Lex Rei Sittae in the Export of Indonesian Shrimp Commodities to Japan

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**ABSTRACT**

In the current global era, countries are encouraged to prioritize international trade. Because one of the most important tools and sources of financing in international trade is the foreign exchange reserve for the country itself. Because of the importance of foreign exchange reserves for a country, where foreign exchange reserves always fluctuate, a number of factors can be tested that can affect the position of foreign exchange reserves, namely the amount of export activity. This article was created with the aim of knowing the export potential of fishery products, more precisely the types of shrimp fisheries in Indonesia. Indonesia itself exports shrimp to various countries, one of which is Japan. By using the descriptive method the author tries to explain the importance of agreements in an engagement, especially activities in international buying and selling along with the legal basis regarding international trade activities carried out by the Indonesian state. Then the results of this article study show that exports have a positive and significant effect on foreign exchange reserves for countries that carry out export activities and the importance of agreement clauses in determining which law will be enforced if one of the parties commits a default in order to protect the rights and obligations of the parties, given the activities International trade is prone to acts of abuse of rights and obligations.
1. Introduction

As a maritime and archipelagic country, the fisheries sector certainly has a strategic role as the main sector pillar of the national economy and is a source of increasing the country's foreign exchange from the export side.¹ As a maritime country, Indonesia has abundant marine wealth. The water area which is larger than the land area makes Indonesia a country with rich and abundant marine products. One proof that Indonesia's marine products are very abundant is the volume of fishery production which increases every year.²

Economic growth balanced with GDP growth consists of various variables, including government spending, PMTB, exports and imports.³ Economic developments are very significant and are driven by increasingly dynamic and rapid developments, especially information technology (ITE) which can lead to the formation of global competition that no longer recognizes the boundaries of a country's territory and even the country of

origin of a product is increasingly vague or even disappears. This is due to the globalization era in production capabilities and marketing techniques which are based on the ability to create goods or services that are able to compete in all foreign countries. In a sense, being able to compete globally or as a whole and being able to make the best use of technological developments.

International trade activities that have been carried out by the Indonesian state have an important role for its economic movement, especially export activities, because export activities themselves are one of the means of driving the economy in Indonesia. Exports can generate foreign exchange for the welfare and prosperity of its people. Export activities themselves are activities that sell goods or services, from the customs area in accordance with the laws and regulations that apply in their own country. Customs area is the entire national territory of a country where import duty and export duty fees are levied for all goods that cross the boundaries of that territory except for certain parts which are expressly stated by law as areas outside the customs area.

International trade activity that provided a


stimulus to demand domestic demands led to the growth of large manufacturing industries, along with a stable political structure and flexible social institutions. Based on the description above, it can be seen that exports reflect trading activities between nations which can provide a boost in the dynamics of international trade growth, so that a developing country is likely to achieve economic progress on a par with more developed countries.\(^6\)

Fishery is one of the sub-sectors that plays a role in the national economy. Fresh shrimp and frozen shrimp are superior fishery export products that contribute to Indonesia as a shrimp exporting country.\(^7\)

Shrimp is a fishery commodity that has great potential and is very popular with people in Indonesia. Shrimp meat has the advantage of better eating quality because it is not tough, homogeneous, and does not contain large muscles and blood vessels.\(^8\)

Shrimp fisheries export activities aim to absorb labor, spur growth in the real sector, earn foreign exchange, spur economic growth and people's welfare.

Export development, especially shrimp


commodity exports, is a mainstay in the short and medium term to increase the movement of the national economy as well as foreign exchange reserves in the country. As a result of the economic crisis and the collapse of the banking sector, the problem of utilization of the utility capacity of the factories of the new sector actors reached around 60%, therefore the government has promoted non-oil and gas exports with the 1 April 1976 package. The 1982 counter purchase system, and the 1985 INPRES with the regulations regulation and emphasis on high-cost procedures for production activities. Goods export activities basically have to be in accordance with the applicable SOP (Standard Operating Procedures), however in practice in the field there are still many found that export activities do not work according to the applicable SOP, for example: Not weighing the goods to be exported, resulting in no response from the Customs and Excise Service office, which then sent a Notul (Corrects Note), the issuance of the Notes was due to the weight of the goods to be sent and the weight entered in the PEB (Export Notification of Goods) did not match the actual weight of the goods, so the goods failed for export.

However, FAO (2018) shows that the growth in Indonesia's shrimp export volume has decreased significantly compared to other exporting countries, most of which have experienced an increase in export.
volume. This condition shows that Indonesia's shrimp export performance is slowing down due to declining domestic production.9

There are many obstacles and problems faced by Indonesia in order to become a developed, just-prosperous, prosperous, peaceful and dignified nation. However, what is most crucial to address immediately is the problem of poverty (40 million people), unemployment (37 million people), and the declining competitiveness of the nation's economy.10

2. Discussion

Hasil dan pembahasan berisi hasil-hasil temuan penelitian dan pembahasannya secara ilmiah. Tuliskan temuan-temuan ilmiah (scientific finding) yang diperoleh dari hasil-hasil penelitian yang telah dilakukan.11 In the principle of a rule that is used there is one principle, namely the Lex Rei Sitae (Lex Site) Principle. Lex Rei Sitae means that matters involving immovable objects are subject to the law of the place where the object is/is located.

11 Ulfa Hanifah, “Pengaruh Ekspor Dan Impor Terhadap Pertumbuhan Ekonomi Di Indonesia,” Transekonomika: Akuntansi, Bisnis Dan Keuangan 2,
A. The importance of exports for Indonesia

Export activity in the field of the country's economy is very important, because it greatly influences the movement of the economy for countries that carry out export and import activities of goods. The purpose of export itself is to expand market activity, control the price of existing products in the country, optimize profits for entrepreneurs, increase the country's foreign exchange and what is no less important can increase employment opportunities for the human resources around it. In the international market, Indonesia is one of the largest shrimp producing countries and exporters which is in great demand because of its relatively high production (Kusumastanto, 1994). The largest shrimp market in the world today is Japan and the United States. Meanwhile, another country that imports quite a lot is Singapore. This number is expected to continue to increase in line with the increase in population and income levels. Indonesia's shrimp exports to Japan in 2009 reached US$441 million, but in 2010 to 2011 the value decreased to US$331 million and US$322 million respectively.12

B. Rules governing exports

Regarding the definition of export itself, it is regulated in

Article 1 paragraph 2 of the Minister of Trade Regulation Number 17 of 2021

"Export is the activity of removing goods from the customs area"

And regarding the meaning of exporters is regulated in article 1 paragraph 4

"Exporters are individuals/institutions/business entities, including those in the form of legal entities or non-legal entities, who carry out exports"

Then the export conditions are regulated in article 9 paragraph 2 of the Minister of Trade Regulation Number 17 of 202.

Data on Business Licensing in the Export sector as referred to in paragraph (1) include among others:

a. Exporter's identity;

b. tariff post/HS;

c. type/description of Goods;

d. number and unit of Goods;

e. loading port; and/or

f. country of destination.

Rules regarding export and import are regulated in Permendag Number 17 of 2021

C. Strengths and Weaknesses in shrimp
export
activities

Strength

✓ A broad market, in other words, the increasing need for vannamei shrimp

✓ Good relationship with customers

✓ Regional economic development

✓ There is a government policy that encourages increased exports of vannamei shrimp

✓ Good corporate image among consumers

Weakness

▪ Competition from foreign companies and other countries with similar products

▪ Government policies of export destination countries

▪ Competition from local companies with similar products

▪ Disturbances in the delivery of goods

▪ Presence of diseases and bacteria that attack shrimp during the preparation of goods.13

D. Constraints on shrimp exports to Japan

Indonesia's opportunities in exporting shrimp products to Japan are very promising, but many obstacles are faced by shrimp exporters Indonesia in exporting shrimp to Japan. Constraints experienced by Indonesian shrimp exporters come from within the country and abroad, these constraints are as follows:

1. Domestic Obstacles

The constraints to Indonesian shrimp exports have several factors that can be analyzed, the analysis of these constraints is:

a. The knowledge problem is the low level of technology adoption, according to the Central Bureau of Statistics (BPS), about 80% of aquaculture entities in Indonesia are still practicing traditional or extensive farming. To remain competitive, aquaculture in Indonesia must adopt modern equipment and production techniques. However, the majority of aquaculture actors consist of home industries which may not have sufficient capital and skills to modernize their farming techniques, this causes
production to be still lower than Vietnam and Thailand.

b Many Indonesian products cannot compete with foreign products because Indonesian products pay little attention to packaging. Foreign parties can make attractive packaging, so as to increase consumer interest in buying the product. Indonesian products are actually not inferior to foreign products, only the matter of packaging must receive more attention and always be improved. For this reason, the packaging of Indonesian products must be considered not only for export purposes, but also for the benefit of domestic sales so that the health of the consumer public is also guaranteed. Because there were a number of cases of Indonesian export products being banned for the reason that the packaging did not meet the set standards so that the containers were sent back or the products were burned. Of course, this causes a considerable loss for Indonesia.

b Uneven infrastructure development in various shrimp pond centers is not an
easy job, uneven infrastructure development in the regions is a big problem. Farmers located far from the traditional trade centers of East Java have to overcome greater logistical challenges to distribute their products, poor road infrastructure and poorly equipped seaports have made it more difficult for shrimp farmers and processors in the area and there are still areas that experience difficulties power supply. For shrimp farmers, the problematic electricity supply from PLN means they have to pay more if they have to use a generator. This problem of course has a negative impact on shrimp production. If the government wants to achieve the target of high growth in shrimp production, the infrastructure must be seriously addressed.

c. Limited level of capital provision to shrimp farmers to expand their business to increase shrimp production by purchasing new equipment that supports shrimp cultivation. Meanwhile, to start a shrimp farming business, shrimp farmers must have a large enough capital. to build three pond plots with the size of each
pool 45 meters x 55 meters plus two generators, and a windmill requires at least IDR 1 billion in capital. Then you need quality vannamei shrimp seeds. The quality shrimp seeds are called F1. F1 is the first child from the main parent so it is of higher quality because it is more disease-resistant. If shrimp farmers receive capital assistance, then shrimp farmers can increase their shrimp production by adding ponds for their shrimp, and buying first-class shrimp seeds so that the income received also increases (www.kainstriper.or.id).

  d. The low utilization of Indonesia's marine potential and the production process that still uses the capture system are not able to take full advantage of Indonesia's marine potential. With Indonesia's fishery potential, the amount of Indonesian shrimp production should be able to meet export demand from Japan. However, the used capacity of shrimp processing plants is still stagnant at 50% of installed capacity because the industry is still lacking raw materials, the average raw material requirement of around 50 frozen shrimp
companies that are members of the association reaches 50 tons per day. However, the supply of shrimp every day is only 30% - 70% of the installed capacity.

e. The export of Indonesian shrimp products can only be done by the shrimp industry, while shrimp farmers cannot directly export their shrimp production. Farmers or shrimp farmers at home or on a small scale can only sell the results of their shrimp ponds to large exporters or cooperatives in the form of fresh shrimp, because export of shrimp products abroad can only be done by companies that have been registered as exporters.

Foreign constraints

The constraints on Indonesian shrimp exports to the Japanese market are as follows:
a. Indonesia's shrimp exports in 2011 were constrained due to natural factors, namely the earthquake that occurred in Japan on March 11, 2011, at 05:46 UTC (14:46 local time) at a depth of 24.4 kilometers (15.2 miles). The impact of the tsunami caused a number of important infrastructures
supporting the country's economy, such as roads, bridges and nuclear power plants in Fukushima, Onagawa and Tokai to fall apart. Under these conditions, Japan's economic growth is expected to shrink by 1 percent to 2 percent and a slowdown is expected continued until the end of 2011. Due to the slowness the recovery process caused by the wide fiscal deficit, not to mention the nuclear reactor crisis and radiation leaks, which may take quite a long time to return to its original condition. This can cause

Indonesia's shrimp exports are constrained (http://www.antaranews.com).

b. Shrimp exporters in Japan besides Indonesia are Vietnam, Vietnam is the first exporter with a value of 361,333 USD. Vietnam's prawn production and exports have grown steadily over the years has creating a significant position in the global shrimp production branch. Now Vietnam's shrimp exports occupy the third position.
in the world, after China and Indonesia. In particular Vietnam is now taking the lead in the world regarding shrimp production and export. Vietnamese shrimp have been exported to 100 countries and territories.

At the same time, Vietnam is the largest supplier of shrimp to the Japanese market, which is number three in the US market and number four in the European Union. Compared to other shrimp exporting countries such as Thailand, India and Indonesia, Vietnam currently has an advantage regarding the export of semisu catus shrimp and tiger prawns. In addition to tiger prawns and catus semisu prawns, Vietnam will add lobsters and giant prawns to the list of exports to increase export value. Vietnam's view of development is not to expand the land area, but will focus on increasing production yields and productivity in extensification cultivation areas. The cultivation area is defined as an area of approximately 600,000 to 700,000 Ha. On this basis, will review the design of brackish water shrimp farming to adjust
and improve quality and value. This is inversely proportional to Indonesia which has a cultivation area of around 913,000 hectares but its shrimp production is still inferior to Vietnam. In 2014 Vietnam exported 31,130 tons of shrimp to Japan while Indonesia only 25,340 tons, 18.6% lower than Vietnam's shrimp exports to Japan (http://www.trademap.org).

c. Import policies or regulations applied by Japan to Indonesian shrimp export products that enter Japan are export constraints for Indonesia. Based on the Food Sanitation Act, importers must report their imported products to the quarantine party. Since 2011, seafood has become one of the products that must undergo compulsory testing, in which imported products may not contain chemical components that exceed the standard limit for chemical component residues set by the Ministry of Health, Labor and Welfare in Japan.

For processed shrimp commodities, shrimp commodity importers in Japan generally require shrimp processing places or factories to have HACCP
(Hazard Analysis and Critical Control Point) certification or a certificate stating that after being analyzed for Hazard and Critical Point Control, Indonesian shrimp are not dangerous and contain bacteria or toxins that can endanger consumers. In addition, exporters must be able to meet the size requests requested by Japanese importers. Japanese importers use product size standards as applicable internationally. The standard size for frozen shrimp used by companies in Japan, if the importer asks for size 8/12, it means that in 1 pound (453.6 grams) there are 8-12 shrimp, with not too much difference in weight per head. This causes shrimp that are not in accordance with the specified standards cannot be exported to Japan (http://dipen.kemendag.go.id).14

d. The presence of shrimp suppliers in the Japanese market does not only come from Indonesian companies, but also companies from countries such as Vietnam and India which are

among the top 3 exporting countries to Japan. This makes competition very tight and becomes an obstacle for suppliers who have low competitiveness.

Indonesia itself is still lacking in the application of production technology, the obstacles that often occur in various shrimp processing companies are shortages of shrimp raw materials, product label errors, embargoes by importers due to the identification of antibiotic compounds, sanitation problems and so on.

As in the incident, PT Toxindo Prima Indonesia's shrimp exports to Japan were rejected, because according to information, shrimp from PT Toxindo Prima contained the antibiotic chloramphenicol itself, which is an antibiotic commonly used in feed to treat anaerobic bacterial infections, such as aeromonas, pseudomonas, mycoplasma, and enterobacteriaceae. Chloramphenicol has the effect of killing microorganisms in feed so that the feed lasts longer, and is able to improve the digestive system of animals to make it
more efficient so that the appetite of fish or shrimp increases. However, the chloramphenicol residue can cause death in patients with anemia which can progress to leukemia (https://finance.detik.com).\textsuperscript{15}

E. Case study

A company exports its shrimp to Japan, then when the agreement is made, the Japanese agree to use the agreement or law that applies in Indonesia. In the future, the Indonesian party defaulted on its shrimp products. After checking in Japanese territory, many of the prawns were physically decomposed because if you look at the lex rei sittae clause, it means that the Japanese who feel aggrieved can get justice in the Jakarta court to get their rights back. Because the law that was in effect at that time was the law that was used where the goods came from.

F. Troubleshooting

In international trading activities, it is no stranger to discovering all kinds of violations or commonly called defaults committed by one of the parties. Therefore the author tries to examine the problem by providing the following

\textsuperscript{15} Ibid.
solutions:

- for each - each of the actors of international trade should understand very well about the agreement and ensure which law applies when entering into international trade agreements

- ensure the identity of the buyer properly in order to avoid all kinds of fraud considering that there are many ways that are used by unscrupulous people now to fulfill their own interests

- if there are problems in international trade activities, then the principles that apply in international law and international private law, one of which is Lex Rei Sitae (Lex Site). subject to the laws of the place where the object is located.

3. Conclusion

In a state order that has succeeded in prospering its people there is a good order by the system of government. One of the systems created is to increase foreign exchange reserves so that state finances can be stable to finance state needs. One of the supports for increasing foreign exchange reserves is by trading domestic goods abroad which are usually referred to as "exports" in export activities, of course there are rules that apply when carrying out activities of
releasing goods. none other than the most important thing is to agree on which law will apply if one of the parties commits a default or more precisely known as the Principle of Lex Rei Sitae (Lex Site), which means that cases involving immovable objects are subject to the law of the place where the thing is/is located.

Based on the results of the analysis and discussion of the opportunities and constraints for Indonesian shrimp exports to the Japanese market, the following conclusions can be drawn:

a Indonesian shrimp exports have quite a large opportunity to penetrate foreign markets, including the Japanese shrimp export market. Japan is the second largest country which is the destination for Indonesian shrimp exports. The types of shrimp most exported to Japan are vannamei shrimp, tiger prawns, lobsters and giant prawns. Shrimp that are exported in the form of processed shrimp are the most popular shrimp in Japan. Quality Indonesian shrimp and free from Early Mortality Syndrome (EMS),

so that Indonesian shrimp
products can be accepted in the Japanese market.

b The constraints faced by Indonesia's shrimp exports are those that come from within and outside the country. Domestic constraints are low utilization of technology, uneven infrastructure development, and low utilization of maritime potential so that total production cannot meet demand as well as Indonesian shrimp product packaging that does not meet standards. While the obstacles from abroad are the condition of Japan which had experienced a disaster so that it took time to repair infrastructure causing constraints on Indonesian shrimp exports to Japan as well as Japan's policy on food sanitation which required imported products to be quarantined and shrimp producers who had to have HACCP certificates for Indonesian shrimp products that were processed. Export to Japan.
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