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# Legal review of dumping practices in Indonesia: A comparative study of international economic law and Sharia economic law

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## ABSTRACT

Dumping is an international trade practice that can distort markets and harm domestic industries in importing countries, prompting the development of anti-dumping policies as trade protection instruments. This study aims to analyze the regulation and implementation of anti-dumping policy in Indonesia, examine its conformity with international trade law principles under the World Trade Organization (WTO) framework, and assess dumping and anti-dumping practices from the perspective of Sharia economic law. This study employs a normative juridical method using statutory, conceptual, and comparative law approaches, drawing on secondary data such as international agreements (GATT 1994 and the WTO Anti-Dumping Agreement), national legislation (Law No. 7 of 2014 and Government Regulation No. 34 of 2011), and scholarly literature on international and Islamic economic laws. The findings indicate that, normatively, Indonesia's anti-dumping regulations have adopted WTO principles, particularly regarding the determination of dumping margins, material injury, and causation. However, in practice, the implementation of anti-dumping measures through the Indonesian Anti-Dumping Committee (KADI) continues to face procedural constraints and challenges in effectively protecting domestic industries. From the perspective of Sharia economic law, dumping is viewed as being inconsistent with the principles of justice, the prohibition of harm, and the ethical norms of fair competition. Therefore, Indonesia's anti-dumping policy should be strengthened not only to ensure compliance with WTO law but also through the internalization of substantive justice values, as emphasized in Sharia economic law.

**Keywords:** dumping; anti-dumping; World Trade Organization (WTO); international economic law; Sharia economic law.

## 1. INTRODUCTION

In an increasingly liberal and competitive international trading environment, dumping has become a central issue that continues to generate debate in global trade law. Dumping essentially refers to the practice of setting an export price for a product below its normal value in the exporting country, either below the domestic price or the cost of production. This practice is often used as a strategy to capture market share in the destination country by pushing prices to extreme levels in the short term. Although dumping is not automatically prohibited under a free trade regime, it becomes unlawful when proven to cause material injury to the domestic industry of the importing country. Accordingly, states are granted the right to impose anti-dumping measures as a legitimate protective instrument under the Agreement on Implementation of Article VI of GATT 1994 (the WTO Anti-Dumping Agreement) (Feran & Setlight, 2022).

As a country actively engaged in the international trading system and a member of the World Trade Organization (WTO), Indonesia has incorporated anti-dumping laws into its national legal system. Indonesia's anti-dumping regime is regulated under Law No. 7 of 2014 on Trade and Government Regulation No. 34 of 2011 on Anti-Dumping Measures, Countervailing Measures, and Trade Safeguards. The Indonesian Anti-Dumping Committee (KADI), a technical body authorized to conduct investigations, assess the existence of dumping practices, and recommend the imposition of Anti-Dumping Import Duties (Bea Masuk Anti-Dumping/BMAD) to the government, implements this policy (Siregar, 2022).

In practice, Indonesia is among the countries that actively use anti-dumping instruments, particularly against imported products from countries with high export volumes, such as China and the US. The steel sector is one of the sectors most frequently subject to investigations and the imposition of BMAD (Alhayat, 2017). This indicates that dumping is not merely a normative concept within legislation but a real issue that directly affects domestic industries'survival. In this context, anti-dumping policy plays a strategic role in protecting national economic interests.

Nevertheless, the application of anti-dumping policy in Indonesia faces various juridical and institutional challenges. Several studies indicate persistent problems related to the transparency of investigative procedures, the effectiveness of proving injury to the domestic industry, the protection of exporters' and importers' rights, and lengthy investigation processes (Alhayat, 2014). In addition, there is concern that anti-dumping instruments may be used excessively in a protectionist manner, potentially contradicting the free trade principles upheld by the WTO. This raises a fundamental question regarding the extent to which Indonesia's anti-dumping regulations and practices are aligned with the principles of international economic law that emphasize non-discriminatory justice and legal certainty.

From the perspective of international law, the WTO regime—through the Anti-Dumping Agreement—sets fairly strict limits on dumping investigation procedures, the determination of normal value, proof of injury, and the form and duration of BMAD imposition. Member states are not permitted to apply anti-dumping measures arbitrarily without objective evidence or fair procedures. Therefore, national anti-dumping policies should ideally not only prioritize the protection of the domestic industry but also remain within the boundaries of the agreed international trade commitments (Kalvarialva et al., 2023).

However, from the perspective of Sharia economic law, dumping raises serious concerns. In Islamic economic thought, dumping is often associated with ighraq, a strategy of selling goods at very low prices to dominate the market and eliminate competition. Such practices are considered inconsistent with the principle of justice ('adl), the prohibition of causing harm (la darar wa la dirar), and the ethical norms of healthy competition in Islam. Islam emphasizes that economic activity must be grounded in honesty, balance, and shared benefits rather than solely maximizing profit by harming others (Nuraini, 2019).

Within Sharia principles, GATT is not merely an economic violation but also a moral and social one. It can unfairly destroy competitors' businesses, damage market structures, and create economic inequality. Therefore, from the standpoint of Islamic law, the state has strong legitimacy to intervene to prevent dumping practices and protect public interest (maslahah) (Astuti et al., 2024). At this point, there

is an important intersection between the protective aims of anti-dumping policy in positive law and the maslahah principle in Sharia economic law.

However, existing studies on dumping and anti-dumping in Indonesia have generally been dominated by approaches rooted in international trade and positive national law. Meanwhile, scholarship that comprehensively integrates the perspectives of international economic law and Sharia economic law remains relatively limited. In a country with a Muslim-majority population, such as Indonesia, a Sharia-based approach is highly relevant as an ethical and philosophical foundation for economic policymaking. This constitutes the main research gap of this study: the absence of a comparative analysis that simultaneously assesses the alignment of Indonesia's anti-dumping policy with WTO standards and justice-oriented values of Sharia economic law.

The novelty of this article lies in its integrative-comparative approach, which does not merely treat anti-dumping as an instrument of national and international positive law but also examines its moral legitimacy and justice dimensions from a Sharia perspective. Through this approach, this study is expected to contribute theoretically to the development of international trade law in Indonesia and practically to the formulation of anti-dumping policies that are not only juridically robust but also ethically and socially just.

## 2. LITERATURE REVIEW

### 2.1. Studies on Dumping and Anti-Dumping in International Trade Law

The concept of anti-dumping within the World Trade Organization (WTO) framework has been extensively examined by international trade law scholars. WTO Anti-Dumping Agreement functions as a corrective instrument designed to maintain a balance between trade liberalization and the protection of domestic industries from unfair trading practices. Anti-dumping measures are not intended to serve as permanent trade barriers, but rather as remedial tools to address situations in which dumped imports cause material injury to domestic producers. Nevertheless, they caution that anti-dumping measures carry an inherent risk of being misused as a form of disguised protectionism if their application is not supported by rigorous evidentiary standards, objective investigations, and fair procedural safeguards for all interested parties.

From a more technical perspective, the application of anti-dumping rules under the WTO regime is grounded in three essential elements: the existence of a dumping margin, the occurrence of material injury to the domestic industry, and the presence of a causal relationship between the dumped imports and the alleged injury. He argues that the highly technical nature of calculating dumping margins and assessing injury and causation frequently gives rise to interpretative disputes among WTO Members, particularly when national investigating authorities adopt divergent methodologies or evidentiary thresholds in anti-dumping investigations.

Furthermore, Sood & Zulkarnaen (2024) stresses that anti-dumping policy constitutes a limited and carefully circumscribed exception to the principle of free trade that underpins the multilateral trading system. Therefore, the imposition of anti-dumping measures must be proportional, transparent, and non-discriminatory to remain consistent with the objectives of the WTO. Excessive or inadequately justified use of anti-dumping measures, he argues, risks undermining the credibility of the WTO system and distorting international trade relations.

### 2.2. Studies on Anti-Dumping Regulation and Practice in Indonesia

In the Indonesian context, several scholars have critically examined the implementation of anti-dumping regulations and institutional frameworks. Indonesia's anti-dumping regulatory framework has, in principle, been aligned with WTO provisions, particularly through the enactment of Government Regulation (Peraturan Pemerintah/PP) No. 34 of 2011. This regulation establishes a legal foundation for anti-dumping investigations and measures in Indonesia in accordance with WTO standards. Nevertheless, she highlights persistent implementation challenges, especially regarding institutional capacity, inter-agency

coordination, and consistency in law enforcement, which have limited the practical effectiveness of Indonesia's anti-dumping regime.

Focusing on institutional performance, the role of the Indonesian Anti-Dumping Committee (Komite Anti Dumping Indonesia/KADI) and concludes that KADI plays a strategic role in protecting domestic industries from unfair trade practices. However, she notes that KADI continues to face significant administrative obstacles, including constraints in data availability, procedural complexity, and limitations in investigative capacity, which may undermine the quality and reliability of the anti-dumping determinations.

Furthermore, Syahyu et al. (2022) pointed out that Indonesia's anti-dumping policy is frequently influenced by broader economic and political considerations beyond purely legal criteria. According to their analysis, these influences have, in practice, reduced the effectiveness of anti-dumping measures in providing optimal protection to national industries. This situation reflects the ongoing tension between Indonesia's commitments under the multilateral trading system and domestic policy priorities, resulting in the cautious and sometimes inconsistent application of anti-dumping instruments.

### 2.3. Studies on Dumping from the Perspective of Sharia Economic Law

From the perspective of Islamic economic law, dumping practices are also subject to normative critique. Dumping practices are inconsistent with the principles of justice (*'adl*) and the prohibition of harm (*dharar*) in Islamic law. According to her analysis, pricing strategies that deliberately undercut market prices to eliminate competitors may result in unjust market exclusion and structural harm to other business actors. Such practices are viewed as incompatible with the ethical foundations of Islamic commercial jurisprudence, which emphasizes fairness, balance, and mutual benefit in economic transactions.

Islamic economic principles strictly prohibit pricing practices that disrupt market equilibrium and generate harm, even when such practices are justified under the pretext of competition. He explains that while Islam recognizes healthy competition as a legitimate market mechanism, competition must be conducted within moral and legal boundaries that prevent exploitation, monopoly formation, and injury to public welfare (*maslahah 'ammah*). Consequently, pricing conduct that leads to systematic losses for competitors and distorts fair market conditions cannot be justified within the framework of Islamic economic theory.

## 3. METHOD

This study employs a normative juridical research method, focusing on the examination of the legal norms governing dumping practices and anti-dumping policies. This approach was chosen because the object of study consists of written legal provisions, legal principles, and doctrines related to the regulation of anti-dumping in the international legal system, Indonesian national law, and Sharia economic law.

The approaches used in this research include statutory, conceptual, and comparative law. The statutory approach is applied to analyze the provisions of the WTO Anti-Dumping Agreement, Law No. 7 of 2014 on Trade, and Government Regulation No. 34 of 2011 on Anti-Dumping Measures. The conceptual approach is used to examine dumping and anti-dumping from the perspectives of international trade and Sharia economic laws. A comparative law approach is applied to assess the conformity and differences between anti-dumping principles under the WTO, their implementation within Indonesian national law, and justice-oriented values in Sharia economic law.

The data used in this study are secondary data, consisting of primary, secondary, and tertiary legal documents. Primary legal materials include international agreements, statutory regulations, and relevant decisions and policies related to anti-dumping. Secondary legal materials consist of textbooks, scholarly journal articles, research findings, and academic publications relevant to dumping and anti-dumping. Tertiary legal materials, including legal dictionaries and encyclopedias, were used as reference sources.

Data were collected through library research by systematically reviewing and compiling relevant legal materials. The collected data were then analyzed qualitatively by interpreting applicable legal norms

and principles and comparing them to draw prescriptive conclusions. The results of the analysis are used to assess the effectiveness of Indonesia's anti-dumping regulations and their relevance to the principles of international trade law and Islamic economic law.

## 4. RESULT AND ANALYSIS

### 4.1. Conceptual Review of Dumping and Anti-Dumping

In general, dumping is understood as the practice of setting an export price lower than the normal price in the domestic market of the exporting country. In international trade law, dumping has a more technical meaning, namely, the difference between an export price and the normal value of a product in its country of origin. The normal value is typically determined based on the selling price of a similar product in the exporter's domestic market under normal trade conditions. If the export price is lower than this normal value, the practice may be legally classified as a form of dumping (Sood & Zulkarnaen, 2024)

Under the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 (WTO Anti-Dumping Agreement/ADA), dumping is not automatically considered an unlawful act. Dumping is considered a violation of international trade law only when three core elements are established: (1) the existence of dumping, (2) material injury to the domestic industry of the importing country, and (3) a causal link between dumping and the injury suffered by the domestic industry. Thus, dumping is treated as an economic practice that becomes sanctionable only when proven to cause real and measurable harm (Feran & Setlight., 2022).

From an economic perspective, dumping is often viewed as a market penetration strategy, where exporters sell products at very low prices to capture the importing country's market, eliminate competitors, and raise prices once competition has weakened. This strategy can produce market distortions, unfair competitive conditions, and weakened competitiveness in the domestic industry. Therefore, although dumping is not prohibited, it is commonly regarded as a potentially unfair form of competition.

In international legal and economic literature, dumping is typically categorized into several categories. First, sporadic dumping is carried out temporarily to dispose of excess stock. Second, persistent dumping is conducted continuously as a long-term strategy to dominate the target market. Third, predatory dumping is aggressive and aimed at destroying competitors and creating monopoly power. Among these, predatory dumping is considered the most dangerous because it can systematically undermine competitors' business continuity. In this context, anti-dumping instruments function as a "legal brake" to prevent destructive competition that undermines fair market mechanisms (Solikha et al., 2025).

Dumping may also occur through transfer pricing practices within multinational companies, where intra-firm prices are arranged to maximize global profits and reduce tax burdens (Syahyu et al., 2022). This pattern is increasingly difficult to monitor in the era of digital trade and global supply chains, which strengthens the need for more robust regulations and enforcement mechanisms. Anti-dumping is the legal instrument used by importing countries to protect domestic industries from injurious dumping practices. Within the WTO system, anti-dumping is classified as a form of trade remedy, alongside countervailing and safeguard measures.

The primary instrument in anti-dumping policy is the imposition of Anti-Dumping Import Duty (BMAD), an additional import duty applied to imported goods proven to be dumped. The main purpose of the BMAD is not to punish exporters but to correct price distortions so that prices return to a fair level and competition can take place on equal terms (Rahman & Mawarni, 2025). Although anti-dumping is recognized as a lawful instrument, the WTO requires strict procedures for its application, including objective investigations, evidence-based findings, due process rights for exporters, and time limits on measures. These requirements are designed to prevent anti-dumping from being misused as a disguised protectionism (Ramadhanti, 2025).

Indonesia adopted an anti-dumping policy into its national legal system as a consequence of its membership in the WTO. Normatively, the main legal basis for anti-dumping in Indonesia is Law No. 7 of 2014 on Trade and Government Regulation No. 34 of 2011 on anti-dumping, countervailing, and safeguard measures (Humonggio, 2018).

Technically, anti-dumping investigations in Indonesia are conducted by the Indonesian Anti-Dumping Committee (KADI), which is authorized to receive petitions from the domestic industry, investigate alleged dumping, assess injury, and recommend the imposition of BMAD to the Ministers of Trade and Finance. In practice, KADI plays a central role in bridging domestic industrial interests and Indonesia's obligations under the international trade regime (Syahyu et al., 2022). However, the presence of anti-dumping instruments creates policy dilemmas. On the one hand, anti-dumping is needed to protect the domestic industry from low-priced imports. However, careless application can trigger trade disputes and accusations of violating WTO free-trade principles. Therefore, anti-dumping policy must be positioned within a balance between national protection and international commitments (Sihombing 2024). From the perspective of competition law, dumping directly intersects with prohibitions against unfair business competition. Extremely low pricing intended to eliminate competitors conflicts with the principle of fair competition. In the short term, consumers may benefit from lower prices, but in the long term, they may be harmed if markets become dominated by only a few firms (Kusnandar et al., 2025).

Dumping is also highly relevant to Sharia economic principles. In Islam, economic activity is not solely assessed by profit but also by justice, honesty, and public welfare. Dumping, aimed at eliminating competitors through extremely low prices, is considered contrary to 'adl (justice), ukhuwah iqtisadiyah (economic solidarity), and the prohibition against causing harm. In this context, the state functions not only as a market regulator but also as a guardian of public welfare (hifz al-maslahah). Therefore, anti-dumping measures can be framed as legitimate state intervention to prevent economic ظلم (injustice) and maintain market balance (Mahfud, 2012). Overall, dumping can be understood as an economic phenomenon with legal, social, and moral implications, whereas anti-dumping represents a state legal response to correct market distortions caused by dumping. Within the WTO framework, anti-dumping is positioned as a corrective instrument that must be applied proportionally and on an evidentiary basis (Fatmawati 2025). From a Sharia perspective, anti-dumping can be viewed as an effort to prevent economic injustice and uphold fair distribution. Consequently, the conceptual relationship between dumping and anti-dumping is not merely technical-juridical, but also philosophical: anti-dumping is not only about protecting the national industry, but also about maintaining the balance between trade freedom and economic justice forming the foundation for the comparative analysis in the subsequent discussion.

### 4.2. Analysis of Indonesia's Anti-Dumping Regulation and KADI Practices

Indonesia's anti-dumping framework is essentially an articulation of the state's commitment to implement the Agreement on Implementation of Article VI of GATT 1994, commonly known as the World Trade Organization (WTO) Anti-Dumping Agreement (ADA). This commitment is reflected in several national legal instruments, most notably Law No. 7 of 2014 on Trade and Government Regulation No. 34 of 2011 on Anti-Dumping Measures, Countervailing Measures and Trade Safeguards. Through these instruments, Indonesia affirms the role of the state as a regulator tasked with protecting domestic industry from dumping practices that may harm the national economy. These rules do not merely provide a normative basis but also set out technical procedures for how alleged dumping is examined, analyzed, and followed up in practice (Barutu, 2018).

Normatively, PP No. 34/2011 adopts the ADA's fundamental principles, particularly with respect to investigation procedures, the determination of dumping margins, the proof of material injury, and the imposition of Anti-Dumping Import Duty (Bea Masuk Anti-Dumping/BMAD). The regulation provides that an investigation may only be initiated when a petition is filed by a domestic industry representing a certain proportion of the national production. This requirement is designed to ensure that enforcement remains grounded in genuine domestic interests, rather than functioning as a purely protectionist policy. PP No. 34/2011 also obliges investigators to conduct a comprehensive assessment of the domestic industry's condition, including indicators such as declining sales volumes, profit margins, market share, capacity utilization, and other relevant economic measures. These provisions demonstrate an effort to maintain consistency between Indonesian practices and the objective parameters required under WTO rules (Manna, 2018).

Institutionally, the implementation of anti-dumping policy falls under the authority of the Indonesian Anti-Dumping Committee (KADI). KADI performs a strategic technical function: it investigates alleged dumping, evaluates potential injury to the domestic industry, collects and analyzes data, and prepares recommendations to the Minister of Trade on whether BMAD should be imposed. KADI's position is critical because it acts as a bridge between national regulations, domestic industrial interests, and Indonesia's commitments to the international trading system. As a technically oriented body, KADI is expected to maintain objectivity, transparency, and data accuracy so that anti-dumping measures can be justified, both legally and economically (Ardyanti, 2025).

However, the implementation of Indonesia's anti-dumping regulations is not without challenges. Various studies indicate that KADI investigations still face constraints related to transparency, case handling speed, and access to information for reported exporters. Investigation procedures that can take up to one year are frequently criticized for being insufficiently responsive to fast-moving market dynamics. However, some exporters have raised concerns about limited access to the data used as the basis for investigations, which raises questions about the application of due process principles as recommended under the ADA. In certain cases, KADI is also viewed as relying heavily on information provided by the petitioning domestic industry, potentially creating bias if not accompanied by robust verification mechanisms.

Beyond procedural concerns, another challenge involves the enforcement of the lesser duty rule, namely, the principle that the BMAD does not need to equal the dumping margin but should be set only at the level necessary to remove the injury effect. Although this concept is incorporated into PP No. 34/2011, practice in Indonesia often shows a tendency to set the BMAD close to the full dumping margin. This can foster perceptions of protectionism and expose Indonesia to potential vulnerability in WTO dispute settlement if exporters argue that the duty level is disproportionate to the threat. In global trade, consistency with the lesser duty principle is important for maintaining Indonesia's credibility as a state that adheres to multilateral trade norms (Purnomo, 2025).

The sunset review mechanism is also a significant issue in national implementation of the agreement. Under WTO rules, anti-dumping measures are temporary by nature and should be reviewed periodically—typically every five years—to ensure that they remain necessary. Indonesia regulates this requirement in PP No. 34/2011, but in practice, not all anti-dumping cases undergo periodic evaluation in a disciplined manner (Maheralia & Faradila, 2025). Delays or weak review mechanisms can cause anti-dumping measures to remain in force longer than appropriate, potentially creating unnecessary market distortions.

In terms of effectiveness, KADI also faces structural constraints, including limited expert human resources, weak trade data forensic capacity, and the complexity of obtaining data from exporting countries. These limitations can reduce the depth and rigor of investigations, particularly when exporters refuse to cooperate with investigators. In such circumstances, KADI often relies on the available facts. Although legally permissible under WTO rules, this approach can introduce bias if not applied proportionally and transparently. Data usage must be carefully verified and should not depend excessively on facts available without providing exporters with adequate opportunities to clarify and respond (Syahir, 2025).

Simultaneously, Indonesia's anti-dumping implementation has played a significant role in protecting strategic domestic industries, especially the steel industry, which is among the most frequent petitioners. BMAD policy has provided domestic producers with space to stabilize production and prices and recover the market share previously eroded by low-priced imports (Azrimultiya, 2025). Nevertheless, such outcomes must be accompanied by higher investigation standards so that anti-dumping measures are economically effective and legally legitimate.

Overall, an analysis of Indonesia's regulatory framework and KADI practices shows a clear effort to align national policies with the principles of international economic law. However, several implementation gaps remain, particularly regarding transparency, data accuracy, proportionality of measures, and procedural efficiency. Addressing these issues is essential to ensure that Indonesia's anti-dumping policy is increasingly consistent with WTO provisions, does not trigger international disputes,

and does not provide grounds for other states to accuse Indonesia of protectionism. In this sense, evaluating the regulatory framework and KADI performance is a key step in strengthening the legitimacy of the national anti-dumping policy while safeguarding Indonesia's commitment to fair and balanced trade.

### 4.3. Anti-Dumping Principles Under the WTO

Anti-dumping in the international trading system is governed by the Agreement on Implementation of Article VI of GATT 1994, commonly referred to as the World Trade Organization (WTO) Anti-Dumping Agreement (ADA). The ADA affirms that dumping is not prohibited in itself, as long as it does not cause material injury to the domestic industry of the importing country. Member states may take corrective action, such as imposing Anti-Dumping Import Duties (Bea Masuk Anti-Dumping/BMAD), only when three elements are proven cumulatively: the existence of dumping, material injury to the domestic industry, and a clear causal relationship between dumping and the injury. This mechanism reflects the WTO's view of anti-dumping as a corrective instrument, not a protectionist tool; therefore, its application must be constrained by the principle of prudence.

A key evidentiary element in establishing dumping is the comparison between export prices and the normal values. The export price is the price at which goods are sold to the importing country, while the normal value is generally the domestic price of a similar product in the exporting country under normal trade conditions. If the domestic market does not reflect such conditions, the ADA allows alternative methods, such as using prices in a third country or a constructed value based on production costs, plus a reasonable profit margin. The difference between the export price and normal value produces the dumping margin, which forms the basis for determining the anti-dumping duty (ADD). However, a dumping margin alone is insufficient; it must be accompanied by proof of material injury assessed through quantitative indicators such as declining sales, market share, profits, production stability, and employment.

In addition, proof of causation is essential. The importing country must demonstrate that the injury suffered by the domestic industry is directly caused by dumping rather than by other factors such as decreased global demand or internal inefficiencies in the national industry. If other factors are more dominant, anti-dumping measures cannot be applied to them. In practice, causation often becomes a point of dispute in WTO cases because importing states may attribute domestic injury to dumping without adequate analysis (Syahyu, 2022).

From a procedural perspective, the ADA requires investigations to be objective and transparent and to provide opportunities for the defense of exporters and exporting countries. Investigations typically begin with a petition by a domestic industry representing a substantial proportion of the national production. Public notice, opportunities to respond, and disclosure of essential facts to interested parties are part of these procedural obligations. Investigators may use available facts when exporters do not cooperate, but such use must be limited to avoid biased outcomes. Anti-dumping measures are temporary and must be reviewed periodically through a sunset review, usually every five years, to ensure that the measures remain necessary.

The ADA also addresses circumvention, where exporters shift distribution routes or modify product characteristics to avoid BMAD. Member states may adopt anti-circumvention actions following an investigation that proves the intent to evade anti-dumping measures (Noventa, 2018). WTO dispute settlement rules also allow members to challenge anti-dumping measures that are deemed inconsistent with the ADA. There are many cases in which WTO panels have invalidated anti-dumping actions due to inaccurate margin calculations or non-transparent investigative procedures. Overall, the WTO anti-dumping principles aim to balance the right of states to protect the domestic industry with the obligation to maintain fair trade. This principle is essential for evaluating the extent to which Indonesia's regulations—particularly through KADI—operate in line with international standards before the discussion shifts to the Sharia economic law perspective.

### 4.4. Dumping in Sharia Economic Law

In Sharia economic law, dumping is not merely viewed as a pricing issue or a trade strategy but as an act directly tied to moral values, justice, and public welfare (*maslahah*). Islam treats economic activity as part of an ethical system aimed at maintaining balance, preventing injustice, and upholding distributive equity. Accordingly, dumping is viewed as a practice that can disrupt market equilibrium and undermine healthy competition, ultimately causing harm to society (Utsman & Ma'arif, 2022). This perspective places a stronger emphasis on moral considerations and long-term effects than on price mechanisms alone. In *fiqh mu' amalah* literature, dumping is often linked to ighraq, namely, selling goods at extremely low prices sometimes below production cost—to eliminate competitors. Classical and contemporary scholars generally agree that transactions conducted in ways that damage market order and harm other business actors are prohibited. This aligns with foundational Islamic principles requiring that economic activity be carried out within justice (*al-'adl*), free from deception (*gharar*), free from harm (*la darar wa la dirar*), and not aimed at stripping others of their rights.

A central Sharia principle relevant to dumping is 'adl (justice). Justice in trade requires reasonable pricing, fair competition, and practices that do not impose disproportionate harm. Deliberately selling at extremely low prices to drive out competitors contradicts these justice values. Such conduct may lead to monopoly, which is prohibited in Sharia because it enables market domination, suppresses other business actors, and harms consumers in the long term. Therefore, dumping especially in its predatory form can be categorized as inconsistent with the Sharia's justice framework.

Sharia economic law also recognizes the principle of lā ḍarar wa lā ḍirār, which prohibits causing harm to others (Iwandi et al., 2025). Dumping can clearly harm domestic producers and market stability. When prices are deliberately depressed below a fair level, local firms may lose market share, suffer losses, and even collapse. These impacts can then spread socially through job losses, reduced national production capacity, and increasing dependence on imports. Such harm forms a strong basis for treating dumping as unjustifiable under Sharia norms.

Sharia rejects manipulative practices that damage market mechanisms, such as unfair pricing and unequal competition. Even if low prices appear to benefit consumers in the short run, they remain a form of market distortion. Islam evaluates transactions not only by immediate gains but also by their long-term effects on public welfare. If a practice risks long-term instability, it should be prevented through state interventions. In this context, anti-dumping measures may be viewed as a form of modern hisbah market supervision aimed at enforcing justice and preventing economic wrongdoings. Anti-dumping is not only permissible in Sharia; it may be recommended and even considered obligatory when dumping is proven to cause significant damage to the domestic market (Bahari, 2017; Hermawansyah et al., 2025).

Sharia also contains a proportionality logic that parallels the lesser duty rule in the ADA/WTO. Islam allows state intervention only to the extent necessary to remove harm and uphold justice and prohibits excessive intervention that produces new injustices. This implies that responses to dumping should balance domestic industry protection with healthy trade openness, reflecting a convergence between Sharia norms and international trade rules in emphasizing measured and proportionate protections.

Overall, dumping is regarded as contrary to justice, public welfare, and economic balance under the Islamic law. On this basis, anti-dumping policy is not only consistent with Sharia values but also represents a commitment to maintaining market integrity, protecting weaker economic actors, and preventing harmful economic domination. This Sharia perspective adds a philosophical dimension that strengthens the comparative analysis between Indonesian anti-dumping regulations, WTO principles, and Sharia economic law.

### 4.5. Comparative Analysis Between Indonesian Anti-Dumping Law, International Economic Law Principles, and Sharia Economic Law

This comparative analysis assesses the degree of alignment between Indonesia's anti-dumping framework and the principles established in the WTO Anti-Dumping Agreement (ADA) and examines how both correspond to justice-oriented values in Sharia economic law. This comparison is important

because Indonesia is not only legally bound to the international trade regime but also operates within a national legal identity shaped by moral and justice values that resonate strongly with Islamic legal principles in a Muslim-majority society.

From the standpoint of international law, the ADA's fundamental principle is that anti-dumping measures must not be applied arbitrarily. National regulations must strictly prove three elements: dumping, material injury to the domestic industry, and a clear causal link between them. Normatively, Indonesia has adopted this framework through Law No. 7 of 2014 and Government Regulation No. 34 of 2011, including investigation procedures, methods for calculating dumping margins, and the BMAD mechanism, in accordance with international practice. Thus, Indonesia's regulations largely satisfy the ADA's minimum requirements (Niken & Sinaga, 2025).

However, when implementation is examined, several gaps may arise. One recurring issue is the transparency of the investigations and access to evidentiary data. Under WTO standards, due process and transparency are crucial, given the significant trade impact of anti-dumping actions. In some KADI investigations, information disclosure remains limited, and exporters may face obstacles in accessing supporting documents, particularly when the data are classified as confidential. This can create perceptions that the investigation process does not provide balanced opportunities for defense, meaning that Indonesia's implementation may not fully comply with WTO procedural standards.

To prove material injury, the ADA requires a detailed analysis of sales declines, profit margins, market share, production capacity, and other economic indicators. KADI generally uses these indicators; however, challenges arise when the domestic industry fails to provide complete or valid data. In some cases, KADI's recommendations depend on limited data submitted by the petitioner. Such dependence can generate a protectionist bias, potentially leading to anti-dumping measures without a genuinely comprehensive impact analysis. If this occurs, Indonesia's anti-dumping actions may be viewed as inconsistent with the ADA's objectivity requirement.

Meanwhile, Sharia economic law views dumping as contrary to justice (*'adl*) and the prohibition against harming others (*la darar wa la dirar*). Dumping is treated not merely as a price distortion but as a form of economic wrongdoing that can destabilize markets and eliminate opportunities for smaller economic actors (Zakariya, 2024). From this perspective, anti-dumping measures constitute legitimate—and potentially obligatory—state intervention to protect public welfare (*maslahah 'ammah*). Therefore, Sharia not only supports the existence of anti-dumping rules but also demands that their implementation be fair, transparent, and non-discriminatory.

When these three perspectives are compared, Indonesian law, WTO standards, and Sharia principles converge on the importance of justice and the protection of domestic industries. However, differences emerge in the emphasis placed on this caution. The WTO requires complex technical proof to prevent anti-dumping from being disguised as protectionism. By contrast, Sharia emphasizes the moral dimension: anti-dumping is not only about proving material injury but also about preventing social harm and unjust treatment. Indonesia's national regulation stands between these approaches and normatively following WTO standards, yet still facing implementation challenges in achieving full transparency and objectivity.

Accordingly, the comparative analysis suggests that strengthening Indonesia's anti-dumping policy should involve tightening evidentiary standards in line with the ADA, expanding investigation transparency, improving KADI accountability, and internalizing substantive justice principles emphasized by Islamic economic law. Integrating these perspectives would produce an anti-dumping framework that is not only internationally compliant but also reflects the justice values that are central to Indonesia's legal and social context.

## 5. CONCLUSION

This study shows that dumping is an economic phenomenon with significant legal implications across national law, international trade law, and Sharia economic law. In the international legal context, the WTO through the Anti-Dumping Agreement (ADA) provides a clear normative framework

governing the limits, procedures, and conditions for imposing anti-dumping measures. This framework emphasizes objectivity, transparency, proof of material injury, and proportionality in every corrective action taken by the member states.

In the Indonesian context, anti-dumping regulations, as set out in Law No. 7 of 2014 on Trade and Government Regulation No. 34 of 2011, have, at the normative level, adopted the main principles contained in the ADA. The Indonesian Anti-Dumping Committee (KADI) is a key institutional pillar that conducts investigations and issues recommendations for imposing anti-dumping duties (BMAD). Nonetheless, the findings indicate that Indonesia's national anti-dumping policy implementation still faces several challenges, particularly regarding data access, investigative transparency, technical investigative capacity, and consistent application of evidentiary standards required under WTO rules.

From the perspective of Sharia economic law, dumping is viewed as an economic practice that conflicts with the principle of justice (*'adl*), the prohibition against causing harm (*la darar wa la dirar*), and the ethics of fair and healthy business competition. Sharia places economic activity within a moral framework that upholds balance, transparency and public welfare. Therefore, anti-dumping measures may be regarded as a legitimate and necessary form of state intervention to safeguard market stability, protect weaker economic actors, and prevent economic injustice.

A comparative analysis of national, international, and Sharia economic laws demonstrates a strong convergence in protecting domestic industries, fairness in trade, and preventing unhealthy competition. However, differences remain in the level of technical detail required for proof, methods for determining normal values, and procedural standards that must be satisfied in dumping investigations. Therefore, further strengthening and harmonization are needed to ensure that Indonesia's anti-dumping policy can stand firmly amid the dynamics of global trade while remaining aligned with the Sharia-based values of economic justice.

Overall, this article argues that strengthening Indonesia's anti-dumping mechanisms is not only a legal necessity to meet WTO standards but also a moral imperative within the Sharia perspective to safeguard public welfare and national economic justice.

**Ethical Approval**

Not Applicable

**Informed Consent Statement**

Not Applicable

**Authors' Contributions**

WIS contributed to the conceptualization of the study, theoretical framework, and supervision of the research process. He also coordinated the manuscript preparation and served as the corresponding author. CF contributed to the methodology design, data analysis, and validation procedures, including reliability and construct validity testing. S was responsible for data collection, literature review, and assisting in drafting and revising the manuscript.

**Disclosure Statement**

The Authors declare that they have no conflict of interest

**Data Availability Statement**

The data presented in this study are available upon request from the corresponding author for privacy.

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