharaini Kerti, and Ahmad Sabirin, "Core-Plasma Pattern Partnership Agreement with Micro-Small Business Based on the Perspective of Competition Law," *International Journal of Law and Public Policy (IJLAPP)* 5, no. 1 (March 22, 2023): 37–47, <https://doi.org/10.36079/lamintang.ijlapp-0501.476>.

to critical production inputs. The resulting contracts function as adhesion agreements that favor the interests of the dominant party. Farmers, often with limited legal literacy and no access to counsel, are compelled by economic necessity to comply. Consequently, the contracts may appear lawful on the surface but are, in effect, tools of coercion. They do not reflect a meeting of minds in the true contractual sense, but rather the imposition of will by one party over another. This undermines the legal ideal of free and fair consent, making it necessary to scrutinize such contracts beyond their formal legality.

The legal implications of these arrangements become particularly concerning when dominant companies exploit their position to restrict farmer autonomy. One prominent example is Decision No. 09/KPPU-K/2020 by the Indonesian Competition Commission, which addressed monopolistic practices within a livestock partnership scheme. In this case, the company required farmers to purchase inputs at fixed prices and restricted them from selling livestock outside company-controlled channels. Payments to farmers were made only after deductions determined unilaterally by the company, resulting in significantly reduced incomes. These contractual practices effectively placed farmers in a state of economic dependency with no realistic alternatives. The KPPU ruled that such conditions violated competition law and the spirit of equitable business relations. This case serves as a compelling illustration of how formal contracts can be used to legitimize exploitative behavior.<sup>2</sup> Legal frameworks must therefore address not just the existence of contracts, but also the conditions under which they are formed and enforced.

In addition to legal decisions, academic research has consistently shown that core-plasma agreements tend to reinforce structural inequality. Cicilia P. Dianita's<sup>3</sup> in 2019 study of contracts between PT. Agro Makmur Sentosa and farmers in Kendal found that

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<sup>2</sup> Kuirinus Kabul, Hendra Haryanto, and Yessy Kusumadewi, "Monopoly Practice of PT. Carrefour Indonesia After Acquiring The Shares of PT. Alfa Retailindo," *Justice Voice* 2, no. 1 (November 5, 2023): 1–12, <https://doi.org/10.37893/jv.v2i1.395>.

<sup>3</sup> Cicilia P Dianita, "Perlindungan Hukum Para Pihak Dalam Perjanjian Kerjasama Kemitraan Dengan Pola Inti Plasma Antara Pt. Agro Makmur Sentosa Dengan Peternak Di Kabupaten Kendal," *NOTARIUS* 11, no. 2 (November 12, 2018): 164, <https://doi.org/10.14710/nts.v11i2.23461>.

the terms were drafted solely by the company, offering farmers no bargaining power. Michael Yogatama<sup>4</sup> in 2023 examined the issue from the perspective of land tenure and emphasized the lack of remedies for farmers when agreements are breached by the core party. Anindya Dessi Wulansari, Ari Hernawan, and Arif Novianto<sup>5</sup> in 2024 explored the gig economy and revealed a similar pattern of pseudo-partnerships, where companies label workers as partners to avoid legal obligations. Although these contexts differ, the underlying problem remains the same. The use of partnership language obscures the actual imbalance of power. These studies indicate that legal doctrines often fail to protect weaker parties in relationships that are legally framed as equal but substantively unequal.

This study aims to explore three interrelated legal questions concerning core-plasma partnerships. The first question concerns the ways in which inequality is embedded within the contractual terms and enforcement mechanisms of these partnerships. The second focuses on evaluating the effectiveness of Indonesia's current legal and institutional frameworks in protecting smallholder farmers. The third seeks to identify potential legal reforms and policy recommendations that would ensure the creation of more equitable partnership models. These questions are approached through a normative legal method, supported by case analysis and doctrinal interpretation. The objective is to move beyond descriptive legal analysis toward a critical examination of how law functions to either reinforce or mitigate asymmetrical relationships. The emphasis is on substantive justice and the lived realities of contractual parties.

A central theoretical concern of this research is the application of the principle of contractual freedom. While Article 1338 of the Indonesian Civil Code upholds the freedom to contract, this principle is not absolute. It must be interpreted in accordance

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<sup>4</sup> Michael Yogatama, Joko Sriwidodo, and Widiyatmoko Widiyatmoko, "Perlindungan Hukum Terhadap Wanprestasi Perjanjian Kemitraan Inti Plasma Dalam Penerbitan Hak Guna Usaha," *Jurnal Multidisiplin Indonesia* 2, no. 3 (March 18, 2023): 543–53, <https://doi.org/10.58344/jmi.v2i3.187>.

<sup>5</sup> Anindya Dessi Wulansari Ari Hernawan, Arif Novianto, *Kemitraan Semu Dalam Ekonomi Gig Di Indonesia* (Jakarta: IGPA Press, 2024), <https://igpa.map.ugm.ac.id/2023/12/13/kemitraan-semu-dalam-ekonomi-gig-di-indonesia-analisis-terhadap-kondisi-pekerja-berstatus-mitra-download-ebook-bukunya-gratis/>.

with good faith, public order, and fairness. When one party to a contract has significantly more power, the validity of consent becomes questionable. In core-plasma arrangements, many farmers sign contracts not because they agree with the terms, but because they have no viable alternatives. This raises the need to reconsider the meaning of consent and autonomy in contractual law, particularly in sectors marked by dependency and inequality. Legal interpretations that focus solely on formal criteria risk legitimizing contracts that are substantively unjust.

The regulatory shortcomings of Indonesia's current legal framework also contribute to the persistence of inequality in core-plasma partnerships. While the law formally recognizes the need to protect weaker economic actors, enforcement mechanisms remain limited. Agencies such as the KPPU act only after violations have occurred, and there is little proactive monitoring of contract formation. Farmers rarely have access to affordable legal assistance or channels for dispute resolution.<sup>6</sup> This results in a significant gap between rights in law and rights in practice. Bridging this gap requires not only stronger enforcement but also structural legal reforms that create space for participatory and equitable contract design.

Reforming the legal approach to core-plasma partnerships necessitates a broader view of law as an instrument of justice. Legal frameworks must not only recognize inequality but also actively work to correct it. This includes developing standardized guidelines for fair contracts, mandating review of large-scale partnership agreements, and ensuring that farmer cooperatives are empowered to negotiate collectively. Policy reform must also address the educational and economic barriers that prevent farmers from exercising their rights. Access to legal information, training, and assistance can help shift the power dynamics that currently disadvantage them. Without such reform, the core-plasma model will continue to operate as a tool of control rather than cooperation.

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<sup>6</sup> Oktavani Yenny and Putu George Matthew Simbolon, "Palm Oil Smallholders in Peril: Indonesia Urgency in Aiding Smallholders to Compete Fairly in Their Playing Field," *SIGN Jurnal Hukum* 6, no. 2 (December 12, 2024): 124–43, <https://doi.org/10.37276/sjh.v6i2.372>.

Legal analysis should also take into account the broader developmental context in which these partnerships operate. Agriculture remains a key sector for national food security and rural livelihoods in Indonesia. If partnerships continue to reflect unequal structures, the potential of the sector to drive inclusive development will be compromised. Law must be aligned with national development goals, particularly those concerning poverty alleviation, equitable growth, and social justice. Protecting smallholder farmers through law is not only a matter of legal principle but also a strategic imperative for sustainable national development.

In conclusion, the issue of inequality in core-plasma partnerships presents both legal and policy challenges that require urgent attention. Formal contracts that appear legitimate may, in practice, serve to entrench structural exploitation. Legal scholarship must interrogate these dynamics and propose mechanisms that align legal doctrine with the realities faced by vulnerable economic actors. This study contributes to that goal by identifying gaps in current regulation, offering critical analysis, and recommending reforms grounded in fairness, proportionality, and the protection of marginalized parties. Through this approach, the law can evolve to support genuine cooperation rather than perpetuate dependency.

## **2. RESEARCH METHODS**

This study employs a normative juridical approach, emphasizing the analysis of legal norms, statutory frameworks, and legal doctrines that govern core-plasma partnership schemes in Indonesia.<sup>7</sup> The focus lies on assessing the extent to which existing regulations protect plasma farmers from contractual imbalances and structural subordination. Legal instruments analyzed include Law No. 20 of 2008 on Micro, Small, and Medium Enterprises, Law No. 5 of 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition, and Ministry of Agriculture Regulation No.

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<sup>7</sup> Amiruddin dan H. Zainal Asikin, *Pengantar Metode Penelitian Hukum* (Jakarta: Raja Grafindo Persada, 2004).

13 of 2013 regarding partnership arrangements in the livestock sector. Several fundamental legal concepts are used as analytical tools, such as the principle of freedom of contract, the requirement of good faith in contractual relationships, and the doctrine of contractual justice. These concepts provide a theoretical basis for evaluating whether current legal norms align with the principles of fairness and equality. Normative legal analysis is combined with statutory interpretation and doctrinal critique in order to examine the consistency, coherence, and effectiveness of the relevant legal framework. The research does not rely on empirical fieldwork but focuses on interpreting legal texts in relation to their practical function and normative intent.<sup>8</sup>

A case study method is applied in analyzing KPPU Decision No. 09/KPPU-K/2020, which demonstrates the use of formal partnership arrangements that conceal monopolistic practices and suppress the autonomy of smallholder farmers. This case is particularly relevant because it reveals how legal instruments may be used to construct seemingly legitimate partnerships that function as mechanisms of control. The study draws upon various types of legal materials, including primary sources such as statutes, government regulations, and judicial decisions, secondary sources such as journal articles and legal commentaries, and tertiary sources such as institutional reports and legal encyclopedias. Interpretation of these sources is carried out using critical legal reasoning, with attention paid to broader normative principles including social justice, equality before the law, and protection of vulnerable parties in contractual relations. The methodological framework supports a comprehensive doctrinal evaluation, while also generating practical insights for legal reform.<sup>9</sup> This dual orientation enables the study to contribute both to academic discourse and to the development of responsive legal policy in agribusiness partnerships.

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<sup>8</sup> Djam'an Satori Aan Komariah, *Metode Penelitian Kualitatif* (Bandung: Alfabeta, 2011).

<sup>9</sup> Sugiyono, *Metode Penelitian Kuantitatif, Kualitatif, Dan RD* (Bandung: Penerbit Alfabeta, 2013).

### **3. RESULTS AND DISCUSSION**

#### **3.1. Structural Dynamics of Core-Plasma Partnerships: Formal Frameworks versus Field Practices**

The core-plasma partnership model in Indonesia is legally framed to foster mutual cooperation between large agribusiness corporations and smallholder farmers. Ministry of Agriculture Regulation No. 13 of 2013 outlines an ideal structure where both parties share risks, responsibilities, and benefits equitably. In this arrangement, the core company supplies inputs, provides technical guidance, and ensures access to markets, while the plasma farmer handles production based on agreed standards. This regulatory framework aspires to empower rural farmers and improve their livelihoods within an inclusive agribusiness system.<sup>10</sup> However, implementation in the field often deviates from these formal expectations. Numerous cases demonstrate structural imbalances that favor the core companies at the expense of the plasma farmers. This reveals a gap between the normative vision and the practical operation of core-plasma partnerships.

One of the most prevalent issues is the unilateral drafting of partnership agreements by the core company. Farmers are rarely involved in negotiating the terms, leading to one-sided contracts that benefit the stronger party. These agreements often come in standardized formats that do not reflect the specific conditions or needs of the farmers involved. As a result, the autonomy of the plasma farmers in shaping the terms of engagement is virtually nonexistent. Contracts typically contain restrictive clauses on pricing, input sourcing, and output marketing. The limited bargaining power of the farmers further exacerbates the legal inequality embedded within the partnership. This situation is contrary to the cooperative principles envisioned in the legal framework.

Input pricing is one area where deviation from regulatory ideals is most evident. Core companies often set the prices of essential production inputs, such as feed and

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<sup>10</sup> Clara Brandi et al., "Do Environmental Provisions in Trade Agreements Make Exports from Developing Countries Greener?," *World Development* 129 (May 2020): 104899, <https://doi.org/10.1016/j.worlddev.2020.104899>.



medicine, without consulting the farmers. These prices are frequently higher than prevailing market rates, yet farmers are contractually obligated to purchase from the core company. This restricts their freedom to seek more competitive suppliers.<sup>11</sup> Consequently, the production costs borne by the farmers increase, while their profit margins shrink. The financial dependence this creates places farmers in a vulnerable and subordinate position. Such conditions undermine the intended equity in the partnership relationship.

The marketing system is similarly structured to favor the core company's interests. Plasma farmers are often required to sell their entire output to the company at fixed prices. These prices are determined in advance and typically do not reflect real-time market fluctuations. Even when market prices rise, farmers cannot negotiate better deals due to exclusivity clauses. Delayed payments and non-transparent deductions further reduce farmers' incomes. The one-sided nature of these arrangements reveals a structural imbalance within the partnership. Rather than fostering mutual growth, the system tends to reinforce dependency.

Penalty clauses included in the contracts also reflect the unequal nature of the relationship. Farmers may face financial penalties for failing to meet production targets, regardless of external factors such as disease or natural disasters. Meanwhile, core companies are often not held accountable for their own breaches, such as delayed supply of inputs or technical negligence. This creates a skewed risk distribution, where farmers absorb most of the burden. The absence of reciprocal accountability erodes trust and fairness in the partnership. These clauses are legally enforceable, yet they contradict the principle of balanced cooperation. This calls into question the substantive justice of such legally valid contracts.

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<sup>11</sup> Desy Crisyanti, Nurlaily Nurlaily, and Triana Dewi Seroja, "Dynamics of Conflict and Dispute Resolution in Culinary Business Partnership Agreements," *SIGn Jurnal Hukum* 5, no. 1 (May 14, 2023): 44–58, <https://doi.org/10.37276/sjh.v5i1.260>.

Academic studies support these findings and critique the existing partnership structure. Anggraini, Kerti, and Sabirin<sup>12</sup> argue that partnership contracts often become tools for larger firms to dominate smaller actors under the guise of legal cooperation. Their research highlights the danger of “legalized inequality,” where formal contracts are used to entrench power hierarchies. Such contracts may meet the criteria of legality but fail to uphold the values of justice and fairness. Regulatory bodies often lack proactive mechanisms to detect and correct these imbalances. Oversight remains reactive and limited in scope. Without reform, the legal framework risks legitimizing structural exploitation. These insights point to a need for institutional and normative change.

Low legal literacy among plasma farmers exacerbates the problem of contractual injustice. Many farmers lack the knowledge and resources to understand or challenge unfair terms. Access to legal aid or independent consultation is rare, especially in rural areas. As a result, contracts are often signed under conditions of unequal understanding and economic pressure. This challenges the validity of consent in a legal sense. Formal acceptance of a contract does not guarantee that the terms were fairly negotiated. The concept of “informed consent” becomes hollow in such contexts.

Regulatory and institutional weaknesses contribute to the persistence of these inequities. Agencies such as the Ministry of Agriculture and the KPPU often have limited capacity to monitor ongoing partnerships. Their interventions are typically complaint-driven and lack preventive enforcement mechanisms. Coordination between institutions is minimal, leading to fragmented oversight. Problematic contracts often go undetected until disputes arise. Even then, resolution processes are slow and costly, deterring farmers from pursuing justice. These conditions allow unfair practices to persist unchecked.

Addressing these structural dynamics requires multidimensional reforms that go beyond legal text revision. A key step is ensuring participatory contract drafting involving both parties equally. Standardization of fair-contract clauses and independent legal

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<sup>12</sup> Tri Anggraini, Kerti, and Sabirin, “Core-Plasma Pattern Partnership Agreement with Micro-Small Business Based on the Perspective of Competition Law.”

review before signing could also provide safeguards. Empowering farmer cooperatives through legal education and advocacy can enhance their bargaining position. Regulatory institutions must adopt a more proactive stance, including routine audits and enforcement actions. Legal reforms must be supported by institutional and capacity-building measures.<sup>13</sup> Without such comprehensive efforts, reforms will have limited impact. Effective transformation depends on both law and implementation.

The core-plasma partnership framework holds significant promise for inclusive rural development. However, its success depends on aligning legal structures with practical realities. Discrepancies between regulation and implementation create space for exploitation. Bridging this gap requires systemic reforms, legal accountability, and farmer empowerment. A rights-based approach to contract law and partnership governance is needed. Only then can the model fulfill its intended role in promoting justice and sustainability. Legal protection must evolve from symbolic to substantive.

### **3.2. Power Asymmetry and Legal Protection of Farmers in Core-Plasma Agreements**

Decisions play an essential role in the resolution of cases, and Judges, as decision-makers, must make decisions carefully. A judgment is a statement that a judge makes as an authorized officer of the Court and is intended to court or resolve a case or dispute between the parties. Not only is what is said a decision, but it is also a written statement made by a judge in Court. Article 50 of Law No. 48 of 2009 on Judiciary states that the basis and relevant legal provisions on which the judgment is based or the unwritten sources of law used to render the judgment must be included in the court decision. Court decisions are the result of deliberation and consensus of the judges. Decisions in publicly approved court proceedings must be publicly announced. Judicial decisions are

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<sup>13</sup> Filpan Fajar Dermawan Laia, "The Urgency of Enacting Government Regulation on Community Service Sentence in Indonesian under the New Penal Code," *SIGn Jurnal Hukum* 6, no. 1 (September 16, 2024): 1–16, <https://doi.org/10.37276/sjh.v6i1.350>.

characterized by the elaboration of legal status (punishment), conviction, and the elimination or creation of new legal status (constitutive).<sup>14</sup>

Power asymmetry between core companies and plasma farmers is a defining feature of core-plasma partnership contracts in Indonesia, affecting both economic and legal dimensions. These partnerships, while formally legitimate, often contain one-sided contract terms that disproportionately benefit core companies. Farmers typically have limited opportunity to influence contractual provisions related to pricing, penalties, or dispute mechanisms. This undermines the ideal of fair and consensual contract formation, as recognized in contract law. Due to their dependence on core companies for inputs, capital, and markets, farmers are frequently compelled to accept the terms without negotiation.<sup>15</sup> Consequently, the partnership functions less as a collaborative model and more as a system of vertical subordination. The notion of legal equality in such settings becomes more aspirational than operational.

One of the clearest indicators of this imbalance lies in how input prices are set. Core companies often determine the cost of essential production materials such as animal feed, medicine, and day-old chicks without consulting farmers. These prices are fixed contractually and are usually higher than prevailing market rates, leaving farmers with limited profitability. Because they are contractually bound to purchase only from the core company, they have no access to alternative suppliers. This restriction reinforces economic dependency and limits farmers' ability to make cost-effective choices. While legally permissible under the freedom of contract doctrine, such practices contradict the principle of equity in commercial agreements. These dynamic shifts the partnership into an exploitative relationship masked by legality.

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<sup>14</sup> Melinda Rahmawati and Heni Ani Nuraeni, "Peran Dispensasi Kawin Dalam Peningkatan Angka Pernikahan Dini Di Wilayah Kotamadya Jakarta Barat," *Al-Istinbath : Jurnal Hukum Islam* 6, no. 1 (May 25, 2021): 1, <https://doi.org/10.29240/jhi.v6i1.1578>.

<sup>15</sup> M. Hadyan Yunhas Purba et al., "Unequal Regulation in Partnerships between MSMEs and Large Enterprises in Indonesia," *Problems and Perspectives in Management* 23, no. 1 (March 12, 2025): 424–36, [https://doi.org/10.21511/ppm.23\(1\).2025.32](https://doi.org/10.21511/ppm.23(1).2025.32).

The exclusivity clauses commonly found in these contracts also restrict economic mobility for farmers. In many cases, farmers must sell their entire livestock output back to the core company, at prices determined solely by the company. These prices are typically not indexed to market fluctuations, meaning that farmers cannot benefit when market conditions improve. The absence of renegotiation clauses further constrains farmers' ability to challenge or adjust unfair terms. This creates a closed-loop market where the buyer also controls the supply chain, which undermines the notion of free competition. While such structures may support supply consistency for the company, they do so at the cost of farmers' autonomy and profitability. The imbalance is systemic and perpetuated by the absence of regulatory checks.

Another critical area is the treatment of risk through penalty clauses. Farmers are often penalized for underperformance, such as failure to meet livestock weight or quantity targets, without considering externalities like disease outbreaks or delays in feed delivery. At the same time, contracts usually do not impose equivalent penalties on core companies for their own operational failures. This asymmetry in sanctioning mechanisms reflects a broader pattern of risk shifting: farmers assume nearly all the production risk, while core companies are shielded from liability.<sup>16</sup> Such arrangements are contrary to the principle of mutuality that should govern partnership agreements. They transform what is labeled as "risk-sharing" into "risk-imposing." The legal structure allows this imbalance to persist under the cover of formally balanced obligations.<sup>17</sup>

Access to dispute resolution is also uneven. Contracts typically direct disputes to arbitration or internal resolution panels established or influenced by the core company. These mechanisms lack neutrality and often discourage farmers from bringing forward

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<sup>16</sup> Andi Tira et al., "Legal Protection of Micro, Small, and Medium Business Partnerships from an Anti-Monopoly Legal Perspective," *International Journal of Law and Politics Studies* 5, no. 6 (November 18, 2023): 56–66, <https://doi.org/10.32996/ijlps.2023.5.6.6>.

<sup>17</sup> Oksana SHCHERBANYUK, Vitalii GORDIEIEV, and Laura BZOVA, "Legal Nature of the Principle of Legal Certainty as a Component Element of the Rule of Law," *Juridical Tribune* 13, no. 1 (March 31, 2023), <https://doi.org/10.24818/TBJ/2023/13/1.02>.

complaints. Moreover, the procedural costs and lack of legal literacy among farmers deter formal legal action. Even in cases of clear contractual abuse, farmers are unlikely to seek remedies due to fear of retaliation or contract termination. This further illustrates how structural inequality is maintained, not merely through written terms, but through the inaccessibility of corrective channels. The right to seek redress exists in theory, but is functionally out of reach for most plasma farmers. This makes legal protection largely symbolic in practical terms.

Indonesia's positive law framework does include regulations that support equitable partnerships, particularly through Law No. 20 of 2008 and Ministry of Agriculture Regulation No. 13 of 2013. These laws provide formal guidelines on partnership principles such as transparency, justice, and sustainability. However, these instruments do not contain strong enforcement provisions or require contracts to be reviewed by independent legal bodies prior to execution. There is also no formal requirement for companies to disclose contract terms publicly or report compliance.<sup>18</sup> This regulatory gap allows for widespread variability in contract content, even among companies in the same sector. As a result, farmers may enter legally valid agreements that nonetheless contradict the spirit of the law. The gap between legal ideals and enforcement mechanisms remains wide.

The Indonesian Business Competition Supervisory Commission (KPPU) has demonstrated some capacity to address these power asymmetries, particularly in cases of abuse of market dominance. In Case No. 09/KPPU-K/2020, the Commission ruled that a poultry company had imposed unfair conditions on plasma farmers: input monopolization, unilateral pricing, and delayed payments were among the findings. This case provided legal precedent for recognizing exploitative practices within formal

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<sup>18</sup> Rodiyah Rodiyah, Siti Hafsyah Idris, and Robert Brian Smith, "Mainstreaming Justice in the Establishment of Laws and Regulations Process: Comparing Case in Indonesia, Malaysia, and Australia," *Journal of Indonesian Legal Studies* 8, no. 1 (May 31, 2023): 333–78, <https://doi.org/10.15294/jils.v7i2.60096>.

partnerships.<sup>19</sup> However, the intervention occurred only after formal complaints were filed, and the investigation focused on market fairness rather than contractual justice. The decision was corrective rather than preventive, and its scope limited to competition law rather than broader principles of contract equity. While impactful, such rulings remain exceptional rather than institutionalized. Structural reform is required to mainstream legal protection before harm occurs.

Legal doctrines like *pacta sunt servanda* and freedom of contract must be applied alongside modern contract principles such as good faith and proportionality.<sup>20</sup> These principles require that contracts be fair not only in form but also in substance. In the context of core-plasma agreements, many farmers sign contracts under duress or without full comprehension. While technically voluntary, such agreements may not meet the threshold of ethical consent. Courts and regulators must consider the socio-economic context in which contracts are made. Interpreting contracts solely by their wording ignores the realities of unequal power dynamics. A shift toward substantive evaluation is essential for legal protection to be meaningful.<sup>21</sup>

A multidimensional reform strategy is needed to improve the legal protection of farmers. First, pre-contractual review mechanisms should be implemented to ensure that standard agreements meet fairness criteria. Second, legal assistance and literacy programs must be provided at the community level to empower farmers during negotiation. Third, regulatory bodies should be equipped with authority to audit and approve partnership contracts before implementation. In addition, independent dispute resolution mechanisms should be made accessible and impartial. Transparent contract registries would further

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<sup>19</sup> Rosa Indithohiroh, Abel Parvez, and Hafsa Aryandini, "Dominasi Aplikasi Pembayaran Dalam Monopoli Persaingan Usaha: Studi Kasus Google Pay Billing," *Jurnal Persaingan Usaha* 4, no. 1 (July 30, 2024): 20–32, <https://doi.org/10.55869/kppu.v4i1.102>.

<sup>20</sup> Kirsten Schmalenbach, "Article 26," in *Vienna Convention on the Law of Treaties* (Berlin, Heidelberg: Springer Berlin Heidelberg, 2018), 465–92, [https://doi.org/10.1007/978-3-662-55160-8\\_29](https://doi.org/10.1007/978-3-662-55160-8_29).

<sup>21</sup> Anna Deplazes-Zemp, "Commutative Justice and Access and Benefit Sharing for Genetic Resources," *Ethics, Policy & Environment* 21, no. 1 (January 2, 2018): 110–26, <https://doi.org/10.1080/21550085.2018.1448042>.

increase accountability and discourage exploitative clauses.<sup>22</sup> These measures would move legal protection from theory to practice. The focus must shift from reactive remedies to preventive regulation.

Ultimately, real legal protection requires more than a framework of rules: it demands enforceable rights, empowered citizens, and accountable institutions. If farmers remain structurally excluded from legal processes, they cannot benefit from the protections the law claims to offer. The problem lies not in the absence of regulation, but in its inability to confront and correct entrenched inequalities. Partnerships must evolve from dependency-based systems to collaborative models grounded in justice and participation. This will only be possible if the legal system prioritizes equity, not just legality. In doing so, law can transform core-plasma agreements from instruments of subordination into tools for inclusive rural development.

## **CONCLUSION AND SUGGESTION**

This study concludes that core-plasma partnerships, although regulated under national law, often operate with structural imbalances that disadvantage plasma farmers. Contractual provisions on pricing, exclusivity, and penalties are commonly determined by core companies without fair negotiation, while legal protections remain largely formal and ineffective in practice. Farmers face difficulties asserting their rights due to limited legal literacy, weak institutional oversight, and inaccessible dispute resolution. The regulatory framework, while normatively sound, lacks sufficient enforcement to prevent exploitative practices. As a result, these partnerships tend to reinforce dependency rather than promote equitable cooperation.

In response, legal reforms should focus on ensuring fair contract design, mandatory oversight, and accessible legal support for farmers. Partnership agreements must be

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<sup>22</sup> Marlia Sastro, Tan Kammelo, and Azhari Yahya, "Doctrines Affecting the Principle of Propriety in Indonesian Civil Law," *Proceedings of Malikussaleh International Conference on Law, Legal Studies and Social Science (MICoLLS)* 2 (January 4, 2023): 00053, <https://doi.org/10.29103/micolls.v2i.137>.



subject to independent review, and standard clauses protecting both parties should be institutionalized. Government agencies need to increase monitoring and require transparency in contract implementation. At the same time, strengthening legal literacy and providing affordable legal aid in rural areas is essential. These measures would help transform core-plasma partnerships into tools of empowerment, aligning their practice with the principles of justice and inclusive development.

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