

# **Anti-Dumping Committee's Strategy to Confront Dumping Practices: Indonesian Law and International Law Perspective**

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## **Abstract**

This study investigates the Indonesian Anti-Dumping Committee's role and legal efforts in addressing dumping practices within the context of Indonesia's membership in the World Trade Organization (WTO) and adherence to the General Agreement on Tariffs and Trade (GATT). Previous research has demonstrated the existence of dumping in imported polyester staple fiber products, leading to the committee's proposal of anti-dumping duties. The committee is responsible for receiving reports on alleged dumping and producing final reports. Despite these efforts, the study reveals an ongoing increase in dumping cases, causing significant social, psychological, and economic consequences for the country. The current institution dealing with dumping practices is considered inefficient and ineffective. To gain a comprehensive understanding of the issue, the research employs a sociolegal research method with a disciplinary approach, acknowledging that relying solely on normative law is insufficient to address dumping practices. In conclusion, this study aims to shed light



on the Indonesian Anti-Dumping Committee's role and its legal framework in countering dumping practices. The rising dumping cases and the perceived inefficiency of the existing institution are worrisome. By utilizing a sociolegal research method with a disciplinary approach, the study strives to offer a holistic understanding and potentially contribute to more effective solutions in combating dumping practices.

### **KEYWORDS**

*Dumping, KADI's Role, Legal Remedies, Anti-Dumping Committee*

## **Introduction**

The issue of dumping practices in international trade is a serious problem amidst business growth and competition<sup>1</sup>. Dumping practice is a business activity in the international scope. So as to protect the domestic market share, the role of institutions that handle dumping practices is needed. the institution authorized to take dumping policy is KADI<sup>2</sup>. Indonesia has bound itself as a member of the World Trade Organization (WTO), which was formed in 1995. In order to maintain parties in conducting international trade transactions<sup>3</sup>, Indonesia has the right to adopt and ratify the WTO Law, which has been ratified into Law No. 7 of 1994 concerning World Trade Agreements. Indonesia is obliged to comply with all policies set by the WTO and Agreement on the imposition of tariff fees, namely GATT (General Agreement on Tariff and Trade). refinement in resolving dumping practice disputes, by imposing anti-dumping tariff fees.

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<sup>1</sup> Satria Unggul Wicaksana Prakasa, "Perdagangan Internasional dan Ham: Relasinya dengan Sustainable Development," *Jurnal Hukum Novelty* 9, No. 1 (2018).

<sup>2</sup> Laili Sartini, "Perlindungan Hukum terhadap Industri dalam Negeri dari Praktik Dumping di Indonesia Menurut Hukum Positif Indonesia," *Thesis* (Mataram: Universitas Mataram, 2016).

<sup>3</sup> Nella Octaviany Siregar, "Regulasi Anti-Dumping dalam Hukum Perdagangan Internasional dan Penerapannya di Indonesia," *Justisi* 8, No. 1 (2022): 67–81.

The anti-dumping treatment stratum is considered effective in tackling the existence of dumping elements, the imposition anti-dumping is a reciprocal action in the form of imposing the burden of tariff payment obligations for exporting and importing countries.<sup>4</sup>

According to Tubagus Satria, the WTO policy concerning the protection of dumping practices serves as a safeguard against potential losses for parties engaged in global trade. Dumping activities are classified as such when proven to cause harm to cooperative relationships and lead to reduced prices from countries that have undergone testing and observation by authorized bodies.<sup>5</sup> Consequently, both the WTO-GATT and individual country authorities play vital roles in deciding and establishing suitable anti-dumping duty payment policies for each country involved in disputes related to political dumping.

Resa Feran, argues similarly that in the face of unhealthy global trade competition is through enforcing policies in the form of the imposition of anti-dumping duties, the determination of which does not merely accept the submission of the reported party who suspects dumping practices. Rather, the determination goes through several processes, by the Indonesian Anti-Dumping Committee (hereinafter as KADI) as an investigating body for reports of alleged dumping practices<sup>6</sup>.

In contrast to Hanna Tasya, 2020 states that the KADI authority is still not effective in resolving political dumping disputes, because in the process of restoring unfair competition it still has a policy of maintaining semi-

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<sup>4</sup> Ni Wayan et al., "Dumping dan Anti-Dumping sebagai Bentuk Unfair Trade Practice dalam Perdagangan Internasional," *Kertha Negara: Jurnal Ilmu Hukum* 2, No. 3 (2014): 1-5.

<sup>5</sup> Tubagus Satria Wibawa and Made Maharta Yasa, "Kebijakan Anti-Dumping World Trade Organization Sebagai Bentuk Tindakan Proteksi: Studi Kasus Bea Masuk Anti-Dumping Uni Eropa Kepada Impor Biodisel Indonesia," *Kertha Negara : Journal Ilmu Hukum* 7, No. 6 (2019): 1-12.

<sup>6</sup> Resa Feran, Jeany Anita Kermite, and Mercy M.M. Setlight, "Praktik Dumping dalam Perspektif Hukum Perdagangan Internasional di Indonesia," *Jurnal Lex Privatum* 10, No. 2 (2021).

finished products controlled by the importing country.<sup>7</sup> Therefore, this incident makes domestic entrepreneurs consider that this process is unfair and hampers domestic economic development which can cause losses to their domestic market share. Where KADI only sees from one side, namely imposing anti-dumping duties without taking firm action so that the country producing this semi-finished material product becomes a deterrent to act and compete unfairly.

Several cases can be taken in this political dumping case that has occurred in Indonesia. The dumping activities that occurred between Indonesia and China began when Indonesia ventured to import Polyester Straple Fiber (PSF) products to China with the aim of meeting domestic market targets. From this event, many local PSF entrepreneurs complained and experienced disruption. The reason was that the practice resulted in losses and unfair business competition. For example, the price of imports from China was cheaper than the price of local products, causing anxiety and the possibility of business bankruptcy. Through world trade law, the World Trade Organization (WTO) considers this an illegal violation that is not in accordance with the original purpose of developing the country's economic system. Whereas, the original purpose of global trade, is to help and support the welfare of domestic entrepreneurs from the economic field.

KADI's proposal on the dumping dispute between Indonesia and China is the imposition of anti-dumping duties (BMAD), because Chinese exporters are proven to commit fraudulent cooperation as evidenced by the percentage of dumping margins worth 11.94% by exporters: (1) Jiangjin Haile Chemical Fiber, (2) Hangzhou Fuxing Group, (3) Xiamen Xianglu chemical fiber company, (4) Yizhen Winning Chemical fiber, (5) Wuxi Dofine Group, (6) Jiaying Fuda Chemical Fiber Factory, (7) Zhaoqing Tifo New Fiber. KADI gave time for the seven exporters to provide answers to questionnaires and evidence, but in fact there was no response. So that

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<sup>7</sup> Hanna Tasya Zahrani, "Efektivitas Performa Komite Anti-Dumping Indonesia dalam Memberi Perlindungan Hukum pada Industri Lokal," *Jurnal Kepastian Hukum dan Keadilan* 2, No. 1 (2020): 77.

based on article 14 paragraph 2 of PP No. 34 of 1996, Chinese exporters can be subject to anti-dumping import duty (BMAD) liability<sup>8</sup>.

Export shipments of photocopy paper between Indonesia and Japan in 2012 have received dispute settlement. It was suspected that these two bilateral relations were practicing dumping. Thus, on May 10, 2012 the Japanese Ministry of Economy Trade and Industry (METI) received a complaint requesting the imposition of anti-dumping charges. Furthermore, at the end of June the complaint was processed by METI to proceed to the next stage. Since this case is a practice of alleged dumping of exported goods to Japan, the settlement used is through the international settlement role of the anti-dumping authority (OAD). This settlement process is through the mediation stage, this stage is in the form of: interviews or sending questionnaires, investigations. From the field results, the Anti-Dumping Authority (OAD) did not find evidence that the two countries between Indonesia and Japan practiced dumping. So in conclusion, OAD did not impose anti-dumping charges on photocopy paper products between Indonesia and Japan<sup>9</sup>.

Japan was officially declared dumping practices in mid-March 2013, this began when a representative of the domestic industrial company PT Krakatau Steel in 2011 made a complaint that there were Japanese steel products dumping. During the investigation process in the form of an interim report KADI proposed to the minister of trade to impose anti-dumping duties on Japan and other countries of 10-68% After passing the investigation process, the investigation examined, and observed the field. In

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<sup>8</sup> Agita Tarigan, Tri Cahyo Utomo, and Wiwik Widayati, "Peran Komite Anti-Dumping Indonesia (KADI) Menangani Praktik Dumping Perdagangan China-Indonesia (Studi Kasus Polyester Staple Fiber dari China Tahun 2009 – 2010)," *Journal of Politics and Government Studies* 2, No. 3 (2013).

<sup>9</sup> R. Aulia Annisa and Indra Pahawan, "Proses Penyelesaian Sengketa Dumping Ekspor Kertas Fotocopy Indonesia ke Jepang Tahun 2012," *Jurnal Online Mahasiswa (JOM)* 4, No. 2 (2017): 1–14.

the final report KADI decided to impose BMAD on imported Japanese steel products amounting to 27.6% to 68.4%<sup>10</sup>.

From the three Study Cases studied, it can be concluded that dumping practice is an unfair and unhealthy global business competition. Which causes psychological and social impacts for domestic industry entrepreneurs. So that this activity results in material losses. This urgency raises the research result that every global trade activity requires a special role of authority that prevents and confronts dumping politics. It is categorized as a dumping practice when the value or price of the goods has a difference in calculation from the determination of the dumping margin for each country. Indonesia itself deals with dumping through the role of the Indonesian Anti-Dumping Committee (KADI). Which, KADI has its own duties and authorities. Which is intended as an effort to prevent or reduce the loss of domestic business market competition. Through prevention, KADI has the right to propose the imposition of anti-dumping import duty (*Bea Masuk Anti-Dumping/BMAD*) to the ministry of trade. This imposition is not solely executed immediately, but is considered first through the provisions that are already contained in international law and regional laws that are in force.

Through a thorough analysis and review process, this research unveils previously unexplored updates. Notably, the settlement of political dumping disputes continues to witness a rise in new cases involving export and import goods. Surprisingly, entrepreneurs in each country still do not experience a deterrent effect. This inefficiency is attributed to the handling of the authorities, particularly the Indonesian Anti-Dumping Committee (KADI), which has proven ineffective and inefficient in resolving such cases.<sup>11</sup>

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<sup>10</sup> Diah Dini Wati and Yusnarida Eka Nizmi, "Motivasi Indonesia Menerapkan Kebijakan Anti-Dumping terhadap Impor Baja Cold Rolled Coil (CRC) Jepang Tahun 2013," *Jurnal Online Mahasiswa (JOM)* 2, No. 2 (2015): 1–11.

<sup>11</sup> Refly R. Umbas, "Analisis Yuridis Terhadap Kebijakan Antidumping," *Lex Crimen* 5, No. 7 (2016): 82–91.

The research raises intriguing questions for discussion, focusing on the formulation of two key problem statements: (1) What is the Indonesian Anti-Dumping Committee's role in addressing dumping practices? (2) How does the Indonesian Anti-Dumping Committee employ legal efforts to tackle dumping practices?

## Method

This research employs a sociolegal analysis method that comprehensively examines the process of law creation and the implementation of legal policies from various scientific perspectives. The sociolegal method approach draws upon a diverse range of disciplines within social science to study and apply legal concepts from multiple aspects.<sup>12</sup>

This research adopts an interdisciplinary approach, encompassing various sciences such as legal psychology, legal sociology, community culture, and legal history. These disciplines shed light on social conflicts encountered in legal research, enabling a comprehensive examination of emerging legal conflicts. The ultimate goal is to ensure protection and legal certainty, thereby safeguarding companies and promoting healthy and peaceful world trade. In this context, Indonesia plays a crucial role and implements legal efforts to address and manage dumping practices through its Indonesian Anti-Dumping Committee.<sup>13</sup>

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<sup>12</sup> Samian Samian and Satria Unggul Wicaksana Prakasa, "Analisis Politik Hukum Pengaruh Oligarki dan Budaya Korupsi di Kabupaten Bangkalan," *Media of Law and Sharia* 2, No. 4 (2021): 329–45.

<sup>13</sup> Herlambang Perdana Wiratraman and Widodo Dwi Putro, "Tantangan Metode Penelitian Interdisipliner dalam Pendidikan Hukum Indonesia," *Mimbar Hukum* 31, No. 3 (2019): 402–18.

## Result and Discussions

### The GATT Mechanism Regarding Dumping

As per Article VI of the GATT, dumping is classified as a practice that leads to losses, where the price of the goods in the market is significantly lower than the normal price, and there exists a cause-and-effect relationship. The consequences of dumping are evident in unrest and disruption within the country's industry and trade, especially for Indonesian domestic companies. These disputes in sales and purchase agreements are a clear violation of WTO principles laid out in Article III, Article II, and Article IX of the GATT. Consequently, the Indonesian government takes action against dumping practices by establishing an institutional authority to address them, namely the Indonesian Anti-Dumping Committee (KADI).

The rise of global competition in the industrial sector has created new problems. In the face of unfair business competition, the international trade law World Trade Organization (WTO) also has an important role for several countries that establish cooperation, into an international agreement<sup>14</sup>. The WTO also has functions in dealing with global trade, including (1) making provisions in the form of rules to protect the market share of global business competition, (2) negotiating certainty in global trade, (3) and determining and deciding dispute resolution in international courts.

International treaties hold significant importance as they provide binding agreements and protection on an international scale.<sup>15</sup> Indonesia, as one of these countries, actively engages in cooperation in the realms of industry and trade. In resolving disputes between nations, international

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<sup>14</sup> Daffa Maulana Saefinuha, "Peran WTO Terhadap Penyelesaian Sengketa Dagang Tuduhan Dumping Australia Terhadap Produk Ekspor Kertas Indonesia", *Thesis* (Bandung: Universitas Pasundan, 2022).

<sup>15</sup> Dewi Setyowati, Nurul Hudi, and Levina Yustitianiingtyas, "Tinjauan Yuridis Peraturan Perundang-Undangan Sebagai Ratifikasi Perjanjian Internasional," *Perspektif Hukum* 16, No. 2 (2016): 202.



organizations prioritize non-litigation settlement, favoring mediation or negotiation stages with mutual agreement, as stipulated in international treaties.<sup>16</sup> Yustitianiingtyas highlights that these international activities and practices contribute to the prosperity of societies.<sup>17</sup> In this context, Indonesia stands as an official member, obligated by international trade and industry relations. To adhere to these commitments, the Indonesian people take the initiative to ratify international trade regulations, effectively integrating them into their domestic laws.

The WTO or the law governing international trade is ratified in the provisions of Law No. 7 of 1994 concerning the Ratification of the Agreement on the Establishment of the World Trade Organization. So that this WTO gives trust and freedom for each country to form an institution that can be responsible and authorized in dealing with dumping practices, as long as the policy does not deviate from the provisions and objectives of international law. efforts and implementation of the goal to obtain legal certainty and can protect all incoming or outgoing business activities. So that it can create an atmosphere of cooperative relations between global trade in the form of imported goods and local companies that are fair and develop business for the advancement of the country's economy and the welfare of people's lives. Another studies, Pamungkas and Achmad explain that the general picture of people's welfare is fulfilled if the authorized institutions and apparatus provide a guarantee and responsibility for a society that can live properly and grow prosperously.<sup>18</sup>

The role of the WTO can also be categorized as a foundation for creating healthy world business competition, because the WTO holds the

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<sup>16</sup> Chamdani Asri Wijayanti, "The Utilization of Information and Communication Technology in Industrial Relations Disputes Resolution in Indonesia," *Journal of Positive School Psychology* 6, No. 2 (2022): 5862–5866.

<sup>17</sup> Levina Yustitianiingtyas, "Masyarakat dan Hukum Internasional (Tinjauan Yuridis Terhadap Perubahan-Perubahan Sosial dalam Masyarakat Internasional)," *Perspektif: Kajian Masalah Hukum dan Pembangunan* 20, No. 2 (2015): 90–100.

<sup>18</sup> Tareq Jati Pamungkas and Achmad Hariri, "Tanggung Jawab Negara dalam Pemenuhan Jaminan Sosial Persepektif Welfare State," *Media of Law and Sharia* 3, No. 3 (2022): 270–283.

principles that apply in the progress and welfare of the scope of trade. These principles include<sup>19</sup>:

1. The principle that does not differentiate treatment between one country and another (Most Favored Nation) with the principle of equal treatment of production goods (National Treatment).
2. The principle of reciprocity, what is meant in this principle is that each country that has established cooperation in international trade must get win-win benefits.
3. The principle of the absence of numerical barriers in conducting international trade.
4. The principle of fair trade, aims to get an even income.
5. The principle of tariff binding, this principle holds full discretion over the compliance of the agreed tariff rate.

From these five principles, it is evident that the WTO emphasizes the importance of fair competition without discrimination, mutual benefit (win-win), and preventing obstacles that may lead to losses driven by the pursuit of greater profits. To address these issues, the GATT international law holds the authority to impose duties and subsidies in the form of tariffs within the realm of world trade. This approach aims to ensure a level playing field and promote equitable economic relations among nations.

## **The Role of Indonesia's Anti-Dumping Committee in Countering Dumping Practices**

To address and combat suspected or confirmed dumping practices in the trade of supplied goods, the Indonesian government established a dedicated domestic trade institution, the Business Competition Supervisory Committee (KPPU). This institution plays a crucial role in anticipating the occurrence of dumping activities within Indonesia. Additionally, on a global

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<sup>19</sup> Rizmawati Darmawan and Irawati, "Penerapan Kebijakan Anti-Dumping WTO Sebagai Bentuk Tindakan Proteksi," *Jurnal Riset Ilmu Hukum* 1, No. 1 (2021): 32–38.

scale, the KPPU is connected to and plays a role in addressing alleged monopolistic practices, further contributing to fair and competitive trade practices.

The type of dumping faced by KPPU is predatory pricing. This type is a business practice that is prohibited by law, because it can lead to unfair business competition. By selling goods at a low price with the aim of eliminating or killing market competition. The provisions have been outlined in Article 20 of Law No. 5 Year 1999 on the Prohibition of Monopolistic Practices and Unfair Business Competition. Thus, as an institution that has the authority to handle this practice, KPPU carries out the task of imposing sanctions through the stage of analyzing, considering the imposition of customs fees that refer to the provisions of Law No. 17 of 2006 (Customs Law), and PP No. 34 of 2011 (PP Anti-dumping Measures). Thus, it can be concluded that the role of KPPU in dealing with dumping practices is very large. Because as a supervisory body against monopolistic activities or practices of business competition<sup>20</sup>. Although KADI and KPPU are related to each other in the fight against dumping practices, these two institutions also have different roles, including:

a. *Indonesian Anti-Dumping Committee (KADI):*

1. Its legal provisions are based on Minister of Trade Decree No. 427/MPP/Kep/10/2000 concerning KADI.
2. Carry out the task of investigating allegations of dumping or subsidized goods, Researching, observing, evidence at the request of the reporting industrial company; providing proposals for the imposition of BMAD to the Minister of Industry and Trade; preparing reports on the implementation of tasks to the Minister of Industry and Trade.
3. Authorized to arrange technical and administrative matters, examine and investigate cases suspected of dumping, propose

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<sup>20</sup> Rizki Tri Anugrah Bhakti, "Perlindungan Hukum Oleh Komisi Pengawas Persaingan Usaha (KPPU) dari Praktek Dumping Akibat Perdagangan Internasional," *Jurnal Cahaya Keadilan* 6, No. 1 (2018): 73.

temporary measures, review the imposition of BMAD, propose to continue or revoke the imposition of BMAD, issue decisions related to the imposition of BMAD.

4. The organizational structure includes Chairman of the Committee, Vice Chairman, Secretariat, Sub-Committee on Investigation of Dumping & Subsidy Evidence, Sub-Committee on Investigation of Loss Evidence.
5. Financing Charged to the Ministry of Industry and Trade.

*b. Competition Supervisory Commission (KPPU):*

1. The rule of law is based on Presidential Decree No. 75 of 1999 on KPPU.
2. Tasked with assessing contract clauses on monopolistic practices of goods, considering government policy suggestions, publishing and compiling guidelines related to the law, reporting the results of periodic reports or final results to the president and DPR.
3. Authorized to Receive reports on alleged monopolistic practices, Research, investigate, examine, conclude the results of the investigation, interrogate business actors Call and present witnesses, expert witnesses, or persons.
4. The organizational structure of KPPU consists of: Chairman and vice chairman concurrently become members, consisting of at least 7 members, Secretariat.
5. The financing of the case or cases is charged to the state budget.

It can be concluded that, the prominent differences between KADI and KPPU are from the duties, authority, organizational structure and cost of handling dumping cases.

## Legal Efforts of the Indonesian Anti-Dumping Committee to Handle Dumping Practices

Over time, the marketing of imported products has increased every year. This results in a wide variety of products that have the value and function of the needs and desires of the domestic market<sup>21</sup>. These needs cannot be separated from daily human activities<sup>22</sup>. But in reality, exporters who send imported goods to importing countries often commit fraud in the form of goods and price discrimination activities to gain profits. A dispute that often occurs in global trade is the practice of dumping.

According to economist, Djoko Hanantijo, the category of dumping practice, if it fulfils three elements, these elements include:

1. Imported goods that are marketed to other countries at lower than normal prices,
2. Such actions result in losses,
3. Has a binding cooperation relationship and is related to one another<sup>23</sup>.

The dictionary of international trade and the dictionary of economic law state that dumping practice is an international trade that sells production goods with a selling price value beyond the normal price traded in other countries<sup>24</sup>. The reason why countries do dumping practice is to develop market share which aims to meet the target through consumers, take market profit opportunities, seek opportunities for economic growth and welfare of the country<sup>25</sup>. In conclusion, dumping practice is a world

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<sup>21</sup> Wiwik Afidah and Anang Dony Irawan, "Perlindungan Konsumen Terkait Peredaran Produk Impor Tanpa Label Halal di Indonesia," *Jurnal Era Hukum* 19, no. 2 (2021): 265–82.

<sup>22</sup> Hasan Al Munir and Asri Wijayanti, "Eksistensi Alat Bukti Formal Dalam Perselisihan Hubungan Industrial," *Wijayakusuma Law Review* 2, no. 1 (2020): 38–43.

<sup>23</sup> Djoko Hanantijo, "Praktek "Dumping" Abstraksi," *Jurnal Mimbar Bumi Bengawan* 5, no. 11 (2012).

<sup>24</sup> Dewa Gede Pradnya Yustiawan, "Perlindungan Industri Dalam Negeri Dari Praktik Dumping," *Jurnal Analisis Hukum* 1, no. 1 (2018): 170.

<sup>25</sup> Iman Arnan, "Peranan Komite Anti-Dumping Indonesia dalam Pencegahan Praktik Dumping Terhadap Barang Impor" (Universitas Hasanuddin, 2014).

trade activity that connects between countries by cheating the value of selling prices through cooperation to realize personal interests and state income benefits.

According to economic experts, dumping practice is divided into 3 types, namely<sup>26</sup>:

1. Short-term dumping (sporadic dumping), aimed at depleting stocks of goods whose demand has declined. And there is no intention of taking the opportunity to drop the price of goods;
2. Persistent Dumping, where the sale of goods is carried out repeatedly without a certain period of time.
3. Predatory Dumping, a dumping practice that often occurs in international trade, which results in large losses for local products in the country, because basically this type of dumping aims to damage price competition and capital markets.

It is concluded that the three types of dumping practices do not all have bad impacts and objectives. Rather, it is aimed at realizing business competition with a certain period of time.

The impact of dumping from the social aspect is seen in the income of individual business income. Usually found in micro, small and medium enterprises (MSMEs). The journal explained that the role of MSMEs has an influence on increasing the country's economic growth<sup>27</sup>. The practice of dumping has an impact on local micro MSME companies, namely: The negative effect on domestic finished goods has decreased in sales, and has a positive impact because it has increased on semi-finished goods<sup>28</sup>.

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<sup>26</sup> Nita Anggraeni, "Dumping Dalam Perspektif Hukum Dagang Internasional dan Hukum Islam," *Mazahib: Jurnal Pemikiran Hukum Islam* 14, no. 2 (2015): 160–168,

<sup>27</sup> Agus Supriyo, Luluk Latifah, and Muridah Isnawati, "Pendampingan Legalitas Usaha Perlindungan Hukum Bagi UMKM di Mitra PCM Gunung Anyar Surabaya Hingga Penerbitan Nomor Induk Berusaha (NIB)," *Borobudur Journal on Legal Services* 4, no. 1 (2023): 44–52.

<sup>28</sup> Ikarini Dani Widiyanti, "Dampak Dumping terhadap Usaha Mikro Kecil Menengah (UMKM): Suatu Kajian dalam Perspektif Hukum Dagang Internasional," *QISTI: Jurnal Ilmu Hukum* 3, no. 4 (2009), <https://doi.org/http://dx.doi.org/10.31942/jqi.v3i4.586>.

The psychological impact of this practice is felt directly by several industrial companies. Because in fact, dumping practices have a nature that causes anxiety and disturbance to business competition that is international in scope. It can be fatal for the company to terminate the employment of employees and for the growth, development, competition, and revenue of the company.

In the implementation of regional law, international trade protection on dumping is regulated in the provisions of Law No. 7 Year 2014 on Trade. Precisely in article 67, it states that every trading business activity gets protection, security, and has the right to defence against alleged dumping practice activities. The defence factor of the trade rules is addressed to exporters or to goods exported to importing countries. To overcome the surge of imported goods that have indications of dumping, the government together with the Minister of Trade can take decisive action to impose or stop BMAD or countervailing measures with the aim of overcoming dumping of goods. Prior to the proposed imposition of BMAD tariffs, the KADI authority is authorized to conduct an investigation process. In the regulation of Government Regulation No. 34 Year 2011 on Anti-dumping Measures on the amendment of Government Regulation No. 34 Year 1996. The investigation stage can be dismissed if KADI finds that the dumping margin is less than 2% of the export price and or the volume of imported goods of one country is less than 3% and or less than 7% of the import volume of several countries. This statement has been outlined in the provisions of Article 6 Paragraph (2).

So that in the application of legal remedies, the Government of Indonesia in the face of political dumping is to establish the KADI institution. The authority has duties, authorities that have been outlined and regulated in the provisions of the Decree of the Minister of Industry and Trade Number: 427/MPP/Kep/2000 concerning KADI as outlined in article 2, article 3, article 4. Before conducting further task processes, KADI and its members who have the authority according to their respective fields, first

conduct investigative efforts on the application report made by local companies or entrepreneurs. The respondent's application must contain several documents that are completed, based on the provisions of Article 4 Paragraph (4) which states that the evidence is in the form of: (1) the existence of the alleged dumping goods, (2) what losses are obtained, (3) the existence of a causal link of this dumping activity. Investigation efforts are specifically regulated in the provisions of the Regulation of the Minister of Trade of the Republic of Indonesia Number: 53/M-DAG/PER/9/2013 concerning Procedures for Investigation in the Context of Imposition of Anti-Dumping Measures and Countervailing Measures. Article 23 Paragraph (4) explains that if during the investigation process dumping practices are found, and the activity is proven to have losses, KADI can propose to the Minister of Trade to impose or even extend the imposition of BMAD on exporters who market their imported goods to Indonesia.

The Indonesian government seeks to be able to handle and even attempt to reduce dumping assisted by KADI, such efforts include<sup>29</sup>:

1. The first effort can be done by socializing and educating exporters and importers to always pay attention to the policies and regulations that apply in each country, fostering related institutions on how to solve dumping problems, jointly reviewing the licensing of importing goods in each country.
2. Direct settlement, such as the imposition of anti-dumping duties for each country on the provisional application report or the final results of the investigation. This has been emphasized in the rules of GATT international law in Article IV Paragraph (2).
3. The application of international dispute settlement is generally required to be resolved through non-litigation or out-of-court settlement. Aiming to prevent unexpected things that can trigger new problems in the form of settlement of discrimination, violence, war,

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<sup>29</sup> Ucha Widya, "Kebijakan Negara Terhadap Dampak Dumping sebagai Praktik Dagang yang Tidak Sehat Bagi Negara Importir Menurut Ketentuan GATT/WTO" (Universitas Muhammadiyah Sumatera Utara, Medan, 2018).



or termination of cooperation, threatened in each respective state sovereignty or defense. So that the handling of dumping practice settlement can be done by mediation, negotiation, or arbitration<sup>30</sup>.

## Conclusion

Dumping, as an unfair competition activity, inflicts harm on the sociological, psychological, and economic aspects of a country. It encompasses various types, including domestic and foreign dumping, with Indonesia currently implementing measures to combat it. The World Trade Organization (WTO) upholds fair competition without discrimination, promoting mutual benefit and preventing losses stemming from profit-driven barriers. To address dumping, the GATT international law grants authority to impose duties and subsidies in the form of tariffs within the scope of world trade.

In handling dumping practices, Indonesia has entrusted the Indonesian Anti-Dumping Committee (KADI) and established the Business Competition Supervisory Committee (KPPU). The notable distinctions between KADI and KPPU relate to their respective duties, authorities, organizational structures, and handling costs for dumping cases. Legal efforts to safeguard business competition are established in international provisions, including the imposition of trade tariffs (GATT) and agreements under the World Trade Organization (WTO). Regional legal provisions in the form of laws, government regulations, and Ministry of Trade regulations also play a role.

The Indonesian government's approach to managing and reducing dumping through KADI includes: 1) conducting socialization and education for exporting and importing countries, fostering institutions related to

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<sup>30</sup> Putu Edgar Tanaya and Ida Ayu Sukihana, "Indikasi Praktik Dumping Menurut Ketentuan Perundangan Indonesia," *Kertha Negara: Jurnal Ilmu Hukum* 1, no. 3 (2013): 1–5.

dumping problem resolution; 2) direct settlement efforts; and 3) application of international dispute settlement mechanisms. These measures collectively aim to address and mitigate the impact of dumping on Indonesia's trade landscape.

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#### **DECLARATION OF CONFLICTING INTERESTS**

The Authors should declare are not conflict of interest for this publication

#### **FUNDING INFORMATION**

None

#### **ACKNOWLEDGMENT**

None

#### **HISTORY OF ARTICLE**

Submitted : November 23, 2022  
Revised : January 11, 2023; April 8, 2023  
Accepted : May 24, 2023  
Published : May 30, 2023