

CHAPTER I INTRODUCTION

A. Background of Research

Teten Masduki, Indonesia's minister for cooperatives and small and medium-sized businesses (MSMEs), has categorically prohibited the sale and purchase of imported second-hand clothing or import thrifting to safeguard MSMEs in the textile sector. During a press conference at his ministry's headquarters, he explained that the rejection also resulted from a wish to preserve shoe textile items, which are also made by many MSMEs.¹ The business sector will clearly experience many changes, including the business sector on a Micro, Small and Medium Enterprise (MSME) scale.² Thrifting is an activity of hunting or buying thrift items. Thrift is used goods or clothes that are usually obtained from import activities. Thrifting is an alternative choice because the price is more affordable than buying new things. Thrifting prices are more affordable, meaning that used goods are generally sold at a much cheaper price than new goods.³ The trend of this thrifting phenomenon increasing as sellers and buyers among the public, especially for thrift clothing sellers who consider thrift clothing sales very profitable with increased demand.

¹ "Indonesia's SME Minister Rejects Imports of Thrift Clothes to Protect MSMEs". Accessed on April 5, 2023, <https://apparelresources.com/business-news/trade/indonesias-sme-minister-rejects-imports-thrift-clothes-protect-msmes/>.

² Ayodya, R. W, 2020, *UMKM 4.0*, Jakarta, Elex Media Komputindo, p. 2.

³ Sharky, Y. N, "Impact of Import Thrifting in Indonesia: A Case Study on Used Fashion Products", *QISTINA: Jurnal Multidisiplin Indonesia*, Vol. 2, No. 1, (June, 2023), p. 437-441.

This is only making most sellers have a business strategy that wants to make higher profits than usual by doing things that are deviant such as illegally importing thrift clothes from abroad, especially in Indonesia. In Indonesia, most thrifting is done to find low-cost branded clothing from abroad from abroad.⁴ The types of clothing in demand are also very diverse, such as shirts, shoes, pants, and hats. With the rampant sales of thrift clothing imported to Indonesia, not many people see this as something that is not very profitable for them, but that this activity is very detrimental, one of which is local MSMEs in Indonesia. Society considers thrifting activities very dangerous because they reduce people's interest in using domestic products, especially in the textile and textile sectors.⁵ Moreover, most thrift clothes that are sold are foreign imported clothes that are imported illegally and excessively enter Indonesia. This problem has also become a byword for criticism by the Indonesian public, which has given rise to pro and con opinions for thrifting fans.

Local MSMEs in Indonesia have finally started to criticizing the government and asked the government to take this matter more seriously.⁶ Local MSMEs think that thrifting imported used clothing is contraband or illegal. Apart from causing harm to MSME players who make local products,

⁴ “Shoppers, Sellers Lambast Jokowi’s Crackdown on Thrifting”. Accessed on April 5, 2023, <https://www.thejakartapost.com/indonesia/2023/03/17/shoppers-sellers-lambast-jokowis-crackdown-on-thrifting.html>.

⁵ “Thrifting Dinilai Rugikan Pelaku UMKM, MenKopUKM Ajak Masyarakat Cintai Produk Lokal”. Accessed on April 5, 2023, <https://www.tvonenews.com/berita/107156-thrifting-dinilai-rugikan-pelaku-umkm-menkopukm-ajak-masyarakat-cintai-produk-lokal>.

⁶ “Pemerintah Larang Impor Baju Bekas, Saat "Thrifting" Diadu Dengan UMKM”. Accessed on April 5, 2023, <https://megapolitan.kompas.com/read/2023/03/22/10554921/pemerintah-larang-impor-baju-bekas-saat-thrifting-diadu-dengan-umkm?page=all>.

excessive and illegally imported thrifting also has a negative impact on the environment and national income. The effects of excessive thrifting can also cause severe problems because a large number of imported thrift clothing that ultimately does not sell ends up becoming a mountain of waste in landfills, and many imported thrifts clothing that enters Indonesia does not pay customs and excise duties, causing losses. Which is great for state revenue.

The rise of thrifting has brought about a new wave of sustainable fashion, appealing to a growing number of consumers seeking affordable and eco-friendly clothing options. However, in Indonesia, this trend has been met with opposition from local micro, small, and medium enterprises (MSMEs), who claim that the influx of illegally imported thrift clothing is hurting their business. In response, the Indonesian government implemented a ban on the import and sale of used clothing in 2020, citing concerns about the negative impact on domestic producers. The government's goal of banning the sale of imported thrift clothing is not only to protect consumers, but also to improve a conducive and honest business climate in line with developments in the business world.⁷

This made the government tighten the ban on the sale of imported thrift clothes by enacting the Minister of Trade Regulation No. 40 of 2022 on Amendments to the Minister of Trade Regulation No. 18 of 2021 on Export Prohibited Goods and Import Prohibited Goods. What is written in Article 2,

⁷ Chairy, R. V. Y., & Gultom, E. R, “Larangan Jual Beli Pakaian Bekas Impor (Thrift) oleh Pemerintah Ditinjau dari Perspektif Negara Kesejahteraan.” *Indonesia Berdaya*, Vol. 4, No. 3, (May, 2023), p. 1137-1146.

paragraph 3 that it is prohibited to import, one of which is in the form of used bags, used sacks, and used clothes.⁸

Based on data released by the Indonesian Textile Association, the circulation of textile products in 2014 for the domestic market touched 62 percent of supply from local manufacturers, 31 percent from official imports, and 7 percent allegedly coming from illegal imports. If it is calculated, the value of illegally imported used clothing reaches US\$ 5.62 billion or around Rp.71.6 trillion. This indicates disruption to the domestic textile and garment industry as a result of the import thrift of clothing.⁹

However, with the existence of a government regulation prohibiting the import of used clothing, a number of thrift clothing sellers oppose this. They also defended the issue of imported thrift clothing that they market because according to them the thrift clothing business is their main livelihood because it has a big influence on their life. According to them, all imported thrift clothes that enter Indonesia are clothes.

It turns out that thrift clothing traders have helped middle- and lower-class people because it is very suitable for their current economy. They said they could buy branded shirts for Rp.50,000 so they could save money. Selling thrift clothing is also considered to be a very promising business area.

⁸ Fatah, A., Sari, D. A. P., Irwanda, I. S., Kolen, L. I., & Agnesia, P. G. D.,” Pengaruh Larangan Impor Pakaian Bekas Terhadap Pengusaha Thrift”, *Jurnal Economina*, Vol. 2, No. 1, (January, 2023), p. 285-292.

⁹ “Pebisnis Garmen Dukung Pelarangan Impor Baju Bekas”. Accessed on May 15, 2023, <https://www.cnnindonesia.com/ekonomi/20150216174422-92-32561/pebisnis-garmen-dukung-pelarangan-impor-baju-bekas>.

Because, in one day these thrift clothing sellers can make a turnover of around 1-1.5 million rupiah per day they are suitable for use and are still of good quality, so that thrift clothes are more in demand.¹⁰ Apart from the low price, the reason thrift clothing is very popular, especially for teenagers, is that they want to look fashionable every day by shopping for thrift clothes, They can have a large collection of clothes that can be worn alternately every day by comparing the prices of buying new clothes at the mall¹¹ and basically every human being has needs for life that are unlimited and varied.

B. Problems Formulation

Based on the background, there are some questions of the research, as follow:

1. Why the government prohibited the activities of buying and selling imported clothes in Indonesia?
2. How does the concept of the protection for local MSMEs in the prohibition of importing used goods, especially illegally imported clothing?

C. Objectives of Research

There are some objectives of the research, as follow:

1. To analyze the reason why the government prohibited the activities of thrifting in Indonesia.

¹⁰ "Dilema Usaha Pakaian "Thrifting", Disayang Pembeli tetapi Dilarang Pemerintah". Accessed on April 5, 2023, <https://megapolitan.kompas.com/read/2023/03/17/09484851/dilema-usaha-pakaian-thrifting-disayang-pembeli-tetapi-dilarang?page=all>.

¹¹ "Polemik Manfaat Thrifting di Kalangan Remaja dan Dampaknya Bagi Lingkungan serta UMKM Lokal" Accessed on April 5, 2023, <https://www.kompasiana.com/afinaputrisla/642459102f635a5f506a5a62/polemik-manfaat-thrifting-di-kalangan-remaja-dan-dampaknya-bagi-lingkungan-serta-umkm-lokal>,

2. To understand the concept of protection for local MSMEs in the prohibition of importing used goods, especially illegally imported clothing.

D. Benefits of Reseach

There are some benefits of this research, as follow:

1. Theoretical Aspects

This research will benefit from a better understanding of the reason why the government prohibited the activities of thrifting in Indonesia.

2. Practical Aspects

This research will contribute to the development of MSMEs in the domestic textile sector in resolving the case of clothing in Indoesia.