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**Intergovernmental Group of Experts on Consumer Law and Policy**

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**Voluntary Peer Review of the Consumer Protection Law and Policy of  
Indonesia**

**Presentation by UNCTAD**

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INTERGOVERNMENTAL GROUP OF EXPERTS ON  
**CONSUMER PROTECTION  
LAW AND POLICY**



# VOLUNTARY PEER REVIEW OF THE CONSUMER PROTECTION LAW AND POLICY OF INDONESIA



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FOURTH SESSION OF THE INTERGOVERNMENTAL GROUP OF EXPERTS ON **CONSUMER PROTECTION LAW AND POLICY**



## The Report

1. Political, Economic and Social Context
2. Substantive Legislation
3. Institutional Framework
4. Regional and International Cooperation
5. Conclusions and Recommendations



# 1. Political, Economic and Social Context

- Indonesia is a lower-middle income economy with a GDP of USD 1,015 trillion with over 263 million people (4<sup>th</sup> most populous country) in 34 provinces.
- The three largest sectors contributing to the country's GDP are manufacturing, agriculture and the automotive industry
- Indonesia is the world's 10th largest economy in terms of purchasing power parity and succeeded in reducing poverty by half since 1999, to 9.8% in 2018
- But its level of development and living standards in the country are not homogenous: there are 15 provinces which are still considered underdeveloped
- Comparatively long history of consumer protection: the Consumer Association of Indonesia was established in 1973 and member of CI in 1974



## 2. Legal Framework

- The General Consumer Protection Law No. 8 on Consumer Protection was enacted in 1999 (GCPL) with the objective of developing awareness of entrepreneurs about the importance of consumer protection and the need for honest, fair and responsible business behaviour.
- Other consumer-related laws include the Indonesian Civil Code, particularly its article 1365, and other laws under the jurisdiction of different ministries and agencies, such as laws on food products, health, technologies (ICT), as well as transportation
- The GCPL confers consumers with an important set of rights (protection of consumers' health and safety, economic interests, access to information, education, redress and representation)



## Related Legislation

- Food and Drugs
- Electricity, Household and Gas
- E-commerce
- Financial Services
- Telecommunication Services
- Housing
- Transportation services
- Healthcare services
- Electronics, telematics and automotive



### 3. Institutional Framework

- Complex system of authorities, including different sectoral ministries, specialised agencies and sectoral regulators, as well as entities under the local governments. General decentralisation efforts of the government (due to autonomy in the sub-national level) and horizontally (on the relevant ministries and agencies in charge of the implementation of laws and regulations).
- The **National Consumer Protection Agency (BPKN)** “*provides suggestions and considerations to the government in the framework of developing consumers’ protection in Indonesia*”. BPKN has 50 staff members in the secretariat to support its advisory work.
- The **Directorate General of Consumer Protection and Trade Compliance (DGCPTC)**, within the Ministry of Trade, is the institution in charge of implementing general consumer policies in Indonesia and enforcing the GCPL in coordination with other related ministries in charge of sectoral consumer protection issues
- The **Consumer Dispute Settlement Agency (BPSK)** settles disputes between consumers and businesses out of court.





## Efforts by the government

- Government initiated reforms, including high-level commitment on the national strategy for consumer protection
- Formulation of various new sectoral regulations and establishment of multiple avenues for handling consumer complaints (e.g. new hotlines and apps under different agencies)
- Understanding of the importance to strengthen the 3 pillars (government, business, consumers)
- Address emerging issues, notably digital economy, fintech, cross-border transactions and data protection



## Issues

- Rather fragmented enforcement on a sectoral level, with varying degrees of effectiveness
- Limited (formalized) coordination mechanisms between responsible ministries/agencies (e.g. regarding policy formulation, enforcement, monitoring, redress) and lack of policy coherence
- Different approaches to dispute resolution and redress at the sub-national level and lack of legal certainty/transparency (incl. procedural issues)
- Low “complaints culture” among Indonesians, especially among the less affluent consumers



## Opportunities

- Substantiating legislative and reform efforts through international benchmarking and recommendations regarding good practices – right in time for the new government
- Pioneering and generating experiences from the peer review process to feed into ASEAN *fora*, notably ASEAN Committee on Consumer Protection (ACCP) – with a potential for replication in other countries
- Leveraging on existing drivers for change, i.e. developments and dynamics in specific sectors, specific cases (public debates), and international trends (e.g. EU General Data Protection Regulation)



# Recommendations

Legal Framework	Short to Medium Term	Medium to Long Term
<b>Political and legislative agenda</b>	<ul style="list-style-type: none"> <li>Refine the scope of application of the GCPL vis-à-vis sectoral provisions</li> </ul>	<ul style="list-style-type: none"> <li>Amend and align the GCPL with international guidelines and good practices, as a priority in the legislative period 2019-2024</li> </ul>
<b>Substantive and procedural standards</b>	<ul style="list-style-type: none"> <li>Complete implementing regulations and ensure consistency across sectors</li> </ul>	
<b>Emerging issues (e.g. e-commerce, data protection)</b>	<ul style="list-style-type: none"> <li>Update provisions, as necessary, to accommodate new trends and developments</li> </ul>	



# Recommendations

Institutional Framework	Short to Medium Term	Medium to Long Term
<b>BPKN</b>	<ul style="list-style-type: none"> <li>▪ Enhance advisory function through follow-up of recommendations and improved monitoring of consolidated complaints data</li> <li>▪ Broaden and shepherd training and education measures to government, private sector and civil society (“mainstreaming”)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Increase budgetary means to assert its role and mandate</li> <li>▪ Elevate position of BPKN to be directly under the Office of the President</li> <li>▪ Add mandate for settlement of high-impact consumer disputes</li> </ul>
<b>BPSK</b>	<ul style="list-style-type: none"> <li>▪ Professionalise BPSK members through common competency standards and continued training/education</li> </ul>	<ul style="list-style-type: none"> <li>▪ Set standards to secure sufficient and continuous funding from all provincial governments</li> <li>▪ Clarify mandate (and procedures) for settlement of small claims</li> </ul>
<b>Inter-agency coordination</b>	<ul style="list-style-type: none"> <li>▪ Combine efforts to streamline coordination on consumer protection issues, in line with the RPJMN and STRANAS PK</li> </ul>	<ul style="list-style-type: none"> <li>▪ Establish a national council on consumer protection (involving all stakeholders' groups)</li> </ul>

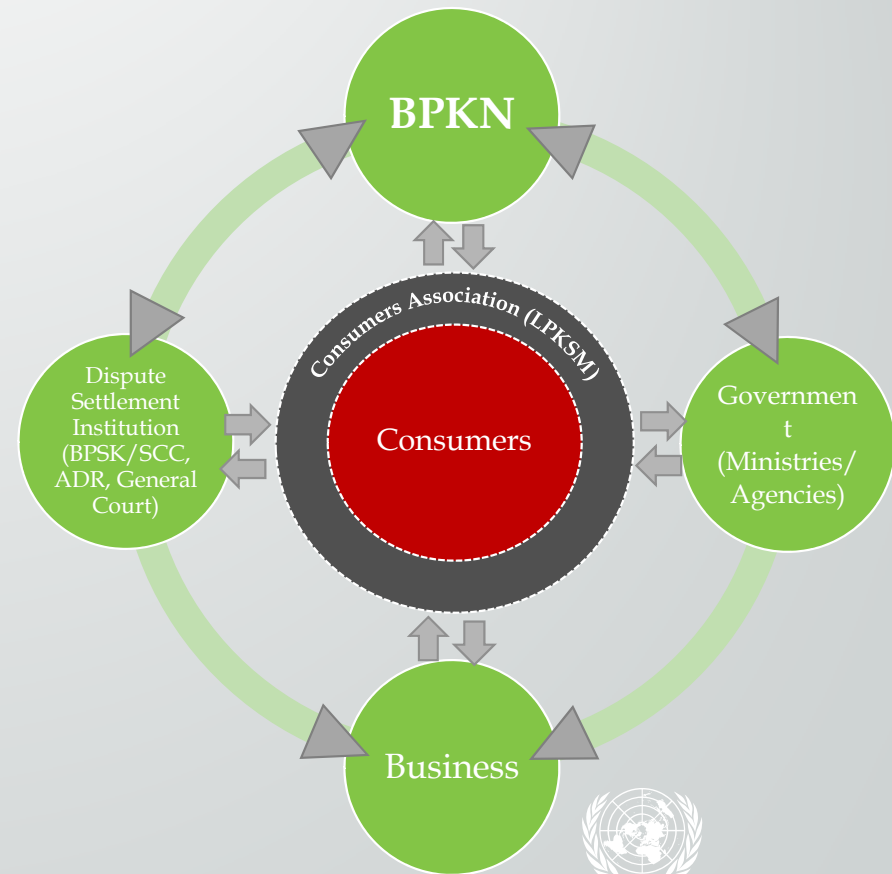
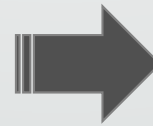
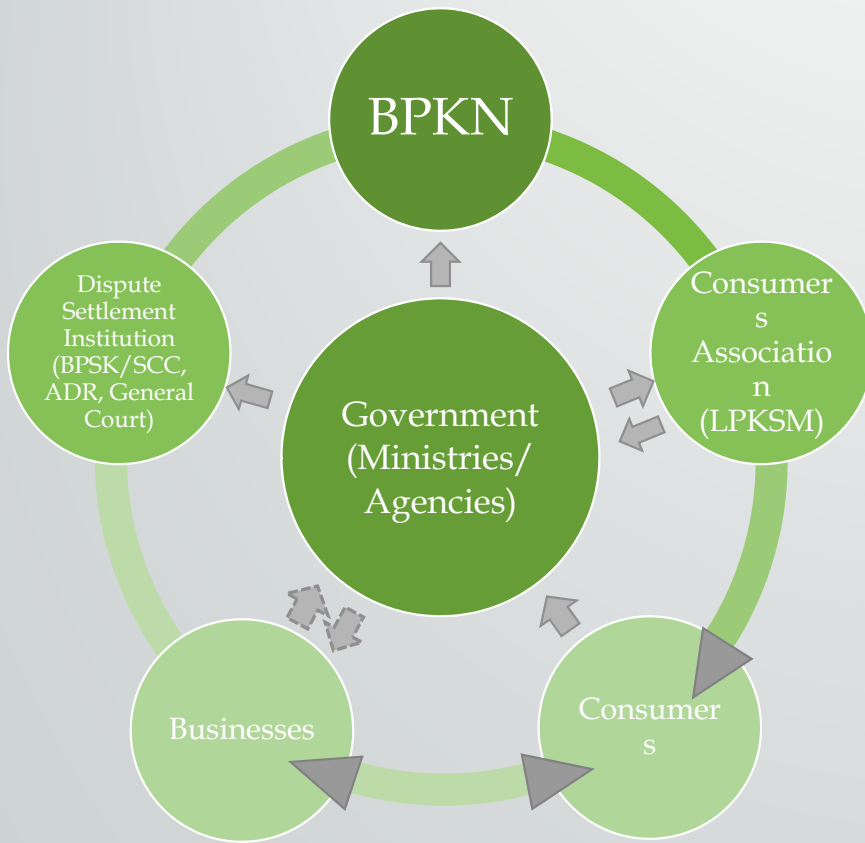


# Recommendations

Institutional Framework (cont')	Short to Medium Term	Medium to Long Term
<b>Good business practices</b>	<ul style="list-style-type: none"> <li>Promote self-regulation initiatives among local businesses</li> </ul>	<ul style="list-style-type: none"> <li>Devise a national code of conduct for businesses</li> </ul>
<b>Consumer associations and activists</b>	<ul style="list-style-type: none"> <li>Provide on- and offline <i>fora</i> for networking among experts (including academia) and other civil society organizations</li> </ul>	<ul style="list-style-type: none"> <li>Involve stakeholders in the dissemination of consumer protection education integrated in curricula for primary, secondary and tertiary education</li> </ul>
<b>Regional and international cooperation</b>	<ul style="list-style-type: none"> <li>Involve BPKN in ACCP meetings and activities</li> <li>Become a member of ICPEN</li> </ul>	<ul style="list-style-type: none"> <li>Forge bilateral agreements with other authorities within and outside of ASEAN</li> </ul>



# Shifting the Focus





# THANK YOU

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