

THE ROLE OF THE SOUTH HALMAHERA REGENCY INDUSTRY AND TRADE DEPARTMENT IN THE SALE OF THRIFTING GOODS

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Abstract

This study examines the widespread sale of imported used clothing (thrift trade) in South Halmahera Regency. The research is driven by concerns that the importation and trade of used clothing contradict existing laws and may pose health risks to consumers. The study aims to analyze the legal framework governing the imported used clothing trade and to identify the efforts undertaken by the South Halmahera Department of Trade and Industry to address the issue. Using an empirical normative legal method, the research relies on primary data gathered through observations and interviews. The findings reveal the absence of specific regional regulations controlling the entry of used clothing into North Maluku Province, allowing such goods to be traded freely. In response, the Department of Trade and Industry has implemented measures such as organizing sales locations and coordinating with the provincial government to strengthen regulation at the import level. The study highlights Ministerial Regulation No. 40 of 2022, which prohibits the import of used goods, including used clothing. Additionally, the research notes that Indonesia's main suppliers of used clothing in 2023 were the UK, Taiwan, and Hong Kong.

Keywords: *Import, Indonesia, Legal regulation, Thrift, Trade.*

INTRODUCTION

The development of globalization and international trade today has led to an influx of imported products into the country. The emergence of thrifting businesses caters to people's lifestyle needs. Advances in the trade sector have led to a growing habit of buying secondhand clothing due to the low prices and the availability of foreign brands (Asti & Griadhi, 2017). With the large number of imported used clothing trades in North Maluku Province, especially South Halmahera Regency, problems have arisen for the lives of the people in the field of imported used clothing trades, even though so far there have been no official regulations governing the prohibition of imported used clothing trades issued by the North Maluku Provincial Government.

However, as regulated in the Regulation of the Minister of Trade Number 40 of 2022 concerning amendments to the Regulation of the Minister of Trade Number 18 of 2021 concerning Goods Prohibited from Export and Goods Prohibited from Import, Article 1 listed in Appendix II states that "Goods prohibited from import are used bags, used sacks, and used clothing. Law Number 7 of 2014 Article 47 paragraph (1) concerning Trade states that "every importer is obliged to import goods in new condition. Law Number 8 of 1999 concerning Consumer Protection (Hereinafter referred to as UUPK). This imported used clothing is prohibited from being traded on the grounds of protecting the health and safety of humans, animals, fish, plants, and the environment.

Lower-middle class people who want to appear fashionable and trendy with branded clothing will seek alternatives or lifestyle needs by shopping for secondhand clothes (thrifting). However, this has several negative impacts, such as on state revenues due to the loss of import duties, on the national economy because the sale of secondhand clothes has an impact on small and medium-sized businesses selling local clothing, and on the domestic industry (Nurazizah & Firmansyah, 2023), employment opportunities and workforce due to the few production constraints, of course, the textile industry (Tambunan, 2019), and textile products will decrease and will reduce workers, then the most important impact on health because there is a possibility that consumers will get skin diseases due to the presence of fungus and bacteria on clothing even though cleaning is carried out (Yaneski, 2018).

Based on the background, this study aims to answer the following questions: (1) What is the role of the South Halmahera Regency Industry and Trade Service in reviewing Legal Regulations related to the rise in imports and sales of used clothing (thrifting)? And (2) What factors are the obstacles and what solutions are provided by the Industry and Trade Service regarding the thrifting problem.

LITERATURE REVIEW

Trade

Commercial law is essentially the law of contracts arising from the business world. The term "commerce" is derived from the word "mercantile." In the Big Indonesian Dictionary (KBBI), the term "mercantile" is defined as the activity of buying and selling goods for profit (Asikin, 2013). Trade and services, according to Law Number 7 of 2014 concerning trade, are defined as a system of activities related to transactions of goods and/or services within the country and across national borders, with the aim of transferring rights to the goods and/or services for compensation. The ban on the import of used clothing into Indonesia was implemented through Decree of the Minister of Trade and Cooperatives Number 28 of 1982 concerning General Provisions in the Import Sector. These statements and letters continue to be enforced today, incorporating several previous letters and decrees, namely Minister of Trade Decree No. 69/KP/IV/70, Minister of Trade Decree No. 334/KP/X/71, Minister of Trade Decree No. 374/KP/XII/71, Minister of Trade Decree No. 407/KP/XI/74, Minister of Trade Decree No. 163/KP/XII/75, Minister of Trade Decree No. 137/KP/VII/76, and Minister of Trade Decree No. 146/KP/V/77 (Minister of Trade and Cooperatives, 1982).

Then, Minister of Trade Regulation No. 51/MDAG/PER/7/2015 concerning the Prohibition of Imports of Used Clothing was issued, Article 2 of which states that "Used clothing is prohibited from being imported into the territory of the Unitary State of the Republic of Indonesia." This Ministerial Regulation aims to protect the public and consumers in the areas of health and other factors, to protect and safeguard the local industry from the aggression of imported clothing (Samudera, Haniva, Sakhi, & Rahman, 2024). Article 1 of Law No. 7 of 2014 defines trade as a system of activities related to transactions of goods and/or services within the country and beyond national borders with the aim of transferring rights to goods and/or services to obtain compensation. Furthermore, according to Article 2 of Law No. 7 of 2014, trade policies are formulated based on the following principles: a. national interest; b. legal certainty; c. fairness and soundness; d. business security; e. accountability and transparency; f. independence; g. partnership; h. benefit; i. simplicity; j. togetherness; and k. environmental awareness (The Government of the Republic of Indonesia, 2014).

Thrifting

Thrifting refers to the activity of paying close attention to the amount of money spent on purchasing an item (Novi, 2017). More precisely, thrifting is the practice of collecting used, unused items with the intention of reselling them to others. In this process, these used items are traded and can be reused by others (Rahmatullah & Amelia, 2023). In Indonesia, thrifting is more commonly known as awal-awal and has been around for a long time. However, thrifting has become a trend again due to easy internet access, which has encouraged the growth of online used goods sales (Laila, 2024). Some items that are usually sold at thrift stores are clothes, bags, watches, shoes, books, jewelry and so on.

Overall, thrifting offers a unique shopping experience, allowing individuals to express their creativity, and raising awareness of the importance of upcycling and reusing clothing. The benefits of thrifting include saving money by helping lower-middle class individuals afford designer or otherwise "expensive" items (Arrasid, 2023). It can reduce carbon emissions and help reduce waste by reducing the amount going to landfills, preventing them from piling up and helping to reduce the negative impact on the environment. On the other hand, a negative impact of thrifting is that used goods are often of poor quality or damaged. Thrifting does not support the local economy, thus exacerbating poverty (Wisnuwardhani, 2015).

Department of Industry and Trade

Based on Regent Regulation Number 15 of 2023 concerning the duties and functions of the South Halmahera Regency Industry and Trade Service, the South Halmahera Regency Industry and Trade Service has the task of carrying out regional government affairs in the field of industry and trade. Its functions are: (1) Formulating technical policies in the Industry and Trade Sector; (2) Providing recommendations and public services in the industry and trade sector; (3) Implementing coordination, control and supervision as well as evaluating the implementation of tasks in the Industry and trade sector; (4) Implementing administrative and household affairs of the service; (5)

Technical supervision of the implementation of all laws and regulations; (6) Guidance for the Technical Implementation Unit of the Service; and (7) Implementing other tasks assigned by the regional head (The Government of the Republic of Indonesia, 2023). The Industry and Trade Office of South Halmahera Regency has the authority to formulate policies, issue permits, foster, supervise, protect consumers, promote local products, and collaborate with various parties in order to develop and regulate the industrial and trade sectors of South Halmahera Regency.

METHOD

This research is an empirical normative legal study that uses primary data sources, namely data obtained directly from the community as the first source through field research, conducted through both observation and interviews. Legal research is research within the framework of legal know-how (Marzuki, 2011). The location of this research is the Department of Industry and Trade and the Labuha New Market in South Halmahera Regency. This location was determined purposively based on considerations, namely because the chosen location is related to the problem of selling used clothing (thrifting).

In this study, the author collected field data, both primary and secondary data, which were used as research material. This primary data consists of facts or information obtained directly from data sources for research purposes, so that the author is expected to obtain actual results from the object of study. Then, the secondary data include: (1) Law Number 8 of 1999 concerning Consumer Protection; (2) Regulation of the Minister of Trade Number 54/MDAG/PER/10/2009 concerning General Provisions in the Import Sector; (3) Law of the Republic of Indonesia Number 7 of 2014 concerning Trade; (4) Ministerial Regulation Number 51/M-DAG/PER/7/2015 concerning the prohibition on importing used clothing; (5) Law Number 40 of 2022 concerning Amendments to Regulation of the Minister of Trade Number 18 of 2021 concerning Prohibited Export and Prohibited Import Goods; (6) Tertiary data, namely materials that provide information on primary and secondary data.

Data is collected through direct interviews with parties directly related to the object of research (Arifin & Dimiyati, 2021). Researchers also conduct direct observations related to the problems to be answered and conduct library research, which is a data collection technique by collecting reading materials, including laws and regulations and documents (Wardiono, 2019). The data obtained is analyzed qualitatively, then summarized into specific matters to obtain clarity on problem solving, so that conclusions can be drawn.

RESULTS AND DISCUSSION

The Role of the South Halmahera Regency Industry and Trade Service in Reviewing Legal Regulations Related to The Increasing Import and Sale of Used Thrifting Clothing

Thrifting in Indonesia isn't a new topic; it's been around since the 1980s, stemming from overseas trends that entered Indonesia. People assume that thrifting clothing isn't a problem because it's affordable and still wearable. However, thrifting clothing carries the risk of harboring bacteria that are difficult to remove. According to data from the Central Statistics Agency (BPS), Indonesia imported 12.85 tons of used clothing throughout 2023. This volume decreased 51% from the previous year's 26.22 tons. The import value reached US\$29,759, equivalent to Rp. 481.64 million (assuming an exchange rate of Rp. 16.185 per US\$) during that period (Muhamad, 2024). Table 1 shows the countries that send used clothing to Indonesia.

Table 1. List of 10 Countries Supplying Used Clothing to Indonesia

No.	Country of Origin	Weight (kg)
1	UK	6,620
2	Taiwan	4,713
3	Hongkong	727
4	Malaysia	210
5	Australia	188
6	Vietnam	138
7	Japan	62
8	USA	50
9	Turkiye	39
10	Singapore	36

Source: Central Statistics Agency (BPS), 2023

On the one hand, the government prohibits the illegal import of used clothing under the pretext of protecting the textile industry and MSMEs. This prohibition is stipulated in Minister of Trade Regulation (Permendag) Number 51 of 2015 concerning the Prohibition of Used Clothing Imports and Permendag Number 40 of 2022 concerning Prohibited Export and Prohibited Import Goods (Muhamad, 2024).

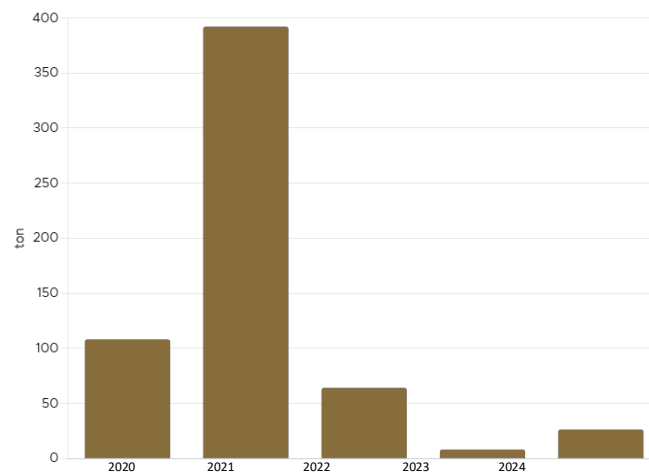


Figure 1. The Number of Thrifting Imports per Year

Source: Central Statistics Agency (BPS), 2024

The volume of imported used clothing entering Indonesia in 2024 increased by 227.75% compared to the previous year, which reached 8 tons. This figure is equivalent to IDR 4.2 billion. The country that imported the most used clothing to Indonesia was Japan, with a total of 12 tons. Although the government has regulated the ban on the import of used clothing, there are still importers who are free to enter Indonesia. According to data from the Central Statistics Agency (BPS), the number of imported used clothing during 2020-2024 did indeed soar to hundreds of tons. Moreover, in 2019, the volume reached 392 tons. However, this figure began to decline from year to year until in 2021 the volume of imported used clothing managed to reach 8 tons (Putri, 2023). The regulation regarding the prohibition on the sale of thrifting clothing refers to Law Number 7 of 2014 concerning trade, Law Number 8 of 1999, Law Number 5 of 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition, Regulation of the Minister of Trade of the Republic of Indonesia Number 51/M-DAG/7/2015 concerning the Prohibition on Imports of Used Clothing (Alwan et al., 2022), which states as follows:

1. Law Number 7 of 2014 concerning Trade

Law Number 7 of 2014 regulates the prohibition on importing used clothing, as stated in Article 47 paragraph (1), which states that "Every importer is obliged to import goods in new condition." According to Soharto and Tata Iryanto, new goods are physical products that have never been used by humans. Therefore, it can be understood that goods that are used, damaged, defective, and no longer meet the standards specified in statutory regulations are prohibited from being imported. In addition, Article 98 paragraph (1) of Law Number 7 of 2014 also regulates supervision, stating that "Regional Governments have the authority to supervise trade activities." Furthermore, Article 99 paragraph (1) explains that government supervision is carried out by the Minister. In addition, there are also provisions in Article 100 paragraphs (1), (2), and (3) which state that: (1). In carrying out supervision, the minister appoints supervisory officers in the trade sector. (2) Supervisory officers in the trade sector must carry a valid and official letter of assignment when carrying out supervision. (3) Supervisory officers as referred to in paragraph (2) must carry out supervision at least when carrying out their authority (Faisal & Ogli, 2025).

The Trade Law regulates trade comprehensively, covering domestic trade, foreign trade, border trade, standardization, electronic trade, trade protection and security, empowerment of cooperatives and Micro, Small and Medium Enterprises, Export Development, International Trade Cooperation, Trade Information Systems, Government Duties and Authorities in the Trade Sector, National Trade Committee, Supervision, Investigation and Tradable Services (Absori, Nurhayati, et al., 2020).

2. Law Number 5 of 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition

In the regulation of Law Number. 5 of 1999 concerning Monopolistic Practices and Unfair Business Competition, regulations are designed to prevent monopolistic practices and unfair business competition in Indonesia. There are two types of business competition that we know today, namely perfect competition and imperfect competition or not said to be unfair business competition (Absori, Hernanda, Wardiono, Azhari, & Budiono, 2023). Perfect competition is a market or industry structure where there are many sellers and buyers, and each seller or buyer cannot influence the situation in the market (Sulirno, 2025).

Meanwhile, unfair business competition is competition between business actors in carrying out production and/or marketing activities for goods or services that is conducted dishonestly or illegally, or hinders business competition. Monopoly is defined as market domination by one or a few business actors, which can harm consumers and other business actors (Wibowo et al., 2023). In this context, the practice of thrifting often involves the sale of imported used goods from abroad at prices significantly lower than new products. This can create unfairness for businesses selling new products, as they must compete at unrealistic prices. If one or a few thrifting businesses dominate a large portion of the market with very low prices, they can force local businesses to lower their prices, which can ultimately harm the sustainability of the local textile industry (Absori, Nugroho, et al., 2020a).

Law Number 5 of 1999 aims to create a fair economic system and prevent certain businesses from dominating the market unfairly. Several articles in this law that are relevant to analyzing the impact of the ban on thrifting goods include the prohibition of monopoly, prohibition on market operations, and abuse of dominant position. The policy on the prohibition of Monopoly indirectly prevents small businesses from competing, as they are forced out of the market, while the new clothing industry can continue to operate. Consumers also lose their freedom of choice, as they are prohibited from purchasing thrift clothing even if they desire it.

If this policy is implemented without providing alternatives for thrift traders, it could be categorized as a form of market access restriction that violates Article 19, as it prevents small businesses from operating in a competitive market (Jiwanti & Sopyonyono, 2022). Regarding the prohibition on market operations, business actors are prohibited from engaging in one or more activities, either individually or in collaboration with other business actors, that could result in monopolistic practices and/or unfair business competition, such as: (1) Refusing and/or preventing certain business actors from engaging in the same business activity in the relevant market; or (2) Preventing consumers or customers of competing businesses from engaging in business relations with those competitors.

Article 19 of the Thrifting Prohibition. With the thrifting ban, secondhand goods traders lose the opportunity to operate in the market they have previously established (Absori, Nugroho, et al., 2020b). This policy indirectly hinders small businesses from competing, as they are forced out of the market while the new clothing industry can continue to operate. Consumers also lose their freedom of choice, as they are prohibited from purchasing thrifted clothing even if they desire it. If this policy is implemented without providing alternatives for thrift traders, it can be categorized as a form of market access restriction that violates Article 19, as it hinders small businesses from continuing to operate in a competitive market.

Regarding the abuse of dominant position, Article 25 Paragraph (1) states, "Business actors are prohibited from using their dominant position, either directly or indirectly, to: (1) Determine trading conditions with the aim of preventing and/or hindering consumers from obtaining competitive goods and/or services, both in terms of price and quality; or (2) Limit the market and technological development." Banning Thrifting Goods By banning thrifting goods, the domestic textile industry and major clothing brands can easily control market prices because there is no longer competition from cheaper thrifted goods. This situation can cause a significant increase in clothing prices, because there are no longer alternative choices for consumers other than buying new clothes. The clothing market becomes limited, because access to thrifted goods is removed, which means small traders lose business opportunities and consumers lose choice. If this policy actually makes large industries increasingly dominant in the clothing market, then this could be categorized as a form of abuse of dominant position, because it limits access to more economical choices of goods for the public.

3. Regulation of the Minister of Trade Number 51/M-DAG/7/2015 Concerning the Prohibition on Imports of Used Clothing

In the regulation of the Minister of Trade, prohibitions related to imported used clothing have been included. Thus, it can be understood that the ban on importing used clothing is a strategic step by the Indonesian government to protect public health from potential disease risks that may be contained in imported used clothing, protect consumers from non-transparent and potentially detrimental trade practices due to the lack of clear information regarding the quality and condition of goods, and provide support for the growth and sustainability of the domestic textile industry which is threatened by unfair competition with imported used products which are generally sold at lower prices, so that in the end, this regulation aims to create a healthier, fairer, and more competitive market, while improving the welfare of society as a whole.

4. Law Number 8 of 1999 concerning Consumer Protection.

Regarding the prohibition on the sale of thrifting goods, especially imported ones, it can be justified based on Law No. 8 of 1999 concerning Consumer Protection, specifically Article 4 which regulates consumer rights to security and safety, Article 7 which regulates consumer rights to correct, clear and honest information, Article 9 which prohibits sales practices that are detrimental to consumers, and Article 19 which regulates the responsibility of business actors for the quality and safety of goods, because it aims to protect consumers from health risks due to the potential content of hazardous substances or microorganisms in used clothing, unclear information regarding the quality and condition of goods that can mislead consumers, as well as trade practices that have the potential to be detrimental because they do not meet established safety and health standards (Absori et al., 2024).

According to Ahmadi Miru and Sutarman Yodo, to raise the dignity of consumer life, various things that have negative consequences from the use of goods and services must be avoided from the trading activities of business actors (Yodo & Miru, 2007). In general, the Department of Industry and Trade has a strategic role in managing the trade and industry sector, including in supervising the sale of thrifting goods. As a regional government agency, Department of Industry and Trade is responsible for supervising various trade activities, including the trade of imported used clothing or better known as thrifting. The results of the research conducted by the researcher related to the data obtained by the researcher in the field, namely based on the results of interviews and physical data obtained by the researcher from the Department of Industry and Trade of Labuha Regency, it was found that 47 traders were selling thrifting goods at the new market of Labuha Terminal in 2024 (Yodo & Miru, 2007).

The Department of Industry and Trade sees that the sale of thrifting goods provides an alternative for people with low purchasing power to obtain wearable foreign branded clothing at more affordable prices, thereby helping the economy of weaker community groups. As we know, regulations related to the prohibition of the sale of thrifting goods in Indonesia have been in place for a long time. However, to date, there has been no official outreach or education conducted by the Department of Industry and Trade to the public and traders regarding the regulations on the trade of thrifting goods, even though the public is already aware of the existence and benefits of thrifting goods in general. In terms of supervision, the Department of Industry and Trade focuses more on regulating traders in certain areas to prevent the practice of buying and selling between traders without clear regulations. This is done as a measure to prevent misuse of business premises and maintain order in the thrifting trade system. Furthermore, the Department of Industry and Trade also actively provides advice to traders regarding various aspects related to their trading premises, particularly regarding changes in stall ownership or business location. If a change of sales location occurs between traders, the process must obtain official permission from the Department of Industry and Trade to prevent conflicts of interest or abuse of regulations.

Supervision carried out by the Department of Industry and Trade also includes monitoring the obligations that must be fulfilled by traders, including in terms of distribution payments that have been stipulated as part of

existing trade regulations. In addition to overseeing the distribution and trading mechanisms of thrifted goods, the Department of Industry and Trade also plays a role in law enforcement related to regulations on the sale of imported used goods. However, to date, institutionally, the Department of Industry and Trade stated that it does not yet have clear legitimacy regarding the legal status of thrifted goods, particularly in determining whether these products fall into the category of goods that are prohibited or permitted for sale on the market. Regulations regarding thrifted goods are still debated, and in practice, the Department of Industry and Trade has not received direct direction or instructions from legal institutions or supervisory bodies authorized to supervise and regulate imported used goods that regulate the circulation of products included in the category of imported used goods. Institutions such as the Ministry of Trade and Customs, as well as import product supervisory bodies have a greater role in determining the legal status of thrifted goods. Therefore, to date, the Department of Industry and Trade stated that it does not yet have a strong legal basis to directly prohibit or restrict the trade of thrifted goods in Labuha Regency, South Halmahera. Nevertheless, the Department of Industry and Trade remains ready to follow up on any recommendations or instructions from authorized agencies overseeing illegal or prohibited goods. Therefore, if stricter policies or regulations prohibiting the sale of thrifted goods are enacted, the Department of Industry and Trade will promptly take action in accordance with established regulations. To date, thrifted goods sales in Labuha Regency, South Halmahera, continue without any specific regulations restricting or prohibiting the distribution of these products, allowing the thrifted goods trade to proceed naturally without significant legal intervention from relevant parties.

The research concludes that the Labuha Regency Department of Industry and Trade plays a strategic role in overseeing and managing the thrifting trade, although it currently lacks clear legal legitimacy to prosecute the practice. The presence of thrifting traders at Labuha's New Market demonstrates that this sector is still growing. While the Department of Industry and Trade recognizes that thrifting helps certain groups obtain branded clothing at affordable prices, national regulations prohibit the sale of imported used goods. Ironically, the Department has not provided any official outreach or education to traders or the public regarding this prohibition, resulting in the thrifting trade continuing without strict legal oversight. Based on the results of an interview with Mrs. Yulsaini Octavia, she said that after the ban on imported used clothing (thrifting) was implemented, the Raina thrift shop began to reduce its stock of imported used clothing because obtaining imported used clothing was not as easy and as much as before the ban on imported used clothing from the Minister of Trade. So, the Raina 38 thrift shop has used a survival strategy of divestment (downsizing) on the number of items to be sold.

The Hindering Factors and Solutions from the Department of Industry and Trade in Reducing the Increase in Imports and Commercial Transactions Used Clothing Through Thrifting

Before outlining the various factors that hinder the government in enforcing laws related to the thrifting clothing trade, we will first present the results of an analysis of interviews conducted with traders. This presentation aims to deeply understand the primary reasons traders choose to sell thrifted goods, including economic factors, market demand, and various other considerations behind their decisions. By understanding the traders' perspectives, this research can provide a more comprehensive picture of the dynamics of the thrifting clothing trade and its implications for government policies.

The results of the analysis of interviews with thrifting goods traders in Labuha, South Halmahera Regency include:

1) Reasons Why Traders Choose Thrifting Business

One of the main reasons traders cite for choosing thrifting over other types of businesses is that it offers significant benefits to the community, especially those from lower-middle income groups. According to traders, this business allows people to obtain good-quality clothing without having to spend a lot of money. With more affordable prices, people can meet their clothing needs without unduly burdening their finances.

Besides the lower prices, traders also see a promising business opportunity in thrifting. They recognize that demand for thrifted goods continues to increase, along with public awareness of the importance of more efficient financial management. Some traders also add that this business doesn't require as much initial capital as other types of clothing businesses, making it easier for individuals looking to start a business with limited capital.

2) South Halmahera Regency Community Interest in Thrifting Goods

The public in South Halmahera Regency is very interested in thrifting. This is driven by several key factors, including more affordable prices, excellent quality, and the wide variety of products available. Vendors stated that thrifting allows people to avoid spending large sums of money on high-quality clothing. This is certainly a solution for those who want to stay fashionable on a limited budget.

Beyond economic factors, residents of Ternate City are also showing high interest in thrifting because more and more people are realizing that used clothing for sale is still in good condition, some of which comes from well-known brands that are difficult to find new. Consequently, many consumers are actively seeking thrifting as an alternative clothing option. In interviews, several vendors also added that current fashion trends increasingly favor thrifting, with many young people becoming more interested in sustainable and unique fashion concepts.

3) Traders' Knowledge of Government Policies Regarding Thrifting

When asked about their knowledge of regulations or policies governing the sale of thrifted goods in South Halmahera Regency, most traders admitted they were unaware of any specific regulations related to this business. They stated that to date, there has been no public outreach from the local government regarding the rules governing the thrifted goods trade. As a result, many traders believe there are no official policies overseeing their activities.

This lack of information regarding these policies indicates a communication gap between the government and traders. This is important to note, given that thrifting is a growing economic sector in Labuha Regency. If the government has specific regulations governing this business, more intensive outreach should be conducted with traders to ensure they understand their rights and obligations in running a thrifting business.

4) The Role of the Department of Industry and Trade in Supervising Thrifting Businesses

In interviews, traders stated that so far, the role of the Department of Industry and Trade in overseeing thrifting businesses has focused more on tax levies. This means that Department of Industry and Trade's oversight is more administrative than on the legality or feasibility of the business. Traders also revealed that they have not received any outreach or guidance from the government regarding thrifting trade regulations.

While tax oversight remains an important aspect of business regulation, the lack of other, more comprehensive oversight can create legal uncertainty for traders. Therefore, more active government involvement is needed in regulating and providing guidance to traders so that thrifting businesses can operate in accordance with applicable regulations.

5) Law Enforcement against Thrifting Businesses

When asked whether any legal action had been taken against their thrifting business by any relevant parties, the vendors stated that they had not experienced any legal action from the government to date. This lack of law enforcement can be interpreted in two ways. First, it could be due to the lack of clear regulations regarding thrifting in South Halmahera Regency, thus lacking a legal basis for taking action against the business. Second, it could also indicate that the government remains permissive towards this business, recognizing its benefits to the wider community.

6) Obstacles and Challenges in Running a Thrifting Business

Although the thrifting business offers significant potential in South Halmahera Regency, vendors still face various challenges in running it. One of the main obstacles they face is stock availability. Vendors stated that thrifted goods are not always available, often making it difficult for them to obtain products to sell. The limited number of thrifting distributors is also a major factor affecting the sustainability of their business.

Furthermore, vendors also face challenges in terms of business location. Although the government has provided several spaces or stalls for these businesses, not all vendors have equal access to strategic locations. Some still have to sell in less strategic locations, which affects the number of customers.

Based on the interviews, it can be concluded that thrifting plays a significant role in the economy of South Halmahera Regency. However, a lack of understanding among vendors and the public regarding applicable policies presents a challenge. Law Number 7 of 2014 concerning Trade strictly prohibits the import of used goods, including clothing, citing health concerns and the protection of domestic industry. In addition, the Minister of Trade Regulation Number 51 of 2015 also regulates the prohibition on the circulation of imported used clothing in Indonesia.

In the absence of government outreach, traders are unaware of the legal risks and potential health hazards posed by thrifted clothing, such as bacterial contamination and hazardous substances. Therefore, the government needs to increase public and trader education regarding the importance of this policy.

In its efforts to enforce the law against thrifting practices in South Halmahera Regency, the Department of Industry and Trade faces various obstacles that hinder the effectiveness of its supervision and enforcement of regulations related to the trade in imported used goods. These obstacles include difficulties in classifying thrifted goods as prohibited or permitted, lack of coordination with authorized institutions with greater authority to oversee imported products, and low public awareness regarding the legality, health, and economic impacts of thrifted goods. These factors include:

1. Difficulties in Classifying Prohibited Goods

One of the main obstacles faced by the Department of Industry and Trade in enforcing laws related to the thrift trade is the difficulty in determining which items fall into the prohibited category. To date, there are no clear benchmarks or specific guidelines that can be used to identify the types of thrift goods explicitly prohibited for sale, especially in the context of trade regulations in South Halmahera Regency. In many cases, thrift goods entering the local market consist of a wide variety of products, ranging from used clothing, shoes, bags, and other accessories, originating from abroad and generally obtained through import channels that are not always legally clear.

The Department of Industry and Trade faces difficulties in determining whether a thrift item can be categorized as permitted or prohibited due to the lack of definitive standards regarding health, safety, and its economic impact on the domestic industry. Although there is a national ban on the import of used clothing under Minister of Trade Regulation No. Despite the issuance of Law No. 40 of 2022 concerning Prohibited Export and Prohibited Import of Goods, the implementation of this regulation at the regional level still faces various challenges, particularly in identifying products entering the local market. Furthermore, in the context of the secondhand goods trade, not all thrifted goods can be categorized as dangerous or harmful. Some items sold by thrift shop traders are still usable and are in demand due to their more affordable prices compared to new products. However, the lack of a mechanism to ensure the cleanliness and safety of these items presents a challenge in the monitoring process.

2. Lack of Coordination with Authorized Institutions

Another obstacle faced by the Department of Industry and Trade in enforcing the law against thrifting is the lack of coordination with institutions with greater authority to supervise and prosecute violations related to illegally imported goods. The Department of Industry and Trade is not the primary institution responsible for regulating the import of used goods, so its role in cracking down on thrifting practices remains limited.

Legally, enforcement of regulations related to thrifting falls largely under the authority of agencies such as Customs and Excise, the Ministry of Trade, and import product inspection agencies, which have greater capacity to determine the legality of goods entering the domestic market. Although the Department of Industry and Trade is responsible for overseeing trade activities at the regional level, it lacks direct authority to confiscate or take action against goods suspected of being illegally imported without coordination with higher-ranking institutions.

This lack of coordination with other agencies also leads to an imbalance in regulatory enforcement, allowing thrifting traders to continue operating without strict oversight from the various parties that should be involved in the law enforcement process. To overcome this obstacle, the Department of Industry and Trade needs to increase cooperation with related agencies to strengthen the monitoring mechanism for thrifted goods, both through joint operations, policy socialization, and stricter legal action against violations found in the field.

3. The Lack of People's Awareness

Another factor hindering law enforcement efforts against the sale of thrifted goods is the low level of public awareness regarding the legality, health, and economic impact of the thrifted goods trade. Many people still choose to buy thrifted goods because they are cheaper than new products, without considering whether the goods meet proper health and hygiene standards. The lack of education regarding the health risks of using thrifted goods, especially used clothing and textiles that have not undergone the appropriate sterilization process, leaves many consumers unaware that they can be exposed to various skin diseases or infections due to using unhygienic used goods. Furthermore, many are still unaware that the trade in thrifted goods, especially imported used clothing, is an activity prohibited by the government due to its potential harm to the domestic textile industry and impact on the local economy.

On the other hand, thrifted goods traders also tend to ignore the legal aspects of their businesses due to a lack of information and weak law enforcement at the regional level. Many of them lack official business permits and operate solely based on market demand, unaware of the legal implications they may face later. Public awareness to comply with statutory regulations is one indicator of the functioning of the law in question (Zainuddin, 2010). Therefore, more extensive outreach is needed from the local government, especially the Department of Industry and Trade, to increase public awareness regarding the negative impacts of thrifting trade and the importance of supporting domestic industry by purchasing local products with guaranteed quality and legality.

CONCLUSION

The study concludes that the South Halmahera Regency Department of Industry and Trade has not effectively enforced regulations against the circulation of imported used clothing. This ineffectiveness is attributed to limited outreach and education directed at traders regarding the legal prohibition and potential health risks associated with thrifted goods. Supervision and enforcement measures have also been inadequate, as shown by the

continued free sale of imported used clothing, particularly in the Labuha Old Market area. Law enforcement efforts are further constrained by the absence of clear standards defining which categories of thrifted goods are prohibited, along with difficulties in translating national regulations into practical regional implementation. Moreover, the Department of Industry and Trade is not the primary authority responsible for monitoring illegal imports, making coordination with Customs, the Ministry of Trade, and other relevant monitoring agencies essential. Public misunderstanding of both the prohibition and the possible health impacts has also contributed to the persistence of the trade. The study recommends strengthening inter-agency coordination, developing clearer regional regulations to provide a firm legal basis for enforcement, increasing public and trader education, and optimizing monitoring of thrifted goods distribution.

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THE ROLE OF THE SOUTH HALMAHERA REGENCY INDUSTRY AND TRADE DEPARTMENT IN THE SALE OF THRIFTING GOODS

Hasim et al

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