

## **ABSTRACT**

*The aviation industry is growing rapidly and significantly contributes to the country's economy. To ensure the safety and the security, airlines must update their aircraft with advanced technologies. Since 2007, Indonesia has signed the 2001 Cape Town Convention and the 2001 Aircraft Protocol, ratified through Presidential Regulation No. 8 of 2007 which was implemented into the Aviation Law as which was then implemented into the Aviation Law as a special legal provision (lex specialis) of the Indonesian legislation. These conventions aim to provide the protection and the guarantees for creditors in the aircraft purchase transactions. However, the implementation of these conventions in Indonesia has not been optimized yet, particularly in protecting both foreign and domestic creditors. This study aims to analyze the implementation of regulations on aircraft financing and to formulate ideal aircraft financing arrangements and schemes to encourage the independence of the Indonesian aviation industry, specifically in the aircraft financing sector. This research is conducted with descriptive analytical specifications, aiming to describe and illustrate existing facts, both secondary and primary data, by utilizing primary, secondary, and tertiary legal materials. Comparative studies of other countries' practices are also conducted as the part of the research. The approach method that is used is a normative juridical approach, which is also known as the library research, by interpreting the law grammatically and authentically. The data analysis that is used is the qualitative juridical analysis, which includes the research on legal principles, hierarchy of laws and regulations, and legal certainty. The Aviation Law regulates the security for creditors in aircraft financing which may be encumbered with international interests arising as a result of a security agreement, a title reservation agreement or a leasing agreement. The normative juridical research found any legal uncertainty in the Aviation Law. First, there is no definition of the creditor, that therefore the protection is only applicable for foreign parties (specifically relates to IDERA). Second, there is no certainty of time for creditors to claim rights if the debtor defaults. Third, there is no certainty on the form of the security over the aircraft, especially those relating to the aircraft outside those regulated in Article 71 of the Aviation Law. The Aviation Law stipulates that creditors can request for a temporary injunction from the court if the debtor defaults, however, the interpretation of Article 79 of the Aviation Law by judges varies, which may create any legal uncertainty and can negatively impact to the investment climate of the aviation industry. Therefore, it is necessary to strengthen regulations by amending the Aviation Law and its related regulations, as well as issuing a Supreme Court Regulation (PERMA) by the Supreme Court as a short-term solution to prevent different interpretations. Thus PERMA will create a legal certainty and will maintain the confidence of investors in supporting the aircraft financing in Indonesia.*

**Keywords:** *Aircraft Financing, International Interest, Legal Certainty*