The Role of Intelligence in Countering the Threat of Used Imported Clothing Smuggling to Indonesia's Economic Security

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Abstract

Public interest in used imported clothing is increasing due to various factors. The government has made various efforts to prevent the entry and circulation of used imported clothing through the creation of regulations, supervision and enforcement measures. However, the existence of used imported clothing remains latent in the community. This condition poses a threat to economic resilience, especially to the clothing industry, which is one of the mainstay industries of the Indonesian economy. This research will analyze the threat posed by the presence of used clothing through four stages of intelligence analysis. Then, it will categorize whether the threat of second-hand clothing is included in the threat capable of disrupting economic resilience. In addition, this research will use information obtained from interviews with informants to strengthen the results of the analysis. The data and information obtained will be triangulated to strengthen the results of the analysis. The results of this study found that the threat of used imported clothing is included in the moderate to serious threat level because it can result in shocks to industrial and economic output/production, increased unemployment, instability of exchange rates and foreign exchange reserves, and health threats. If left unchecked, this latent threat could pose social and economic risks if it reaches its culmination point. This research found that there is a need to strengthen and affirm the laws and regulations. In addition, this study found that at the operational and policy tactical level, the role of intelligence needs to be improved to prevent the presence of imported used clothing imports to a non-threatening point, such as by improving early detection measures, operational cooperation between institutions, exchanging human resource recruitment and intelligence capacity building.

1. Introduction

The circulation of illegally smuggled used imported clothing has become a significant national issue in Indonesia, posing various threats to economic resilience, especially for the domestic clothing and footwear industry, both large-scale and MSMEs. This phenomenon is driven by the increasing public interest in used imported products, known as thrifting, due to various factors such as lower prices and perceived good quality. Although the government has issued various regulations and made efforts to monitor and prosecute, the existence of illegal used imported clothing is still rampant in traditional, modern markets, and online platforms. Import-export data from UN Comtrade and the Central Statistics Agency (BPS) indicate a large volume of illegally imported second-hand clothing entering Indonesia, with Malaysia as one of the largest countries of origin. A comparison of the data shows a significant disparity between the volume of second-hand clothing exports from Malaysia and the volume of imports recorded by BPS, indicating a

high level of smuggling activity. This smuggling not only threatens the national Textile and Textile Products (TPT) industry in terms of production, investment, and labor absorption, but also has the potential to cause social, health, and environmental problems. The performance of the national textile and footwear industry itself has shown a decline in recent years, in line with the phenomenon of deindustrialization. In fact, this industry is the second largest labor absorber after the food and beverage industry.

Indonesia's strategic geographical condition with a long coastline and busy sea traffic is a challenge in monitoring contraband. In addition, external factors such as other countries' trade policies and global market dynamics also influence the rise of secondhand clothing smuggling. Although the global secondhand clothing trade has both positive and negative impacts, for Indonesia the negative impacts are considered more dominant, especially regarding threats to the domestic industry and potential health risks. This study aims to analyze the threats posed by the smuggling of imported used clothing to Indonesia's economic resilience, particularly the textile industry, and formulate effective intelligence strategies to anticipate these impacts. Previous research has examined the legal, social, and economic aspects of used clothing, but this study focuses on mapping the causes of smuggling, the potential threats it poses, and the role of intelligence in risk mitigation.

2. Literature Review

This research is based on a framework that links government policies (laws and regulations) related to the import ban on used clothing with threat triggers (smuggling, thrifting trends, lifestyle changes, price inequality and purchasing power). Potential threats identified include decreased economic resilience due to decreased industrial production, reduced labor absorption, low investment, erosion of foreign exchange reserves, reduced state revenue, spread of disease, and changes in consumerism ideology. Theories and concepts used include threats, smuggling, thrifting, analysis, and economic resilience. The research proposition is that second-hand clothing smuggling poses a threat to the clothing industry and economic security, and intelligence strategies are needed to prevent the potential threat as conventional surveillance strategies have not been effective.

2.1. Thrifting Trends

Thrifting, or the activity of buying good quality second-hand goods, has become a rapidly growing new culture, especially among young people. This phenomenon is driven by the desire to get branded goods at affordable prices, awareness of environmental issues (sustainable fashion), and the influence of social media. Other driving factors include frugality, style consciousness, ecological consciousness, dematerialization, nostalgic tendencies, and fashion consciousness.

2.2. Threat Theory

Threats are defined as efforts or activities that have the potential to jeopardize the safety of individuals or groups, and can overhaul policies conceptually through criminal and political acts. Threats can stem from the intentions and capabilities of the perpetrator. In the context of this research, the source of threat is the used clothing smuggling business, the form of threat is economic, and the target is national economic security. The level of threat can be categorized into minor, moderate, serious and critical based on the target, the opponent's ability, and one's own strengths and weaknesses. Used clothing smuggling is categorized as a moderate to serious threat because it has the potential to hamper national development programs and disrupt economic stability.

2.3. Intelligence Theory

Intelligence is traditionally understood as a government activity to reduce uncertainty in decision-making. The intelligence cycle generally includes the stages of intelligence requirements, planning, data collection (HUMINT, SIGINT, IMINT, OSINT), data processing, production, and dissemination. In the context of this research, intelligence analysis is used to map threats, identify patterns, and formulate strategies to prevent and counter used clothing smuggling.

2.4. Smuggling

Smuggling is defined as the illegal entry of goods into a country to avoid customs duties or because the goods are prohibited. The Indonesian Customs Law categorizes smuggling into two, namely in the areas of import and export, with specific elements of the offense. Cumulative criminal sanctions are imposed because smuggling offenses harm state revenue and undermine economic stability.

2.5. Previous Research

Various previous studies have examined criminal law aspects related to the sale of used imported clothing, government obstacles in prevention, legality in terms of tax law, conformity with Islamic law, the role of DGCE intelligence, criminological analysis, factors causing rampant smuggling, the impact of import ban policies, prevention efforts, competitiveness of the textile industry, smuggling modes in other countries, and smuggling impact assessment methodologies. This research seeks to fill the gap by focusing on the role of intelligence in dealing comprehensively with the threat of used clothing smuggling to Indonesia's economic resilience.

3. Methodology

This research uses a qualitative approach enriched with descriptive statistics and case studies on the smuggling of imported second-hand clothing from Malaysia and the problematics of thrifting culture. This research design is descriptive qualitative to describe the state of the subject and object of research based on existing facts.

Primary data was obtained through semi-structured interviews with various informants, including smugglers, the government (Ministry of Finance c.q. DGCE, Ministry of Industry), textile industry players, sellers, and consumers of used clothing. Secondary data came from various institutions such as the Central Statistics Agency (BPS), Ministry of Investment/BKPM, DGCE, and UN Comtrade, including data on GDP, employment, investment, import-export foreign exchange, state revenue, enforcement data, and international trade data. Data collection was conducted through semi-structured interviews to understand the problem in depth from the perspective of the relevant actors. In addition, a literature study was conducted by reviewing books, journals, and other sources.

4. Result and Discussion

The Directorate General of Customs and Excise (DGCE) has a central role in overseeing the traffic of goods in Indonesia, including imported used clothing, with functions as community protector, trade facilitator, revenue collector, and industrial assistance. The main challenge faced by DGCE is the smuggling of various goods, including textile waste (used clothing). The development of e-commerce is also a challenge because it facilitates the transaction of illegal goods, including used clothes. The vast sea area and coastline of Indonesia, as well as limited resources and inter-agency coordination, become obstacles in smuggling control. DGCE has conducted various supervision efforts, including sea patrol operations, inter-agency cooperation, and strengthening cross-border posts. The clothing industry is a priority sector in Indonesia, but faces various internal and global challenges. Cheap second-hand imported clothing threatens the competitiveness of local products. Global trade data shows the size of the apparel import-export market, with Asian countries as major producers and developed countries as major consumers. Exports of used clothing are driven by developed countries' efforts to reduce textile waste and demand from developing countries. Malaysia is an important hub in the secondhand clothing trade in Southeast Asia, with Indonesia as one of the main target markets.

The performance of the national apparel industry shows a downward trend in contribution to GDP. A mirror analysis of BPS second-hand clothing import and export data from countries of origin (UN Comtrade) shows a huge volume of smuggling into Indonesia. Keyword search trends related to "thrifting" and "used clothes" on Google Trends show consistent and increasing public interest, especially since the COVID-19 pandemic. DGCE enforcement data shows an increasing number of used clothing smuggling cases, with the majority occurring in the eastern coastal region of Sumatra. There is a negative correlation between used clothing import growth and domestic clothing industry output growth, indicating a systemic impact on the economy. Estimated consumption of imported used clothing shows an increasing trend post 2019. Policies

related to the import of used clothing vary between countries, ranging from a total ban, restrictions, to allowing under certain conditions. Interviews with various resource persons from diverse backgrounds, including legislative, government (fiscal and customs), academics, and business actors, provide a comprehensive picture of the complexity of the issue of smuggling used imported clothing and the phenomenon of thrifting in Indonesia. In general, the resource persons agreed that used clothing smuggling poses a significant threat to the national economy, particularly the domestic textile and textile products (TPT) industry, although there were differences in views regarding the root causes and ideal solutions.

A legislative resource person highlighted that the phenomenon of thrifting and smuggling of second-hand clothing is not just a trend, but potentially driven by a larger global organizational agenda related to the circular economy. The high level of public interest, fueled by low prices and the perception of good quality in second-hand branded goods, creates a fertile market for these illegal products. This view was reinforced by representatives from customs and excise authorities who stated that the price factor was the main trigger for demand. In fact, businesses in this sector admit to significant profit margins from the sale of imported second-hand clothing, especially for rare and branded items. From an operational perspective, it was revealed by customs and excise that one of the neighboring countries became a hub for used clothing from various developed countries in Asia before being smuggled to Indonesia, which is the largest market. The mode of smuggling also varies, not only through rat routes using small boats, but there are also allegations of utilizing official channels from free trade areas by involving various parties. The large scale of smuggling is also reflected in the discrepancies in international trade data, as stated by sources from fiscal authorities.

The economic impact of this illegal practice is felt. Government representatives from the fiscal and customs sectors consistently emphasized that secondhand clothing smuggling puts severe pressure on the domestic textile industry. This leads to decreased production, loss of employment, increased unemployment, reduced tax revenues, and generally threatens people's welfare. Furthermore, the trade balance can be disrupted, foreign exchange reserves depleted, which in turn can affect the stability of the exchange rate and the national economy as a whole. A former high-ranking customs and excise official added that this issue also concerns the nation's pride, as it affects the exchange rate and the national economy as a whole. However, a different view came from an academic in the field of intelligence who highlighted that for communities in border areas, secondhand clothing-related activities have become one of the drivers of the local economy that is often left untouched by central government development programs. Business actors in this field also emphasized that the second-hand clothing trade is their source of livelihood.

Significant challenges hinder efforts to combat secondhand clothing smuggling. Customs authorities identified the widespread number of illegal entry points as one of the main obstacles. Furthermore, the alleged involvement and protection of unscrupulous officials, both at the local level and other agencies, complicates enforcement efforts. In fact, some local governments are said to tend to support the circulation of used clothing because it is considered to make an economic contribution to their communities. In terms of policy, the need for regulatory harmonization, especially at the trade ministry level, is highlighted to anticipate global dynamics and protect the domestic industry. The lack of clarity regarding post-enforcement procedures, including who is responsible for destroying expensive and environmentally risky evidence, is also a crucial issue. Weak coordination between law enforcement agencies also often makes customs and excise authorities feel like they are walking alone in dealing with this issue. There are suggestions from academics for the government to conduct a review of the ban policy, taking into account the economic potential and needs of the wider community, not just the interests of large industries.

The health risks of imported used clothing are also a concern, although public awareness of this may not be optimal. Businesses themselves recognize the potential for disease but the precautions taken are often minimal for the sake of cost efficiency. On the other hand, the increasingly popular trend of thrifting, especially among the younger generation, indicates a shift in mindset where the use of second-hand clothing is increasingly accepted and even part of a lifestyle and expression of environmental awareness. Collectively, these interviews indicate that the solution to the problem of smuggled used imported clothing must be comprehensive, encompassing improved governance and regulations, strengthened inter-agency synergies, stricter and fairer law enforcement, continuous public education, and the search for alternative solutions that can balance the protection of the national industry, law enforcement, and socio-economic realities in the community, especially in border areas.

The threat of used imported clothing smuggling is identified from the aspects of health (disease transmission, chemical contamination), local textile industry (unfair competition, job loss), and environment (waste, overconsumption). Based on the criteria of threat sources, forms, and targets, as well as Robert Ring's threat level, smuggling of used imported clothing is categorized as a moderate to serious threat. Problem solving requires increased synergy and collaboration between institutions, development of balanced regulations, consumer education, and development of recycling systems. The role of intelligence in facing this challenge includes strategic intelligence (plan development, international cooperation, human resource capacity building), tactical intelligence (information gathering, case prediction, actor mobilization, cooperation in formulating early detection policies, forecasting), and operational intelligence (providing input to law enforcement agencies, field detection, early warning, tracking informal information, examining preliminary evidence).

5. Conclusion

Based on in-depth analysis of data and interviews, the circulation of illegally imported second-hand clothing in Indonesia has proven to be a practice that harms national interests and disrupts the development process, despite being driven by high market demand due to low prices and easy access. This practice not only violates existing legal provisions, but also brings multiple negative impacts: from eroding the competitiveness of the domestic textile industry that is vital to the economy and employment, posing potential serious health risks to the public due to the lack of guaranteed product hygiene standards, to polluting the environment and degrading the nation's dignity as a recipient of other countries' textile waste. Its continuity is also supported by suboptimal law enforcement and the complexity of challenges in the field, including the vast area of supervision and the potential involvement of various parties.

To overcome this complex problem, a series of integrated and comprehensive strategic measures are needed. Collective efforts must start from increasing public awareness of the various risks and negative impacts, followed by strengthening supervision and strict and consistent law enforcement through synergy between government agencies. On the other hand, real support for the domestic textile industry is absolutely necessary to be able to compete, accompanied by revamping regulations to eliminate gray areas and clarify the responsibilities of each agency. Institutionally, the establishment of special intelligence units in the customs sector and cross-sectoral task forces can improve the effectiveness of early detection and coordination in the field, supported by increased human resource capacity, utilization of the latest surveillance technology, and development of information networks, and even studies on controlled used clothing management models for recycling or re-export purposes without harming the domestic market.

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