

# The Role of The Indonesian Government in The Imposition of Tariffs for Imported & Exported Goods In The Asean Region

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## ABSTRACT

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At this time, with the development of the international market, countries certainly need to tighten their security in order to protect their economic systems by implementing rules that regulate the course of trade, establishing cooperation, and entering into treaties or agreements that will later bind one country to another. The laws that Indonesia has implemented into domestic regulations, such as Law No. 7 of 2014, Law no. 17 of 2006, and Law no. 39 of 2007. This research discussed the impact of implementing the tariff system on Indonesia's export and import trade and current government challenges, such as the development of world globalization, the era of digitalization, and also actions that can be categorized as crimes in the trade sectors. Dumping also occurs in international trade, which can threaten local markets, prompting countries to make agreements to combat dumping practices. The research method used is a normative research method. The approaches used are the Statute Approach and the Analytical Approach, namely, research using legislation, Trade Law Concepts, and also analysis of the implications of Legal principles as a basic reference and analysis of several laws and regulations that regulate this matter.

**Keywords:** Customs, International Trade, ASEAN.

## INTRODUCTION

International trade is defined as trade carried out between countries or between governments in carrying out a trade relationship in accordance with an agreement between both parties. According to Schmitthoff, the definition of international trade law is "a set of rules that regulate commercial relations of a civil nature". The liberal trade system is the basis of international trade theory, which states that free trade and economic interdependence are prioritized. The international political economic system adheres to a system of free government, free markets and free trade. Even so, this system has positive and negative sides, the positive side is free trade where a country can open trade freely without any obstacles, increases local market value, increases employment opportunities for the local market and the negative side is the impact of globalization which arises as a result of free trade and cannot control market operations, which creates obstacles and problems for local markets.

International trade is a form of trade that uses the medium of an agreement agreed to by a country or between traders and partners carried out between other countries. Clive Maximilian Schmitthoff, an Anglo-German legal expert, stated that the definition of international trade is "a form of rules governing business relationships that are bound by civil law (Sukmana, 2019). International trade is an activity that involves interactions or transactions between partners and countries in the world. The international trade process usually uses regulations agreed by both parties so that it involves the services of government officials such as Customs and Excise or government agencies that work in the field of international trade.

International trade cannot run by itself because with free trade activities abroad, government agencies are less able to maintain trade process regulations. The role of an organization created by a combination of countries is needed with the aim of maintaining legal certainty in the trade process. The Association of South East Asian Nations (ASEAN) as an Organization of the Association of Southeast Asian Nations which was founded on August 8 1967 by five countries, namely Indonesia, Malaysia, the Philippines, Singapore and Thailand and the General Agreement on Tariffs and Trade (GATT) became the solution path. and established as a multilateral agreement that regulates international trade with the aim of implementing liberal trade principles based on a multilateral treaty which contains proposals for reducing trade tariffs, eliminating trade barriers, and eliminating discriminatory trade practices. Before the formation of GATT, there was a program to create an international trade organization called the International Trade Organization (ITO). During the process of establishing the ITO from 1947 to 1948 in the city of Havana, Cuba, there was debate between members of the organization. America did not want to sign (ratify) or reject the Havana charter which was the legal basis for the formation of the ITO. The reason is that it is feared that the charter will reduce sovereignty and national interests in international trade. With the rejection of the Havana charter by a superpower like the United States, the ITO formation program was finally cancelled.

GATT itself was formed on 30 October 1947 in Geneva, Switzerland. GATT rules cover the fields of agriculture, services, intellectual property and investment. With negotiations held, decisions are taken. Uruguay round, which began with negotiations with the Punta Del Este Ministerial Declaration (a statement signed by ministers and deputy ministers from member countries of the global forum) regarding transparency and exchange of information for tax purposes. Until 1986, 123 countries including ASEAN countries were involved in the Uruguay Round negotiations which discussed the continuation of the formation of an international trade organization that upholds the principles of liberalism (Fadhila et al., 2022). These negotiations lasted for 8 years and when the 1994 GATT Agreement replaced the role and function of the 1947 GATT as a multilateral agreement that regulated international trade. starting with cooperation and binding agreements to increase the close ties of friendship between countries and finally formed in 1995, the world trade organization known as the WTO.

The aim of holding the Uruguay Round is to help other countries develop their economies through international trade, however, to fulfill the expectations of the Uruguay Round agreement, member countries of the OECD (Organization for Economic Co-operation and development) or Developing Countries are required

to follow the regulations set by the Uruguay Round agreement such as , requires member countries to reduce subsidies and domestic support in the agricultural sector and increase market access for other countries' agricultural products. For developing countries, this will actually be detrimental because their agricultural sector is less or not competitive and vulnerable to price fluctuations because they are inferior to cheaper imported products. GATT member countries held the Uruguay round, wanting to establish a broader system of liberalization of international trade for the benefit of all countries, especially developing countries, by increasing market access by reducing and eliminating tariff and non-tariff barriers and strengthening the role of GATT, improving the trade system multilateral and expanding international trade.

Cooperation between countries is the fulcrum in carrying out the programs that will be formed. Indonesia has entered into an agreement between ASEAN countries, namely the Treaty of Amity and Corporation in South East Asia (TAC) which was signed in 1976, where this Agreement was formed to regulate ASEAN political and security cooperation (Wicaksono, 2020). The TAC Agreement is used as a legally binding code for relations between countries in Southeast Asia and beyond. Of course, this agreement also underwent many changes in 1987, 1998, 2010 regarding the regulations that would be agreed upon to allow access by countries outside Southeast Asia as well as for regional organizations as sovereign countries.

The discussion of the Uruguay Round in the book *The Uruguay Round ASEAN Trade Policy*, the implementation of trade liberalization should not only be on tariffs but also on non-tariffs and state regulations as well. In fact, GATT does not have absolute power. However, the legal power of GATT comes from the formation of international agreements (Ariff & Loong-hoe, 1998, p. 72). Even though the legal power of GATT is limited and not as large as the national constitution, GATT is recognized as legitimate as an international agreement by member countries (*The General Agreement on Tariffs and Trade, 1968*). A country's trade will determine the establishment of the trade system used to carry out international economic relations. The liberalism system has been used by many countries as a factor in the formation of trade systems and plays an important role in bilateral trade relations between countries in the international sphere (Islamiani, 2022) The liberalism system is aimed at creating easier trade relations for countries by reducing or eliminating tariffs, import quotas and other trade barriers that hinder trade. Of course, with this system, countries can make it easier to deal with their trade in the international sphere, but don't forget that there are also shortcomings that arise from the liberal trade system. Intense competition is an important factor in the failure of international trade relations agreements (Aparita & Adhitya, 2020).

The establishment of the ASEAN Free Trade Area (AFTA) was signed at the ASEAN Summit in 1992 and the ASEAN Charter was signed in 2007. The AFTA system allows ASEAN member countries to determine their own regulations and can be agreed upon by the parties carrying out trade (Meeryung, 2017) AFTA was formed to help trade in ASEAN member countries and with this system countries can increase the competitiveness of developing countries and also increase the existence of trade and although countries can set tariffs on

imported goods from fellow ASEAN countries, the tariffs imposed only range from 0 to 5 percent (Kusumastuti & Rahmadhani, 2019).

In Indonesia, security and maintaining the stability of a country's market economy is important because imported goods can potentially affect the circulation of money from the sale of local goods. Reviewing Law No. 17 of 2006 concerning amendments to Law No. 10 of 1995 concerning Customs, which regulates the flow of requirements and regulations applied to export and import goods in Indonesia, it is possible to ensure that the Indonesian market will be hampered by imported goods which are more in demand by local consumers (Agus Supriyo, 2021). Imported goods affect the local economy with costs that must be borne and the shipping process is complicated, making local sellers determine the price of goods depending on the agreement of exporters who are bound by trade agreements.

Customs and Excise carries out inspections in accordance with the provisions in force in Indonesia, which are stated in the Minister of Finance Regulation Number 229/pmk.04/2017 of 2017 concerning Procedures for Imposing Import Duty Tariffs on Imported Goods Based on International Agreements or Agreements, which regulate international agreements to determine import duty rates, identify imported goods that are entitled to preferential import duty rates (through certification of goods, declaration of origin of goods, or provisions of international agreements and treaties), imposition of an administrative fine of 100% (one hundred percent) of the difference between general import duty rates with preferential import duty tariffs imposed on importers who cannot prove the origin of imported goods, exceptions to the application of preferential import duty tariffs for (imported goods that are on the negative investment list, import prohibition list, or import restriction list). Plus the Government enforces NHI (Intelligence Result Note), which shows indications of violations in the field of customs and excise.

In 2011, Indonesia was appointed as chairman of ASEAN. It was suggested by several ASEAN countries to form a Free Trade Agreement (FTA). Indonesia carried out this task by inviting related countries to form an FTA program. Official negotiations were held in 2013 in Brunei Darussalam together with 10 countries. ASEAN and six FTA partners, produced a decision regarding agreement on the Guiding Principle and Objective for Negotiating the Regional Comprehensive Economic Partnership as a reference for the process of implementing the Regional Comprehensive Economic Partnership (RCEP) program (Gultom, 2020). Negotiations lasted until November 2020 and resulted in an agreement by all ASEAN members and five partner countries at the 37th ASEAN Summit to add regulations to the ASEAN trading system and its surroundings. This decision was used to reduce or eliminate tariffs on around 92 percent of goods traded between RCEP parties, open additional market access for certain products, ease customs procedures and improve trade facilities making the administrative process more efficient and faster. The RCEP system certainly has shortcomings that affect trade, both international and national. The existence of dependence on partner countries such as China, which makes the Chinese country gain greater profits than the country of origin, tight competition in the local market, MSMEs weakening as a

result of being unable to compete with foreign products, widening the trade deficit of ASEAN countries with the five strong RCEP partners.

The implications of tariffs and non-tariffs for the Indonesian economy are important points in the economic scope of international trade. The non-tariff side of trade can increase the number of individuals or the number of goods exported within the country (Muradovna, 2020, pp. 4–6). However, there are also shortcomings such as the instability of the global market and the domestic market because countries that have export agreements will be hampered in processing their domestic markets due to imported goods coming in continuously so that the supply produced by local producers becomes unrivaled. On the other hand, tariffs are a requirement for the trade process and play a role in supporting state income and maintaining the security of the international trade process, but they also act as a barrier for domestic exporters due to the costs required to export goods.

Supervising the import or export process in Indonesia will certainly not be easy, considering the growing era of globalization and also the implementation of new regulations used by the Government. of course there is certainty to find an effective way. Maintaining the effectiveness of export and import regulations is emphasized on the goods being exported or imported or the origin or destination of goods sent. Monitoring government performance will be an important topic in this discussion. Value Added Tariffs are the main remedy for the Indonesian Government to anticipate dumping which can affect market prices of goods and harm importers. In this way, importers can impose import tariffs as an anti-dumping policy.

## **METHODS**

This research uses a type of Normative Law research method by providing an overview of the problem to be researched which is then analyzed and based on statutory regulations. This research refers to existing literature studies to gain knowledge about the relationship between related regulations and their application in practice (Efendi & Ibrahim, 2018). The approach method used is the Statute Approach and the Analytical Approach, namely, research using legislation, Trade Law Concepts, and also analysis of the implications of Legal principles as a basic reference and analyzing several statutory regulations that regulate regarding that matter. The data obtained comes from primary legal materials, namely statutory regulations and literature and also secondary legal materials in the form of journals or publications about law. The results of data collection will later be processed again for research material (Ariawan, 2013).

## **DISCUSSION AND RESULT**

### **Import and Export Trade Tariff System in the ASEAN Region**

Import Trade Liberalism in Indonesia can be seen from the influence of export taxes and import duties. International trade is an important factor for the development of the Indonesian economy which can expand employment opportunities, increase foreign exchange reserves, expand markets because it can ensure production results throughout the world, can develop domestic products because there are new materials that can be developed with local materials. This advantage has a side that can be detrimental to the domestic economy, such as the

large-scale exploitation of domestic natural resources, the increase in competition between domestic industry and foreign products, the rise of consumerism among local residents for foreign products so that local products are left behind. Indonesia straightens and balances this trade system by enforcing tariffs, which are based on International Trade Law concerning General Agreements Concerning Tariffs and Trade. *General Agreement on tariffs and trade* (GATT) (Aparita & Adhitya, 2020). Now ASEAN countries use the ASEAN Harmonized Tariff Nomenclature (AHTN) system which is a trade goods classification system to determine trade tariffs for ASEAN countries and the ASEAN Free Trade Area (AFTA) which is an agreement between ASEAN countries to assist in the tariff system. trading.

The tariff imposition system is divided into several types, such as one type of tariff whose amount is determined by individuals without the consent of other countries, minimum and maximum tariffs which are determined based on the tariff burden imposed and agreements agreed on differences in the amount of tariff imposition of each country, and tariffs that can be reduced based on a preferential system based on agreement with trading partners (Purba et al., 2021, pp. 53–54). The classification of imported and exported goods is recorded in the Indonesian Customs Tariff Book (BTKI), and contains changes to the structure of the classification of goods based on the Harmonized System (HS) (special code used for goods and international trade tools and the ASEAN Harmonized Tariff Nomenclature (AHTN) (barang classification system). which is implemented in ASEAN member countries based on the Harmonized System (HS) developed by the World Customs Organization (WCO).

The Ministry of Trade runs the Import Verification or Technical Tracing (VPTI) program. VPTI is a program assigned to verify or technical trace in the country of origin of goods by *independent surveyor* (service inspection, supervision, verification and certification of goods, facilities or equipment related to trade, industry or projects). This program is used as a basis for import process regulations with the aim of avoiding domestic losses, ensuring that there is data on import duties and import taxes regarding data on goods being inspected, and also ensuring that imported goods are in accordance with agreements by the government.

The scope of implementing the VPTI program is based on Article 9 of Minister of Trade Regulation No. 36/M-DDAG/PER/7/2014 includes port location, berth time, tariff post/HS (goods classification system used internationally for trade, customs and statistical purposes and is formed by a six-digit number to indicate groups, subgroups, and sub - sub groups) and description of goods, Product Certificate Number for Use of SNI Mark, *Certificate Of Analysis* (Hilmi Rahman Ibrahim & Halman, 2021). The VPTI system is very helpful in terms of collecting data on trade goods. However, the VPTI system also has limitations and weaknesses. The downside is that it increases costs and time for business actors to conduct trade, opens up opportunities for authorized parties in the verification process, and makes it difficult to access markets for Indonesian products in trading partner countries. This problem is caused by differences in technical standards applied by export destination countries with international or Indonesian standards. Even though the VPTI system has been used by the country, there are shortcomings that arise such as the large number of processes and costs

required, being required to understand the complex VPTI system, importers' dependence on surveyors for verification, limited product identification, lack of certainty of required data which results in rejection of goods or additional costs.

### **Export and Import Tariffs in the ASEAN Region**

The international trade tariff system was born from agreements made by member countries of international trade organizations, agreements and regulations that will be implemented need support from member countries to implement them. Therefore, negotiations were held on the regulations or rules that would be created and would later be based on an agreement and signed by several countries (Moridu et al., 2021, pp. 316–317). Agreed agreements such as the General Agreement on Tariffs and Trade (GATT), ASEAN Free Trade Agreement (AFTA), and ASEAN Harmonized Tariff Nomenclature (AHTN). The results of the negotiations will be implemented or applied to the Law on tariff systems and international trade, which applies in the relevant country. Regulations on the entry of imported goods with Customs duties, taxes and fees that need to be paid for approval for the entry of goods.

The agreed agreement certainly needs to be based on basic principles. Professor Aleksander Goldštajn explains the principles that need to be applied in every trade agreement. First, the Principle of Freedom of Contract (recognition of the rights and authority of contract terms including the Law and Dispute Resolution Forum), Second, the Principle *Pacta Sunt Servanda* (respecting contracts made legally, unless there are cancellations and changes to contracts), Third, the Principle of Using Arbitration (resolving disputes using Arbitration efficiently and flexibly without going through National courts), Fourth, the Principle of Freedom of Communication (freedom to submit needs, through communication from various means) (Ni Kadek Srimasih Ristiyani et al., 2022). An agreement agreed to by both parties is given priority. The ASEAN-China Free Trade Area (ACFTA) is an agreement between ASEAN member countries and China, opening free trade in the Chinese market through cooperation. Any agreement made will definitely have obstacles that arise, such as regulations and policies that must be considered from the country of origin.

Indonesia also has laws that regulate international trade, such as Article 17 paragraph (3) of the 1945 Constitution (presidential policy to make agreements with the approval of the DPR), Law no. 24 of 2000 (agreement regulations), Law no. 7 of 2014 (government policy to regulate the process of international trade agreements), Presidential Decree No. 71 of 2020 (Rules for entering into agreements and also matters relating to trade), and Minister of Trade Regulation No. 71 of 2021 (procedures for making international trade agreements including trade tariffs) (Fauzi, 2023). This agreement process certainly requires a mature agreement from both parties to avoid negative things that will affect the international trade process because every agreement taken by a country can affect trade for other countries.

### **Development of Export and Import Trade Tariff Regulations in Indonesia**

The current development of Indonesian international trade regulations cannot be separated from the regulations that have been formed by ASEAN,

whether in the form of laws or agreements between the two parties. Therefore, Indonesia started by improving foreign relations. This aims to increase relations and also cooperation in various fields, be it trade or new intellectual matters (PEREKONOMIAN & INDONESIA, 2021). ASEAN has established trade agreements between countries such as the ASEAN Free Trade Area (AFTA) (creating a special market in the ASEAN region through trade liberalization, ASEAN Comprehensive Investment Agreement (ACIA) (increasing investment markets in the ASEAN region), ASEAN - China Free Trade Area (ACFTA) (increasing cooperation with China), ASEAN - Japan Comprehensive Economic Partnership (AJCEP) (Increasing cooperation with Japan) .

Statement from the World Bank Blogs website, written by Ana Fernandes, Hiau Looi Kee and Caglar Ozden in 2020, as a result of the Covid-19 pandemic, the country's trade flow has been disrupted, such as the production of goods being hampered, sales being restricted, and having to adapt to existing regulations. determined by the country. The pandemic resulted in a significant increase in trading costs. The role of RCEP in ASEAN trade. RCEP is a form of regional economic integrity brought about by a new form of regionalism. This regionalism created new regulations which later formed the FTA (Fernandes, Kee, and Ozden 2020). RCEP brings together 15 members and together to overcome the COVID-19 pandemic with the task of restoring the member countries' and global economies by opening up domestic industry to international markets (siti masitoh, 2022).

*ASEAN - Korea Free trade Area*(AKDTA) (Increasing cooperation with Korea. ASEAN also created the ASEAN Economic Community (AEC), an initiative aimed at creating an optimal market for the ASEAN Region and increasing the country's competitiveness in the economic sector. Indonesia is required to adapt to the regulations implemented by implementing policies trade through the bilateral agreement AFTA and the Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA) and also formulating regulations for legal certainty and guarantees of justice for business actors. The regulations in question are Law No. 7 of 2014 and Law No. 36 of 2009 (Pebriansya & Gustini, 2022). Indonesian trade law regulations were created with the aim of regulating the Indonesian side's approval and security for imported goods, and regulating the policies that will be used by Indonesia but still taking into account foreign regulations. The need for ratification of the agreement from both parties to agree and benefit both parties can help the economy of other countries as well because each country will play an important role in international trade with commodities from the country of origin.

Indonesia is running the FTA Center Jakarta program with the aim of encouraging business actors to learn to develop business by collaborating between business actors, the Indonesian Government and several countries to carry out agreement to share knowledge of trading business management (Basuki, 2020). The Jakarta FTA Center program is a good way for Indonesian MSMEs to understand the Export and Import system needed to increase accessibility from local markets to international markets. The challenges currently facing the Indonesian FTA program are the lack of location for mentoring facilities, the lack of dissemination of knowledge, and obstacles for each MSME and the need for relationships to help implement the program.



Indonesia sends rice products to several countries such as Malaysia, the Philippines, East Leste and Papua New Guinea. trade in border countries such as Malaysia, by making an agreement to determine the regulations that both parties want to request. Such as the Border Crossing Agreement (BCA) and Border Trade Agreement (BTA) which regulate trade agreements between the two countries, and this agreement refers to the bilateral agreement in the border region of Indonesia and Malaysia. Agreements between countries can be formed according to the needs of each country. Like the BCA and BTA agreements, it opens up opportunities for the local market to easily trade between countries without incurring additional costs.

### **Obstacles in Determining Indonesian Trade Tariffs**

Indonesia's obstacles to maintaining the country's economic stability can be caused by many factors, problems with export permits or import permits, costs for carrying out trade, and finding trade cooperation partners. Trade constraints are a crucial problem considering that Indonesia is a developing country. Most of the state's income comes from international trade in domestically managed products. The scope is so large, of course problems, whether big or small, will continue to emerge, such as the illegal use of money when trading. This incident could occur due to the intention to evade authorities, be it tax or customs, and avoid administrative burdens. Strict supervision and reviewing historical customs data are important points for monitoring export and import activities (Ningrum et al., 2019, pp. 44-52). Lack of transparency in licensing, uncertain policies, restrictions on imported products by collaborating countries, obstacles faced when carrying out trade can come from anywhere, therefore assistance from the government is really needed. Export understanding training programs, financial assistance, financial consultation and assistance on international trade, and advocacy and protection are facilitated by the government so assistance like this could change the situation significantly. Determining solutions, especially trade tariffs, with differences in technical standards applied by export destination countries and international standards and Indonesia. This can hinder market access for Indonesian products and impose additional costs to meet the technical requirements set by the destination.

Goods that have been sent to a country must stop at the port because they have to go through an inspection system by Customs. World trade is dominated by the Global Value Chain (GVC), which is sensitive to costs and trade process delays, tariff reductions and *Non-tairff Measures* (policies on international trade). With the government pressuring factories and workers to stop their activities, tariff reductions were implemented to ease imports of products the country needs. Especially for needs such as medicines, WTO members agreed to eliminate tariffs on imports. In this way, member countries can stabilize their fiscal balance. Indonesia is hampered by bureaucracy, security, dependency and unhealthy competition in export and import activities (Akhmaddhian, 2016). So even though there are solutions that can be used, there will be times when certain situations will take a long time or require a lot of needs.

### **Impact of Export and Import Tariff Implementation on the Indonesian Economy**

The tax tariff imposed on consumers by the government is the main procedure in purchasing or sending goods abroad. However, you need to know that by means of purchasing goods, whether directly or via electronic or online means, there will be fees charged considering the state policy to apply tariffs for purchases from abroad. Indonesia's performance in handling the issue of tariff costs for logistics delivery does not look good, this could be due to limited transportation and the fragmentation of the goods delivery sector through ports which is a barrier for entrepreneurs to run their business. Coupled with regulations set by export destination countries such as Non-Tariff Barriers, which regulate protectionist policies, import quotas, and public procurement practices, the role of agreements from trading partners becomes a determinant of the completion of mutual agreements (Jinghan, 2000).

As an export entrepreneur, it is very crucial to develop your business. However, you need to remember that exports can also bring losses to entrepreneurs. Business management whose certainty can be proven can help simplify the data collection process according to regulations. Such as costs that must be covered for permits, shipping, security and taxes. Exports also do not necessarily produce profits for entrepreneurs because the percentage of product sales that can be said cannot be predicted so we will never know if the profits obtained are commensurate with the expenditure used for exports. Export tariffs can indeed help entrepreneurs in several ways, however, if entrepreneurs are not careful then they will suffer losses. Tariffs applied to local entrepreneurs will be detrimental to them because of the uncertainty of tariff charges. Behind the negative things about customs tariffs, there are also positive things that arise from the application of tariffs. Can protect domestic industry from competition from imported goods and increase the economic effectiveness of entrepreneurs due to the influence of the distribution of exported and imported goods. Agreements between exporters and export partners are key to entrepreneurs' profits because each country will have its own regulations governing export and import procedures (Mulyono Sri Hutomo, 2021).

### **The Impact of Dumping on the Tariff System and Indonesian Export Trade**

Dumping is a rampant problem in the world of international trade. Dumping is an international trading practice where exporters sell commodities to foreign markets at low prices or below the importer's market price. Dumping creates a situation where the price of goods is different in the foreign market, where the price is cheaper than the local market, thus damaging the economic competition in the local market. The rise of global competition in the industrial sector creates new problems for international trade. The state of the global market. In the midst of debate over trade competition, international organizations have a firm role in acting as mediators and trying to find a fair solution (Hudi, 2021). The WTO's role is to provide regulations that maintain market division for global business, negotiate international trade, and determine the resolution of disputes in international courts. Indonesia, as part of a member country, is always active in dealing with problems in the fields of industry and trade. Resolving disputes between countries, international organizations prioritize resolving disputes by

means of non-litigation, proposing mediation or negotiation with a profitable agreement. To confirm this intention, Indonesia took the initiative by ratifying trade regulations, by implementing these regulations into state law.

To fight dumping, Indonesia created a special government agency for domestic trade (KPPU). This agency monitors the market situation. If there are illegal business activities, the KPPU will act to prevent them. The legal basis for KPPU's actions is based on article 20 of Law no. 5 of 1999 which emphasizes the prohibition of monopolistic practices and unfair business competition. Remembering existing regulations, even though you have to apply external laws, it is necessary to focus on existing regulations to maintain the balance of regulatory effects (Akmaliya et al., 2023). KPPU is also tasked with imposing administrative sanctions, considering the imposition of special fees as regulated in Law No. 17 of 2006 and PP No. 34 of 2011 (Nugraha & Irman, 2014). Dumping constraints in Indonesia can be influenced by external and internal factors. External factors are caused by an excess supply of goods from exporting countries so that they sell them at low prices to export destination countries. Dumping can damage the national market and reduce state income. Indonesia's strategy in dealing with conflicts resulting from dumping can be said to be uncertain because every decision made must be fair to state law and pay attention to political and economic aspects.

### **Obstacles and Challenges of the Indonesian Export and Import Tariff System for International Trade**

So far, Indonesia has adhered to international trade regulations established by the world trade organization. However, for the benefit of doing business there are individuals who violate, in order to avoid existing regulations and maintaining strict security from the perspective of the role holder it seems difficult, but it needs to be emphasized that international trade regulations cannot be decided unilaterally. (Irhamil et al., 2022) For international trade actors, they are faced with many problems, both regarding issues of state regulation or agreements that have not been reached. It is hoped that state involvement will pave the way for an efficient solution, by providing direction for consideration of agreements. Every discussion of an agreement prioritizes the wishes of the parties involved, so each party can give their opinion, but still apply the applicable regulations to avoid fatal mistakes that can escalate problems (Puspitasari & Sulisty, 2022).

Maintaining a stable state in a large environment is indeed very troublesome. Products originating from small businesses become difficult to export (Wicaksana Prakasa & Supriyono, 2020). Indonesian MSMEs who want to export might think twice again. Don't forget that the risk of exporting without supervision will open up opportunities for crimes that target the security of the trading system. If there is a reduction in regulatory pressure that binds the regulations that are implemented, it could show a new perspective of Indonesian society and maintain Justice that is distributed evenly and the concept of regulations that are not sharp upwards and blunt downwards are important points of regulatory justice (Hariri, 2019). The state's task of increasing market access, empowering MSMEs, transparency and public participation makes it possible to help increase local market value.

Law No. 7 of 2014 directs a healthy trading process which prioritizes the laws of partner countries, guarantees security for traders and plays an honest, active role in the security of trade regulations. Indonesian trade law is specifically used to support national economic development by providing support in increasing the income of business actors and securing the local market system.

Facing dumping practices, the Indonesian state implements anti-dumping regulations that regulate import duties and international trade security measures. GATT has regulated dumping practices by creating anti-dumping agreements and regulating the establishment of rules and procedures to determine the existence and magnitude, losses incurred, and appropriate actions to deal with dumping and also facilitates the establishment of anti-dumping practices committees, which supervise the implementation of agreements, and facilities. consultant and dispute resolution. The Indonesian government can also try to increase import duties on imported goods that receive subsidies from its country and consult with exporting countries or related parties to find a peaceful solution and include applicable regulations at the national and international scope.

## CONCLUSION

Regulations established by international organizations may look strict from the outside but there are many possibilities that could threaten the trading system. There are many loopholes that individuals can use to monopolize trade in a country. The state as a supervisor of the market situation requires various points of view to identify each part of the international market and assist local market players to obtain the required knowledge. The WTO makes trade regulations through agreements between member countries, which are flexible to the needs and regulations required by a country, in order to anticipate future threats.

The state's commitment to maintaining its own market economic system is often colored by obstacles from the trade process. The increase in trade tariffs affects the activities of trading actors and dependence on partner countries becomes crucial. Negotiations between the parties to the agreement are a way to determine an agreement, although several countries need to be involved to alleviate problems. We need to consider the basic principles that form the basis for making trade regulations, regulations that have been in force in other countries, and international agreements such as GATT and AFTA, which use non-tariff and tariff systems, as well as policies provided by WTO regulations for countries to determine the right decision for their benefit.

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