

## A LEGAL ANALYSIS OF THE ROLE OF ECONOMIC LAW IN SUPPORTING DOMESTIC TRADE IN INDONESIA

**Gunawan Widjaja**

Senior Lecturer, Faculty of Law Universitas 17 Agustus 1945 Jakarta,  
[widjaja\\_gunawan@yahoo.com](mailto:widjaja_gunawan@yahoo.com)

### **Abstract**

This study examines the role of economic law in supporting national trade in Indonesia through a literature review using a normative legal approach. Economic law is positioned as a vital instrument in creating legal certainty, justice, protection for business operators and consumers, and orderliness in national trade activities. The discussion indicates that Law No. 7 of 2014 on Trade serves as the primary foundation for regulating national trade, whilst the development of digital trade and globalisation demands more responsive regulatory adaptation. The findings also confirm that the implementation of economic law still faces a number of challenges, such as regulatory disharmony, weak supervision, infrastructure limitations, and the complexity of electronic-based trade. Therefore, the strengthening of economic law is necessary so that national trade can develop in an orderly, fair, and sustainable manner.

**Keywords:** economic law; domestic trade; legal certainty; literature review; trade regulation.

### **Introduction**

Domestic trade is one of the main pillars underpinning the Indonesian economy, as the distribution of goods and services is not only relevant to the interests of business operators but also to meeting the needs of the wider public. Within the framework of the rule of law, trade activities cannot be separated from the existence of legal norms that regulate relations between economic actors in order to ensure order, certainty and legal protection. Economic law serves as an instrument that regulates economic behaviour to ensure it aligns with national development objectives and the welfare of the people. Consequently, a discussion of the relationship between economic law and national trade is essential to understand how the law functions not merely to restrict, but also to facilitate economic growth. (Hartono, 1979).

In the historical development of Indonesian law, commercial law—which was originally rooted in colonial commercial traditions—underwent a transformation when the state began to take a more active role in regulating economic activities. This shift indicates that trade is no longer viewed solely as a private matter for traders, but rather as a matter of public interest requiring state regulation. Sunaryati Hartono emphasises that Indonesian economic law has a constitutional basis, particularly in Article 33 of the 1945 Constitution, which places state control over key sectors of production for the prosperity of the people. Consequently, economic law cannot be separated from the social welfare orientation that is the primary objective of national development.

The interconnection between economic law and national trade can also be understood through Law No. 7 of 2014 on Trade, which affirms that national trade serves as the main driver of the economy. This law provides a normative basis for the state to regulate, foster and supervise trade activities so that they proceed in an orderly, efficient and fair manner. In this context, economic law acts as a regulatory mechanism ensuring that market mechanisms do not operate unchecked. Appropriate regulation is necessary to ensure that national trade can underpin domestic economic resilience whilst addressing the dynamics of globalisation. (Republic of Indonesia, 2014).

In theory, economic law can be understood as a branch of law that governs the interactions between the state, business entities and the public in economic activities. In practice, economic law encompasses two dimensions simultaneously—namely, the public and private dimensions—as it regulates contractual relationships between business entities whilst also granting the state the authority to intervene in the public interest. This development is relevant to national trade because trade activities require not only freedom of enterprise but also legal constraints to ensure fair competition. Therefore, economic law serves to maintain a balance between market efficiency and the protection of public interests (Hartono, 1979).

The role of economic law in national trade is becoming increasingly important as the country faces modern challenges such as the digitalisation of trade, market integration, and the rising volume of cross-regional and cross-platform transactions. The development of e-commerce demonstrates that trade activities now take place at a rapid pace and involve numerous parties within a complex digital landscape. In this context, the existence of legal frameworks is crucial to ensuring the validity of transactions, consumer protection, and certainty for businesses. Recent studies indicate that commercial law plays a significant role in boosting Indonesia's digital economy, although policy implementation still faces a number of obstacles (Izazi et al., 2024).

On the other hand, domestic trade requires a legal system that is not only normative in nature but also capable of being effectively implemented in practice. Many economic regulations lose their effectiveness when inter-agency coordination is weak, supervision is inconsistent, or there is a lack of harmony between regulations. In the context of trade, a lack of synchronisation between central policy and local implementation can create obstacles for businesses and slow down the distribution of goods. Therefore, economic legal studies need to highlight not only the content of the norms, but also the effectiveness of their implementation in supporting a healthy national trade climate. (Republic of Indonesia, 2014).

One of the key issues in economic law is the protection of businesses and consumers. In domestic trade, legal certainty is required so that businesses have a clear framework within which to conduct their activities, whilst consumers are assured of quality, safety and fairness in transactions. The Trade Act provides scope for the state

to regulate standards for goods, distribution, and trade supervision as a form of protection for the public interest. Thus, economic law is not merely an instrument of control, but also a means of building trust in the national trading system (Republic of Indonesia, 2014).

In addition to providing protection, economic law is also closely linked to the upholding of the principle of fairness in commercial activities. In a market system, the imbalance of power between large and small businesses often gives rise to the risk of unfair competition. Therefore, the law is needed to set limits on economic behaviour so as not to disadvantage the weaker party. A study on the development of commercial law in Indonesia indicates that government intervention through national regulations is essential to strike a balance between business interests and the interests of the wider public. This underscores that economic law serves a corrective function against potential abuses of market power (Aloisi, 2015).

From a national development perspective, trade is not merely the exchange of goods, but also an instrument for achieving the welfare of the people. Legal regulations in the field of trade are intended to improve the welfare of the people, as enshrined in the Preamble to the 1945 Constitution. This view demonstrates that economic law has a very strong development orientation, namely to make trade a means of distributing economic benefits more evenly. In other words, the success of national trade is heavily influenced by the extent to which the law is able to create a stable and productive business environment (Sunanda et al., 2025). However, the challenges in implementing economic law in the national trade sector remain significant. Technological changes, the flow of imported goods, and shifts in consumer patterns have created new dynamics that demand a swift response from policymakers. Criticism of the implementation of the Trade Law indicates that oversight of product quality, licensing, and e-commerce still requires strengthening. This signifies that the existence of legal norms does not automatically guarantee effectiveness if not accompanied by firm enforcement and an adequate monitoring system (Izazi et al., 2024).

Previous research on economic law and national trade has also highlighted the need to position the law as part of a national economic development strategy grounded in the values of Pancasila. In the era of trade globalisation, Indonesia cannot fully adhere to liberal economic logic without taking into account the constitution and the principle of social justice. Therefore, national economic law must be developed so that it can accommodate the need for market efficiency whilst maintaining the country's economic sovereignty. Within this framework, national trade can develop without losing sight of the goal of collective welfare (Sunanda et al., 2025).

Based on the above, this study is important in order to analyse, from a legal perspective, the role of economic law in supporting national trade in Indonesia through a literature review. The analysis focuses on two main aspects: the function of economic law as a regulatory instrument for national trade and the challenges of its

implementation in practice. Through a normative approach, this paper aims to provide a more comprehensive understanding of the position of economic law within the structure of Indonesia's national trade. Consequently, this discussion is not merely descriptive but also provides a conceptual foundation for strengthening economic law policies in the future.

### **Research Methodology**

The research method employed in this article is a literature review using a normative legal approach. The research was conducted by examining various relevant written sources, such as legislation, books, academic journals, and documents or articles relating to economic law and national trade in Indonesia (Eliyah & Aslan, 2025). The data obtained was then analysed descriptively and analytically to outline the role of economic law in supporting national trade and to identify the challenges of its implementation. Using this method, the discussion focused on identifying legal concepts, principles, and norms that could serve as a basis for academic analysis (Walliman & Walliman, 2021).

### **Results and Discussion**

#### **The Role of Economic Law in Supporting National Trade**

Domestic trade in Indonesia is one of the key instruments for driving the economy and expanding the distribution of goods and services across the country. In this context, economic law serves as a normative framework governing the relationship between the state, business operators and the public, ensuring that trade activities proceed in an orderly, fair and predictable manner. The existence of economic law is important because the market is not always able to regulate itself perfectly, particularly when there are imbalances in power, information, and access amongst business actors. Therefore, economic law exists to create a balance between the freedom to conduct business and the public interest (Aloisi, 2015).

Within the Indonesian legal system, domestic trade is not viewed as a stand-alone economic activity, but rather as part of national economic development that must be directed towards the welfare of the people. Law No. 7 of 2014 on Trade emphasises the importance of harmonising trade regulations within the framework of the national economic unity. These provisions indicate that the state plays an active role in shaping a trade structure that is not only competitive but also equitable and sustainable. Thus, economic law serves as an integrative instrument that unites the objectives of economic growth with social objectives. (Republic of Indonesia, 2014; Ministry of Trade, 2023).

One of the key roles of economic law in national trade is to provide legal certainty for businesses. Legal certainty is essential so that businesses can plan their activities, draw up contracts, manage risks and make economic decisions on a clear basis. Without legal certainty, business operators would face uncertainty that could hinder investment

and the distribution of goods. Therefore, economic law serves to create a stable business environment so that national trade can grow healthily (Ginting et al., 2025).

Economic law also plays a role in protecting businesses from harmful practices, such as unfair competition, excessive monopolies and breaches of contract. This protection is important because domestic trade involves many actors with varying economic capacities, ranging from micro, small and medium-sized enterprises to large corporations. If not regulated by law, economically stronger parties have the potential to dominate the market and disadvantage weaker parties. Through appropriate legal frameworks, the state can ensure that market mechanisms operate within the bounds of justice (Widyawati et al., 2025). In addition to protecting businesses, economic law also provides protection to consumers as the recipients of the final outcomes of trade activities. Consumer protection is vital because the quality of goods, product safety, and the integrity of market information are crucial to public confidence in the national trading system. When the law ensures transparency and accountability in trade, public confidence increases and economic transactions become smoother. In the long term, this supports the stability of the domestic market and strengthens the competitiveness of national trade. (Republic of Indonesia, 2014).

The role of economic law is also evident in the creation of a business climate conducive to investment. Regulatory certainty, dispute resolution mechanisms, and the protection of business rights are factors that investors pay close attention to before committing their capital. Studies on the application of commercial law show that clear regulations can boost business confidence and attract investment, which ultimately supports national economic growth. In other words, economic law not only regulates but also acts as a magnet for productive economic activity. (Ginting et al., 2025).

In domestic trade, economic laws serve as a regulatory mechanism to ensure that trade activities do not deviate from national development objectives. The state has an interest in ensuring that trade not only benefits specific groups, but also has a broad impact on society. Consequently, various trade regulations are established to prevent speculative practices, smuggling, price manipulation, and distribution that harm the public interest. This regulatory function demonstrates that economic law possesses a very strong social dimension within the national trade system. (Republic of Indonesia, 2014).

Economic laws also play a role in creating an orderly and efficient trading system. In the context of Indonesia, with its vast territory and diverse market characteristics, an orderly trading system is essential to ensure that the distribution of goods is not hindered. Trade regulations help to regulate supply chains, distribution, licensing, and the monitoring of goods circulating in the community. With good governance, national trade can operate more efficiently and reach a wider range of the population, including in areas that have historically been underserved. (Republic of Indonesia, 2014; Ministry of Trade, 2023).

From a legal development perspective, economic law in Indonesia has a strategic role to play in accommodating all forms of business, both large and small. Indonesia's economic legal development documents emphasise that the legal system must accommodate all citizens and forms of business within the national economic framework. This is important because national trade is driven not only by large corporations but also by MSMEs, which constitute the overwhelming majority. Consequently, economic law must be designed to be inclusive and not merely favour large businesses (Pahlefi et al., 2024).

The role of economic law is becoming increasingly evident in the face of the challenges posed by trade globalisation. The influx of imported goods, the development of digital technology, and changes in consumer patterns demand an adaptive and responsive economic law. If regulations lag behind market changes, national trade may lose its competitiveness and suffer structural disruption. Therefore, the reform of economic law has become an urgent necessity to ensure that national trade remains relevant in a highly competitive global economic environment (Sunanda et al., 2025).

Economic law also supports domestic trade through its dispute resolution function. In the world of trade, conflicts between businesses, consumers, or even between businesses and the state are a possibility. Therefore, the legal system must provide dispute resolution mechanisms that are swift, fair and predictable. This mechanism is vital for maintaining business continuity and preventing disruptions to the trade chain caused by protracted legal disputes. When dispute resolution operates effectively, confidence in the national trade system will increase (Ginting et al., 2025).

From a public policy perspective, economic law helps the state to steer national trade in a manner consistent with social welfare objectives. This principle is evident in the existence of regulations that not only focus on market freedom, but also take into account equity, protection and economic sustainability. Consequently, economic law can be viewed as a means of ensuring that trade growth does not give rise to acute social inequality. With this approach, national trade is positioned not merely as a commercial activity, but also as a tool for development (Widyawati et al., 2025).

In practice, the effectiveness of economic law depends heavily on consistent law enforcement and institutional quality. Good regulations will not yield optimal results if supervision is weak, there is an overlap of rules, or law enforcement officials lack adequate capacity. Therefore, strengthening legal institutions is an integral part of efforts to support national trade. With strong institutions, economic law can function more effectively in maintaining certainty, justice, and stability in trade (Pahlefi et al., 2024).

Overall, economic law plays a vital role in supporting national trade in Indonesia as it regulates, protects, guides and stabilises economic activity. Without adequate legal support, national trade risks facing uncertainty, inequality and conflicts of interest that could hinder economic growth. Therefore, the strengthening of economic law must be

understood as part of a national development strategy focused on the welfare of the people. In this context, healthy national trade can only be realised if economic law is implemented consistently, adaptively, and fairly.

### **Implementation and Challenges of Economic Law in National Trade**

The implementation of economic law in national trade is fundamentally aimed at creating order, legal certainty and fairness for all business operators involved in trade activities. In practice, the state acts not only as a rule-maker but also as a regulator to ensure that trade transactions are conducted in accordance with the principles of legality and the protection of the public interest. Law No. 7 of 2014 on Trade serves as the primary legal framework governing trade governance in Indonesia, including aspects of business development, supervision, and regulation. With this legal foundation in place, national trade is directed not merely towards the pursuit of economic profit, but also towards maintaining market stability and public welfare. (Republic of Indonesia, 2014).

In practice, economic law serves as an instrument for regulating relations between businesses, consumers and the government in order to foster a healthy market. Regulations concerning the distribution of goods, standardisation, licensing and supervision form a vital part of the national trading system, as they determine whether an economic activity can operate lawfully and efficiently. The existence of these regulations also helps to minimise trade practices that are detrimental to the public, such as the circulation of illegal goods, price manipulation, or substandard distribution. Therefore, economic law is not merely administrative in nature, but also substantive, as it determines the quality of the national trade system. (National Law Development Agency, 1997; Republic of Indonesia, 2014).

One of the most tangible forms of economic law implementation is the regulation of trade via electronic systems. The development of e-commerce has transformed national trade patterns from physical transactions to digital transactions that are far faster, more widespread and more complex. In this context, regulations such as Government Regulation No. 80 of 2019 on Trade via Electronic Systems and Minister of Trade Regulation No. 50 of 2020 serve as the legal basis governing digital businesses. These regulations demonstrate that Indonesian economic law seeks to adapt to the times in order to continue to protect the parties involved in electronic transactions. (Republic of Indonesia, 2019; Ministry of Trade, 2020).

However, the implementation of economic law in domestic trade still faces significant challenges in terms of supervision and law enforcement. One recurring issue is the suboptimal supervision of products in circulation, both local and imported, meaning that not all goods meet the applicable standards. In such situations, the existence of legal regulations does not automatically guarantee compliance by businesses if supervisory authorities lack adequate capacity. This challenge

demonstrates that the effectiveness of economic law is highly dependent on cooperation between policymakers, regulators, and business operators. (Sunanda et al., 2025).

Another challenge in the implementation of economic legislation is the lack of readiness of trade infrastructure in various regions. As an archipelagic nation, Indonesia faces issues of logistics, transport and uneven distribution, meaning that the application of trade regulations often differs between the central government and the regions. These infrastructure barriers can slow the flow of goods, increase distribution costs, and reduce the competitiveness of domestic products. Therefore, the success of economic law in supporting national trade is determined not only by the content of the regulations, but also by the readiness of the supporting systems (Hanisah & Hasan, 2025).

In addition to infrastructure issues, inter-agency coordination also poses a serious challenge to the implementation of economic legislation. Trade regulation involves numerous institutions, ranging from ministries and local governments to law enforcement agencies, making potential overlaps in authority highly likely. If coordination is not effective, businesses will face procedural uncertainty, which will ultimately hinder the business climate. Recent research indicates that strengthening coordination between central and local authorities is a key prerequisite for the effective achievement of the strategic objectives of the Trade Act (Hanisah & Hasan, 2025).

The challenges of implementing economic law are also particularly evident in the digital trade sector. Although e-commerce regulations are in place, the supervision of online businesses still faces difficulties due to the cross-border, fast-changing and often hard-to-trace nature of transactions. This means that law enforcement in digital trade requires more adaptive instruments and more advanced monitoring technologies. Without adequate adjustments, regulations risk falling behind evolving trade practices (Sunanda et al., 2025).

Furthermore, the legal and economic challenges in domestic trade are also linked to global competition and the flow of imported goods. The influx of cheaper foreign products often puts pressure on domestic products, particularly those from small and medium-sized enterprises. In this situation, economic law is required to maintain a balance between market openness and the protection of national interests. If regulations are not sufficiently robust, the domestic market may be dominated by imported products, thereby reducing the competitiveness of the domestic industry. (Republic of Indonesia, 2014; Ministry of Trade, 2023).

Another equally important aspect is consumer protection amidst the development of modern trade patterns. In domestic trade, consumers are often the most vulnerable to a lack of transparency, substandard products and unsafe transactions. Therefore, economic law must ensure that consumer protection is made an integral part of trade policy. Such protection is essential to maintain public

confidence in the market and ensure that trade activities can continue sustainably. (Republic of Indonesia, 2014).

The implementation of economic law also faces challenges in terms of enforcing sanctions. Many trade regulations already contain clear prohibitions and obligations, but their effectiveness depends on the consistent application of sanctions for violations. If violations are left without firm consequences, the regulations will merely become a normative formality without any real enforcement power. Therefore, the enforcement of sanctions is an important part of the process of implementing economic law in national trade. (Republic of Indonesia, 2014).

From the perspective of legal development, the challenges of implementing economic law demonstrate that regulatory reform must be carried out on an ongoing basis to keep pace with the times. Academic books and studies on economic law development in Indonesia emphasise that the legal system must be capable of responding to changes in economic structure, including digitalisation and the globalisation of trade. If legal reform proceeds slowly, a gap will emerge between legal norms and the economic realities faced by business operators. Consequently, legal adaptation has become an urgent necessity in maintaining the relevance of national trade (Sinaga & Ferdian, 2020).

Overall, the implementation and challenges of economic law in domestic trade demonstrate that the law is not merely a regulatory instrument, but also a tool for economic transformation. Effective economic law must be capable of addressing issues of legal certainty, oversight, infrastructure, digitalisation, global competition and consumer protection simultaneously. The existing challenges do not diminish the importance of the role of economic law; rather, they underscore the need for the continuous strengthening of regulations and institutions. Thus, national trade can develop within a framework that is orderly, fair, and supportive of public welfare.

## **Conclusion**

From a legal perspective, economic law plays a fundamental role in supporting national trade, as it forms the basis of regulations that provide certainty, fairness and order for businesses, consumers and the government. The existence of Law No. 7 of 2014 on Trade demonstrates that the state acts not only as a regulator but also as a guardian of the public interest, ensuring that trade activities align with national development objectives. Thus, economic law is not merely a restrictive mechanism but an instrument that guides national trade towards a more orderly system oriented towards the welfare of the people.

Furthermore, the implementation of economic law in domestic trade has provided a comprehensive legal framework to strengthen the competitiveness of domestic products and create a healthier business climate. However, its effectiveness still faces various structural challenges, such as disparities in logistics infrastructure,

weak inter-agency coordination, and the adaptation of regulations to developments in digital trade. This demonstrates that the success of economic law is determined not only by the existence of norms, but also by the quality of enforcement, supervision, and institutional synergy.

Consequently, the role of economic law in supporting national trade in Indonesia is of paramount importance, both as a normative foundation and as an instrument of economic development. To ensure it functions optimally, there is a need for regulatory reforms that are responsive to market dynamics, strengthened coordination between central and regional authorities, and consistent law enforcement against violations in the trade sector. If this can be achieved, economic law will truly become an effective means of promoting competitive, fair, and sustainable national trade.

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