

Problems with Policies Restricting Entry of Goods and Regulating Imports into Indonesia from Abroad

Ratna Pristiana Mulya¹, Ahmad Redi²

{ratna.pristiana@kemenkumham.go.id¹, redi.ahmad2010@gmail.com²}

Universitas Borobudur^{1,2}

Abstract. The policy of restricting incoming goods and regulating imports into Indonesia from abroad as regulated in the Minister of Trade Regulation (Permendag) Number 36 of 2023, raises miscellaneous problems that should be considered seriously. The article discusses the negative impact of this policy on the Indonesian economy, industry, and society. Issues that arise include rising prices of goods, disruption in the supply of raw materials, dependence on local markets, decreased product competitiveness, uncertainty among business actors, gaps between needs and local production, unfair treatment, and the inability of local industry to meet needs. These impacts can hurt economic stability, people's purchasing power, industrial growth, and the competitiveness of domestic products. The government needs to carry out a comprehensive evaluation of the implementation of this policy. If the negative impact is too large and not in line with the initial objectives of the policy, the government must be ready to revoke the policy. Factors such as public protests and resistance, adverse economic impacts, incapacity of local industry, disruption of raw material supplies, decreased product competitiveness, and investment uncertainty are the primary considerations in decision-making. Lifting ineffective and detrimental import restriction policies can help prevent further harm to the domestic economy and industry.

Keywords: Problematics, Policy, Luggage Restrictions, Import.

1 Introduction

Indonesia is the biggest archipelago country in the world. Indonesia has a very unique and strategic geographical position. It can be seen from Indonesia's geographical location between two oceans, namely the Indian Ocean and the Pacific Ocean. Indonesia's geographical location is at the same time between two continents, namely the Asian continent and the Australian/Oceanian continent. Even though it is not a destination country, due to its geographical location, Indonesia is the final transit point for waves of asylum seekers and refugees heading to the destination country, namely Australia. The presence of illegal immigrants will give rise to demographic (population) concerns related to socio-economic conflicts and is directly proportional to the crime rate.[1]

The policy of restricting goods entering Indonesia from abroad is important to regulate the flow of imports and safeguard domestic economic interests [2]. Minister of Trade Regulation (Permendag) Number 36 of 2023 concerning Import Policies and Regulations is the legal basis for regulating the import of goods into Indonesia. In this context, the regulation provides

guidelines and provisions that must be complied with by business actors and related parties in the process of importing goods into Indonesia.

One of the important aspects of the policy of restricting incoming goods is the establishment of regulations related to import duty rates, import quotas, technical provisions, and administrative requirements that must be fulfilled by importers.[3]. Minister of Trade Regulation Number 36 of 2023 provides a clear legal basis regarding this matter to control and regulate the flow of imported goods so that it is by government policy and national interests. [4] Apart from that, the policy of restricting incoming goods can also involve efforts to protect domestic industries by imposing certain restrictions or regulations on imported goods that compete directly with local products. This aims to protect domestic industry so that it can remain competitive and develop, as well as encourage domestic economic growth[5].

In the context of the policy of restricting goods entering Indonesia, several things that need to be considered include:

1. Import Duty Rates.

Minister of Trade Regulation Number 36 of 2023 stipulates import duty rates as one of the instruments to regulate the import of goods. Import duty rates can vary based on the type of goods, country of origin, or certain policies implemented by the government.

2. Import Quota.

The government can also set import quotas for certain types of goods to control the number of imports and maintain the foreign trade balance.

1. Technical and Administrative Requirements.

Importers are required to fulfill the technical and administrative requirements set by the government, such as product labels, quality standards, certification, and necessary import documents.

2. Protection of Domestic Industry.

The policy of restricting incoming goods can also be implemented to protect domestic industry from unfair competition with imported goods. It could include limiting the number of imports or implementing protective tariffs.

3. Law Enforcement.

The importance of law enforcement in the policy of restricting incoming goods to prevent illegal import practices, smuggling of goods, or violations of applicable import regulations.

With the policy of restricting goods entering Indonesia from abroad by Minister of Trade Regulation Number 36 of 2023, it is hoped that the flow of imports can be controlled, domestic industry is protected, and a trade balance that is profitable for the Indonesian economy is created. The government's role in supervising and regulating import policies is very important to maintain economic stability and support the growth of the domestic industrial sector[6].

Problems related to policies restricting incoming goods and regulating imports into Indonesia from abroad often receive negative attention from the public for several reasons which can include:

1. Impact on Consumer Prices.

One of the main problems that arises is the potential increase in prices of consumer goods due to restrictions or increases in import duties on imported goods. It can put pressure on people's purchasing power and make access to certain goods difficult.

2. Regulatory Uncertainty.

Changes in import policies that are inconsistent or not transparent can create uncertainty for business actors. Ambiguity in import regulations can hamper the import process, harm importers, and hamper economic growth.

3. Corruption and Abuse of Authority.

The complex import process and various administrative requirements can open up opportunities for corrupt practices and abuse of authority by irresponsible individuals. It can be detrimental to the country and society as a whole.

4. Impact on Industry and Employment.

Restricting certain imports or increasing import duties could hurt certain enterprises that depend on imported raw materials. It can cause domestic industry to decline, decrease production, and potentially harm employment.

5. Policy Imbalance.

Sometimes the policy of restricting incoming goods and regulating imports is not balanced between protecting domestic industry and consumer interests. This imbalance can result in market distortion and harm business actors and consumers.

6. Limited Access to Innovation.

Certain import restrictions can also hinder Indonesia's access to technology and innovation from abroad. It can hinder the development of the industrial sector and innovation in the country.

7. Impact on Bilateral Relations.

Policies restricting incoming goods and import regulations that are too strict can cause tensions with trading partner countries. It could disrupt bilateral relations and potentially harm trade cooperation between countries.

By understanding the problems associated with the policy of restricting incoming goods and regulating imports into Indonesia, the government is expected to be able to evaluate existing policies, increase transparency, reduce complicated bureaucracy, and ensure that the import policies implemented can provide balanced benefits for society, industry, and economy as a whole. With the many issues that arise, there are quite a few pros and cons related to the Minister of Trade Regulation (Permendag) Number 36 of 2023 concerning Import Policies and Regulations. It led to the cancellation of the regulation at the time this research was written (18/4/2024)[7].

The problem in this paper is what are the problems with the policy of restricting incoming goods and regulating imports into Indonesia from abroad after the ratification of the Minister of Trade Regulation (Permendag) Number 36 of 2023 concerning Import Policies and Regulations?

2 Method

2.1 Method

A descriptive analytical approach was employed in producing this applied paper. It involved utilizing data that provided clear descriptions of problems observed in the field, analyzing the data, and subsequently drawing conclusions to arrive at solutions for the problems identified.[8]. The data collection method is through observation and literature study to obtain solutions to problems in preparing this paper [9].

To align with our research objectives, we have categorized our research within the qualitative domain. As per Petrus Soerjowinoto et al., qualitative methods prioritize the researcher's comprehension of problem formulation to create a comprehensive and all-encompassing legal phenomenon.[10]

2.2 Approach

Normative juridical approach, applied to certain statutory regulations or written laws, relating to the Problematic Policy of Restricting Incoming Goods and Import Regulations into Indonesia from Abroad after the ratification of Minister of Trade Regulation (Permendag) Number 36 of 2023 concerning Import Policy and Regulation[8]. This research describes the situation of the object under study, namely focusing on the Problematic Policy of Restricting the Entry of Goods and Regulating Imports into Indonesia from Abroad after the ratification of Minister of Trade Regulation (Permendag) Number 36 of 2023 concerning Import Policies and Regulations in practice.

3 Result and Discussion

3.1 Problems with the Policy of Restricting Incoming Goods and Arranging Imports into Indonesia from Abroad after the ratification of Minister of Trade Regulation (Permendag) Number 36 of 2023 concerning Import Policies and Regulations

The policy of restricting incoming goods and regulating imports into Indonesia from abroad became a hot topic after the ratification of Minister of Trade Regulation (Permendag) Number 36 of 2023 concerning Import Policies and Regulations. This policy has a significant impact on international trade and the Indonesian economy as a whole.

Restrictions on incoming goods and import regulations are steps taken by the government to control the flow of imported goods entering Indonesia. This is done to protect domestic industry, increase the competitiveness of local products, and reduce dependence on imports. However, this kind of policy often raises pros and cons among the public and business actors.

One of the main reasons for the issuance of the policy of restricting incoming goods and regulating imports after the ratification of Minister of Trade Regulation Number 36 of 2023 is to protect domestic industry from unfair competition with imported products. By imposing import restrictions on certain goods, the government hopes to provide greater opportunities for domestic industry to grow and develop. Apart from that, this policy also aims to reduce Indonesia's trade balance deficit by controlling the amount of imported goods entering the country. By reducing imports of certain goods, it is hoped that it can improve the balance between exports and imports, thereby reducing pressure on the rupiah exchange rate and economic stability.

Although the aim of this policy is largely to protect the interests of domestic industry and improve trade balance, some negative impacts also need to be considered. Import restrictions can cause increases in prices of consumer goods, especially for goods that are not produced locally. This can put additional pressure on people's purchasing power and make access to certain goods difficult. Apart from that, import restriction policies can also create uncertainty among business actors, especially importers who depend on imports of certain

goods. The uncertainty of changing import regulations can hamper investment and economic growth in Indonesia. In the context of globalization, policies restricting incoming goods and regulating imports need to be implemented wisely and in a balanced manner. The government must conduct an in-depth study regarding the impact of this policy and consult with various stakeholders to ensure that the policy implemented can provide long-term benefits for the Indonesian economy without harming the community and business actors.

Several problems that could arise as a result of the Policy for Restricting Incoming Goods and Import Regulations into Indonesia from abroad after the ratification of Minister of Trade Regulation (Permendag) Number 36 of 2023 concerning Import Policies and Regulations include:

1. Increase in Goods Prices.
Import restrictions can cause price increases for certain goods because the supply of goods becomes more limited. It can hurt people's purchasing power, especially for necessities that are not produced locally.
2. Disruption of Raw Material Supply.
Domestic industries that depend on imported raw materials may experience supply disruptions if import restriction policies are implemented without careful planning. It can hamper the production and growth of domestic industry.
3. Dependence on the Local Market.
Import restrictions that are too tight could make Indonesia too dependent on local supplies, thereby increasing the risk of supply disruptions or price fluctuations in the local market.
4. Decrease in Product Competitiveness.
Unbalanced import restrictions can make domestic products less competitive with cheaper or better-quality imported products. This can harm domestic industry and make it difficult to compete in the global market.
5. Uncertainty among Business Actors.
Inconsistent or changing import restriction policies can create uncertainty among business actors. This uncertainty can hinder investment and economic growth.
6. Gap Between Needs and Local Production.
Restrictions on imports of certain goods can cause a gap between people's needs and local production. This can result in a scarcity of certain goods and make it difficult for people to access these goods.
7. Unfair Treatment.
Unfair or discriminatory import restriction policies can cause dissatisfaction among business actors, especially importers who feel they receive unequal treatment compared to domestic business actors.
8. Inability of Local Industry to Meet Needs.
Sometimes, the domestic industry is unable to meet all the needs of the domestic market. Import restrictions without taking into account the readiness of local industry can cause supply shortages and harm consumers.

By considering the various problems that could arise as a result of the policy of restricting incoming goods and regulating imports after the ratification of Minister of Trade Regulation Number 36 of 2023, the government needs to carry out an in-depth evaluation of this policy and pay attention to its various impacts as a whole before implementing further policies.

The problems that arise as a result of the Policy for Restricting Incoming Goods and Regulating Imports into Indonesia from abroad after the enactment of Regulation of the

Minister of Trade (Permendag) Number 36 of 2023 concerning Import Policies and Regulations can lead to government action to revoke the regulations that have been established if they have a negative impact is too great, and not in line with the initial objectives of the policy. Several reasons that could encourage the government to revoke this policy include:

1. **Public Protests and Resistance.**
If the import restriction policy causes massive protests and resistance from the public, especially from business actors and consumers, the government may consider revoking the policy to avoid greater social and political tensions.
2. **Bad Economic Impact.**
If the import restriction policy causes bad economic impacts, such as high inflation, decreased economic growth, or market instability, the government can take steps to revoke the policy to maintain the country's economic stability.
3. **Inability of Local Industry.**
If the domestic industry is unable to meet the needs of the domestic market due to import restrictions, the government may revoke the policy to avoid shortages of goods and public dissatisfaction.
4. **Disruption of Raw Material Supply.**
If the import restriction policy results in disruption of the supply of raw materials for domestic industry, thereby affecting production and competitiveness, the government can revoke the policy to support the smooth running of industrial production.
5. **Decrease in Product Competitiveness.**
If the import restriction policy makes domestic products less competitive, the government can revoke the policy to allow domestic industry to improve the quality and competitiveness of its products.
6. **Investment Uncertainty.**
If the import restriction policy creates uncertainty among business actors and discourages investment, the government may revoke the policy to create a more stable and investment-friendly business environment.

By taking into account the various negative impacts that may arise as a result of the policy of restricting incoming goods and regulating imports, the government needs to carry out continuous evaluations of the implementation of these policies. If there are indications that the policy is doing more harm than good, the government must be ready to take steps to revoke the policy to maintain economic stability and the sustainability of domestic industry.

The failure of the Indonesian government's policy of restricting luggage from abroad highlights several aspects that need to be considered in the future to prevent a similar problem from recurring. The government needs to conduct a more comprehensive impact analysis of the policy before implementing it. It includes considering the overall economic, social, and industry implications to avoid unintended negative effects. The government needs to consult with relevant stakeholders, including business actors, industry associations, economic experts, and the general public, before establishing import restriction policies. This approach can help in understanding multiple perspectives and minimize the risk of policy failure.

The government needs to ensure that the import restriction policies implemented are proportional and balanced with the objectives to be achieved. Measures that are too drastic or inappropriate to market conditions may result in adverse consequences. To reduce dependence on imports, the government needs to encourage increased competitiveness of local industry through various support policies, such as fiscal incentives, supporting infrastructure, and workforce training. This can help local industries to compete globally and meet domestic market needs.

The government needs to maintain transparency and accountability in the decision-making process regarding import policies. Providing clear information to the public regarding the reasons, objectives, and impacts of policies can build trust and support more effective policy implementation. By paying attention to the aspects above and learning from previous policy failures, the government can take wiser and more sustainable steps in regulating imported goods from abroad to support inclusive and sustainable economic growth.

4 Conclusion

The policy of restricting incoming goods and regulating imports into Indonesia from abroad as regulated in the Minister of Trade Regulation (Permendag) Number 36 of 2023 can give rise to various problems that need to be considered seriously. The impacts of this policy include increases in the price of goods, disruption in the supply of raw materials, dependence on local markets, decreased product competitiveness, uncertainty among business actors, gaps between needs and local production, unfair treatment, and the inability of local industry to meet needs.

These problems can damage economic stability, people's purchasing power, industrial growth, and the competitiveness of domestic products. Improper and unbalanced import restriction policies can result in public dissatisfaction, shortages of goods, inflation, and market instability. In this context, the government needs to carry out a comprehensive evaluation of the implementation of this policy. If the negative impact is too great and not in line with the initial objectives of the policy, the government must be prepared to take steps to revoke the policy. Factors such as public protests and resistance, adverse economic impacts, incapacity of local industry, disruption of raw material supplies, decreased product competitiveness, and investment uncertainty can be major considerations for the government in making decisions.

Lifting ineffective and detrimental import restriction policies can help prevent further harm to the domestic economy and industry. The government ought to ensure that the policies implemented support economic growth, maintain market stability, and improve the overall welfare of society.

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