

# International Trade Law and Illegal Trade Around Pantai Indah Kapuk: The Role of Government in Prevention and Law Enforcement

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## Abstract

**Background** - International trade has been a cornerstone of global economic growth, and Indonesia, strategically located in Southeast Asia, plays a crucial role in regional and global trade. However, the increasing liberalization of trade around key commercial zones, such as Pantai Indah Kapuk (PIK) in North Jakarta, presents challenges for law enforcement, particularly regarding illegal trade. PIK, a rapidly growing area, has become an economic hotspot with bustling ports, warehouses, and retail businesses. Despite the economic opportunities, the region faces illegal trade activities, including smuggling, unregistered shipments, and counterfeit goods, which hinder legitimate business operations and expose the vulnerabilities of Indonesia's trade regulations. The lack of effective legal and enforcement mechanisms to combat these illicit activities within the broader context of international trade law has created a significant gap in governance. This article critically analyzes the role of international trade law in addressing illegal trade around PIK and examines the role of the Indonesian government in preventing and enforcing laws to combat these illicit practices.

**Purpose** - 1. Critically assess the application of international trade law in Indonesian waters, particularly around Pantai Indah Kapuk (PIK), and its impact on illegal trade activities. 2. Analyze the effectiveness of existing regulations and law enforcement mechanisms concerning illegal trade in the area. 3. Identify the key legal gaps and challenges in the prevention and prosecution of illegal trade within the framework of international trade law. 4. Propose actionable recommendations for strengthening legal frameworks and enforcement strategies to mitigate the prevalence of illegal trade around PIK. 5. Evaluate the role of the government in combating illegal trade activities, with a focus on international trade law and cross-border cooperation.

**methodology** - This study utilizes an empirical normative research methodology, combining both legal analysis and real-world data to explore the legal landscape around Pantai Indah Kapuk. The research methodology includes: 1. Statutory Analysis: The primary focus will be on Indonesian laws such as the Customs Law (Law No. 17 of 2006), the Trade Law (Law No. 7 of 2014), and the Anti-Smuggling Law (Law No. 8 of 2010). These laws govern the legal trade and prevention of illegal trade, providing a foundation for legal action in PIK and other similar trade zones. 2. International Agreements: The study will also review international conventions and treaties that Indonesia is a part of, such as the WTO Trade Facilitation Agreement and the United Nations Convention Against Transnational Organized Crime, which guide cross-border trade regulations and cooperation. 3. Comparative Analysis: The research will include a comparative review of international trade law enforcement practices in other major trade hubs like Singapore and Hong Kong to assess best practices and gaps in the Indonesian legal framework. 4. Empirical Data: Data will be collected from government reports, law enforcement agencies, trade statistics, and case law to provide insights into the effectiveness of current legal measures and the prevalence of illegal trade in the PIK area.

**Findings** - The study reveals several key findings regarding illegal trade around Pantai Indah Kapuk (PIK), with significant legal gaps and challenges being one of the most pressing issues. Despite Indonesia's participation in various international trade agreements, there is a disconnect between global standards and the implementation of domestic laws, leading to inefficiencies in detecting and preventing illegal trade activities such as smuggling, counterfeiting, and the trafficking of illicit goods. While Indonesia has strict customs laws, the sheer volume of goods passing through ports like PIK often results in insufficient scrutiny, allowing illegal imports to slip through unnoticed. Another critical finding is the enforcement deficiencies within Indonesian law enforcement agencies, such as the Customs Directorate General (DJBC) and the National Police. These agencies face substantial resource constraints, including inadequate training, poor coordination, and outdated technological infrastructure all of which hinder their ability to effectively combat illegal trade. As a result, criminal syndicates are able to exploit these regulatory weaknesses, engaging in tax evasion and smuggling goods without detection, further exacerbating the illegal trade problem in the region. The study also identifies a significant issue in cross-border cooperation, which is vital in addressing the transnational nature of illegal trade. Despite Indonesia's participation in international trade laws and agreements like the World Trade Organization (WTO), there is a lack of formalized legal frameworks for cooperation with neighboring countries. This leaves substantial loopholes that smugglers exploit, particularly in Indonesia's proximity to Malaysia and other nearby regions, where they can circumvent domestic laws by taking advantage of less stringent regulations in neighboring countries. Lastly, the study highlights the influence of economic incentives and corruption in perpetuating illegal trade around PIK. Some local businesses and individuals turn a blind eye to illicit trade activities due to the financial benefits associated with smuggling, or because of bribery and a lack of accountability within law enforcement agencies. This creates an environment where illegal trade is not only tolerated but, in some cases, actively facilitated, complicating efforts to combat the issue and strengthen legal enforcement around PIK.

**Originality** - This research offers valuable insights into the intersection of international trade law and local enforcement mechanisms, particularly around trade hubs like Pantai Indah Kapuk. Unlike previous studies that focus solely on the economic or criminal aspects of illegal trade, this article brings a critical legal perspective, highlighting the challenges of aligning international trade law with local enforcement practices. The comparative analysis of different trade regions contributes to understanding the gaps in Indonesia's legal framework and offers concrete recommendations for improving both domestic laws and international cooperation. By addressing both legal and enforcement challenges, this study provides a comprehensive approach to tackling illegal trade in one of Indonesia's most important economic zones. The findings are particularly relevant for policymakers, law enforcement agencies, and international trade organizations looking to enhance regulatory effectiveness in combating illegal trade.

Keywords: Economy, Illegal, International Trade Law, Law Enforcement, Pantai Indah Kapuk

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