The Efforts to Make a Free World Trade and Justice Through Trading Disputes and Indonesian Interest

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Abstract: The purpose of this study is to analyze the background of Indonesia's participation in world trade organizations, general agreements on trade tariffs, and agreements on the establishment of world trade organizations. The type of research used is normative legal research, namely by examining policies and rules of national and international law, legal theories and legal materials relating to the issues to be discussed, the approach used in this study, namely the regulatory approach invitation. Data and legal materials collected were analyzed qualitatively. The results showed that the mechanism of international trade dispute resolution through the WTO DSB was (1) Consultation, (2) Establishing and Procedures of Panels, (3) Panels Procedure, (4) Adoption of Panels Report, (5) Appellate Review. Indonesia's involvement in resolving disputes at the WTO namely RI as Plaintiff in the dispute "US-Continued Dumping and Subsidy Offset Act of 2000 [Byrd Amendment]". While RI as Defendant in the case of "Indonesian Certain Measures Affecting the Automobile Industry" (1996). As for Indonesia as a third party, Indonesia emerged in a dispute between the European Union and Argentina regarding footwear products. Indonesia sued, Argentina which gave special treatment to the Mercosur countries and not to Indonesia was a violation of the WTO agreement.

Keywords: GATT, Indonesia, trade dispute resolution, WTO.

I. INTRODUCTION

To regulate that international trade runs well, smoothly and mutually beneficial, the international community has established an international legal instrument in the field of international trade. These efforts include the formation of the General Agreement on Tariffs and Trade (GATT) in 1947. Specifically, GATT (Article 6) regulates how WTO member countries act on dumping. In addition, there is an Anti-Dumping Agreement that clarifies and extends Article 6 and the two applications together. These provisions allow countries to act which will generally undermine the GATT principles regarding binding tariffs and the principle of non-discrimination between trading partners. Anti-dumping measures are usually the imposition of additional import duties on certain products from an exporting country in order to bring the export price closer to the "normal value" or to eliminate domestic industry losses in the importing country. For this reason, GATT provides a new nuance in the study of international trade law at that time and provides protection so that each country has the same bargaining position in conducting international economic relations, especially in the field of trade.

GATT was formed on October 30, 1947, and GATT began to take effect on January 1, 1948, the formation of GATT was intended as a subsidiary agreement that is subject to and dependent on world trade organizations. The establishment of this GATT as a trade agreement in general and the elimination of tariff barriers, reciprocal tariffs that reflect a global trade agreement. The development and progress of the international economic system require a legal instrument as an instrument to ensure legal certainty, usefulness, and justice that are usually termed as global justice. Policies in the economic and trade fields are an integral part of national development which tends to focus on the development of the international economic system and the development of other countries' economies. In relation to the international trade system, Indonesia has participated and is active in various cooperation forums. As in the Uruguay round in the framework of GATT. Today Indonesia has become part of the GATT/World Trade Organization (WTO). Indonesia's attachment to this forum is an effort to participate in realizing a free, open and fair-trade order. In addition, efforts to expand markets and remove barriers to exports, because these constraints then give a domino effect to countries when a product in their country cannot be exported abroad just because of regulatory issues and
The government continues to improve the security of export access in order to minimize barriers to trade. According to the Director of Foreign Trade Security (DPP), Directorate of Trade Security of the Directorate General of Foreign Trade of the Ministry of Trade of the Republic of Indonesia "If there are technical obstacles which rules are made up of destination countries, we will fight as much as possible so that exporters are not hampered by it". However, exporters must understand the rules, lest the rejection occurs from the destination country because the conditions are not fulfilled. Ideal, harmonious and fair international trade practices as mandated by the provisions of the WTO, in their implementation have not yet shown optimal results. This is proven by the fact that there are still many WTO member countries that continue to protect producers/industries in their countries in the vein by implementing trade technical barriers in the form of standards, technical regulations, health issues, environment and so on as well as trade remedy barriers in the form of accusations of dumping, subsidies, and safeguards to Indonesian producers/exporters.5

The WTO agreements not judgmental but is focused on how the government can or cannot react (provisions) to dumping.6 A number of technical trade barriers that are currently still being handled include Australia's food standards, the 2011 Australian Tobacco Plain Packaging Bill, Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH) of the European Union Renewable Energy Directive (RED), European Union Notice of Data Availability (NODA) USA as well as several other trading partner countries' policies. During the period 1990-2014, the DPP has handled 251 cases from 28 Indonesian trading partner countries on various Indonesian export products, with details of allegations of dumping of as many as 189 cases, allegations of subsidies of 18 cases and safeguards measures of 44 cases. Whereas the countries which are actively making accusations against Indonesia are the European Union, India, Australia and the United States, each of which has made accusations more than 20 times during this period. At present, the use of instruments for alleged dumping, subsidies, and safeguards is not only carried out by developed countries but also by developing countries. This has been proven during the past 2 years by many accusations made by India, Turkey, Pakistan, and Brazil.7

Based on the explanation, the problem that will be examined in this paper is what is the background of Indonesia's participation in the world trade organization? What is the General Agreement on Tariffs and Trade?, and how is the agreement to form a world trade organization?

II. RESEARCH METHODS

This type of research is normative legal research, namely by examining policies and rules of national and international law, legal theories and legal materials relating to the issues to be discussed, the approach used in this study, namely the statute approach.9 The data and legal materials collected were analyzed qualitatively, then described to answer the problems in this study.

III. RESULTS AND DISCUSSION

Background of Indonesia's Participation in the World Trade Organization

The Decree of the People's Consultative Assembly of the Republic of Indonesia Number II/MPR/1993 concerning the Guidelines of State Policy (GBHN), among others, affirms the principle of a free and active foreign policy that is increasingly able to support national interests and is directed to contribute to the realization of a new world order based on independence, peace lasting and social justice, and aimed at further enhancing international cooperation, by further strengthening and enhancing the role of the Non-Aligned Movement. The State Policy Guidelines also outline that world developments which contain opportunities that support and accelerate the implementation of national development need to be utilized as well as possible by encouraging exports, especially non-oil and gas commodities, increasing competitiveness and breakthroughs and expanding foreign markets.

Starting from these principles, it is proper if all developments, changes and other global trends which are expected to affect national stability and the achievement of national goals, need to be followed carefully so that early steps can be taken that are appropriate and fast in overcoming them. With such an attitude, national development policies that are based on equitable development and its results, economic growth, and national stability, can be maintained. In order to deal with developments and changes, and take advantage of these opportunities, Indonesia continues to participate in efforts to enhance cooperation between countries, especially to accelerate the realization of an open, fair and orderly international trade system that is free from obstacles and restrictions that have been assessed does not benefit the development of international trade.

On a national scale, the problems that arise in the economic field are not simple. Changes in the orientation of the national economy towards the export market, bringing various consequences including the need for increased foreign trade activities, especially in the field of non-oil and gas products. No less important is the need to strengthen the export supporting facilities and infrastructure, as well as the mutually beneficial links between producers and consumers. Meanwhile, the policy of increasing non-oil exports that is directed to support the implementation of national development basically also faces various obstacles and challenges that require comprehensive attention. These obstacles and challenges can be in the form of market uncertainty and
increasing competition between countries. In general, the uncertainty of the development of the world economy is also motivated by changes that continue to occur rapidly, both in political life, economic, socio-cultural, and defense and security.

Within the framework of international economic and trade relations, Indonesia's success in increasing exports and national development will also depend on the development of the world economic order and the stability of the international trade system in addition to the ability of the national economy to adjust to existing developments. One factor that greatly influences the world economy, is the order or system that is the basis in trade relations between countries. The order referred to is the General Agreement on Tariffs and Trade/GATT. The agreement was realized in 1947, and Indonesia has participated in the agreement since 24 February 1950.

The benefits of Indonesia's participation in the agreement basically not only allow the opening of wider international market opportunities but also provide a better multilateral protection framework for national interests in international trade, especially in dealing with trading partners. For this reason, the consequence that needs to be followed up is the need to perfect or prepare the necessary laws and regulations. No less important is the preparation, growth, and improvement of the quality of human resources, especially understanding among economic actors and the apparatus of the organizer, of the overall agreement as well as the various obstacles and challenges that surround it.

**General Agreement on Tariffs and Trade**

The General Agreement on Tariffs and Trade/GATT is a multilateral trade agreement with the aim of creating free, fair trade and helping to create economic growth and development in order to realize the welfare of humanity. Until now the Agreement has been followed by more than 125 countries. In terms of objectives, GATT is intended as an effort to fight for the creation of free, fair trade and stabilize the international trade system, and fight for the reduction of import duty tariffs and eliminate other trade barriers.

As a multilateral order that contains the principles of international trade, the GATT establishes the principle that trade relations between countries are carried out without discrimination (non-discrimination). This means a country that is a member of the GATT is not allowed to give special treatment to certain countries. Each country must provide equal and reciprocal treatment in international trade relations. GATT functions as a consultation forum for member countries in discussing and resolving issues that arise in the field of international trade. GATT also functions as a forum for resolving disputes in the field of trade between participating countries.

GATT is also a forum to raise objections from a country that feels disadvantaged or gets unfair treatment from other participating countries in the trade sector. In principle, problems that arise are resolved bilaterally between countries involved in trade disputes through consultation and conciliation, and the results are notified to GATT.

To realize the guarantee that trade between countries can run well, GATT regulates the provisions on tariff binding imposed by participating countries. In addition, GATT also stipulates provisions to encourage trade activities based on the principles of honest competition and rejects some practices such as dumping and providing subsidies for export products. The principles contained in the GATT do not prohibit protection measures against the domestic industry, but such protection should only be done through tariff protection and not through actions such as import prohibitions or import quotas.

GATT prohibits quantitative trade restrictions, such as the imposition of import and export quotas. Nonetheless, the exemption from the prohibition is possible as long as the restriction is a security measure to overcome, among others, the balance of payment difficulties. In practice, these restrictions can only last for a limited time, and must be progressively reduced or eliminated after overcoming difficulties in the balance of payments. GATT allows participating countries to obtain an exemption from certain obligations if the country concerned experiences economic problems and trading. To protect industries that are still in a growth stage, GATT allows a country to ban imports or not impose tariff concessions that it provides in the GATT framework for a certain period of time. The action can be taken if the country concerned has no other choice in dealing with the surge in imported products, causing difficulties for the domestic industry.

The grouping of a number of countries in regional cooperation to remove trade barriers between them is also permissible, as long as they are in accordance with GATT provisions. The GATT provisions state that the existence of regional groups is permitted to increase trade between the countries in the group, as long as it does not create trade barriers for countries outside the regional group.

By being aware of differences in the socioeconomic level of GATT participating countries that do not allow the implementation of various provisions and disciplines that have been regulated, GATT recognizes the need for special and different treatment for developing countries. The GATT provisions governing special treatment recognize developing countries that have obtained more favorable conditions in their efforts to enter the world market for their products. Developed countries must not impose barriers to the export of primary commodities and other products that are of special interest to developing countries, and especially to the least
developed countries. Developed countries also should not expect reciprocal action from developing countries to reduce or eliminate barriers in the form of tariffs or non-tariffs.

In addition, the principles of different and more favorable treatment, reciprocity and full participation of developing countries were also emphasized, which subsequently became the basis for granting special treatment through the Generalized System of Preferences (GSP) by developed countries to developing countries, as well as allowing them special trade treatment for the least developed countries.

Approval for the Establishment of the World Trade Organization
The Agreement Establishing World Trade Organization regulates the functions, organizational structure and decision-making mechanism of the organization, as follows:

Function:
- support the implementation, administration, and implementation of agreements that have been reached to realize the objectives of those agreements;
- constitutes a negotiating forum for member countries regarding agreements reached, including decisions determined later at the Ministerial Meeting;
- administer the implementation of the provisions concerning Trade Dispute Resolution;
- administering the Policy Review Mechanism in Trade;
- create a framework for international cooperation with the International Monetary Fund and the World Bank, as well as other affiliated bodies.

Organizational structure:
- Ministerial Conference, which is the highest forum for decision making and regularly meets every two years;
- The General Council, which serves as the day-to-day executive, consists of representatives of member states, and holds meetings as needed;
- Council for Trade in Goods, whose task is to monitor the implementation of agreements reached in the field of trade in goods;
- Council for Trade in Services, which is tasked with monitoring the implementation of agreements reached in the field of trade in services;
- Council for Trade-Related Aspects of Intellectual Property Rights, which is tasked with monitoring the implementation of agreements in the field of trade aspects of Intellectual Property Rights;
- Dispute Settlement Body, which organizes trade dispute resolution forums that arise among member countries;
- Trade Policy Review Body, which is tasked with organizing a policy monitoring mechanism in the trade sector.

Decision-making:
- Decision making in the Ministerial Conference and the General Council is carried out by consensus, and if no consensus is reached, decision making is taken based on majority votes;
- In terms of decision making with the most votes, each member country has one vote.

Principles of Settlement of Trade Disputes
In international trade law, several principles regarding the resolution of international trade disputes include:

1. The Principle of Agreement of the Parties (Consensus)
   This principle is the basis for whether or not a dispute resolution process is carried out. This principle can also be the basis of whether an ongoing dispute resolution process is ended. Judicial bodies (including arbitration) must respect what the parties agree on. Included in the scope of understanding of this agreement are:
   - that one party or both parties do not attempt to deceive, suppress or mislead the other party;
   - that changes to the agreement must originate from the agreement of both parties, meaning that the termination of the agreement or revision of the contents of the agreement must also be based on the agreement of both parties.

2. Freedom of Choice Principles for Dispute Resolution
   The principle of freedom to choose the principle of dispute resolution (principle of free choice of means), whether non-litigation such as consultation, negotiation, mediation, conciliation, and arbitration; or settlement by litigation.

3. The principle of freedom of choice of law
   Another important principle is the principle of freedom of the parties to determine for themselves what law will be applied (if the dispute is resolved) by the arbitral tribunal on the subject matter of the dispute. The freedom of the parties to determine this law includes the freedom to choose...
propriety and eligibility (ex aequo et bono). The principle of freedom to choose this law is the source from which the court will decide a dispute based on the principles of justice, propriety and the appropriateness of a dispute resolution.

4. Good Faith Principle
The principle of good faith can be said to be the fundamental and most central principle in dispute resolution. This principle requires and requires the good faith of the parties in resolving the dispute. In dispute resolution, this principle is reflected in two stages; first, the principle of good faith is required to prevent disputes that can affect good relations between countries, second, this principle is required to exist when the parties resolve disputes through the methods of dispute resolution known in international trade law, namely negotiations, mediation, conciliation, arbitration, court or other stakeholder choice methods.

5. The principle of Exhaustion of Local Remedies
6. This principle was born from the principle of customary international law. According to this principle, customary international law stipulates that before the parties submit their dispute to an international court, the dispute resolution measures that are available or provided by the national law of a country must first be taken (exhausted).

International Trade Dispute Resolution Forum
Settlement of Trade Disputes through the Dispute Settlement Body (DSB)
Settlement of international trade disputes through the DSB has been included in the WTO agreement, namely in the Marrakesh Agreement Establishing the World Trade Organization, Annex 2. The Results of Uruguay Round of Multilateral Trade Negotiations: The Legal Text, 404 (1994), 32 ILM 1144 (1994), with the name The Understanding on Rules and Procedure of the Governing the Settlement of Disputes (DSU) which was ratified in April 1994. Thus, the presence of DSU has been established in the WTO agreement as one of the international trade dispute settlement regulations. However, the DSU still follows the provisions of GATT 1947 contained in Article XXII and XXIII GATT 1947. This is confirmed in Article XVI section (1) of the WTO Agreement, stating that the WTO will follow the decisions, procedures, and customary practices which is followed by the parties (Contract Parties).

In the settlement of international trade disputes, DSU introduces dispute resolution techniques in the WTO Agreement which is an improvement of the provisions of dispute resolution in GATT 1947. The provisions for improving dispute resolution contain 128 paragraphs which can be grouped into 27 articles. These improvements include the ratification of the principle of automation, and introducing a strict timeframe for each stage of the dispute resolution process. The overall time frame from the establishment of the panel to the issuance of a DSB decision or recommendation.

This important development is intended to strengthen dispute resolution procedures, so that WTO member countries as one of the important provisions of trade regulations. Thus, dispute resolution is no longer seen as an administrative problem, a view that prevails among the previous GATT member countries, but has instead become a rule adjudication of the dispute. In this case, the WTO has established a “form of moderate separation of power”, especially between the DSB, the panel, and the Appellate Body.

According to Annex 2 of the WTO Agreement, the DSU is intended to provide dispute resolution procedures that are specific to all agreements under the WTO agreement. Furthermore, according to Article 1 paragraph 2 of DSU, the rules and procedures for resolving disputes for DSU apply to all agreements that are within the scope of the WTO agreement, but their application is subject to special provisions or additional provisions regarding dispute resolution in each of the said scope agreements. The coverage agreements are, Investment Agreement (TRIMs Agreement), IPR Agreement (TRIPs Agreement), Service Sector Agreement (Trade Service Agreement), and other agreements. If a dispute arises because of a WTO agreement, it will be signed by the DSB who has the authority to form a panel, approve the panel report, examine carefully all recommendations, and have the right to take any action.

The mechanism for resolving international trade disputes through the WTO DSB is as follows:

a. The Consultation Stage
The parties to the dispute must try to resolve the problem through consultation. The consultation aims to strengthen positive solutions regarding disputes. In this stage, the parties notify in writing to the WTO DSB that they will hold a consultation within a maximum of 10 days. The request must explain the reasons for the consultation, including the legal basis for making the complaint. If the consultation fails and the members disagree, then this matter can be submitted to the Director-General of the WTO, in this case acting ex officio, then the WTO will offer to find other solutions for example through conciliation or mediation efforts.

b. Establishing and Procedures of Panels
If the consultation and other efforts fail to reach a settlement within 10 days, the plaintiff may request the WTO DSB to form a panel to resolve the parties' problems. The panel must be formed immediately by the DSB no later than the second session of the panel's request, if not then it is decided by consensus. This means that the parties to the sued country must not hinder the formation of the panel. In addition, the determination of terms of reference and panel composition was also proposed. The panel must be organized within 30 days of establishment.

c. Panels Procedure
Informing the panel, the WTO secretariat recommended 3 potential settlers to the disputing parties. If the parties do not agree with the panelists within 20 days of forming the panel, the Director-General will consult with the Second DSB and the Chair of the Board to appoint another panelist. The panelists will serve according to their capacity and will adhere to instructions from the country. The panel implementation procedure is a period of problem testing, then the terms of reference and composition of the panel are approved, then the panel provides a report to the disputing party for a maximum of 6 months. If it relates to items that are easily damaged then the time period can be accelerated 3 months. However, if there are no problems, then the panel will be formed until the circulation of reports to members is no longer than 9 months. Within 60 days the panel decision report must be approved by the DSB.

d. Adoption of Panels Reports
Panel reports are received by DSB within 20 days of the issue. If not reported then one of the parties can notify to withdraw the decision or make a consensus for the ratification of the report. The DSB cannot consider the panel report sooner than 20 days after it has been circulated to members. Members who object to the report must state the reasons in writing to be circulated before the DSB meeting to consider the report.

e. Appellate Review
The dispute resolution mechanism at the WTO gives the parties the possibility if one of the parties does not agree with the legality of the interpretation that develops during the process, the objection party can submit their objections to the DSB so that the dispute can proceed to the Appellate Body. Submitting an objection will only be heard if the issue at issue is regarding the provisions in the panel and the legality of interpretation.

Thus, those who need an agreement with the DSB panel can take their decision to the level of the PK session made by the DSB. This body announces 7 people representing representatives of the WTO countries who will carry out the task for 4 years. They are experts in the field of international trade and are not affiliated with any country. After the parties discuss the PK within 60-90 days, members of the Appeals Board listen, analyze, and read the case. The Appeals Board can arrange, change, and cancel the panel conclusions in accordance with WTO rules. After the Appeals Agency issues a decision on the dispute, within 30 days the Appeals Agency reports to the WTO DSB. This decision must be accepted by the parties who are conditional without conditions.

Indonesia and Dispute Resolution in WTO (DSB Panel)
a. RI as Plaintiff
Indonesia, Australia, Brazil, Canada, Chile, EU, India, Japan, South Korea, Mexico and Thailand, sued the US in the “US Dumping and Subsidy Offset Act of 2000 [Byrd Amendment] Dispute”. The Panel decided that “Byrd Amendment” did not violate WTO provisions. However, the US Law “The Continued Dumping and Subsidy Offset Act of 2000” has proven to violate WTO provisions.
b. RI as Plaintiff
c. RI as Defendant
As a defendant: "Indonesian Certain Measures Affecting the Automobile Industry" (1996).
d. RI as a third party
Indonesia emerged in a dispute between the European Union and Argentina over footwear products. Indonesia sued, Argentina which gave special treatment to the Mercosur countries and not to Indonesia was a violation of the WTO agreement.
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IV. CONCLUSION

The mechanism of international trade dispute resolution through the WTO DSB was (1) Consultation, (2) Establishing and Procedures of Panels, (3) Panels Procedure, (4) Adoption of Panels Report, (5) Appellate Review. Indonesia's involvement in resolving disputes at the WTO namely RI as Plaintiff in the dispute "US-Continued Dumping and Subsidy Offset Act of 2000 [Byrd Amendment]". While RI as Defendant in the case of "Indonesian Certain Measures Affecting the Automobile Industry" (1996). As for Indonesia as a third party, Indonesia emerged in a dispute between the European Union and Argentina regarding footwear products. Indonesia sued, Argentina which gave special treatment to the Mercosur countries and not to Indonesia was a violation of the WTO agreement.

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