

Illegal Good in Tarakan

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Submission date: 18-Jul-2019 08:49PM (UTC+0700)

Submission ID: 1152923585

File name: Illegal_Good_in_Tarakan_2.docx (50.68K)

Word count: 6631

Character count: 36295

The Indonesian Government's Efforts On Handling Illegal Goods From Tawau City (Malaysia) To Tarakan City

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Abstract

Tarakan is a geographically separated area of the island of Borneo. Tarakan Island is the foremost guard of Indonesia which is directly adjacent to Malaysian waters. The waters in Tarakan are the border trade flows between Indonesia and Malaysia so it is very crowded on the way by local and overseas ships. Inter-island trade flows, especially in border areas, have a number of challenges and complex problems that are different from those of non-border areas. This study focuses on the government handling illegal goods using Permendag policy and Customs policy.

The results of this study resulted in several policies, namely the existence of the Indonesian government's efforts that have been set through the Permendag and Customs Act that is to conduct the action and sanctions for smugglers, surveillance and patrols in the sea and land areas to minimize smuggling and socialization for consumers by giving information and understanding of the dangers of illegal goods. However, with the policy of the Indonesian government in Kota Tarakan itself has challenges in the form of the number of unofficial ports, unoptimal supervision, product competitiveness and the distribution of basic commodities long enough from the island of Java.

Keywords: *Border Indonesia-Malaysia, Illegal Goods, Smuggling, Government Policy*

A. Introduction

Life in the border region has always been identified as "remote, backward and neglected". Because, its position is directly adjacent to neighboring countries, so any development of the situation and the progress of various fields in neighboring countries will affect the surrounding communities living on the border. With the development and improvement of transportation, trade, banking, education and health facilities in neighboring countries that are far better and more advanced.

Problems that occur in the border area, namely illegal border crossers as entrances and exits of humans and goods, problems with lack of health and education facilities, illegal labor migrants, narcotics circulation, smuggling of fuel oil, extraction of mining materials, all of which are very detrimental to both parties and can cause prolonged conflict. These problems are proof of the weight of living normally at the border, coupled with the lack of public facilities and infrastructure to support and isolate the region and security issues which have caused the declining standard of living of people living in border areas. One of the problems of trade in the border region is the presence of imported goods circulating in the region, some of which are categorized as illegal goods. The area that often gets illegal goods from Malaysia is Tarakan City. Tarakan is a separate island located in Kalimantan, this island is the main gate in the province of North Kalimantan. Because, Tarakan as a city of services and transportation that connects to other districts in North Kalimantan. Judging from the area's access, Tarakan is very easy to get by freight carriers, this is due to its geographical location on the island separated from the island of Kalimantan.

The rise of the rat harbor which is located along the coast which is used as loading and unloading of goods that is identified as illegal. Through the port of rat, it also made the proliferation of illegal goods from abroad entering Tarakan without official documents and permits.¹ This method is done to avoid paying taxes on Customs that will harm the region due to the absence of regional cash from imported goods. The magnitude of the contribution of the trade sector reflected in community trade activities not only occurs within the City of Tarakan, but also between islands. In terms of imports, it also appears to have increased significantly, although not as fast as export growth.

But what has developed so far, especially the border region in North Kalimantan, is the large number of illegally traded commodities. Some Malaysian products are traded in border areas such as in North Kalimantan and in other regions of Indonesia with illegal status, whereas some Indonesian products traded in the Tawau border region are also illegal. If these conditions continue to regulate policies, it will have an adverse impact on the economy of the Tarakan City region and the national economy. Although it is recognized that trade illegally in the border region has a positive impact on economic actors, especially the profit margins obtained are relatively large due to no tariffs or export taxes and can also create jobs. But on a macro basis there are several examples of adverse impacts, among others: the type and volume of traded goods are not properly recorded, transaction costs are expensive due to the

¹ Interview with Mr. Gerry, UPT employee. Tengayu I Port, Tarakan City (Dishub), Tarakan. August 30, 2017

treatment of illegal fees that are not clear in size, do not contribute to regional income, especially Regional Original Income, does not increase foreign exchange earnings.

Trade flows between islands, especially in the border region, have a number of challenges and problems that are quite complex which are different from the trade in non-border regions. Where this distribution uses the sea lane and is not time efficient which causes people living on the border to obtain goods instantly and cheaply. As well as the need for the involvement of various elements of the government, it is needed to formulate specific trade policies in the border region and not generally applicable in other regions.

B. Research Problem

The formulation of the problem raised by the writer in this study is:

“What efforts have been made by the Government in handling the illegal entry of goods from the city of Tawau (Malaysia) to Tarakan?”

C. Research Methods

The research method that the writer uses to solve various problems raised in this ¹⁶research is using descriptive method with qualitative approach, namely writing that describes a real situation. This descriptive method is used with the aim of explaining current events and events. The data analysis technique that the author uses in this research is qualitative analysis techniques. In this case the author uses data and samples from the Disperindag of Tarakan City, Secretary of Tarakan City and Tenggayu I Port of Tarakan City.

D. Discussion and Findings

1. Development of Illegal Goods Circulation from Tawau to Tarakan

The beginning of the development of the circulation of illegal goods from Malaysia that entered the land and sea border areas, namely from the family line in the past. This pathway is used when traders from the states of Tawau, Malaysia and border areas in Indonesia trade household goods. Over time, these transactions are more and more interested in addition to low prices and good quality and time efficient. One area that has become a circulation of illegal goods is the province of North Kalimantan. As is known, Nunukan Regency is a district that is directly adjacent to Sabah where one of them is Sebatik Island which is divided into two countries, namely Indonesia and Malaysia and the City of Tarakan which has a

strategic location viewed from the geographical border with the sea with Tawau making Tarakan City a place to trade goods from Tawau, Malaysia.²

a) Illegal Trade Lines in Tarakan

There are two categories of ports that traders make a place to unload their cargo. Official ports and illegal ports or termed rat ports (unofficial). For general cargo as a basic need of the people in Tarakan City (which is usually tolerated by the Tarakan City government) usually the cargo is unloaded at Malundung Port with the administration of a fictitious stamp from the shop in the Nunukan area. This condition caused the rampant unofficial ports in Tarakan City. Tarakan Customs Office said that along the coast of Tarakan Island is a location that has the potential of illegally entering / spending goods.

To date, several ports / docks / locations in Tarakan have no permits for import / export activities and are subject to supervision by Tarakan Customs, namely: Beringin I Port, Beringin IV Port, Iron Bridge Port and Amal Beach. Furthermore, traders distribute the illegal merchandise to sellers in Tarakan City, especially in traditional markets. In Tarakan itself, business people bring the results of trade by using the sea lane and dismantling the results of their merchandise at the public port or unofficial port.³ Loading and unloading is carried out behind the residents' houses at night. The goods brought by businesses through the Nunukan, Sebatik or Tawau lines appear to be items that are in great demand by the Tarakan community which are proven to increase in terms of market demand.

b) Factors Circulating Illegal Goods

Illegal goods are very easy to obtain in border areas such as in Tarakan City. The circulation of illegal goods in the city of Tarakan is basically at the request of the market or consumers are increasingly increasing. Opportunities for businesses to trade illegal goods around Tarakan are considered a great opportunity. Besides abundant goods, business people can also sell illegal goods at cheap prices to attract shopping consumers. Business actors have different reasons when conducting supervision by the Monitoring Team. There are two causes, according to Syarkawi Rauf, a member of the Business Competition Supervisory

²Consulate of The Republic of Indonesia Tawau, *Selayang Pandang Tawau*, 2012, Hlm. 8. Dalam <https://www.kemlu.go.id/tawau/Buku/SELAYANG%20PANDANG%20TAWAU.pdf> accessed on April 27 2018

³Interview with Mr. Gerry, UPT employee. Tenggayu I Port, Tarakan City (Dishub), Tarakan. August 30, 2017

Commission , to date the Indonesian market and especially Tarakan City are still many illegally imported goods:⁴

1. High price disparity in international markets with local

Prices in international and local markets are high so there is a stronger desire to import. If the government takes a policy by restricting goods with very high price disparities such as rice, meat, sugar and others, then the perpetrators of smuggling are very high. It is the need factor that makes illegal imports increasingly attractive to the public.

2. The high import duty of goods to Indonesia

The high import duty of goods to Indonesia, causing the desire of importers to enter goods illegally will be even higher. The large number of entry points for imported goods in Indonesia, coupled with weak supervision, is one of the causes of the ease of imports of goods to flood the Indonesian market.

2. Indonesian Government Program in Handling Illegal Goods

a) Policy of the Minister of Trade Regulation (Permendag)

Illegal goods enter freely in the border region because of the lack of safeguards in the Transboundary Post. The Ministry of Trade (Kemendag) as the party that is in charge of overseeing the circulation of goods in the market has taken various steps to overcome illegal imported goods that are already circulating in the market. The Ministry of Trade issued two Permendag, namely:

1. Minister of Trade Regulation number 72 of 2015 concerning the standardization of services in the field of trade and supervision of the Indonesian National Standard (SNI) is mandatory for goods and services traded.⁵
2. Minister of Trade Regulation number 73 of 2015 concerning businesses that produce and import goods to be traded on the domestic market must include labels in Indonesian.⁶

Minister of Trade Regulation number 72 and number 73 are used to reduce smuggling in areas where there is still illegal trade. With the standardization of goods traded, business

⁴Anggitondi Martaon. 24 Desember 2016. *Metrotvnews.com. Penyebab Barang Impor Ilegal Gampang Masuk Indonesia*, in. <http://ekonomi.metrotvnews.com/read/2015/12/24/463406/penyebab-barang-impor-ilegal-gampang-masuk-indonesia>, accessed on 25 April 2018

⁵Peraturan Menteri Perdagangan No.72 tahun 2015 tentang: Perubahan Ketiga Atas Peraturan Menteri Perdagangan Nomor 12/M-Dag/Per/3/2007, dalam. <http://www.Kemendag.go.id/files/regulasi/2015/09/28/72m-dagper92015-id-14461789959.pdf> downloaded on December 1 2017

⁶Peraturan Menteri Perdagangan No.73 tahun 2015 tentang: Kewajiban Pencantuman Label dalam Bahasa Indonesia pada Barang diunduh pada 26 Maret 2018, in. <http://www.Kemendag.go.id/files/regulasi/2015/09/28/73m-dagper92015--id-1446169056.pdf> downloaded on December 1 2017

actors must supply their merchandise carefully. If this regulation is carried out according to the procedures of illegal goods entering Indonesia from year to year it will decrease. The Ministry of Trade has signed a memorandum of understanding of a Memorandum of Understanding (MOU) with the Directorate General of Customs and Excise and the Police to maximize the supervision of goods in the market and arrest perpetrators of smuggling.

b) Customs Policy through Act No.17 of 2006

Based on Pancasila and the 1945 Constitution, according to the development of national law, Law No. 17 of 2006 concerning Customs was formed. The purpose of the establishment of Law No. 17 of 2006 concerning Customs is expected to be able to better guarantee legal certainty, justice, transparency and accountability of public services. With the enactment of this law, it is able to support efforts to improve and develop the national economy related to global trade. Support the smooth flow of goods and increase the effectiveness of monitoring the traffic of goods entering or leaving Indonesian customs areas and certain goods traffic in Indonesian customs areas, as well as optimizing the prevention and prosecution of smuggling.

The purpose of the government in carrying out supervision according to Law Number 17 of 2006 Amendment to Law Number 10 of 1995 concerning Customs is to increase state income or foreign exchange; as a tool to protect domestic products and as a monitoring tool so that not all goods can enter and leave freely in the Indonesian market or customs area.⁷ As is known that the largest income (often called the revenue side) into the state treasury is from the tax sector and includes the import duties and excise managed by DJBC. Along with the times, customs and excise functions and tasks increase as trade facilitators, who are authorized to delay or even tax exemptions with certain conditions. All of these regulations become an obligation for customs and excise to carry it out because customs and excise are institutions that regulate the entry and exit of goods in the territory of Indonesia.

In order to overcome this there are three things that underlie the duties and roles of Customs, namely; first, discipline in carrying out the duties of supervision and service to the community. Second, there is a strong legal basis for exercising authority in taking necessary

⁷Undang-Undang Republik Indonesia nomor 17 Tahun 2006 Tentang Perubahan Atas Undang-Undang nomor 10 Tahun 1995 Tentang Kepabeanan, <http://www.hukumonline.com/pusatdata/downloadfile/1t4c5129ff924e5/parent/26069> downloaded on May 6 2018

actions, especially in fostering public trust in this agency. Third, anticipate changes in accordance with the demands of the world of international trade. Based on these matters, the government together with the House of Representatives sought to make changes to the Customs Act Number 17 of 2006 which is a substitute for Law Number 10 of 1995. These changes include elements:

1. Justice, a condition that requires a guarantee of legal certainty and as a manifestation of the principle of justice which entitles the use of Customs services to appeal objections to the decisions of customs and excise officials.
2. Transparency, openness of customs and excise officials to support the smooth flow of goods and increase the effectiveness of supervision of the traffic of goods entering or exiting Indonesian customs areas and certain freight traffic in Indonesian customs areas.
3. Accountability, the completion of the prosecution in carrying out the destruction. Before being destroyed, the investigation was carried out by customs and excise officials and law enforcement officials.
4. Public services and employee development are needed to support efforts to improve and develop the national economy in optimizing the prevention and repression of smuggling related to global trade.

In carrying out the Customs duties, employees who work within the scope of Customs make policies and maximum application for the people who want to carry out the Customs process. Administrative feasibility must be facilitated so that the community also contributes to the process that is given by Customs employees and does not provide illegal levies within the Customs. The Customs Law regulates new things that were not previously regulated in the three laws and regulations that were replaced, among others, provisions concerning anti-dumping import duties and import duties, control of imports or exports of goods resulting from violations of intellectual property rights, imposition of all administration, investigations and appeals institutions.

c) Collaboration between agencies

In eradicating the entry of illegal goods in areas prone to smuggling, collaboration between agencies is carried out to carry out prosecution and supervision of suspects and business actors. Collaboration between agencies involved, such as: Ministry of Trade, has the task of organizing government affairs in the field of trade; The Directorate General of Customs and Excise carries out some of the main tasks of the Ministry of Finance in the areas

of Customs and Excise as well as securing the traffic of goods entering or leaving the customs area and collecting import duties and excise and other state levies; The police, has the duty to maintain public security and order, uphold the law and provide protection, protection and service to the community; Ministry of Health, to provide information about goods that are good to trade; The Food and Drug Supervisory Agency (BPOM), supervises the quality of traded goods in accordance with the required quality standards and the Civil Service Police Unit (Satpol PP), helping the government to destroy circulating goods that are out of date or not worth trading or selling.

Actually the agencies involved are quite a lot, but the Ministry of Trade currently has collaborated with DJBC and the Police through the MOU for the supervision of goods and the enforcement of the business actors involved.⁸ However, the policy of the Minister of Trade Regulation above has not been fully implemented properly in areas where there is still illegal trade. Proven lack of supervision is carried out by a joint monitoring team in areas where smuggling is easy.

d) Conduct Socialization, Control and Action

- Socialization

In addition to supervision and prosecution carried out by the government in collaboration with other agencies. An important government program to do is about socialization to businesses and consumers / communities to avoid the circulation of illegal excise goods. The socialization aims to provide knowledge and understanding to the public about goods that are good to trade, the impact of hazards and sanctions if people sell, buy and consume illegal goods⁹ Illegal goods are goods that enter or are sold in the market by violating financial, customs and other regulations so that they do not pay import duties and comply with applicable regulations. Circulation and consumption of illegal excise goods must be avoided, because one of them is causing large losses in state and local government. In addition, consumers can also be harmed because they consume goods that are not clear in quality.

Illegal goods sellers illegally violate Article 54 of Law Number 39 of 2007 concerning Excise with the threat of holding a minimum of one year in prison and a

⁸Joko Widodo, "Jokowi minta barang impor ilegal diberantas, Ini Langkah Kemendag" <https://finance.detik.com/berita-ekonomi-bisnis/3043959/jokowi-minta-barang-impor-ilegal-diberantas-ini-langkah-kemendag> , accessed on November 22 2017

⁹Interview with Mr. Romli Staff of the Department of Industry and Trade of Tarakan City, Tarakan, August 30 2017

maximum of five years in prison, or a fine of two to ten times the excise tax.¹⁰The socialization organized by the central and district / city governments uses several methods, namely: first, conducting socialization by inviting several traders and the public to provide information and understanding and the dangers of using illegal goods. Secondly, conducting Focus Group Discussion (FGD) was carried out to obtain information relating to the problems being studied, such as the rampant illegal goods being traded freely. Inputs and aspirations from the community, especially traders who trade goods that are categorized as illegal.¹¹

- Control

Control is carried out by several agencies involved, to provide a sense of security and legal certainty to consumers in using and utilizing goods and / or services circulating in the market in accordance with applicable regulations and standards. The agency that carries out extra supervision is DJBC. Customs and Excise as one of the Government institutions under the Ministry of Finance that collects State finances outlines has two main functions, namely Supervision and Service. This is in line with the Mission carried out by DJBC namely Trade Facilitators, Industrial Assistance, Community Protector and Revenue Collector. Supervision of DGCE in the field of customs includes export goods and imported goods. While in the excise field, the object of DJBC's supervision is Excise Goods.¹²

In carrying out their duties, Kapabean employees can also coordinate with other agencies. All government agencies, both civilian and armed forces, are required to provide assistance and protection for customs and excise employees related to the task at hand. This sea patrol is carried out so that the transport facilities comply with the stipulated provisions and for the benefit of securing the rights of the state. In order to supervise transport facilities, Customs and Excise officials are given the authority to carry out inspections of transport facilities.¹³

- Action

One of transnational crime is a crime of smuggling. The crime of smuggling is closely related to the entry and exit of people and goods from one country to another. It is said that

¹⁰Undang-Undang Republik Indonesia Nomor 39 Tahun 2007 Tentang Cukai, in, <http://www.sjdil.epkeu.go.id/fullText/2007/39TAHUN2007UU.htm> accessed on 9 Mei 2018

¹¹Laporan Akhir Evaluasi Permasalahan dan Perumusan Kebijakan Perdagangan Lintas Batas Kota Tarakan, *Ori Cit.* Hlm. 44

¹²Misi Bea Cukai, dalam, <http://www.beacukai.go.id/misi-bea-cukai> accessed on May 7 2018

¹³Admin web Bea dan Cukai, Meningkatkan Efektivitas Pengawasan Barang Angkut Lanjut, in, <http://www.beacukai.go.id/berita/meningkatkan-efektivitas-pengawasan-barang-angkut-lanjut.html>, accessed on May 5 2018

smuggling occurs when the goods enter and exit without going through administrative or implementation procedures. The Unitary State of the Republic of Indonesia is a legal State that aims to realize a safe, orderly, prosperous and just national life system based on Pancasila and the 1945 Constitution of the Republic of Indonesia, one of the existing legal efforts is to support efforts to improve and develop the national economy related to global trade.

Efforts to deal with smuggling crimes committed by the Government of the Republic of Indonesia, namely replacing the Indonesian Tariff Act by enacting the Republic of Indonesia Law Number 10 of 1995 concerning Customs. In addition, the efforts made are: The President of the Republic of Indonesia has formed a team to deal with the problem of smuggling and issue a Presidential Instruction (Inpres) with a Presidential Decree Number 24 of 2005 concerning Amendments to Presidential Decree Number 54 of 2002 concerning Coordination Teams to Increase the Flow of Export Goods and Import.¹⁴ Law of the Republic of Indonesia Number 17 of 2006 concerning Amendments to the Law of the Republic of Indonesia Number 10 of 1995 concerning Customs. The Law on Amendments to the Customs Law expressly formulates the crime of smuggling into 2 (two) parts contained in Articles 102A and 102B, namely:¹⁵

1. Crime of smuggling in the context of import activities.

Especially the crime of smuggling in the import field with a minimum imprisonment of 1 (one) year and imprisonment for a maximum of 10 (ten) years and a fine of at least Rp. 50,000,000 (fifty million rupiah) and a maximum of Rp. 5,000,000. 000.00 (five billion rupiah);

2. Crime of smuggling in the context of export activities.

And criminal acts of smuggling in the export sector with a minimum imprisonment of 1 (one) year and imprisonment for a maximum of 10 (ten) years and a fine of at least Rp. 50,000,000 (fifty million rupiah) and a maximum of Rp. 5,000,000. 000.00 (five billion rupiah).

Law No.17 of 2006 states the responsibility of perpetrators who commit criminal acts of smuggling individually or by legal entities. For provisions concerning the accountability of legal entities as perpetrators of smuggling, it is stated in Article 108 of Law No.17 of 2006 concerning Customs that states:

¹⁴Anonim, *Presiden Pimpin Sidang Kabinet Paripurna, "Tangani Penyelundupan, Dibentuk Tim INPRES 24/2005"* da ¹⁴ <http://www.indonesia.go.id/id/index.php?>, accessed on May 8 2018

¹⁵Yudi Wibowo Sukinto, *Tindak Pidana Penyelundupan di Indonesia Kebijakan Formulasi Sanksi Pidana*, Sinar Grafika, Jakarta, 2013. Hlm. 9

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1. In the event that a criminal act that can be punished according to this Law is carried out by or on behalf of a legal entity, company or company, association, foundation or cooperative, criminal charges are imposed on:

- legal entity, company or company, association, foundation or cooperative; and / or
- those who give orders to commit the crime or who act as leaders or who neglect their prevention.

2. Criminal acts according to this Law are also carried out by or on behalf of legal entities, companies or companies, associations, foundations or cooperatives, if the crime is committed by people who are good based on other relationships acting within the legal entity, company or company, associations, foundations or cooperatives regardless of whether each person has taken action individually or together.

3. In the case of criminal prosecution being carried out against legal entities, companies or companies, associations, foundations or cooperatives, when the prosecution is represented, the management can legally be held accountable according to the form of the legal entity in question.

4. With respect to legal entities, companies or companies, associations, foundations or cooperatives that are convicted of crimes as referred to in this Law, the principal crimes that are being punished are always a fine of a maximum of Rp. 1,500,000,000.00 (one billion five hundred million rupiahs) if the criminal act is threatened with imprisonment, by not eliminating the criminal fine if the criminal act is threatened with imprisonment and a fine.

While in the previous provisions, smuggling is only imposed on import actions. However, in combating smuggling, there are obstacles faced by the Directorate General of Customs and Excise both internally and externally. Internal barriers come from the body of the Directorate General of Customs and Excise, which is a systemic and structural problem, especially concerning the level of salary and remuneration that is not commensurate with the risks and responsibilities. While external barriers are in the form of weaknesses in the Customs and port system, especially regarding service applications and integration of the Customs data application system.

e) Handling Illegal Goods in Tarakan City

In dealing with the circulation of illegal goods in Tarakan City, the City Government (City Government) embraces all Tarakan people to eradicate / reduce the entry of contraband goods imported from Tawau, Malaysia. Communities need to report if there is smuggling in all areas of Tarakan City. Until now the Tarakan City Government does not have a legal product based on Regional Autonomy (Perda). At present the policy of the Tarakan City Government uses the ¹⁵ regulation of the Minister of Trade. Because, the policy is only made by the central government. And the provincial and regency / city regions only carry out provisions made by the central government. Tarakan City Government only formed a team to conduct surveillance and prosecution in the Tarakan area.

Oversight Team made through Mayor Tarakan Decree Number 510 / HK-II / 73/2015 concerning Establishment of 2015 Supervision of Circulating Goods in Tarakan City and Mayor Tarakan Decree Number: 524 / HK-II / 79/2016 concerning Establishment of Integrated Monitoring Team Against Supply and Distribution of Illegal Meat in the City of Tarakan. The establishment of a supervisory team through the Mayor's Decree of Tarakan has duties and responsibilities in their respective fields. Agencies involved in handling circulating goods, namely: Tarakan Customs and Excise; Tarakan XIII; Kodim 0907 Tarakan; Brimob Den C Tarakan Pioneer; Tarakan District Attorney; Disperindagkop Tarakan; Tarakan Health Service; Tarakan Police Station; KSOP Tarakan; Satpol PP.

After the establishment of a supervision team by the mayor, the agency established has the duty to conduct socialization and guidance to the community on the effects of circulating and consuming illegal goods and violations of laws and regulations. The socialization was carried out in the form of Seminar and Group Discussion Forum for 2 months every Monday and Thursday at 09.00-12.00 WIB. In the Multipurpose Room of the Mayor, Village and Hotel Hallroom by the Ministry of Industry and Trade with a copy of the Mayor. Event participants consisted of the general public, traders and fishermen¹⁶

After the socialization to the community, the Monitoring Team that had been formed carried out supervision to monitor trading activities so that information was obtained directly about the circulation of goods entering Tarakan City and then there was joint patrol in the waters around Tarakan City area against motorized boats or speed boats suspected of carrying goods - illegal contraband. The Oversight Team formed through the Mayor's Decree consists of Customs, Disperindag, Police, BPOM, Satpol PP. His job is to monitor the entry of goods in the City of Tarakan and conduct a survey of business people against goods sold.

¹⁶Interview with Mr. Romli Staff of the Department of Industry and Trade of Tarakan City, Tarakan, August 30 2017

Supervision is carried out at Ports, Airports, Markets and Shops / Kiosks, usually supervision is carried out to find out the types of goods, whether they are halal labels, the place of production of goods and expiration of goods. Supervision is carried out every 1 month and the time for conducting tentative supervision.

After carrying out joint patrols, the last handling of the legal process for those who carried out and prosecuted suppliers and dealers of illegal goods. Enforcement is a strict form that is directly carried out by the legal apparatus if it finds a violation of the rules set by the government. Enforcement is carried out by Customs and Excise in collaboration with the Police. The place of action is at the crime scene of the port, airport and loading and unloading of goods. The arrest of many suspects is found at the official port when loading and unloading. Enforcement of perpetrators of smuggling of goods is carried out by confiscating property and legal proceedings by the police. The time for action and security is carried out during supervision.

3. Challenges of Circulating Illegal Goods in Tarakan

Cross-border trade between Indonesia and Malaysia has been regulated since 1970, known as the Border Trade Agreement.¹⁷ In the agreement, regulated cross-border trade where residents who live in the border regions of the two countries can trade their merchandise in the border region. Trade flows between islands, especially in the border region, have a number of challenges and problems that are quite complex that are different from the trade in non-border regions, so that the involvement of various elements of the government is needed to formulate specific trade policies in the border region and not generally applicable in other regions.

The main issues and problems that occur generally in border areas can be grouped into two issues, namely:

1. The rise of goods from abroad (especially from Malaysia) which are marketing not only in the border region but are spread in various regions adjacent to border areas such as Nunukan, Tarakan and its surroundings. Judging from the legal aspect, the merchandise is categorized as illegal. Illegal goods in the sense of:

¹⁷Sandy Nur Ikfal Raharjo, M.Si (Han) et all, Strategi Peningkatan Kerjasama Lintas Batas (Border Crossing Agreement) Indonesia-Malaysia, LIPI, Jakarta, 2017, in, http://www.politik.lipi.go.id/downloadpap/Policy_Paper/Policy%20Paper%20LIPI%20tentang%20BCA-BTA%20Indonesia-Malaysia,%2011%20Des%202017.pdf downloaded May 6 2018

- there is no distribution permit, because the item is not through the administrative process of customs and is not given a circulation permit by BPOM, because in addition to not having a marketing permit there is also no BPOM logo listed. Goods that can operate must be registered through the BPOM so that in consuming safe products.
- distribution channels that do not go through the Customs process, the distribution of which is carried out not through an official port, where if distributing at an official port must complete documents. Because, goods obtained from smuggling and loading and unloading at unofficial ports.

2. The rise of goods exported to foreign countries in the form of prohibited goods for export but exported (not obtaining permits) and exported goods not through the customs process. Both issues and problems are known as illegal trade.

In carrying out the tasks that have been formed, it is possible that the Tarakan municipal government also has challenges that could disrupt the regional economy. There are several challenges that the City of Tarakan currently has, namely:

a) Less Optimal supervision

Less optimal supervision has resulted in more illegal goods entering Tarakan City. Supervision of shops/ kiosks from business actors is rarely done by several agencies that have been formed by the mayor's decision. Because, there is a sense of kinship and emotional aspects to business people making supervision in the shop/kiosk not run smoothly. The establishment of a supervisory team formed through the mayor does not have more impact on illegal goods entering. Meanwhile, supervision / patrol in the waters has obstacles in terms of field. High operational costs and a large enough area are one of the reasons sea security patrols are rarely carried out. Whereas this factor is the main guardian when goods from outside the island or abroad enter the territory of the Republic of Indonesia.

As well as rampant unofficial lines/people namely ports that are not legally registered. Tarakan is indeed undeniable that there are many public ports because Tarakan is an island which makes it a lot of people's ports that do not have permission to carry out loading and unloading. The entry of illegal goods in Tarakan is indeed through this route. This method is done secretly so as not to be caught by officers who oversee goods from outside the region or abroad. The loading and unloading carried out at this community port is found in the coastal area of Tarakan, some are far from the settlement and some are indeed located in the

merchant's settlement or in the fish auction place. Judging from the 1970 Indonesia-Malaysia Border Trade Agreement (BTA) is one of the implementations to develop Indonesia from the border. Indonesian and Malaysian BTA are also contained in Law Number 7 of 2014 concerning Trade in which cross-border trade.¹⁸ But this trade is only valid in cross-border areas and is not traded outside the Sebatik area.

b) Product Competitiveness

In trading the main thing that is done by business people is that they must have aspects that can fulfill the customer's desires, first as in the form of attractive prices, tastes and packaging so that consumers want to buy the products sold. Then the second is the affordability aspect of the goods, where transportation costs become the basis of determining the price of the goods to be sold, the farther the goods will be more expensive and vice versa the closer the goods will be, the cheaper. Lack of selling value of domestic goods both from price, taste and packaging. As a result of competitiveness between local products and foreign products there is an imbalance, as well as the amount of local goods that accumulate. Meanwhile, foreign goods are highly hunted because of the quality and affordable prices of local products of the same quality but in terms of more expensive prices. One of the impacts that arise and has great potential in the future is related to local products.

c) Lack of Consumer Understanding

In the era of free trade, technical regulations related to the circulation of goods and/or services imposed by a country must refer to and meet international standards. with compliance with standards, local products are expected to penetrate foreign markets with a higher level of competitiveness. In addition, fulfillment of standards can also benefit consumers in terms of quality, price of goods, as well as the security of the use of goods that have met the Indonesian National Standard (SNI) or international standards set by the relevant regulator as regulated in Government Regulation Number 102 of 2000 concerning National Standardization.¹⁹

SNI is a guarantee for consumers regarding the quality and quality of goods available in the market. The existence of SNI, consumers can evaluate the goods to be purchased so

¹⁸Undang-Undang Republik Indonesia Nomor 7 Tahun 2014 Tentang Perdagangan, in, <http://jdih.kemendag.go.id/backendx/image/old/2014/03/11/undang-undang-no-7-tahun-2014-tentang-perdagangan-id-203788263.pdf> downloaded on May 9 2018

¹⁹Peraturan Pemerintah Republik Indonesia Nomor 102 Tahun 2000 Tentang Standarisasi Nasional, downloaded on May 10 2018

that they can protect themselves from hazards that threaten security, safety and health. Quality or quality standards are one of the important factors in influencing consumers' decisions to choose and buy a product.²⁰ Not only through brand image created by producers, consumers can also obtain certain perceptions of quality or quality standards through the SNI label contained in the product. Consumer understanding of standards and SNI, consumers pay more attention to brands of products they buy (brand image perception) which are generally associated with quality.

For food products SNI also collaborates with the Food and Drug Supervisory Agency (BPOM) and the Indonesian Ulema Council (MUI) to improve the quality of products that have been produced. Based on Article 2 of the Regulation of the Head of BPOM Number 14 of 2014,²¹The Technical Implementation Unit within the BPOM has the task of implementing policies in the field of drug and food control, which includes supervision of therapeutic products, narcotics, psychotropic substances, addictive substances, traditional medicines, cosmetics, complementary products and supervision of food and hazardous ingredients. Meanwhile, the MUI in food products is tasked with providing halal or haram fatwas for these food products.

The need for in-depth socialization of the agencies that have been appointed to provide understanding for consumers who are still unfamiliar with national standards. The aim is that consumers also understand the dangers and risk of buying illegally imported goods. If, consumers understand and understand, naturally illegal goods will not sell. If the public is aware of illegal imported goods sold in the market, immediately report to the Directorate of Consumer Empowerment of the Ministry of Trade, Directorate of Supervision of Circulating Goods of the Ministry of Trade or the Trade Office in the district/city.²²

E. Conclusions

- a) Tarakan is a service and trade city that has two mainstay transportation routes, namely sea and air. But from the sea lane trade, there are obstacles, namely many smuggling cases. The lack of an official port makes residents smuggle in unofficial ports / people.

²⁰Analisis Pengembangan SNI dalam Rangka Pengawasan Barang Beredar, Kementerian Perdagangan, Jakarta, 2013 ¹

²¹Peraturan Presiden Republik Indonesia Nomor 80 Tahun 2017 tentang Badan Pengawas Obat dan Makanan, downloaded ¹ May 10 2018

²²Joko Widodo, "Jokowi minta barang impor ilegal diberantas, Ini Langkah Kemendag" <https://finance.detik.com/berita-ekonomi-bisnis/3043959/jokowi-minta-barang-impor-ilegal-diberantas-ini-langkah-Kemendag> , accessed on February 21 2017

This trade route starts from a family path found in the border area, but also affects the area around the border. Items found were goods from Sebatik, Nunukan and from Tawau Malaysia. These items are groceries, used clothes and household appliances. Suspects are suppliers from Tawau, Nunukan and Tarakan.

b) The government program in handling illegal goods is found ²³ in the regulation of the Minister of Trade and Customs policy, namely: Dissemination aims to provide knowledge and understanding to the public, especially business actors about good and suitable goods to be traded. Supervision is a direct monitoring activity to get information directly. His job is to monitor the entry of goods in the City of Tarakan by surveying business actors such as shops and markets for goods sold already have an Indonesian halal label, a place of production of goods and expiration of goods. Enforcement is a strict form that is carried out directly by law enforcement officials if they find a violation of the rules set by the government with the Customs Act with the Law of the Republic of Indonesia Number 17 of 2006 concerning Amendments to the Law of the Republic of Indonesia Number 10 of 1995 concerning Customs.

c) Tarakan City has several challenges, namely; 1) Challenges from within like people who prefer foreign products because of the low price comparison. 2) Challenges from outside such as many unofficial ports that supply illegal goods such as gas cylinders from Malaysia, sugar from Malaysia, clothes from Malaysia and others. 3) Supervision facilities are lacking due to the high cost of carrying out supervision. Regular surveillance is carried out using car vehicles to conduct surveillance in shops, markets, ports on land and use ship vehicles to monitor the entry of ships carrying illegal goods in the sea. 4) Technique of smuggling at community ports and loading and unloading at night by motorboat. 5) Competitiveness of local products and foreign products in terms of price and quantity of goods available in the city of Tarakan.

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