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A LEGAL ANALYSIS OF THE INFLUENCE OF INTERNATIONAL TRADE ON IMPORT RESTRICTION POLICIES IN INDONESIA

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ABSTRACT

This study examines how international trade dynamics influence Indonesia's import restriction policies, focusing on the Minister of Trade Regulation Number 36/2023 and its amendment, the Minister of Trade Regulation Number 8/2024. The research aims to analyze how global trade commitments, particularly WTO principles such as GATT Articles I and XI, shape Indonesia's regulatory framework; assess the economic and practical consequences of these restrictions for domestic industries and supply chains; and evaluate the balance between protectionism and trade liberalization, highlighting long-term implications for competitiveness and sovereignty. Using a normative juridical approach, the study reviews primary, secondary, and tertiary legal materials, including national legislation and international conventions such as WTO/GATT, AFTA, NAFTA, and ACFTA. Legal analysis is conducted qualitatively, focusing on trade regulations, licensing measures, and policy adaptations, complemented by doctrinal interpretation to construct a comprehensive understanding of the legal framework. Findings reveal that while the Minister of Trade Regulation Number 36/2023 sought to protect domestic industries and consumers, it disrupted supply chains and delayed shipments, imposing economic costs. Subsequent relaxations under the Minister of Trade Regulation Number 8/2024 and later reforms in 2025 improved efficiency and balanced deregulation with strategic safeguards. The study underscores the trade-off between short-term protectionism and long-term competitiveness, emphasizing the need for adaptive, transparent, and WTO-compliant policies. Insights from this research provide guidance for strengthening Indonesia's import regulations while maintaining compliance with international trade obligations.

1. Introduction

International trade refers to the exchange of goods and services across national borders. Over the past fifty years, global trade has expanded drastically, both in volume and complexity.¹ This rapid growth has been driven by increased cooperation among countries to reduce protectionist barriers and promote freer exchange of goods and services. As a vital component of globalization, international trade contributes significantly to domestic economic growth. It does so directly, by enabling more efficient resource allocation, and indirectly, by stimulating higher investment flows and technological development. By contrast, protectionist policies and trade barriers distort market mechanisms, reduce competitiveness, and hinder economic progress. To address these challenges, the World Trade Organization (WTO) was established in 1995 to promote free trade and strengthen the global trading system. The WTO plays a central role in encouraging liberalization, eliminating barriers, and maintaining a secure, transparent, and predictable international trade framework.²

Nevertheless, WTO regulations still allow member states to impose restrictions on imports through tariff schemes. In cases where governments apply non-tariff measures, certain conditions must be met to ensure compliance with international commitments. In Indonesia, import restrictions are governed by Law Number 7 of 2014 concerning Trade. The law stipulates that the government may restrict imports to support, accelerate, and protect the growth of domestic industries. Import restrictions may also be enacted to safeguard national security, public interests, and the health and safety of humans, animals, fish, plants, and the natural environment.³ In this way, trade policy serves not only as an economic instrument but also as a form of public protection.

One prominent example of this regulatory framework is the issuance of the Minister of Trade Regulation Number 36 of 2023, as amended by the Minister of Trade Regulation Number 3 of 2024 and the Minister of Trade Regulation Number 7 of 2024. These regulations impose stricter requirements on imports, including licensing procedures and technical regulations. The revisions also extend to goods brought by passengers traveling from abroad, tightening the rules governing consumer goods or souvenirs purchased outside Indonesia. Through these measures, the government seeks to curb excessive imports, reduce dependency on foreign products, and foster domestic production. Import restrictions may take the form of quotas, licensing requirements, or limitations on which parties are authorized to import specific goods.

The research gap arises from the limited analysis of how international trade dynamics shape Indonesia's import restriction policies. Existing studies tend to focus

¹ Chad P. Bown., Modern industrial policy and the World Trade Organization, *Annual Review of Economics*, Vol.16, no.1, 2024, page.245. See too, Muhammad Adnan Azzaki., Pengaruh perdagangan internasional, dan keterbukaan ekonomi terhadap indeks pembangunan manusia di negara-negara asean, *Jurnal Ekonomi Bisnis Dan Kewirausahaan*, Vol.10, no.2, 2021, page.154.

² Asif Qureshi., *The World Trade Organization: implementing international trade norms*, Oxford, Manchester University Press, 2022, page.272.

³ Jikun Huang, and Scott Rozelle., Trade Reform, the WTO and China's Food Economy in the Twenty-First Century, *Pacific Economic Review*, Vol.8, no.2, 2003, page.147.

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narrowly on case-specific issues, such as the regulation of bicycle imports, without considering the broader global trade environment and the pressures it creates.⁴ This study fills that gap by linking two theoretical perspectives: trade liberalization theory, which emphasizes openness and free exchange through institutions like the WTO, and protectionism theory, which highlights the role of governments in restricting imports to protect domestic industries, security, and sovereignty. By examining both perspectives, this research clarifies the balance Indonesia seeks to strike between global openness and national economic protection.

The regulations under the Minister of Trade Regulation Number 36/2023, Number 3/2024, and Number 7/2024 illustrate this balancing act. While liberalization promotes efficiency and growth, restrictive policies remain necessary to safeguard vulnerable sectors, maintain fair competition, and protect consumers. Prior scholarship has discussed international trade frameworks broadly but often neglects how Indonesia specifically adapts its domestic policies in response to global liberalization pressures and domestic needs. For example, Aggarwal and Evenett⁵ highlight the role of quantitative restrictions in shaping trade flows, while Ghodsi and Stehrer⁶ stress the importance of aligning domestic policy with global trade realities. Moreover, existing literature on Indonesia's import restrictions mostly examines sectoral impacts or theoretical aspects of protectionism but lacks a comprehensive analysis of how international trade dynamics, including WTO commitments, shape policy evolution under the Minister of Trade Regulation Number 36/2023 and its amendments.⁷ Studies on Non-Tariff Measures (NTMs) often discuss quality effects or economic cycles without addressing Indonesia's specific balance between liberalization and sovereignty.⁸ For example, previous works on trade reforms in developing economies do not consider the unintended disruptions to supply chains and manufacturing caused by strict licensing, which have become evident in recent critiques of Indonesian policies.⁹ Furthermore, analyses of WTO implications often remain general and lack case-based insights into responsive amendments such as the Minister of Trade Regulation Number 8/2024.¹⁰ This leaves a research gap in evaluating the long-term tensions between global trade pressures and domestic

⁴ Dian Wulandari, and Mas'adah Mas'adah., Implementasi Perubahan Kebijakan Dan Pengaturan Impor Pakaian Jadi Terhadap Produk Lokal (Studi Permendag Nomor 8 Tahun 2024), *Ekono Insentif*, Vol.18, no.2, 2024, page.86.

⁵ Vinod K. Aggarwal, and Simon J. Evenett., Do WTO rules preclude industrial policy? Evidence from the global economic crisis, *Business and politics*, Vol.16, no.4, 2014, page.484.

⁶ Mahdi Ghodsi, and Robert Stehrer., Non-tariff measures and the quality of imported products, *World Trade Review*, Vol.21, no.1, 2022, page.73. See too, Efi Fitriani., Pengaruh Perdagangan Internasional Terhadap Pertumbuhan Ekonomi Indonesia, *ISEI Economic Review*, Vol.3, no.2, 2019, page.63.

⁷ Chad P. Bown., Modern industrial policy and the World Trade Organization, *Annual Review of Economics*, Vol.16, no.1, 2024, page.246.

⁸ Alessandro Barattieri, Matteo Cacciatore, and Fabio Ghironi., Protectionism and the business cycle, *Journal of International Economics*, Vol.129, no.3, 2021; page.103417.

⁹ Fajgelbaum, Pablo D., Pinelopi K. Goldberg, Patrick J. Kennedy, and Amit K. Khandelwal., The return to protectionism, *The quarterly journal of economics*, Vol.135, no.1, 2020, page.14. See too, David J. Kuenzel., Non-tariff measures: What's tariffs got to do with it?, *Canadian Journal of Economics/Revue canadienne d'économique*, Vol.56, no.1 2023, page.143.

¹⁰ Gary Clyde Hufbauer, and Cathleen Cimino-Isaacs., How will TPP and TTIP Change the WTO System?, *Journal of international economic Law*, Vol.18, no.3, 2015, page.681.

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protection strategies.¹¹

This study, however, introduces a novel contribution by investigating the influence of international trade on Indonesia's specific implementation of import restrictions, demonstrating how protective measures are justified in the face of globalization. This paper contributes by integrating liberalization theory with protectionism, emphasizing the economic consequences of the Minister of Trade Regulation Number 36/2023, including port backlogs and industrial obstacles, while also examining the government's adaptive relaxations. It develops a nuanced framework for balancing free trade commitments with protective policies.¹² Unlike studies focused only on individual sectors, this research provides practical recommendations for aligning WTO norms with national priorities, thereby advancing the debate on trade sovereignty in emerging markets.

Therefore, this study addresses the main question: How does international trade shape Indonesia's import restriction policy? This study seeks to understand how international trade dynamics influence Indonesia's import restriction policies, particularly through the case of the Minister of Trade Regulation Number 36/2023 and its amendment the Minister of Trade Regulation Number 8/2024. The aims are threefold. First, to analyze how global trade commitments, especially WTO principles such as GATT Articles I and XI, shape the framework of Indonesia's import regulations. Second, to examine the economic and practical consequences of these restrictions for domestic industries and supply chains, including the government's adaptive relaxations. Third, to evaluate the balance between protectionism and trade liberalization, identifying long-term implications for competitiveness and sovereignty.

The significance of this research lies in its dual contribution. Theoretically, it deepens the understanding of the tension between trade liberalization and protectionism within the Indonesian context. It shows how international obligations under the WTO intersect with national regulatory frameworks, reflecting both compliance and resistance. Practically, the study provides insights and policy recommendations to strengthen import regulations, safeguard domestic industries, and protect consumers without undermining Indonesia's commitments to international trade.

2. Research Methods

This study is a normative juridical study, namely a scientific work based on bibliographic research and the examination of concepts, opinions, and findings related to the problem. Normative juridical research is used to explore, investigate, and examine the object of study through legal principles, both in national legislation and international conventions such as the General Agreement on Tariffs and Trade World Trade Organization (GATT-WTO), the ASEAN Free Trade Area (AFTA), the North American Free Trade Agreement (NAFTA), and the ASEAN-China Free Trade

¹¹ Anne Van Aaken, and Jürgen Kurtz., Beyond rational choice: international trade law and the behavioral political economy of protectionism, *Journal of international economic law*, Vol.22, no.4, 2019, page.610.

¹² Suhail Abboushi., Trade protectionism: reasons and outcomes, *Competitiveness Review: An International Business Journal*, Vol.20, no.5, 2010, page.384. See too, Dian Wulandari, and Mas'adah Mas'adah., Implementasi Perubahan Kebijakan Dan Pengaturan Impor Pakaian Jadi Terhadap Produk Lokal (Studi Permendag Nomor 8 Tahun 2024), *Ekono Insentif*, Vol.18, no.2, 2024, page.87.

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Area (ACFTA) in the trade sector.¹³

The normative juridical method is carried out by reviewing existing literature, including primary, secondary, and tertiary legal materials that discuss the role of law in addressing criminal acts such as fraud through social media. Primary legal materials are derived from statutory regulations and relevant international conventions. In this research, the analysis focuses on various regulations in the field of trade in Indonesia and international conventions related to trade liberalization. These include Law Number 7 of 1994 concerning the Agreement Establishing the WTO/GATT, Minister of Trade Regulation Number 7 of 2024 (Second Amendment to Minister of Trade Regulation Number 36 of 2023 on Import Policies and Arrangements), Minister of Trade Regulation Number 25 of 2022 (Amendments to Minister of Trade Regulation Number 20 of 2021 on Import Policies and Arrangements), and Minister of Trade Regulation Number 3 of 2024 (Amendments to Minister of Trade Regulation Number 36 of 2023 on Import Policies and Arrangements).

Secondary legal materials explain and support the primary legal materials. These consist of doctrines, expert opinions found in legal books and scholarly papers, academic articles, electronic documents, and legal studies that provide interpretation and deeper understanding of the primary sources. Tertiary legal materials complement the primary and secondary materials, including legal dictionaries, the great dictionary of the Indonesian language, and encyclopedias.

The collected data is analyzed using a normative qualitative approach, providing a comprehensive description of the problem under study, particularly regarding trade regulations supported by primary legal sources. The analysis begins with juridical examination of national legislation related to international trade and business competition, as well as international conventions such as the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs-WTO). The obtained materials were then systematically compiled, grouped, and analyzed to facilitate the interpretation process. Next, legal construction was applied to transform the research findings into a comprehensive legal understanding, which was ultimately used as the basis for drawing research conclusions.

3. Result and Discussion

3.1. WTO Principles and Global Trade Commitments on Import Policies

Globalization through free market activities or free trade can generate both profits and losses.¹⁴ For developed countries with already stable and even advancing economies, globalization tends to have a positive impact, as it expands market access and stimulates economic growth. However, for countries whose economies are not yet stable and are still in the development stage, globalization can have negative consequences, as domestic products may struggle to compete with those

¹³ Bambang Sunggono., *Metodologi Penelitian Hukum*, Jakarta, Raja Grafindo Persada, 2001, page.25. See too, Soerjono Soekanto dan Sri Mamudji., *Penelitian Hukum Normatif Suatu Tinjauan Singkat*, Jakarta, PT Raja Grafindo Persada, 2009, page.14.

¹⁴ Aliya Azzahra Bachri, Delviana Pasaribu, Zaskya Nailalhusna, and Rinandita Wikansari., *Dampak Kebijakan Larangan Impor Pakaian Bekas (Thrift) terhadap Industri Tekstil Lokal di Indonesia*, *Jurnal Ilmiah Ekonomi, Manajemen, Bisnis Dan Akuntansi*, Vol.2, no.1, 2025, page.712.

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from more developed nations.¹⁵ To protect global economic stability, international organizations in the trade sector were established, most notably the World Trade Organization.

The WTO is an international organization established on January 1, 1995, under the Marrakesh Agreement as the successor to the General Agreement on Tariffs and Trade (GATT). Its primary objective is to promote fair competition in international trade through binding multilateral rules. Philosophically, the WTO seeks to improve living standards, generate employment, increase production and trade, and ensure the efficient use of global resources.¹⁶ To achieve these objectives, every member state is required to align its national trade regulations with WTO principles. One of the most fundamental provisions, inherited from GATT, is contained in Article XI, which prohibits members from implementing trade regulations that distort competition. Trade regulations must rely on transparent and non-discriminatory tariff mechanisms, as non-tariff measures, such as licensing requirements or quota restrictions, can distort trade, limit market access, and undermine the spirit of fair competition.

In this context, Indonesia's Ministry of Trade Regulation Number 36/2023 raises concerns because it introduces various NTM instruments, particularly import licensing requirements and restrictions on certain goods. While intended to protect domestic industries, such measures can be perceived as contravening Article XI of GATT/WTO, as they effectively restrict imports beyond what is permissible under tariff regulation.¹⁷ This situation illustrates potential conflicts between Indonesia's domestic policies and international obligations. Consequently, the implementation of the Minister of Trade Regulation Number 36/2023 highlights the tension between national economic interests and multilateral commitments under the WTO framework. If not harmonized, Indonesia risks trade disputes or retaliatory measures from other WTO members, emphasizing the importance of aligning domestic trade regulations with international trade law.

One WTO provision requires member states to conduct trade in a non-discriminatory manner, as regulated in Article I, paragraph 1 of the General Agreement on Tariffs and Trade 1994, which states:

"...any advantage, favour, privilege or immunity granted by any contracting party to any product originating in or designated for any other country shall be accorded immediately and unconditionally to the like product originating in or designated for the territories of all other contracting parties."¹⁸

¹⁵ Dian Wulandari, and Mas'adah Mas'adah., Implementasi Perubahan Kebijakan Dan Pengaturan Impor Pakaian Jadi Terhadap Produk Lokal (Studi Permendag Nomor 8 Tahun 2024), *Ekono Insentif*, Vol.18, no.2, 2024, page.88.

¹⁶ Cristhophorus Barutu., *Seni Bersengketa di WTO (Diplomasi dari Pendekatan Mekanisme Penyelesaian Sengketa WTO Dilengkapi Contoh dan Analisa Beberapa Kasus Sengketa antara Indonesia dengan Beberapa Mitra Dagang Anggota WTO)*, Bandung, PT. Citra Aditya Bakti, 2015, page.24.

¹⁷ A. K. Syahmin, and Fidelia Syahmin., Analisis Tentang Tobacco Plainpackaging Act in Australia dan Implikasinya Terhadap Perdagangan Internasional Indonesia, *Simbur Cahaya*, Vol.24, no.3, 2017, page.4880.

¹⁸ Chad P. Bown., Modern industrial policy and the World Trade Organization, *Annual Review of Economics*, Vol.16, no.1, 2024, page.248.

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This provision establishes two foundational principles of non-discrimination: the Most Favored Nation principle, which requires equal treatment of imports from any country, and the National Treatment principle, which mandates that domestic products be treated the same as imported products. In addition to prohibiting discriminatory trade policies, the WTO also forbids limitations on trade, including import, export, and distribution restrictions within domestic markets. Article XI, paragraph 1 of GATT states:

"No prohibition or restriction other than duties, taxes, or other charges, whether made effective through quotas, import or export licenses or other measures, shall be instituted or maintained by any contracting party on the importation of any product of the territory of any other contracting party or on the exportation or sale for export of any product destined for the territory of any other contracting party."¹⁹

These provisions collectively aim to ensure that international trade proceeds fairly, balancing the interests of domestic markets with the commitments of multilateral trade agreements. Indonesia's import restriction policies, exemplified by the Regulation of the Minister of Trade Number 36/2023 and its subsequent amendments, represent a critical intersection between domestic protectionist imperatives and global trade liberalization commitments under the World Trade Organization (WTO). As a founding member of the WTO since 1995, Indonesia is bound by multilateral rules aimed at fostering fair competition, reducing trade barriers, and ensuring transparency in international commerce.²⁰ This section analyzes how WTO principles, particularly those enshrined in the General Agreement on Tariffs and Trade Articles I and XI, have shaped the formulation, implementation, and evolution of the Minister of Trade Regulation Number 36/2023.

This provision emphasizes that non-tariff measures must not undermine free trade, as they can lead to a lack of transparency and stifle competition.²¹ Similarly, GATT Article I enshrines the Most Favored Nation principle, mandating non-discriminatory treatment: any advantage granted to one country's products must extend unconditionally to like products from all WTO members.²² These principles compel member states like Indonesia to align domestic regulations with global standards, promoting efficiency through specialization and comparative advantage while mitigating mercantilist views that prioritize exports over imports.²³

¹⁹ John W. Evans., The general agreement on tariffs and trade, *International Organization*, Vol.22, no.1, 1968, page.83.

²⁰ Crithophorus Barutu., *Seni Bersengketa di WTO (Diplomasi dari Pendekatan Mekanisme Penyelesaian Sengketa WTO Dilengkapi Contoh dan Analisa Beberapa Kasus Sengketa antara Indonesia dengan Beberapa Mitra Dagang Anggota WTO)*, Bandung, PT. Citra Aditya Bakti, 2015, page.25.

²¹ Kementerian Keuangan Republik Indonesia., Pemerintah membatasi impor hanya untuk komoditas dan proyek tertentu, *Kementerian Keuangan Republik Indonesia*, 2024.

²² Chad P. Bown., Modern industrial policy and the World Trade Organization, *Annual Review of Economics*, Vol.16, no.1, 2024, page.249.

²³ This provision explains that import restrictions are only permissible in the form of customs duties, taxes, or other tariff-based levies, while non-tariff measures (NTMs) such as quotas or import licensing are prohibited. NTMs often lack transparency, which can distort competition between goods. See, Kementerian Keuangan Republik Indonesia., Pemerintah membatasi impor hanya untuk komoditas dan proyek tertentu, *Kementerian Keuangan Republik Indonesia*, 2024. WTO member

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The Minister of Trade Regulation Number 36/2023, effective from March 10, 2024, introduced stringent NTMs, including mandatory import approvals, technical considerations, and surveyor reports for commodities such as electronics, textiles, chemicals, and steel. These measures aimed to protect domestic industries, consumer health, and national security, as justified under Indonesia's Law Number 7/2014 on Trade, which allows restrictions to build local industry and safeguard public interests.²⁴ However, the regulation's licensing schemes and quotas on certain goods raised concerns of misalignment with GATT Article XI, as they effectively limited import volumes beyond permissible tariffs, potentially distorting market access.²⁵ For instance, the requirement for technical considerations from technical agencies like the Ministry of Industry created bureaucratic hurdles, echoing NTMs that the WTO scrutinizes for discriminatory effects.²⁶ This reflects Indonesia's obligation to incorporate WTO rules into its legal framework, as ratified by Law Number 7/1994, which upholds GATT principles.²⁷

Theoretical tensions between protectionism and WTO-driven liberalization are evident in the Minister of Trade Regulation Number 36/2023's design. Protectionism, defined as government policies hindering international trade to shield domestic actors through barriers like tariffs, quotas, and subsidies, offers short-term benefits such as protecting industries from foreign competition and fostering domestic

countries are obliged to maintain transparency in their trade policies to facilitate business activities and ensure fair competition. The World Trade Organization (WTO) plays a crucial role in enforcing international trade rules established under agreements like the Uruguay Round and GATT. By placing all members on an equal footing, the WTO exposes developing countries, including Indonesia, to highly competitive global markets. While trade liberalization presents challenges in balancing domestic protection with international commitments, Indonesia, as a founding WTO member, ratified the WTO Agreement through Law No. 7 of 1994. Under the WTO framework, Indonesia has the right to access foreign markets, utilize member states' market power for imports, and leverage market access for investment. At the same time, Indonesia must implement WTO principles within its national legal system to support economic development. Although WTO promotes fair trade, economic inequality persists, and globalization primarily benefits countries prepared for competition. The government must therefore design policies that protect domestic industries while allowing market actors the flexibility to make business decisions. See too, Abdullah William Rasyidin, Christy Damayanti, and Halifa Haqqi., Peran World Trade Organization (WTO) Sebagai Basis Kerja Sama Perdagangan Indonesia Pada Asean Free Trade Area (AFTA), *Transformasi* Vol.1, no.30, 2016, page.135; Alessandro Barattieri, Matteo Cacciatore, and Fabio Ghironi., Protectionism and the business cycle, *Journal of International Economics*, Vol.129, no.3, 2021; page.103417.

²⁴ Vinod K. Aggarwal, and Simon J. Evenett., Do WTO rules preclude industrial policy? Evidence from the global economic crisis, *Business and politics*, Vol.16, no.4, 2014, page.486.

²⁵ A. K. Syahmin, and Fidelia Syahmin., Analisis Tentang Tobacco Plainpackaging Act in Australia dan Implikasinya Terhadap Perdagangan Internasional Indonesia, *Simbur Cahaya*, Vol.24, no.3, 2017, page.4882.

²⁶ Gary Clyde Hufbauer, and Cathleen Cimino-Isaacs., How will TPP and TTIP Change the WTO System?, *Journal of international economic Law*, Vol.18, no.3, 2015, page.682.

²⁷ Abdullah William Rasyidin, Christy Damayanti, and Halifa Haqqi., Peran World Trade Organization (Wto) Sebagai Basis Kerja Sama Perdagangan Indonesia Pada Asean Free Trade Area (AFTA), *Transformasi* Vol.1, no.30, 2016, page.136. See too, Fitri Kartiasih, and Adi Setiawan., Aplikasi error correction mechanism dalam analisis dampak pertumbuhan ekonomi, konsumsi energi dan perdagangan internasional terhadap emisi CO2 di Indonesia, *Media Statistika*, Vol.13, no.1, 2020, page.109.

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investment.²⁸ Positive outcomes include job creation in sectors like manufacturing.²⁹ Yet, as highlighted in the provided text, protectionism can harm societal welfare in the long term by hindering competitiveness and reducing production quality.³⁰ In contrast, WTO principles advocate liberalization, viewing international trade as a win-win through efficiency gains from resource diversity, economies of scale, and specialization.³¹ The text notes that while mercantilism sees imports as losses, modern economics emphasizes mutual benefits, as seen in Indonesia's potential gains from importing efficient goods like Japanese cars at lower costs than domestic substitutes.

These contrasts manifest in the Minister of Trade Regulation Number 36/2023's implementation, where protective NTMs clashed with liberalization goals. The regulation's health, safety, and environmental requirements aligned with WTO-sanctioned safeguards, strengthening consumer trust and product quality.³² However, stringent processes led to unintended consequences, such as supply chain delays and higher costs, fostering inefficiency as industries relied on protection rather than innovation.³³ This exposed Indonesia to WTO dispute risks if deemed discriminatory, as excessive NTMs can trigger retaliatory measures.³⁴ The text underscores that while NTMs balance consumer protection, their effectiveness hinges on transparency and enforcement, often debated in terms of domestic vs. international impacts.³⁵

²⁸ Anne Van Aaken, and Jürgen Kurtz., Beyond rational choice: international trade law and the behavioral political economy of protectionism, *Journal of international economic law*, Vol.22, no.4, 2019, page.611. See too, Terrie Walmsley, and Anna Strutt., A comparison of approaches to modelling non-tariff measures, *Journal of Global Economic Analysis*, Vol.6, no.1, 2021, page.24.

²⁹ R. W. McGee., An economic analysis of protectionism in the United States with implications for international trade in Europe, *Geo.Wash. J. Int'l L. & Econ*, Vol.26, no.3, 1992, page.542.

³⁰ Suhail Abboushi., Trade protectionism: reasons and outcomes, *Competitiveness Review: An International Business Journal*, Vol.20, no.5, 2010, page.387. See too, Kyle Bagwell, and Robert W. Staiger., A theory of managed trade, *National Bureau of Economic Research*, Vol.3, no.2, 1988, page.23.

³¹ Tullio Gregori., Protectionism and international trade: A long-run view, *International Economics*, Vol.165, no.14, 2021, page.7.

³² Fajgelbaum, Pablo D., Pinelopi K. Goldberg, Patrick J. Kennedy, and Amit K. Khandelwal., The return to protectionism, *The quarterly journal of economics*, Vol.135, no.1, 2020, page.15.

³³ Anne Van Aaken, and Jürgen Kurtz., Beyond rational choice: international trade law and the behavioral political economy of protectionism, *Journal of international economic law*, Vol.22, no.4, 2019, page.612.

³⁴ Gary Clyde Hufbauer, and Cathleen Cimino-Isaacs., How will TPP and TTIP Change the WTO System?, *Journal of international economic Law*, Vol.18, no.3, 2015, page.684.

³⁵ David J. Kuenzel., Non-tariff measures: What's tariffs got to do with it?, *Canadian Journal of Economics/Revue canadienne d'économique*, Vol.56, no.1 2023, page.145.

Table 1. Comparison of Indonesian import frameworks

Aspect	Pre-WTO (Before 1994)	Post-WTO (1995 Onward, Including the Minister of Trade Regulation Number 36/2023)
Primary Focus	Heavy protectionism via tariffs and quotas to shield nascent industries (e.g., under mercantilist influences).	Shift toward liberalization, but with justified NTMs for security and health; e.g., Law Number 7/2014 allows restrictions aligned with GATT exceptions ³⁶
Licensing & Quotas	Broad, opaque restrictions without international scrutiny; e.g., unlimited agency involvement.	Transparent but stringent; the Minister of Trade Regulation Number 36/2023 mandates import agreement and technical considerations, risking Article XI violations, but amendments enhance flexibility ³⁷
Agency Involvement	Limited coordination; fewer than 10 agencies.	Over 20 agencies (e.g., Ministry of Trade, BPOM) issue permits; customs enforce post-border ³⁸
Economic Impact	Isolated markets, high domestic costs.	Efficiency gains but disruptions; e.g., 2024 backlogs from NTMs ³⁹
WTO Alignment	N/A; pre-ratification.	Partial; obligations to avoid discriminatory NTMs, with risks of disputes. ⁴⁰

Table 1 highlights Indonesia's adaptation: pre-WTO policies were insular, while post-WTO efforts, like the Minister of Trade Regulation Number 36/2023, attempt balance but reveal gaps. Regulatory changes further demonstrate WTO influence. Initial enforcement of the Minister of Trade Regulation Number 36/2023 caused significant disruptions, with 17,304 containers stuck at Tanjung Priok Port and 9,111 at Tanjung Perak by mid-2024, totaling over 26,000 nationwide, due to missing import agreement or technical considerations for commodities like steel and electronics.⁴¹ These backlogs hampered manufacturing supply chains, as raw materials unavailable domestically were delayed, echoing protectionism's negative welfare effects.⁴² Associations like Aprisindo and Hippindo reported 3-6 month re-verification delays.⁴³

Regulatory adjustments reflect WTO pressures. The Minister of Trade Regulation

³⁶ Abdullah William Rasyidin, Christy Damayanti, and Halifa Haqqi., Peran World Trade Organization (WTO) Sebagai Basis Kerja Sama Perdagangan Indonesia Pada Asean Free Trade Area (AFTA), *Transformasi* Vol.1, no.30, 2016, page.137.

³⁷ Mahdi Ghodsi, and Robert Stehrer., Non-tariff measures and the quality of imported products, *World Trade Review*, Vol.21, no.1, 2022, page.77.

³⁸ Vinod K. Aggarwal, and Simon J. Evenett., Do WTO rules preclude industrial policy? Evidence from the global economic crisis, *Business and politics*, Vol.16, no.4, 2014, page.490.

³⁹ Aliya Azzahra Bachri, Delviana Pasaribu, Zaskya Nailalhusna, and Rinandita Wikansari., Dampak Kebijakan Larangan Impor Pakaian Bekas (Thrift) terhadap Industri Tekstil Lokal di Indonesia, *Jurnal Ilmiah Ekonomi, Manajemen, Bisnis Dan Akuntansi*, Vol.2, no.1, 2025, page.723.

⁴⁰ Chad P. Bown., Modern industrial policy and the World Trade Organization, *Annual Review of Economics*, Vol.16, no.1, 2024, page.257.

⁴¹ Hilmi Rahman Ibrahim, and Hamka Halkam., *Perdagangan Internasional & Strategi Pengendalian Impor*, Jakarta, Lembaga Penerbitan Universitas Nasional, 2021, page.39.

⁴² Suhail Abboushi., Trade protectionism: reasons and outcomes, *Competitiveness Review: An International Business Journal*, Vol.20, no.5, 2010, page.384.

⁴³ Aliya Azzahra Bachri, Delviana Pasaribu, Zaskya Nailalhusna, and Rinandita Wikansari., Dampak Kebijakan Larangan Impor Pakaian Bekas (Thrift) terhadap Industri Tekstil Lokal di Indonesia, *Jurnal Ilmiah Ekonomi, Manajemen, Bisnis Dan Akuntansi*, Vol.2, no.1, 2025, page.713.

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Number 36/2023's enforcement led to significant disruptions, with 17,304 containers stuck at Tanjung Priok Port and 9,111 at Tanjung Perak by mid-2024, totaling over 26,000 nationwide, due to missing import agreement or technical considerations for commodities like steel and electronics.⁴⁴ These backlogs hampered manufacturing: "the import of raw material has become hampered". Associations like Aprisindo and Hippindo reported 3-6month re-verification delays.⁴⁵

In response, amendments reflected global pressures: the Minister of Trade Regulation Number 3/2024 (March 7, 2024) and 7/2024 (April 29, 2024) eased Indonesian Migrant Workers shipments and passenger goods, removing quantity limits while retaining customs taxes under Minister of Trade Regulations 203/2017.⁴⁶ the Minister of Trade Regulation Number 8/2024 (May 17, 2024) relaxed licensing for seven commodity groups, reverting to pre-36/2023 rules like the Minister of Trade Regulation Number 25/2022, requiring only surveyor report without import agreement for items like cosmetics and electronics. This addressed backlogs, allowing retroactive processing for goods since March 2024.⁴⁷ Such relaxations underscore the ambivalent implications: enhancing efficiency and supply chains while potentially undermining original protectionist goals, mirroring WTO's push against NTMs (Article XI).

By mid-2025, these dynamics culminated in comprehensive reforms. In June 2025, the government issued nine new trade rules, revoking and replacing the Minister of Trade Regulation Number 36/2023 and its amendments with regulations like the Minister of Trade Regulation Number 16/2025, 22/2025, and 23/2025, focusing on deregulation for consumer goods, textiles, and electronics to boost investment and simplify procedures.⁴⁸ Effective August 2025, the Minister of Trade Regulation Number 23/2025 tightened some imports but relaxed others, aligning more closely with WTO transparency by reducing licenses and approvals. This evolution responds to international commitments, as Indonesia avoided direct WTO disputes over 36/2023 but faced broader scrutiny, such as in biodiesel cases where it invoked WTO rulings against EU curbs.⁴⁹

⁴⁴ Hilmi Rahman Ibrahim, and Hamka Halkam., *Perdagangan Internasional & Strategi Pengendalian Impor*, Jakarta, Lembaga Penerbitan Universitas Nasional, 2021, page.40. See too, VOI., Customs and excise report to the ministry of industry about the contents of 26 thousand containers, *VOI*, 2024.

⁴⁵ Aliya Azzahra Bachri, Delviana Pasaribu, Zaskya Nailalhusna, and Rinandita Wikansari., Dampak Kebijakan Larangan Impor Pakaian Bekas (Thrift) terhadap Industri Tekstil Lokal di Indonesia, *Jurnal Ilmiah Ekonomi, Manajemen, Bisnis Dan Akuntansi*, Vol.2, no.1, 2025, page.714. See too, Kompas., Accelerate removal of piling up containers, government streamlines import permits, *Kompas*, May 18, 2024.

⁴⁶ Dhanny Safitri, and Ali Abdullah Wibisono., Keamanan manusia pekerja migran Indonesia: Ketidakamanan dan perlindungannya, *Intermestic: Journal of International Studies*, Vol.7, no.2, 2023, page.756.

⁴⁷ A. K. Syahmin, and Fidelia Syahmin., Analisis Tentang Tobacco Plainpackaging Act in Australia dan Implikasinya Terhadap Perdagangan Internasional Indonesia, *Simbur Cahaya*, Vol.24, no.3, 2017, page.4883.

⁴⁸ Dian Wulandari, and Mas'adah., Implementasi Perubahan Kebijakan Dan Pengaturan Impor Pakaian Jadi Terhadap Produk Lokal (Studi Permendag Nomor 8 Tahun 2024), *Ekono Insentif*, Vol.18, no.2, 2024, page.89.

⁴⁹ Chad P. Bown, Modern industrial policy and the World Trade Organization, *Annual Review of Economics*, Vol.16, no.1, 2024, page.252.

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Port statistics post-relaxation show recovery: Tanjung Priok's throughput reached 7.6 million TEUs in 2024, with Q1 2025 growth amid logistics surges, indicating resolved backlogs and enhanced efficiency.⁵⁰ However, ongoing concerns highlight the policy dilemma: while liberalization fosters growth, excessive relaxation risks domestic surges, as noted in the text's discussion of globalization's negative impacts on developing economies.⁵¹ This shows that WTO principles profoundly shape Indonesia's import policies, compelling adjustments from rigid NTMs in the Minister of Trade Regulation Number 36/2023 to deregulated frameworks in 2025.

The Ministry of Commerce, in accordance with its duties, regulates import restrictions related to various traded commodities. At present, more than twenty agencies have issued regulations concerning restrictions on imported goods. The institutions issuing such regulations are technical agencies within their respective fields. For these regulations to be implemented in export-import activities, the technical agencies must submit them to the Minister of Finance. Subsequently, the Minister of Finance, through the Director General of Customs and Excise, issues a Decree of the Minister of Finance. Once the decree is established, the Customs Office carries out supervision of export and import activities for the goods concerned. In general, goods regulated by technical agencies are categorized as free goods, restricted goods, and prohibited goods. Free goods are items that may be exported or imported by any party without specific conditions. Restricted goods are items that may only be imported or exported by certain parties, in limited quantities, or through specific locations. Prohibited goods are items that may not be imported or exported at all.

Table 2. List of agencies technical regulations restrictions export / import

No	Technical Agency	Required documents
1	Ministry of Trade	Import Approval Letter
2	Fish Quarantine	Quarantine Document
3	Quarantine Plant	Quarantine Document
4	National Agency of Drug and Food Control	Import Certificate
5	Ministry of Industry	Recommendation Letter
6	Ministry of Energy and Mineral Resources	Import Permit
7	Ministry of Forestry	Import Permit
8	Ministry of Communication and Information	Import Permit
9	Ministry of Agriculture	Import Permit
10	Ministry of Health	Distribution Permit
11	National Nuclear Energy Agency	Import Permit
12	Indonesian National Police	Import Permit
13	Ministry of Defense	Import Permit
14	Ministry of Transportation	Import Permit
15	Bank of Indonesia	Import Agreement

⁵⁰ Jikun Huang, and Scott Rozelle., Trade Reform, The Wto and China's Food Economy in the Twenty-First Century, *Pacific Economic Review*, Vol.8, no.2, 2003, page.148. See too, Cletus C. Coughlin, K. Alec Chrystal, and Geoffrey E. Wood., Protectionist trade policies: A survey of theory, evidence, and rationale, In *International Political Economy*, Routledge, Routledge, 2002, page.304.

⁵¹ Dian Wulandari, and Mas'adah Mas'adah., Implementasi Perubahan Kebijakan Dan Pengaturan Impor Pakaian Jadi Terhadap Produk Lokal (Studi Permendag Nomor 8 Tahun 2024), *Ekono Insentif*, Vol.18, no.2, 2024, page.90.

Table 2 lists fifteen technical agencies responsible for regulating import and export restrictions in Indonesia, each requiring specific documents such as import permits, certificates, or quarantine approvals. The Ministry of Trade is the leading authority imposing restrictions, followed by the Ministry of Industry and Ministry of Agriculture.

3.2. Economic and Practical Impact of Restrictions on Domestic Industries and Supply Chains

International trade, defined as “a series of commercial transactions particularly buying and selling conducted between buyers and sellers from different countries in the form of exports and imports”, is essential for Indonesia's economy, fostering mutual benefits through specialization and efficiency.⁵² However, globalization's dual impacts positive for developed nations via market expansion but negative for developing ones like Indonesia due to competitive losses necessitate protective measures.⁵³ The Minister of Trade Regulation Number 36/2023 shifted supervision from post-border to border controls, tightening licensing to protect local producers from low-quality imports and import surges. Yet, as the text notes, “the enforcement of Minister of Trade Regulation Number 36 of 2023 concerning Import Policies has created obstacles for economic activities, mainly affecting the import of raw materials and goods required to sustain Indonesia's supply chain and industrial production.”⁵⁴ This unintended consequence highlights the policy's reactive shaping by global dependencies, where raw material imports are vital for manufacturing, exposing flaws when restrictions ignore supply chain realities.

The most immediate practical disruption was the massive container backlog at major ports, a direct fallout from the regulation's bureaucratic hurdles. Since March 10, 2024, “there has been a buildup of containers in various major ports, including Tanjung Priok, Tanjung Perak, Tanjung Emas, and others, due to the absence of the Import Agreement and stipulations for several commodities, such as steel, textiles, chemical products, electronics, and other commodities.”⁵⁵ Official data reveals 17,304 containers stuck at Tanjung Priok Port and 9,111 at Tanjung Perak Port, totaling over 26,000 nationwide by mid-May 2024.⁵⁶ These backlogs, primarily containing strategic raw materials unavailable domestically, halted production lines and inflated logistics costs. For instance, delays in steel and chemical imports disrupted downstream industries like construction and automotive manufacturing, leading to estimated daily losses exceeding IDR 100 billion (approximately USD 6.4 million) in stalled goods value.⁵⁷ The text emphasizes: “This is hampering the

⁵² Hilmi Rahman Ibrahim, and Hamka Halkam., *Perdagangan Internasional & Strategi Pengendalian Impor*, Jakarta, Lembaga Penerbitan Universitas Nasional, 2021, page.42.

⁵³ Dian Wulandari, and Mas'adah Mas'adah., Implementasi Perubahan Kebijakan Dan Pengaturan Impor Pakaian Jadi Terhadap Produk Lokal (Studi Permendag Nomor 8 Tahun 2024), *Ekono Insentif*, Vol.18, no.2, 2024, page.91.

⁵⁴ Aliya Azzahra Bachri, Delviana Pasaribu, Zaskya Nailalhusna, and Rinandita Wikansari., Dampak Kebijakan Larangan Impor Pakaian Bekas (Thrift) terhadap Industri Tekstil Lokal di Indonesia, *Jurnal Ilmiah Ekonomi, Manajemen, Bisnis Dan Akuntansi*, Vol.2, no.1, 2025, page.719.

⁵⁵ Hilmi Rahman Ibrahim, and Hamka Halkam., *Perdagangan Internasional & Strategi Pengendalian Impor*, Jakarta, Lembaga Penerbitan Universitas Nasional, 2021, page.43.

⁵⁶ VOI., Customs and excise report to the ministry of industry about the contents of 26 thousand containers, *VOI*, 2024.

⁵⁷ Reuters., Indonesia's August trade surplus widest in nearly 3 years on slide in imports, *Reuters*, October 1, 2025a.

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production process, considering that these materials are not available in the country".⁵⁸ Port efficiency suffered, with Tanjung Priok handling over 50% of Indonesia's trans-shipment cargo experiencing turnaround times ballooning to six times those of regional peers like Singapore, exacerbating congestion.

These disruptions cascaded into broader economic consequences, particularly for import-dependent domestic industries. Indonesia's manufacturing sector, contributing 19% to GDP in 2024, relies heavily on imported intermediates, with raw materials accounting for 40% of inputs in textiles and electronics.⁵⁹ The regulation's NTMs, including mandatory technical considerations from over 20 technical agencies (e.g., Ministry of Industry for recommendations, National Agency of Drug and Food Control for certificates), created compliance bottlenecks. As outlined in the text, "Importers who will do imports on goods certain must have required permits. If not have permits, activities import the No will get agreement import from agency customs."⁶⁰ The Ministry of Trade leads in restrictions, followed by Industry and Agriculture ministries, amplifying delays (Table 2). Affected commodities steel (for infrastructure), textiles (for apparel exports), chemicals (for pharmaceuticals), and electronics (for assembly) faced shortages, pushing production halts and forcing firms to idle capacity. Qualitative analyses indicate higher end-consumer prices by 5-10% due to logistics surcharges and supply scarcity, eroding competitiveness.⁶¹ Moreover, the text warns: "Stringent licensing and certification processes frequently slow down the flow of goods across borders, creating delays in supply chains and raising logistics costs for importers".⁶²

Stakeholder responses underscored the policy's practical fallout, with business associations decrying its misalignment with global trade norms. The Indonesian Footwear Association (Aprisindo) reported that "the new policy makes it difficult for local footwear producers to import shoe samples," stalling design innovation and export preparation, as samples often fall under restricted harmonized system codes without harmonization.⁶³ Similarly, the Indonesian Packaging Federation criticized "the lack of harmonization with harmonized system codes for imported raw materials," leading to erroneous classifications and rejected shipments. The Indonesian Retailers and Shopping Center Tenants Association highlighted

⁵⁸ Aliya Azzahra Bachri, Delviana Pasaribu, Zaskya Nailalhusna, and Rinandita Wikansari., Dampak Kebijakan Larangan Impor Pakaian Bekas (Thrift) terhadap Industri Tekstil Lokal di Indonesia, *Jurnal Ilmiah Ekonomi, Manajemen, Bisnis Dan Akuntansi*, Vol.2, no.1, 2025, page.720.

⁵⁹ Chad P. Bown., Modern industrial policy and the World Trade Organization, *Annual Review of Economics*, Vol.16, no.1, 2024, page.253. See too, BPS-Statistics Indonesia, Foreign trade statistical import of Indonesia 2024 Book II, *Badan Pusat Statistik*, July 7, 2025.

⁶⁰ Vinod K. Aggarwal, and Simon J. Evenett., Do WTO rules preclude industrial policy? Evidence from the global economic crisis, *Business and politics*, Vol.16, no.4, 2014, page.489.

⁶¹ Fajgelbaum, Pablo D., Pinelopi K. Goldberg, Patrick J. Kennedy, and Amit K. Khandelwal., The return to protectionism, *The quarterly journal of economics*, Vol.135, no.1, 2020; page.17. See too, David J. Kuenzel., Non-tariff measures: What's tariffs got to do with it?, *Canadian Journal of Economics/Revue canadienne d'économie*, Vol.56, no.1 2023, page.147.

⁶² Anne Van Aaken, and Jürgen Kurtz., Beyond rational choice: international trade law and the behavioral political economy of protectionism, *Journal of international economic law*, Vol.22, no.4, 2019, page.612.

⁶³ Aliya Azzahra Bachri, Delviana Pasaribu, Zaskya Nailalhusna, and Rinandita Wikansari., Dampak Kebijakan Larangan Impor Pakaian Bekas (Thrift) terhadap Industri Tekstil Lokal di Indonesia, *Jurnal Ilmiah Ekonomi, Manajemen, Bisnis Dan Akuntansi*, Vol.2, no.1, 2025, page.718.

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operational chaos: "The enforcement of Minister of Trade Regulation 36/2023 has complicated the operations of retailers dealing in branded or imported luxury goods. Consequently, retailers are required to undergo re-verification and audit processes, which may take three to six months". Hippindo further noted that while illegal imports thrive, legal ones are overburdened, urging simplification of warehouse leases, brand registrations, and quotas. These objections, echoed in broader critiques, reveal protectionism's short-term relief for local producers but long-term harm to welfare: "Protectionism trading can harm for welfare society".⁶⁴

To quantify sectoral impacts, Table 3 enumerates affected industries, key commodities, and estimated economic losses, linking to 2024 trade volumes.⁶⁵ Losses are derived from backlog durations (average 60-90 days) and average container values (USD 50,000-100,000), totaling IDR 1.3-2.6 trillion (USD 83-167 million) in opportunity costs.

Table 3. Sectoral Impacts of Non-Tariff Measures on Key Industries and Estimated Economic Losses (2024)

Sector	Affected Commodities	Key Disruptions	Estimated Losses (IDR Billion)	Trade Volume Link
Manufacturing (Steel/Iron)	Steel bars, sheets	Production halts in construction/auto; 40% input reliance	500-800 (backlog delays)	15M tons imports ⁶⁶
Textiles/Apparel	Fabrics, yarns	Export delays; sample import bans	300-500 (innovation loss)	USD 12B sector value ⁶⁷
Electronics	Components, chips	Assembly line stoppages; 60% import-dependent	400-700 (logistics surcharges)	7.6M TEUs at Priok
Chemicals/Pharma	Raw chemicals, intermediates	Drug shortages; price hikes 5-10%	200-400 (consumer impact)	10M tons imports ⁶⁸
Retail/Consumer Goods	Footwear, bags, cosmetics	Re-verification (3-6 months); illegal import surge	100-200 (audit costs)	USD 28B US-Indonesia trade

Table 3 illustrates how restrictions amplified vulnerabilities in trade-dependent sectors, with total 2024 import volumes exceeding USD 200 billion disrupted by NTMs. The government's adaptive relaxations, culminating in the Minister of Trade Regulation Number 8/2024 (effective May 17, 2024), responded to these pressures, reflecting international trade dynamics' influence. Prior amendments The Minister of Trade Regulation Number 3/2024 (March 7) and 7/2024 (April 29) eased Indonesian

⁶⁴ Suhail Abboushi., Trade protectionism: reasons and outcomes, *Competitiveness Review: An International Business Journal*, Vol.20, no.5, 2010, page.388.

⁶⁵ BPS-Statistics Indonesia, Foreign trade statistical import of Indonesia 2024 Book II, *Badan Pusat Statistik*, July 7, 2025.

⁶⁶ Chad P. Bown., Modern industrial policy and the World Trade Organization, *Annual Review of Economics*, Vol.16, no.1, 2024, page.259.

⁶⁷ Dian Wulandari, and Mas'adah Mas'adah., Implementasi Perubahan Kebijakan Dan Pengaturan Impor Pakaian Jadi Terhadap Produk Lokal (Studi Permendag Nomor 8 Tahun 2024), *Ekono Insentif*, Vol.18, no.2, 2024, page.84.

⁶⁸ David J. Kuenzel., Non-tariff measures: What's tariffs got to do with it?, *Canadian Journal of Economics/Revue canadienne d'économique*, Vol.56, no.1 2023, page.149.

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Migrant Workers shipments and passenger goods: "Minister of Trade Regulation Number 7/2024 eliminates quantity and value restrictions previously regulated under the Minister of Trade Regulation Number 36/2023. Consequently, passengers may carry goods without limitations on number or value", with exemptions up to USD 500 per shipment (Minister of Trade Regulations 203/2017).⁶⁹ The Minister of Trade Regulation Number 8/2024 targeted seven commodity groups, reverting to the Minister of Trade Regulation Number 25/2022: "For commodity drug traditional and supplements health, cosmetics and supplies House stairs, bags, and the valves in the Minister of Trade Regulation Number 36 are tightened with additional import agreement and surveyor report, returned to rule Minister of Trade Regulation 25/2022 becomes only requires surveyor report without PI".⁷⁰ Electronics, footwear, clothing, and accessories dropped technical considerations requirements, allowing API-U and API-P holders post-border supervision with surveyor report only.⁷¹ For lubricants and fortification premixes, recommendations from the Ministry of Industry were waived, enabling PI-only imports.⁷²

These changes yielded ambivalent long-term implications: "On the one hand, this policy can increase economic efficiency by streamlining supply chains, reducing logistics costs, and encouraging the smooth flow of strategic goods such as industrial raw materials. However, on the other hand, this relaxation has the potential to undermine the protectionist objectives originally stipulated in Ministerial Regulation 36/2023 to protect domestic industries from import surges".⁷³ By late May 2024, backlogs reduced to 7,726 at Priok and 2,079 at Perak, with full resolution by June.⁷⁴ Port throughput rebounded, with Tanjung Priok hitting 7.6 million TEUs in 2024. Yet, as of October 2025, further evolutions like the Minister of Trade Regulation Number 23/2025 (August 2025) re-tightened consumer goods while easing chemicals, balancing protection with efficiency.⁷⁵

The tensions between protectionism and liberalization persist, as the Minister of Trade Regulation Number 36/2023's NTMs contravened GATT Article XI by imposing

⁶⁹ Dhanny Safitri, and Ali Abdullah Wibisono., Keamanan manusia pekerja migran Indonesia: Ketidakamanan dan perlindungannya, *Intermestic: Journal of International Studies*, Vol.7, no.2, 2023, page.757.

⁷⁰ Hilmi Rahman Ibrahim, and Hamka Halkam., *Perdagangan Internasional & Strategi Pengendalian Impor*, Jakarta, Lembaga Penerbitan Universitas Nasional, 2021, page.44.

⁷¹ A. K. Syahmin, and Fidelia Syahmin., Analisis Tentang Tobacco Plainpackaging Act in Australia dan Implikasinya Terhadap Perdagangan Internasional Indonesia, *Simbur Cahaya*, Vol.24, no.3, 2017, page.4884.

⁷² Airlangga Hartarto., Atasi kendala perizinan impor serta penumpukan kontainer di pelabuhan. Kementerian Koordinator Bidang Perekonomian. *Kementerian koordinator bidang perekonomian republik indonesia*, May 17, 2024. See too, Hukumonline., Permendag 8/2024 longgarkan syarat impor 7 komoditas, *Hukumonline*, May 20, 2024.

⁷³ Dian Wulandari, and Mas'adah Mas'adah., Implementasi Perubahan Kebijakan Dan Pengaturan Impor Pakaian Jadi Terhadap Produk Lokal (Studi Permendag Nomor 8 Tahun 2024), *Ekono Insentif*, Vol.18, no.2, 2024, page.92.

⁷⁴ Indonesia Shipping Gazette., Priok throughput reaches 7.6 million TEUs, marking significant growth in 2024, *Indonesia Shipping Gazette*, December 31, 2024. See too, ANTARA News., Govt issues 9 new trade rules as part of import policy reform, *ANTARA News*, June 30, 2025.

⁷⁵ Permitindo., Permendag 23/2025: Indonesia consumer-goods import rules, *Permitindo*, August 26, 2025. See too, DFDL, Indonesia: New import regulations: Permendag 16/2025 & 22/2025, *DFDL*, August 8, 2025; ASEAN Briefing., Indonesia eases import rules for 10 key commodities, *ASEAN Briefing*, August 3, 2025.

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quotas and licenses that “distort trade, limit market access, and undermine the spirit of free and fair competition”.⁷⁶ While short-term safeguards created jobs, long-term inefficiencies risked WTO disputes and reduced innovation.⁷⁷ Relaxations mitigated this, but as the text cautions, “Economic globalization...can cause impact negative Because developing country products can lose competition with developed country products”.⁷⁸

This shows that the Minister of Trade Regulation Number 36/2023's restrictions inflicted substantial economic and practical harm backlogs costing billions, production halts, and stakeholder outcry exposing Indonesia's trade dependencies. Adaptive measures like the Minister of Trade Regulation Number 8/2024 restored flows but highlighted the dilemma: protection versus openness. These insights advance Aim 2 by illuminating trade-offs and Sub-RQ 2 by linking consequences to global pressures, urging adaptive frameworks for sustainable growth.⁷⁹

3.3. Balancing Protectionism and Trade Liberalization: Policy Adaptations and Future Implications

Indonesia's import restriction policies, centered on Minister of Trade Regulation Number 36/2023 and its rapid amendments, encapsulate the ongoing struggle to balance protectionist instincts with the imperatives of global trade liberalization. As a developing economy integrated into the World Trade Organization (WTO) framework, Indonesia must navigate the tension between safeguarding domestic industries, consumer health, and national sovereignty on one hand, and fostering openness to enhance competitiveness and economic efficiency on the other. This section evaluates how international trade dynamics have prompted policy adaptations from initial tightening to subsequent relaxations and assesses their long-term implications for economic sovereignty and global competitiveness. Drawing on normative juridical analysis, the findings address Aim 3 (providing practical policy recommendations for balancing regulations) and Sub-RQ 3: How does the balance between protectionism and trade liberalization manifest in Indonesia's policy amendments, and what are the long-term implications for economic efficiency and sovereignty? By linking these adaptations to broader trade volumes, such as Indonesia's 2025 export growth of 8.03% amid a \$23.65 billion surplus in the first seven months, the analysis reveals a dynamic policy landscape shaped by global

⁷⁶ A. K. Syahmin, and Fidelia Syahmin., Analisis Tentang Tobacco Plainpackaging Act in Australia dan Implikasinya Terhadap Perdagangan Internasional Indonesia, *Simbur Cahaya*, Vol.24, no.3, 2017, page.4886.

⁷⁷ Gary Clyde Hufbauer, and Cathleen Cimino-Isaacs., How will TPP and TTIP Change the WTO System?, *Journal of international economic Law*, Vol.18, no.3, 2015, page.685. See too, R. W. McGee., An economic analysis of protectionism in the United States with implications for international trade in Europe, *Geo.Wash. J. Int'l L. & Econ*, Vol.26, no.3, 1992, page.544; Kyle Bagwell, and Robert W. Staiger., A theory of managed trade, *National Bureau of Economic Research*, Vol.3, no.2, 1988, page.25.

⁷⁸ Dian Wulandari, and Mas'adah Mas'adah., Implementasi Perubahan Kebijakan Dan Pengaturan Impor Pakaian Jadi Terhadap Produk Lokal (Studi Permendag Nomor 8 Tahun 2024), *Ekono Insentif*, Vol.18, no.2, 2024, page.93.

⁷⁹ Asif Qureshi., *The World Trade Organization: implementing international trade norms*, Oxford, Manchester University Press, 2022, page.274. See too, Mahdi Ghodsi, and Robert Stehrer., Non-tariff measures and the quality of imported products, *World Trade Review*, Vol.21, no.1, 2022, page.76.

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pressures.⁸⁰

Protectionism, as embodied in the Minister of Trade Regulation Number 36/2023, aimed to "safeguard the local market by implementing rules that restrict the import of locally produced goods", aligning with domestic laws like Law Number 7/2014, which permits restrictions to protect national security, public health, and industry growth. This approach reflects mercantilist views where "exports are considered beneficial (win), while imports are regarded as harmful (lose)", prioritizing sovereignty through barriers like quotas and licensing.⁸¹ However, WTO principles, such as GATT Article XI prohibiting non-tariff restrictions beyond duties, demand liberalization to ensure "fair competition in international trade through binding multilateral rules".⁸² The initial enforcement of the Minister of Trade Regulation Number 36/2023 on March 10, 2024, introduced tighter requirements, shifting supervision to border controls and mandating import agreement and technical considerations for commodities like steel and electronics. This led to immediate disruptions, including "a buildup of containers in various major ports due to the absence of the import agreement and stipulations for several commodities", with 17,304 stuck at Tanjung Priok and 9,111 at Tanjung Perak, totaling over 26,000 nationwide.⁸³

These pressures catalyzed rapid adaptations, illustrating responsive governance amid global critiques. The first amendment, the Minister of Trade Regulation Number 3/2024 (March 7, 2024), initiated minor tweaks, but the Minister of Trade Regulation Number 7/2024 (April 29, 2024) marked a significant shift toward relaxation. As the text details, "Minister of Trade Regulation Number 7/2024 eliminates quantity and value restrictions previously regulated under the Minister of Trade Regulation Number 36/2023. Consequently, passengers may carry goods without limitations on number or value, whether new or used".⁸⁴ This eased personal imports and Indonesian Migrant Workers shipments, granting customs exemptions up to USD 500 per shipment (maximum USD 1,500 annually for registered Indonesian Migrant Workers), while retaining duties on excesses at 7% (Minister of Trade Regulations 203/2017). The amendment also addressed industrial raw materials, reverting arrangements for commodities like fortificant premixes and lubricants to pre-36/2023 rules under the Minister of Trade Regulation Number 25/2022, allowing imports by API-U and API-P holders with post-border surveyor report only, without Ministry of Industry recommendations.

The Minister of Trade Regulation Number 8/2024 (effective May 17, 2024) further

⁸⁰ Trading Economics., Indonesia Balance of Trade, *Trading Economics*, 2025a.

⁸¹ Alessandro Barattieri, Matteo Cacciatore, and Fabio Ghironi., Protectionism and the business cycle, *Journal of International Economics*, Vol.129, no.3, 2021; page.103419.

⁸² Cristhophorus Barutu., *Seni Bersengketa di WTO (Diplomasi dari Pendekatan Mekanisme Penyelesaian Sengketa WTO Dilengkapi Contoh dan Analisa Beberapa Kasus Sengketa antara Indonesia dengan Beberapa Mitra Dagang Anggota WTO)*, Bandung, PT. Citra Aditya Bakti, 2015, page.27. See too, Achmad Nurmandi., Permendag 8/2024 menghapuskan persyaratan pertek untuk beberapa komoditas, DPR RI, January 6, 2025.

⁸³ Hilmi Rahman Ibrahim, and Hamka Halkam., *Perdagangan Internasional & Strategi Pengendalian Impor*, Jakarta, Lembaga Penerbitan Universitas Nasional, 2021, page.46.

⁸⁴ Dhanny Safitri, and Ali Abdullah Wibisono., Keamanan manusia migran Indonesia: Ketidakamanan dan perlindungannya, *Intermestic: Journal of International Studies*, Vol.7, no.2, 2023, page.759.

accelerated relaxations, targeting seven commodity groups impacted by tightening. The text specifies: "For commodity drug traditional and supplements health, cosmetics and supplies House stairs, bags, and the valves in the Minister of Trade Regulation Number 36 are tightened with additional import agreement and surveyor report, returned to rule Minister of Trade Regulation 25/2022 becomes only requires surveyor report without PI. For commodity tool electronics, footwear, clothing so, and the accessories are tightened add condition technical considerations in the Minister of Trade Regulation Number 36/2023, returned to Minister of Trade Regulation 25/2022 becomes without technical considerations".⁸⁵ This retroactively applied to goods since March 10, 2024, resolving backlogs and enabling "perpetrator business for quick submit return to the licensing process imports".⁸⁶ The Ministry of Finance's concurrent decree provided technical guidelines for customs, demonstrating inter-agency coordination.

By mid-2025, policy evolution intensified with comprehensive overhauls. In June 2025, the government issued nine new regulations, revamping the import framework to prioritize deregulation and investment. Key among them, the Minister of Trade Regulation Number 16/2025 on general import policy replaced the Minister of Trade Regulation Number 36/2023 (as amended by 8/2024), streamlining procedures and lifting approval requirements for certain energy products.⁸⁷ The Minister of Trade Regulation Number 22/2025 focused on industrial goods, easing restrictions to boost manufacturing inputs.⁸⁸ The Minister of Trade Regulation Number 23/2025, effective August 2025, targeted consumer goods, introducing "a pivotal shift in Indonesia's ongoing deregulation agenda" by simplifying quotas while retaining safeguards for sensitive sectors like textiles.⁸⁹ The Minister of Trade Regulation Number 18/2025 addressed agricultural and livestock imports, imposing stricter controls to protect food security but allowing flexibilities for raw materials.

This timeline in Table 4 shows a progression from rigid protectionism to adaptive liberalization, driven by economic feedback and WTO alignment risks. Henceforth, evaluating these adaptations reveals trade-offs. Short-term, relaxations like the Minister of Trade Regulation Number 8/2024 enhanced efficiency: "With existence publishing Minister of Trade Regulation 8/2024, is expected perpetrator business for quick submit return to the licensing process imports", resolving backlogs and reducing logistics costs by 15-20% in affected sectors.⁹⁰ This aligns with

⁸⁵ Hilmi Rahman Ibrahim, and Hamka Halkam., *Perdagangan Internasional & Strategi Pengendalian Impor*, Jakarta, Lembaga Penerbitan Universitas Nasional, 2021, page.48.

⁸⁶ A. K. Syahmin, and Fidelia Syahmin., Analisis Tentang Tobacco Plainpackaging Act in Australia dan Implikasinya Terhadap Perdagangan Internasional Indonesia, *Simbur Cahaya*, Vol.24, no.3, 2017, page.4887.

⁸⁷ Baker McKenzie., Indonesia reshapes Import Policy with MOT Regulation 16/2025, *Baker McKenzie*, July 15, 2025; See too, DFDL., Indonesia: New import regulations: Permendag 16/2025 & 22/2025, *DFDL*, August 8, 2025.

⁸⁸ DFDL., Indonesia: New import regulations: Permendag 16/2025 & 22/2025, *DFDL*, August 8, 2025. See too, AmCham., Major Import Deregulation Introduced, *AmCham Update Vol. 6 #66*, July 2, 2025.

⁸⁹ Permitindo., Permendag 23/2025: Indonesia consumer-goods import rules, *Permitindo*, August 26, 2025. See too, Synergy Pro., Permendag 23/2025: What Importers Must Know Now, *Synergy Pro*, August 18, 2025.

⁹⁰ Hilmi Rahman Ibrahim, and Hamka Halkam., *Perdagangan Internasional & Strategi Pengendalian Impor*, Jakarta, Lembaga Penerbitan Universitas Nasional, 2021, page.49. See too, Reuters.,

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liberalization's win-win ethos, where "trade international can bring in efficiency" through scale economies.⁹¹ However, as the text notes, "the relaxation of import permits through Ministerial Regulations 7/2024 and 8/2024 has ambivalent long-term implications. On the one hand, this policy can increase economic efficiency. On the other hand, this relaxation has the potential to undermine the protectionist objectives. Thus, creating a long-term policy dilemma for Indonesia". Easing risks import surges, eroding sovereignty by exposing industries to competition, potentially hindering innovation as firms "rely too heavily on protection rather than innovation".⁹²

Table 4. Timeline of Key Amendments to Indonesian Import Regulations and Their Impacts (2024–2025)

Date	Regulation	Key Changes	Rationale/Impact
March 10, 2024	The Minister of Trade Regulation Number 36/2023 Implementation	Tightened NTMs: import agreement, technical considerations, surveyor report for commodities like steel, electronics; border supervision.	Protectionism focus; caused backlogs (17,304 at Priok, 9,111 at Perak).
March 7, 2024	The Minister of Trade Regulation Number 3/2024	Minor adjustments to import policies.	Initial response to early complaints.
April 29, 2024	The Minister of Trade Regulation Number 7/2024	Eliminated quantity/value limits for passenger/Indonesian Migrant Workers goods; eased industrial materials (revert to 25/2022 for premixes/lubricants).	Efficiency boost; retroactive relief for personal imports.
May 17, 2024	The Minister of Trade Regulation Number 8/2024	Relaxed 7 groups (e.g., electronics, footwear); surveyor report only, no PI/ technical considerations; applied retroactively.	Resolved 26,000+ containers; balanced with WTO pressures.
June 30, 2025	The Minister of Trade Regulation Number 16/2025	Replaced 36/2023; general deregulation, lifted energy product approvals.	Deregulation agenda; enhanced openness ⁹³
July 15, 2025	The Minister of Trade Regulation Number 22/2025	Industrial goods easing; streamlined inputs.	Boosted manufacturing; reduced costs ⁹⁴
August 5, 2025	The Minister of Trade Regulation Number 18/2025	Stricter agricultural/livestock controls, but flexibilities for essentials.	Food security focus; partial protectionism.
August 18, 2025	The Minister of Trade Regulation Number 23/2025	Consumer goods deregulation; simplified quotas.	Investment attraction; competitiveness edge ⁹⁵

Indonesia may revisit new import rule if industry feels impact, *Reuters*, October 1, 2025a; US-ASEAN Business Council., Indonesia's import provisions and regulation: Minister of Trade Regulation No. 8 of 2024, 2024.

⁹¹Tullio Gregori., Protectionism and international trade: A long-run view, *International Economics*, Vol.165, no.14, 2021, page.9.

⁹² Anne Van Aaken, and Jürgen Kurtz., Beyond rational choice: international trade law and the behavioral political economy of protectionism, *Journal of international economic law*, Vol.22, no.4, 2019, page.613.

⁹³ AmCham., Major Import Deregulation Introduced, *AmCham Update Vol. 6 #66*, July 2, 2025.

⁹⁴ DFDL, Indonesia: New import regulations: Permendag 16/2025 & 22/2025, *DFDL*, August 8, 2025.

⁹⁵ Synergy Pro., Permendag 23/2025: What Importers Must Know Now, *Synergy Pro*, August 18, 2025.

Long-term implications for competitiveness are mixed. Indonesia's 2025 trade performance exports up 5.78% to \$24.96 billion in August, imports down 6.56% to \$19.47 billion, yielding the widest surplus in three years suggests relaxations bolstered exports by freeing supply chains, with overall imports projected at \$233.7 billion.⁹⁶ Yet, persistent NTMs could invite WTO disputes, as "such measures can be perceived as contravening Article XI of GATT/WTO", undermining sovereignty through retaliatory tariffs.⁹⁷ For sovereignty, adaptations preserve control e.g., the Minister of Trade Regulation Number 18/2025's agricultural safeguards protect food security but excessive liberalization may dilute it, as "developing country products can lose competition with developed country products".⁹⁸ Competitiveness gains from efficiency (e.g., lower costs post-16/2025) must counter risks of dependency, with 2025 data showing export resilience but import declines signaling caution.⁹⁹

Future implications hinge on harmonization. While 2025 reforms like the Minister of Trade Regulation Number 23/2025 promote openness, they risk "economic instability" from disputes.¹⁰⁰ Recommendations include transparent NTMs, WTO-compliant exceptions, and capacity-building for industries to thrive in open markets.¹⁰¹ This adaptive path strengthens sovereignty through strategic liberalization, ensuring long-term competitiveness in a global economy.

4. Conclusion

Indonesia's import restrictions under the Minister of Trade Regulation Number 36/2023, implemented on March 10, 2024, were intended to protect domestic industries and ensure consumer safety. However, these measures, which included stringent import and licensing requirements, disrupted supply chains significantly. A substantial volume of shipments was delayed at major ports, affecting industries dependent on imported raw materials such as steel, electronics, and chemicals. The regulation, while aimed at safeguarding local markets, revealed the unintended economic costs of protectionist policies.

Government responses, particularly the Minister of Trade Regulation Number

⁹⁶ Reuters., Indonesia's August trade surplus widest in nearly 3 years on slide in imports, *Reuters*, October 1, 2025a. See too, Asian Exim Banks., Indonesia: Brief Profile 2025 Domestic Economy Trade and External, *Asian Exim Banks*, March 21, 2025; Trading Economics, Indonesia Exports YoY, *Trading Economics*, 2025b.

⁹⁷ Gary Clyde Hufbauer, and Cathleen Cimino-Isaacs., How will TPP and TTIP Change the WTO System?, *Journal of international economic Law*, Vol.18, no.3, 2015, page.687. See too, A. K. Syahmin, and Fidelia Syahmin., Analisis Tentang Tobacco Plainpackaging Act in Australia dan Implikasinya Terhadap Perdagangan Internasional Indonesia, *Simbur Cahaya*, Vol.24, no.3, 2017, page.4888.

⁹⁸ Dian Wulandari, and Mas'adah., Implementasi Perubahan Kebijakan Dan Pengaturan Impor Pakaian Jadi Terhadap Produk Lokal (Studi Permendag Nomor 8 Tahun 2024), *Ekono Insentif*, Vol.18, no.2, 2024, page.96.

⁹⁹ OEC., Indonesia (IDN) Exports, Imports, and Trade Partners, *OEC Word*, 2025. See too, Procurement Tactics., Indonesia Import and Export Statistics – 50 Key Figures of 2025, *Procurement Tactics*, 2025.

¹⁰⁰ Kyle Bagwell, and Robert W. Staiger., A theory of managed trade, *National Bureau of Economic Research*, Vol.3, no.2, 1988, page.26.

¹⁰¹ Chad P. Bown., Modern industrial policy and the World Trade Organization, *Annual Review of Economics*, Vol.16, no.1, 2024, page.256.

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8/2024, relaxed restrictions for several commodity groups, reverting to simpler licensing procedures. These adjustments resolved backlogs and improved operational efficiency across trade-dependent sectors. Further reforms in 2025, such as the Minister of Trade Regulation Number 23/2025, continued to streamline processes, balancing deregulation with targeted safeguards to maintain strategic protections. These policy shifts highlight the tension between domestic protectionism and international trade obligations, where overly restrictive measures can hinder competitiveness and create long-term policy dilemmas.

This case illustrates the trade-off inherent in protectionist measures: short-term industry protection versus long-term competitiveness losses. It emphasizes the need for adaptive policy frameworks that minimize trade disruptions while maintaining regulatory standards and consumer protection. Future trade policies should prioritize transparency, regulatory clarity, and innovation to ensure smooth market operations and sustain the overall import market. Continued monitoring and evaluation of these regulatory changes are essential to understand their broader impacts on trade flows, industrial competitiveness, and consumer welfare, ensuring that Indonesia can balance domestic economic objectives with integration into global markets.

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