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Original Research Article

Indonesia's Customs Law Governance in Container Management for Garment Export Policy

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Abstract

In the context of Indonesia, the current policy on garment export agreements lacks standardized and specific legal regulations to address existing issues. These agreements only reach the stage of purchasing orders (PO) and pose challenges in practice, particularly regarding the scarcity of shipping containers, which hinders exporters from engaging in garment exports to buyers. The PO does not stipulate provisions for container availability, thereby impacting the welfare and economic system of Indonesia. As a result, the implementation of a welfare state that views the government as the primary agent responsible for ensuring social and economic welfare for its citizens cannot be realized in the Indonesian garment economy.

Keywords: Indonesian Customs Law, Container Management, Purchasing Order (PO).

A. INTRODUCTION

The welfare state, from the regime of the old order to the reform era, remains firmly entrenched within the framework of the 1945 Constitution, which includes a specific chapter on "social welfare" translated specifically through Article 33. Even when the public issue arose regarding the need to amend the 1945 Constitution after the reform movement of 1998, (Denny JA, 2006). The underlying assumption is that the failure in building this country during the New Order period of 1967-1998 is a result of the Constitution of 1945 being highly ambiguous, lacking clarity, open to multiple interpretations, and weak in its bias towards the people. Therefore, the Constitution of 1945 needs to be amended to contextualize it with the national issues in the present era. During the process of amending the Constitution of 1945, (Agus Riewanto, 2007, 2002, 2002)' to be published internationally in an international journal: conducted 4 (four) times, the condition of Article 33 of the 1945 Constitution did not undergo any changes but was perfected from its original 3 paragraphs to 5 paragraphs, and placed Chapter XIV under *"National Economy & Social Welfare,"* with the aim of linking it to economic justice and the spirit of protecting the welfare of the people. The founding fathers, during the process of formulating Article 33 of the 1945 Constitution, reached an agreement on the foundation of the national economic system, which is built on the unique Indonesian economic wheel, referring to the values of Pancasila (Sri Edi Swarsono, 2010: 56). If Indonesia pays attention to and implements international trade strategies involving cooperation between countries in order to meet needs and gain economic benefits, the potential for Indonesia's economy to move, stabilize, and generate significant results will be realized. This is necessary because the reality is that every country has limitations in terms of resources, technology, and labor, making it impossible for a country to meet all of its needs on its own.

International trade plays a pivotal role in the global economy due to the disparity in Natural Resources (NR) among nations worldwide. Each country possesses distinct natural potentials, such as crude oil, natural gas, iron ore, and various other resources. Through international trade, countries can gain access to resources they need but do not possess themselves. Consequently, international trade enhances production efficiency and accelerates economic growth. In the current context of globalization, it is imperative for nations to foster cooperation and harness international trade to meet their needs and achieve broader economic objectives.

The garment industry is one of the industrial clusters that are highly focused on driving economic growth in Indonesia. This industry has a significant contribution to Indonesia's Gross Domestic Product (GDP) and is among the top five industries with the largest contribution to GDP formation. Therefore, the development of the garment industry is a strategic priority in efforts to strengthen Indonesia's economic competitiveness. Through appropriate investments in infrastructure, improvement of workforce quality, technological innovation, as well as product promotion, and marketing, the garment industry is expected to continue to grow and develop, providing significant economic benefits to Indonesia and its society. (Kementerian Perindustrian, *Fact and Figures Indonesia Textile Industry*, Large Industry, Period 2005- 2009. Directorate General of Metal Machinery Textile and Multifarious Industry. Kementerian Perindustrian, 2010).

The existence of the garment industry can enhance consumer power in society towards clothing, both in the domestic and global markets. Therefore, the protection of this industry is crucial and needs to be regulated by the government through a number of stringent regulations, in order to maintain business competition and an investment- friendly climate as expected by the government. However, on the other hand, this phenomenon can also be seen as a promising business opportunity by some parties who wish to engage in this industry. By implementing appropriate business strategies, entrepreneurs can leverage the existing business opportunities in the garment and textile industry to achieve success and provide significant economic benefits to Indonesia. Therefore, the garment and textile industry should be considered a valuable asset to the Indonesian economy, requiring strong protection and support from the government and industry players.

The presence of illegal trade in used clothing (bales), both in the form of imports and exports, has a significantly detrimental impact on the development of the domestic investment climate. This is because such illegal trade can reduce the level of consumption of local products, making it difficult for local products to compete with these illegal imports. The consequence is a decrease in production, resulting in financial losses for producers and investors. However, regulations concerning investment have already been established by the Indonesia Investment Coordinating Board (BKPM) in the Head Regulation of the Indonesia Investment Coordinating Board No. 17 of 2015 on Guidelines and Procedures for Controlling Investment Implementation. Therefore, the government must take decisive steps to eradicate the illegal trade in used clothing and ensure that the established investment provisions can be effectively enforced. Additionally, support and promotion for local products need to be enhanced so that people are more inclined to choose domestic products and contribute positively to national economic development (Peraturan Badan Koordinasi Penanaman Modal Republik Indonesia No. 6 Tahun 2016).

Obstacles in exporting domestic garment products to Europe and the United States, caused by container scarcity, contradict the ease of importing garments received by Indonesia. These constraints can have an impact on the domestic garment industry, particularly in terms of increasing export volume and business growth. Therefore, an effective solution is needed to address the issue of container scarcity. The government can coordinate with relevant parties, including shipping companies and container terminals, to identify and address the root causes of container scarcity. Additionally, manufacturers can optimize container usage by improving production planning and enhancing product packaging efficiency. Thus, these efforts are expected to improve the performance of garment-textile exports and bring positive impacts to the growth of the domestic industry. Container Scarcity: It is worth noting that foreign shipping agents or Main Line Operators (MLO) in Indonesia have optimized the allocation of import containers for Indonesian exporters. The Main Line Operators (MLO) has also agreed that container scarcity is no longer the primary issue faced by stakeholders.

The scarcity of shipping containers can have significant impacts on the textile garment industry, particularly in terms of distribution, shipping, production costs, and reliance on exports. Moreover, the COVID-19 pandemic has worsened this situation by disrupting the global supply chain and increasing the demand for shipping via ships. To address these challenges, textile garment manufacturers can consider several alternative logistic solutions, such as shipping by land or air, depending on the distance and cost involved. Diversifying the sources of supply can also help minimize the risk of container shortages by seeking suppliers from various locations that are not overly reliant on a single transportation route. Manufacturers can also seek long-term agreements with suppliers to ensure a stable and sustainable supply.

Furthermore, textile garment manufacturers can adjust their supply chains to mitigate the negative impact of container shortages. For example, they can optimize production and inventory, and extend lead times with their suppliers. Manufacturers can also consider using empty container shipping to save on shipping costs. Overall, garment manufacturers should be proactive in addressing the challenges of container shortages by seeking alternative solutions and adapting their supply chains to minimize the negative impact on their business.

International agreements in free trade agreements are often used by countries as political instruments for national interests. Furthermore, international agreements are also utilized to intervene in the legal sovereignty of a country after the end of colonialism. As a result, the laws of a country become somewhat harmonized with the laws of other countries. International trade agreements, essentially, are utilized by countries with producers to eliminate or reduce barriers within countries that have consumers and markets (Hikmahanto Juwana, Kompas 20 April 2011).

The role of international agreements in the form of Free Trade Agreements (FTA) has been significant to date. There have been numerous FTAs that have been signed, implemented, and regionally notified involving countries within a single region or inter-regional groups. These agreements can take the form of bilateral agreements between two countries (state vs. state) or between regions and countries (regional groups), as well as multilateral agreements involving various countries. *(Clarification by the Director General of International Industrial Cooperation at the Ministry of Industry (Kemenperin),* Agus Tjahajana Wirakusumah).

Regarding the Free Trade Agreement (FTA), the development of the textile and garment industry in Indonesia is worth examining and analyzing its consequences. Free trade has resulted in the elimination of all textile quotas for Indonesia. The Agreement on Textile and Clothing (ATC) was a transitional agreement that outlined the stages and methods of integrating textiles and garments into the international trade scheme before all quotas were abolished over a period of 10 years (January 1, 1995, to December 31, 2004). Starting from January 1, 2005, no more quotas were given, leading to competition among textile and garment exporting countries.

Regarding the flood of imported products and container logistics for garment exports from Indonesia, the author addresses the issue of garment export agreements involving container management. These agreements are made between garment exporters and the party responsible for container management during the export process. The agreements can cover various aspects related to container management, including but not limited to Container Provision, Handling and Transportation of Containers, Container Insurance and Damage, Cost and Payment, and Risk Management.

The Directorate General of Customs and Excise (DGCE) plays a crucial role in protecting Indonesia from prohibited and harmful goods, ensuring the sustainability of the country's system and well-being. The Customs and Excise institution serves as the gateway for imports and exports, making it known as a Trade Facilitator. As a gateway for the entry and exit of goods, the Customs and Excise institution plays a significant role in facilitating trade.

Based on this background, the author intends to address how the export agreement of garments is related to container management. Furthermore, how is the concept of garment export trade connected to the customs system in the context of Indonesia's economic development?

B. METHODOLOGY

This journal article is written using a research framework supported by the descriptive-qualitative research design, also known as Analytical Descriptive. Analytical Descriptive is a type of research that combines descriptive and analytical methods to provide a detailed overview of an object or event, and then draw general conclusions from the issues discussed.

The qualitative approach is employed to understand the experiences of entrepreneurs and officials from the Customs and Excise Agency in dealing with garment export issues, as well as to identify trends in their actions to resolve the disputes they face. By utilizing the qualitative approach, researchers can gain a deep understanding of the subjects' experiences and the contexts involved in garment export problems, thereby contributing to the development of knowledge and understanding in the field being studied (A. Strauss & J. Corbin, 1990: 19-25).

C. RESEACRH & RESULTH

1. The Garment Export Agreement is linked to Container Management

Indonesia is a social welfare state, as stated in the Fourth Amendment of the 1945 Constitution and Chapter XIV titled "National Economy and Social Welfare." The concept of a welfare state was simplified by Bung Hatta as a *Managing State*, The concept of the "Caretaker State" was one possible alternative governance system that could be implemented in Indonesia. This concept proposes that the state becomes a caretaker or manager that handles administrative tasks and public services, while political power remains in the hands of the people. Bung Hatta believed that the "Caretaker State" would prevent the concentration of political power in one individual or group and instead focus more on serving the interests of the people. In this system, the head of state would serve as an administrative leader responsible for managing the government and implementing policies that have been determined by the people through democratic mechanisms. However, the concept of the "Caretaker State" remains abstract and has not been elaborated on in detail by Bung Hatta. Therefore, there are still many debates and various interpretations surrounding this concept. Some critics argue that this concept may be challenging to implement in practice because it still requires clear governance structures and mechanisms to carry out administrative tasks and public services. Nevertheless, the simplified concept of the "Caretaker State" as a governance system that focuses on public service and avoids the concentration of political power is an interesting idea that reflects Bung Hatta's political views on the importance of people's involvement in managing the state (Bintoro Tjokroamidjojo, 2002: 131-135).

The state is responsible for the affairs of its economy and the welfare of its people. The theory of the welfare state is a concept that refers to the idea that the state should provide protection and support for the social, economic, and physical well-being of its citizens. The concept of the welfare state is an idea within a governance system that is responsible for the welfare of its people. A state that implements the concept of the welfare state has public policies that focus on service, assistance, protection, and prevention of social issues such as poverty, unemployment, health disorders, and other social problems. The fundamental principle of the welfare state concept is that the state is responsible for safeguarding the welfare of its people, especially those in need of protection and assistance. This concept emphasizes the importance of the government's role in addressing social and economic issues faced by society and argues that the state should take an active role in addressing social and economic injustices. Welfare states typically have social programs such as social security, universal healthcare, unemployment benefits, housing subsidies, public education, and other assistance programs to support the less fortunate or vulnerable members of society. The goal is to create a more equitable and inclusive system for all citizens, reduce social inequalities, and ensure the welfare of the people is a top priority. However, the approach to the welfare state can vary across different countries and can have pros and cons. Some criticisms suggest that the welfare state concept can impose a heavy fiscal burden on the government and the private sector, and it may create dependency on government assistance. Nevertheless, supporters argue that the welfare state concept is an important step in achieving social equality and better welfare for all citizens (Miftachul Huda, 2009: 73). This concept emphasizes the importance of social welfare as one of the primary goals of the state in protecting the rights of the community and improving their standard of living.

The rapidly evolving global economy, driven by technological advancements, demands that every company continuously develops new innovations in their business activities. This applies to Indonesian garment products as well. The demand for innovation cannot be ignored if companies wish to remain relevant in the global economy. One possible innovation that can be pursued by companies is streamlining the production process through faster and more efficient procurement of goods, ensuring the fulfillment of company needs.

Export agreements for garments in Indonesia generally begin with the issuance of a purchasing order (PO). In this context, companies that strive to support their needs to the maximum extent in conducting their business require a supply of raw materials or finished goods. These goods are obtained by the company through cooperation with external parties as the suppliers of these goods. In order to acquire the necessary goods, the company must first make a request to the supplier or provider. In the process of requesting these goods, the company must provide detailed information about the items to be purchased, the receiving company's data, and the delivery time of the goods. This process is known as a *Purchase Order* (PO) (Amir M. S, 2000: 33). A purchase order (PO) is one of the crucial elements in the procurement process. With the increasing demand for production, raw materials and other supplies need to be maintained in order to ensure smooth and proper production processes. The literal translation of purchase order (PO) would be that "purchase" means buying and "order" refers to a request. In this context, it can be said that a purchase order (PO) is a document created by a buyer to acquire products or properties. This document then becomes a transaction tool, and when it is approved by the seller, it becomes a legally binding sales contract. (See ini: *What Is purchase order* (PO)? Definition of, Black's Law Dictionary, accessed 25 February 2023).

Before the issuance of a Purchase Order (PO), (Amir M. S, Ibid: 33), *Firstly*, there are several stages that need to be undertaken between the buyer and the seller. Generally, the process of exporting garments starts with negotiations between the buyer and the seller regarding the purchasing terms and conditions, such as price, quantity, quality, delivery time, payment terms, and others. Once an agreement is reached, both parties will sign a Memorandum of Understanding (MOU) that contains the export agreement, including the agreed-upon terms and conditions.

After the agreement is signed, the buyer provides garment samples to be made by the seller. The seller then initiates the production process based on the garment samples and promptly sends them to the buyer. If the buyer determines that the garment samples meet the specified criteria and quality of the order, the buyer proceeds to submit a Purchase Order (PO) to the seller. The Purchase Order serves as a document indicating the desired items to be ordered. Based on this Purchase Order, the seller begins the production process according to the specified quantity, type, garment style, and deadline. Once the garment production and delivery process is completed, the seller ships the goods to the predetermined location as stipulated in the contract. The seller includes an invoice and a packing list with the shipment for the buyer's reference.

In this case, a purchasing order (PO) can also be used as a negotiating tool between the buyer and the seller after the signing of the export agreement. Meanwhile, the buyer will prepare the payment according to the agreed terms. Once the production and delivery preparations are completed, the seller will send the goods to the designated location stated in the contract and subsequently issue an invoice to the buyer.

In some cases, a purchasing order (PO) can also be used as a negotiation tool between the buyer and the seller before the signing of the export contract. If the negotiation process goes smoothly, the seller (exporter) and the buyer commit themselves by reaching an agreement. Subsequently, the seller prepares the company profile, and the buyer from abroad plans a visit to Indonesia. Once the foreign buyers have agreed to visit the seller's company in Indonesia or have thoroughly assessed the company profile to ensure compliance with applicable laws and the fulfillment of workers' rights, the seller (buyer) typically makes thorough preparations for the visit.

The commonly used model for garment export agreements is the *Cut, Make, and Trim* (CMT) model. In this agreement model, the buyer in the destination country provides the materials and specifications for the garments to be made, while the seller or exporter is responsible for cutting the fabric, sewing, and finishing the garments. The CMT model is a form of cooperation between manufacturers and buyers in the garment industry. This model provides flexibility for the buyer to determine the specifications and materials to be used, while the manufacturer is responsible for producing garments according to the specifications and quality expected by the buyer. In the CMT model, buyers typically focus more on the design and marketing aspects of the products, while manufacturers focus more on the production and delivery processes. This model allows buyers to have control over the materials used and the quality of the products produced, while manufacturers can allocate resources and labor to the production process.

The writer's analysis of the current export agreement system is that it is deeply concerning, particularly in Indonesia. Our industry has been established for a long time, and we have had great trading experiences with foreign buyers. The garment industry in Indonesia has existed since 1921, starting with textile industries in the Majalaya region. However, it appears that this history does not guarantee our ability to anticipate and withstand the business competition in the garment sector with foreign producers. Several Indonesian garment companies have experienced crises multiple times because they were unable to compete with foreign suppliers. The most crucial factor contributing to the inability of our garment producers is the weakness in our human resources. In reality, the Indonesian garment industry has been operating under the Free on Board (FOB) system since its inception. However, they have been surpassed by newly emerging countries in the garment business. Since 2006, the export figures of Indonesian garment products to Europe and America have been overtaken by smaller and newer countries in the garment sector, such as Vietnam. If we want to survive in the global competition, we need to be vigilant and enhance the competence of Indonesia's young human resources by improving our education and training systems.

After implementing the garment export agreement using the purchasing order (PO) model, there have been challenges encountered in the field, specifically regarding the availability of empty or accessible containers. The issue arises from the sales contract based on the purchase order (PO). The issuance of a purchase order (PO) can be categorized as either a binding or non-binding agreement. Taking legal action for breach of contract based solely on a purchase order (PO) can lead to new problems. Breach of contract or agreement issues that rely solely on a purchase order (PO) can occur due to negligence on either party's part or can be intentional if the opposing party has already committed a breach of contract. Breach of contract occurs when a buyer fails to fulfill their obligations as agreed upon in the binding sales contract between the seller and the buyer.

The garment export agreement using the purchase order (PO) model has not yet demonstrated alignment with the concept of a welfare state. (T Heru Kasida Brataatmaja, 1991: 54), In Indonesia, the prevailing practice has been heavily influenced by the principles of liberalism, emphasizing freedom. Regarding this matter, it is believed that the parties involved should determine the content of the trade agreements or contracts. As a result, Small and Medium Enterprises (SMEs) can engage in contracts with their partners, adapting to the prevailing economic conditions within the Civil Code (KUH-Perdata).

2. ***The concept of export trading in the garment industry is connected to the customs system in order to promote the development of the Indonesian economy.***

Indonesia's customs governance for exports certainly requires large ships to support export activities, especially considering that Indonesia is a maritime country with thousands of islands and a very long coastline. These large ships can facilitate the transportation of goods from production areas to ports for further exportation abroad. Indonesia can reduce logistics costs and improve efficiency in shipping goods overseas by having adequate large ships. Additionally, having large ships can enhance Indonesia's competitiveness in the international market and strengthen its integration as a producer of goods with the global market.

Large ships can provide various benefits for Indonesia's import-export activities. *Firstly*, by having large ships, Indonesia can reduce logistics costs, which are usually a crucial factor in import-export activities. Consequently, the shipping costs can be minimized, enhancing the competitiveness of Indonesian products in the global market. *Secondly,* having large ships can also enhance efficiency in import-export activities. Large ships are capable of carrying a significant amount of goods at once, speeding up the shipping process and reducing the time required for delivery. *Thirdly,* having large ships can also enhance Indonesia's competitiveness in the international market. In global competition, a country's ability to deliver products quickly and efficiently to foreign markets is crucial. By having large ships, Indonesia can strengthen its integration as a producer of goods with the global market and enhance its competitiveness in the international market.

Having large ships is a significant advantage for Indonesia's import-export activities. By having adequate large ships, Indonesia can reduce logistics costs and improve efficiency in delivering goods abroad. This can also strengthen Indonesia's integration as a producer of goods with the global market and enhance its competitiveness in the international market.

Exporting garments has a significant impact on Indonesia's economy, making the customs system crucial in facilitating this trade. The Indonesian customs system plays a role as a regulator and supervisor in the export process, ensuring that applicable procedures and regulations are followed, including the inspection of goods and required documentation. Thus, the customs system helps maintain the quality and safety of Indonesian export products and strengthens international market confidence in Indonesian goods.

The important role of the customs system also includes efforts to promote export trade and enhance the competitiveness of Indonesian products in the international market. The customs system can provide facilities and incentives for businesses actively engaged in export trade, such as streamlined customs procedures and export tax exemptions. Consequently, the customs system can stimulate Indonesia's economic growth through increased export volume and value while reinforcing Indonesia's position in the global market.

Exporting garments makes a significant contribution to increasing the country's foreign exchange earnings. As an exporting nation, Indonesia relies on foreign exchange revenue from exports, including garment exports. Therefore, the customs system plays a crucial role in ensuring that the export process is conducted transparently and accountably, enabling effective management of the country's foreign exchange earnings. The customs system facilitates the proper assessment and collection of export duties, taxes, and fees, ensuring that the government receives the appropriate revenue from garment exports. It also helps prevent illegal activities such as smuggling and underreporting of export values, which can lead to revenue losses for the country. By ensuring transparency and accountability, the customs system helps maintain the integrity of Indonesia's export sector and supports the effective management of foreign exchange earnings.

Furthermore, the customs system can implement measures to facilitate trade, such as implementing electronic customs clearance systems and reducing bureaucratic procedures. These initiatives streamline the export process, promote efficiency, and contribute to the effective management of foreign exchange earnings. In conclusion, the customs system plays a vital role in ensuring transparent and accountable export processes, which are crucial for managing Indonesia's foreign exchange earnings effectively.

In order to increase the country's foreign exchange earnings from the export of garments, the customs system can provide convenience and facilities for businesses, such as tax exemptions on exports and fast and efficient customs processes. The customs system must also ensure that the applicable procedures and regulations are followed in the export process, including the inspection of goods and required documents. This will help maintain international market confidence in Indonesian products and strengthen Indonesia's position in the global market.

This customs service is located within the customs area, which is a designated area with specific boundaries at seaports, airports, or other designated locations for the movement of goods under the supervision of the Directorate General of Customs and Excise. Thus, it is within the customs area that activities related to import and export takes place. To support the facilitation of customs services, the Government has established legal regulations as an effort to ensure legal certainty, fairness, transparency, and accountability in public services. The Customs Law No. 10 of 1995 is perceived to be insufficient in providing legal certainty in the business world, particularly in terms of Articles 102 and 103. The formulation of smuggling offenses under these articles is considered weak by the public and does not meet their sense of justice.

The Customs Law No. 10 of 1995 regulates the authority of the Directorate General of Customs and Excise (DGCE) in overseeing the transportation of certain goods. However, regarding proposals for regulating the authority of the DGCE in supervision, they can be submitted to relevant agencies and taken into consideration during the policy- making or legislative amendment process. The Customs Law No. 10 of 1995 also regulates the functions of Bonded Warehouses (Tempat Penimbunan Berikat or TPB), which are customs facilities used for storage, collection, and reduction of import duties and taxes in the context of export, import, or certain industrial activities. This necessitates the need for an update to the Customs Law No. 10 of 1995.

To increase Indonesia's garment exports, the primary objective is closely related to the Trade Facilitation Agreement (TFA), which is an international agreement aimed at improving the efficiency and transparency of international trade processes. The main goal of the TFA is to reduce trade barriers, including costs and time associated with import and export procedures. In the context of garment exports, the TFA plays a crucial role in facilitating the export process, reducing the costs and time required to process export requirements, and enhancing the security and transparency of trade transactions.

In order to meet export requirements, garment manufacturers often need to pay additional fees for certification, inspections, and other export documents. The Trade Facilitation Agreement (TFA) can help reduce these costs by improving processes and expediting export approval. TFA encourages countries to accelerate the export approval process and reduce the number of documents required to complete the export process. This can help garment manufacturers reduce the time and costs involved in processing export requirements. TFA introduces higher security standards to protect consumers and reduce the risk of illegal trade. This can help increase consumer confidence in exported garment products and assist manufacturers in meeting stricter requirements. By speeding up the export approval process and reducing export costs, garment manufacturers can enhance their competitiveness in the international market. This can help manufacturers increase export volume and expand their market.

In reference to future legal concepts regarding garment exports and related issues, the author refers to The Organisation for Economic Co-operation and Development (OECD) as it can address several aspects depending on the context. Some OECD member countries, such as the United States, Japan, and several European countries, are major export markets for garment products from garment-producing countries such as China, Bangladesh, Vietnam, and Indonesia. Therefore, there may be a correlation between garment exports from these countries and trade policies, economic policies, or economic indicators of OECD members that can influence the demand or competitiveness of garment products.

The OECD is an international economic organization that focuses on the development of economic policies, including international trade policies. Trade policies such as tariffs, quotas, or international trade agreements advocated or recommended by the OECD can affect garment exports between producer countries and consumer countries. Therefore, the correlation between garment exports and the OECD can be seen in how the trade policies advocated or recommended by the OECD can impact the volume, value, or direction of garment trade between countries. The OECD also focuses on social and environmental policies, including issues related to labor rights, working conditions, and workplace environment in the garment industry. OECD policies or guidelines regarding sustainability, ethics, or corporate social responsibility can influence the production, exports, and reputation of garment products from producer countries. Hence, the correlation between garment exports and the OECD can be observed in how the social and environmental policies advocated or recommended by the OECD can affect garment industry practices and the export of garment products.

D. CONCLUSION

The losses resulting from the failure to implement the garment export agreement through the purchasing order (PO) mechanism are worth questioning, considering that agreements of this kind are susceptible to the possibility of non- performance by the involved parties. Consequently, the export cannot be carried out by the exporter due to the unavailability of containers that cannot be guaranteed, caused by policies or inadequate container management to support garment export activities. The impact of this situation will endanger the welfare and economy of Indonesia as a whole.

In line with efforts to improve the governance of the customs system in Indonesia, there are several steps that can be taken to enhance garment exports. One of them is providing dedicated large vessels to transport Indonesian garment products for export. Additionally, the fulfillment of facilitation for special trade agreements on exports should also be seriously considered. It is advisable to pay more attention to the substance of the Agreement on Textile and Clothing (ATC), as Indonesia has been free from textile and garment export quotas since 2005. However, the reality is that imports of foreign garment products continue to flow into Indonesia in significant quantities. Therefore, further actions need to be taken to address this issue, such as implementing stricter import duty tariffs for imported products, improving the quality of domestic garment products to meet consumer needs, and promoting innovation and development in the national garment industry to compete with imported products from abroad.

As a suggestion, it is crucial to establish clear and definitive obligations and responsibilities regarding the management and use of containers for all parties involved in the agreement. This includes determining the costs associated with container usage. In this regard, exporters should understand and agree to their obligations concerning the requirements and regulations imposed by container managers. On the other hand, container managers should provide clear and transparent information regarding the costs associated with container usage.

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