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**RESEARCH ARTICLE**

## **Economic Globalization in Protecting Domestic Products through Anti-Dumping Laws**

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**ABSTRACT**

Economic globalization has opened up wider international trade opportunities. However, on the other hand, globalization also brings potential threats to domestic industry, one of which is the practice of dumping. This research aims to analyze how economic globalization influences the effectiveness of Anti-Dumping Laws in protecting domestic products. This research uses normative juridical research methods. The data collection technique in this research is a literature study. The data that has been collected is then analyzed in three stages, namely data reduction, data presentation and drawing conclusions. The research results show that economic globalization can positively and negatively impact domestic products. One effort to protect domestic products from the negative impacts of globalization is to use anti-dumping laws. This law aims to protect domestic producers from dumping practices, namely selling imported products at prices lower than the market price in their country of origin. Dumping practices can harm domestic producers and threaten the sustainability of domestic industries. With anti-dumping laws, domestic producers can be protected from dumping practices and compete fairly with imported products. However, protecting domestic products through anti-dumping laws must be carried out wisely and without harm to consumers. Therefore, there needs to be a balance between protecting domestic products and consumer interests as well as healthy international trade.

**KEYWORDS**

Economic Globalization, Domestic Products, Anti-Dumping Law.

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### **1. Introduction**

Economic globalization is a phenomenon of economic mixing and the emergence of economic dependence between nations at the local, regional and even national levels. This occurs through intensive technological products, goods, services and capital movement. Economic globalization also involves the liberalization of trade and investment, allowing a freer flow of goods, services and capital between the countries involved (Rizkia & Rahmawati, 2021). Economic globalization has various significant benefits, one of which is expanding markets for producers and business people worldwide. Entrepreneurs can reach new consumers in various countries, directly increasing sales and economic growth. Globalization also facilitates the exchange of technology and knowledge between countries, which can encourage innovation and technological progress in various economic sectors. Increased access to global markets allows companies to utilize cheaper and more efficient resources, increasing production efficiency and overall competitiveness (Setyawan et al., 2021).

However, on the other hand, globalization also brings potential threats to domestic industry, one of which is the practice of dumping. Dumping is a trade practice that occurs when a country sells its products to another country at a price in a foreign market that is lower than the price in its domestic market or the price of its own production. This practice is considered unfair because it can harm domestic producers in import destination countries, disrupt healthy competition, and threaten the sustainability of domestic industry (Zakariya et al., 2023). Therefore, the government needs to take steps to protect domestic industry from dumping practices through various policies, including anti-dumping laws.

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Previous research by Sepiandi (2021) shows that anti-dumping regulations in Indonesia are currently regulated separately as a follow-up to the ratification of international trade conventions, which are harmonized through Law Number 7 of 1994 concerning Ratification of the Agreement Establishing the World Trade Organization. (World Trade Organization). However, Indonesia does not yet have specific laws regarding anti-dumping. In response to the anti-dumping policy implemented as part of the implementation of WTO ratification, Indonesia formed the Indonesian Anti-Dumping Commission (KADI) to harmonize related laws. Although several legislative reforms have been carried out, such as Law Number 10 of 1995 concerning Customs, which was amended by Law Number 17 of 2006, as well as the enactment of Government Regulation Number 34 of 2011 concerning Anti-Dumping Import Duties (BMAD) and Compulsory Import Duties. (BMI), these harmonization efforts still do not provide an adequate understanding of anti-dumping provisions.

Other research by Sood et al. (2024) shows that in overcoming the dumping problem, every importing country that feels disadvantaged by dumped products has the authority to impose countervailing tariffs as additional or antidumping revenue fees, as explained in Article IV section (2) GATT which states that "every country has the right to apply countervailing tariffs if there is evidence that the exporting country is selling its products at prices below the normal value which could be detrimental to the importing country". The antidumping acceptance fee imposed on imported products must not exceed the difference between the normal and export values, as regulated in Article 12 (1) and Article 19 of Law Number 10 of 1995. To comply with antidumping regulations, the government formed the Indonesian Anti-Dumping Committee to analyze imported products that are suspected of being dumped products. Apart from that, another committee's role is to assist domestic industry in dealing with dumping accusations from other countries.

This research can provide an understanding of the importance of government intervention in the form of anti-dumping laws to protect domestic producers from detrimental dumping practices. The theoretical implications also include understanding the importance of maintaining a balance between protecting domestic products, consumer interests, and the principles of fair international trade. This research aims to analyze how economic globalization influences the effectiveness of Anti-Dumping Laws in protecting domestic products.

## **2. Research Methods**

This research uses normative juridical research methods. The normative juridical research method is an approach based on the main legal material by examining theories, concepts, legal principles and statutory regulations related to research. This approach is also known as the bibliographic approach, namely by studying books, laws and regulations and other documents related to this research (Tan, 2021). The data collection technique in this research is a literature study. Data collection techniques in literature study research include several important steps, such as editing, organizing, and finding (Assyakurrohim et al., 2023). The data that has been collected is then analyzed in three stages, namely data reduction, data presentation and drawing conclusions.

## **3. Result and Discussion**

The World Trade Organization (WTO) is an international body that aims to regulate and facilitate a more liberal international trade system. Made up of various countries in the world, including Indonesia, the WTO has an important role in formulating basic rules for international trade. Through negotiations and trade commitments between its members, the WTO helps uphold fair trade principles and enforces legally binding rules in resolving trade disputes. Apart from that, the WTO also regulates aspects of trade in goods and services and protects intellectual property rights by having complex rules regarding this matter (Feran, 2022). One of the substantive rules that forms the basis of WTO law is the rules that deal with unfair trade practices, including dumping practices.

In general, dumping is done by selling products at lower prices in foreign markets to attract buyers while local prices remain normal or even higher. New goods are considered dumped goods if they meet three main criteria: there is a practice of dumping at a price less than fair value (LTFV - less than fair price), there is a loss (injury), and there is a causal relationship between dumping and the loss (causal link) (Christophorus, 2018). However, if dumping practices occur at prices below fair value but do not cause losses, the WTO does not prohibit this action.

The WTO does not issue a ban on dumping practices, meaning that the WTO does not explicitly prohibit dumping. However, the WTO has rules regulating how countries that feel disadvantaged by dumping practices can submit objections and set anti-dumping duties in accordance with the difference between the normal price and the dumping price, known as the dumping margin. Article 7 of the Anti-Dumping Agreement even provides the authority to take temporary measures for member countries that have been affected by dumping while an investigation is ongoing to prevent further losses. However, if, after investigation, it is not proven that dumping has occurred, the additional costs must be temporarily stopped and refunded. Applications to investigate suspected

dumping are usually submitted by parties who feel aggrieved by including supporting data about the existence of dumping and its impact on the industry. If an investigation is initiated by an authorized body, there must be written evidence showing the existence of the two things mentioned above submitted by interested parties in the investigation process (Anggraeni, 2015).

In Government Regulation Number 34 of 2011, to prove the dumping of a product, it is necessary to carry out an investigation by the Indonesian Anti-Dumping Committee (KADI). This investigation can be carried out based on a request from a certain party or on the initiative of KADI itself (Siregar, 2022). There are several other institutions involved in this process, one of which is the Directorate General of Tariffs and Customs at the Ministry of Finance, which is responsible for determining the percentage of import duties. Since 1996, there have been at least several investigation results, especially regarding goods suspected of being dumped in Indonesia. In the context of such cases, the parties involved are divided into the applicant and the defendant, with the judge coming from KADI. The final decision regarding the application of import duties is the authority of the Ministry of Finance (Santa, 2023).

In carrying out his duties, the Chair of the Anti-Dumping Committee (KADI) must be responsible to the Minister of Industry and Trade, as regulated in Articles 9 and 10 of Decree of the Minister of Industry and Trade Number 427/MPP/Kep/10/2000. Therefore, the Indonesian Anti-Dumping Committee (KADI) is under the coordination of the Ministry of Industry and Trade when carrying out its duties. KADI's role includes several things, including, if possible, using legal consultants who are experts in the field of anti-dumping, as well as carrying out studies on dumping activities as planned by the provisions of GATT (Article IV), which is implemented through Government Regulation Number 34 of 1996 concerning Anti-Dumping Import Duties and Compulsory Import Duties. So, with the formation of KADI, the government has an institution tasked with enforcing laws related to anti-dumping practices. KADI has the general goal of participating in achieving mutually beneficial and fair world trade rules. However, the specific aim is to protect all Indonesian producers from importing goods that are dumped or subsidized by exporting countries, especially unfair trade practices that can harm the domestic industry (Siregar, 2022).

Even though the Indonesian Anti-Dumping Committee (KADI) has carried out its duties appropriately, there are still shortcomings in its effectiveness. One of the contributing factors is that several administrative agencies involved in the investigation and determination process have not fully followed the stages that have been determined. In practice, not all KADI findings and analyses submitted to the Minister of Trade are followed up quickly; in fact, it often takes quite a long time to be forwarded to the Minister of Finance for the determination of anti-dumping import duties. Apart from that, the lack of knowledge and understanding among business actors in Indonesia regarding anti-dumping provisions is also an obstacle to the effective implementation of this anti-dumping law (Arnan, 2014).

After implementing a dumping strategy, the dumper has the option to continue selling at a low price or not, depending on the initial goal of the dumping policy. Although dumping policies are not approved by most member countries of the World Trade Organization (WTO), the WTO considers that selling at lower prices abroad is legal. Because there is no ban from the WTO, most countries have their own regulations to prevent dumping practices. These regulations generally include quota restrictions and tariff setting. In addition, countries also protect themselves from dumping through bilateral or regional trade agreements (OCBC, 2022). One of the Indonesian government's efforts to protect domestic products from the negative impacts of globalization is by using anti-dumping laws.

Antidumping measures are steps taken by the government to respond to dumping practices by implementing Antidumping Import Duties on goods indicated as dumped goods. Antidumping Import Duty is a form of Additional Import Duty imposed on the import of these goods (Syahyu, 2019). Regulations regarding antidumping actions in Indonesia are regulated in Government Regulation Number 34 of 2011, an implementing regulation of Law Number 10 of 1995 concerning Customs, which has undergone changes as regulated in Law Number 17 of 2006 (Feran, 2022).

Article 18 and Article 19 of Law Number 10 of 1995 regulate the application of anti-dumping duties on imported goods. Article 18 stipulates that an Antidumping Import Duty is imposed if the export price of the goods is lower than its normal value, and the import of the goods causes losses to domestic industries that produce similar goods, threatens domestic industries that produce similar goods or hinders the development of similar goods industries in the country domestic. Meanwhile, Article 19 confirms that Antidumping Import Duty is imposed equal to the difference between the normal value and the export price of the goods. Antidumping Import Duty is an addition to the Import Duty levied based on Article 12 paragraph (1). To prove the existence of dumping practices, an investigation was carried out by the Indonesian Anti-Dumping Committee (KADI) before the Anti-Dumping Import Duty was implemented (Kurnia, 2018).

Article 23D paragraph (1) of Law Number 17 of 2006 states that provisions regarding requirements and procedures for imposing anti-dumping import duties, countervailing import duties, security measures import duties and retaliatory import duties are further regulated through government regulations. The government regulation in question is Government Regulation Number 34 of 2011 concerning Antidumping, Compensation, and Trade Security Measures (PP 34/2011). Based on Article 1 number 1 PP 34/2011, Antidumping Actions are taken by the government by imposing Antidumping Import Duties on Dumped Goods.

This regulation is designed to maintain product price stability and create a healthy business environment for local producers. One way to ensure this is by setting the selling price of imported products in accordance with applicable regulations. Several countries such as China, Japan and Singapore have implemented dumping policies to reduce their product inventories so that they do not just sit in warehouses and can generate profits (OCBC, 2022). Dumping is a serious threat to domestic producers and the sustainability of the domestic industry as a whole by selling imported products at prices lower than the market price in their country of origin. This practice can harm local producers by creating injustice in market competition (Thian, 2021). However, with the existence of anti-dumping laws, domestic producers can be protected from the negative impacts of dumping practices. This law allows the government to implement appropriate measures to tackle dumping practices and maintain fairness in business competition.

Protection of domestic products through anti-dumping laws is an important step, but it needs to be done wisely so as not to harm consumers. A balance between protecting domestic products and consumer interests and healthy international trade needs to be maintained. This suggests that while the protection of domestic industry is important to maintain its sustainability, this should not be done at the expense of consumer welfare or undermining international trade relations. In implementing anti-dumping laws, the government needs to consider various factors, such as the impact on the price and availability of imported goods for consumers, as well as ensure that the actions taken are in accordance with applicable international trade rules. Therefore, efforts to protect domestic products must be carried out balanced and sustainably, considering the interests of all parties involved.

#### **4. Conclusion**

Economic globalization has a complex impact on domestic products, including positive and negative aspects. One strategy used to protect domestic products from the negative impacts of globalization is implementing anti-dumping laws. The purpose of this law is to protect domestic producers from dumping practices, where imported products are sold at prices lower than the market price in their country of origin. Dumping can have a detrimental impact on domestic producers and can threaten the continuity of domestic industry. With anti-dumping laws, domestic producers can be protected from dumping practices and compete fairly with imported products. However, it is important to implement protection for domestic products wisely and pay attention to consumer interests. A proper balance between the protection of domestic products, consumer interests, and healthy international trade needs to be maintained to achieve optimal results in economic globalization.

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