



Jurnal Bina
Mulia Hukum

Contents lists available at [Sinta 2](#)

JURNAL BINA MULIA HUKUM

Publisher by Faculty of Law, Universitas Padjadjaran

<https://jurnal.fh.unpad.ac.id/index.php/jbmh>



Greenwashing Practice: an Indonesian Competition Law Perspective

Upita Anggunsuri ^{a*}

^a Faculty of Law, Universitas Andalas, Padang, Indonesia.

*Corresponding Author: upitaanggun@gmail.com

ARTICLE INFO

Volume 11, Number 1,
September 2026 (125-141)
DOI: <https://doi.org/10.24198/jbmh.v11i1.2434>
P-ISSN: 2528-7273
E-ISSN: 2540-9034

Article History:

Submitted: 23/09/2025
Revised: 28/05/2026
Accepted: 27/08/2026
Published: 23/09/2026

Plagiarism Report: 18%
AI Written: 15%

Keywords: *competition law;
greenwashing practice; indonesia.*

ABSTRACT

Greenwashing Practice is a manifestation of changes in the Company's orientation toward global environmental issues, influencing the Company's direction amid increasingly competitive business conditions. This study analyzes the greenwashing practices from the Perspective of Competition Law in Indonesia. This study introduces a novel perspective by examining the inconsistency between industrial growth objectives and environmental ethical standards, which logically leads to the emergence of greenwashing practices. The optimization of complementary regulations that balance industrial growth with compliance with environmental ethical standards is expected to contribute to fair market competition while supporting environmental sustainability. This study uses a normative juridical method with statutory and conceptual approaches. This study concludes that greenwashing practices can create unfair business competition by dishonestly marketing products through misleading environmental claims to manipulate consumers. The government needs to revise the unfair business competition law by incorporating environmental criteria to prevent unfair competition. In addition, the Indonesian Competition Commission (KPPU) requires cross-sectoral supervision with other institutions to maintain environmental sustainability and provide consumers with a sense of security regarding products and services.

INTRODUCTION

The global issue of changing environmental conditions provides a broader perspective for industries to reevaluate their strategic plans. The ongoing environmental changes reflect the impact of industries' exploitation of natural resources, compelling companies to prioritize environmental sustainability as a key factor in guiding their production activities and business operations in line with applicable standards and ethics. From this perspective, production activities and business operations are expected to contribute to environmental resilience and sustainability, both nationally and globally.

The aspect of sustainability is also reflected in the strategic plans for Indonesia's economic targets, which are oriented toward a green economy. The government's commitment to supporting a green economy is demonstrated through Presidential Regulation No. 98 of 2021 on the Implementation of Carbon Economic Value to Achieve Nationally Determined Contribution Targets and Control of Greenhouse Gas Emissions in National Development. Furthermore, this condition is

supported by Law No. 11 of 2020 on Job Creation, which streamlines cross-sectoral regulations and supports the management of environmental and forestry aspects. This regulation provides clarity and facilitates industrial activities related to the management and use of natural resources.

Regulatory clarity is a primary factor in supporting the government's commitment to achieving a green economy, mainly through Indonesia's contribution to reducing pollution emissions by 29% in 2030.¹ This contribution poses a challenge for the government to develop clear, cross-sectoral regulations and legislation, given the diverse characteristics of Indonesia's industrial sectors. This situation undoubtedly provides the government with a broader perspective on the relevant rules that support business activities in achieving the strategic goals of a sustainable green economy.

The challenges of achieving a green economy are also evident in the greenwashing some companies engage in to create a positive framing of the products or services they offer consumers. The increasing prevalence of greenwashing in several developed countries shows that companies manipulate their business activities to gain better profit opportunities in an increasingly competitive market.² Moreover, this practice also leads to consumer losses due to framing products or services as environmentally friendly³ which is an essential factor in attracting public purchasing interest.

Greenwashing practices can be observed through companies' approaches to creating positive framing to influence public perception and strengthen business competitiveness. These practices often involve manipulating the public regarding business activities, such as labeling products with environmentally friendly taglines (logos/brands), making irrelevant claims or statements about supporting environmental sustainability even though the company remains one of the major contributors to pollution emissions, using alternative environmentally friendly materials while still employing non-eco-friendly materials (plastic) in part of the production process, and deciding to invest in or finance sectors or industries that have the potential to cause environmental harm.⁴ These practices demonstrate how companies often engage in greenwashing by attempting to inform the public and position their products or services as adhering to environmentally friendly ethics and standards. It creates benefits or advantages for the company in marketing eco-friendly products and services, even though the reality does not align with these claims.⁵

¹ Haryo Limanseto, "Green Economy Mendorong Terciptanya Ekonomi yang Inklusif dan Berkelanjutan," Siaran Pers Kementerian Koordinator Perekonomian, April 25, 2022.

² Praful More, "The Impact of Greenwashing on Green Brand Trust from an Indian Perspective," *Asian Journal of Innovation and Policy* 8 (2019): 1.

³ James R Situmorang, "Pemasaran Hijau yang Semakin Menjadi Kebutuhan dalam Dunia Bisnis" *Jurnal Administrasi Bisnis* 27 no. 8 (2012): 131–42.

⁴ Paul Ekins and Dimitri Zenghelis, "The Costs and Benefits of Environmental Sustainability," *Sustainability Science* 16, no. 3 (2021): 949–65, <https://doi.org/10.1007/s11625-021-00910-5>.

⁵ Annisa Dinda Soraya, "Kebijakan Investasi Hijau dalam Perundang-Undangan Indonesia sebagai Upaya Penurunan Emisi Grk Nasional Menuju E-NDC 2030," *Unes Law Review* 6, no. 2 (2023): 5321–33.

The urgency of regulating greenwashing contributes to the realization of development-oriented toward a green economy. The government's role in achieving this target can be fulfilled by creating relevant and well-coordinated regulations across institutions. It would strengthen the implementation and oversight of business activities aligned with sustainability standards and ethical practices, thereby supporting global environmental resilience. The rules are expected to provide clarity for companies facing diverse challenges in implementing environmentally oriented business activities, benefiting from the vast growth of cross-sectoral business activities.

Globally, greenwashing practices also occur in several countries. For example, Austria has incorporated green economy principles into the draft amendments to its Competition Law (Section 2), which states that “Exemption of entrepreneurial cooperation for the purpose of an ecologically sustainable or climate-neutral economy from the ban on cartels: The draft expands the general exemption from the ban on cartels in Section 2 (1) Kartel 2005 to the effect that consumer participation in efficiency gains can always be assumed if these efficiency gains contribute to an ecologically sustainable or climate neutral economy, the draft broadens the general exception from the antitrust rule in Section 2 (1) Kartel 2005.”⁶

The provisions in Article 2 draft amendments to its Competition Law (Austria) aim to exempt cartels from prohibition to promote an ecologically sustainable or climate-neutral economy. This exemption considers consumer participation in improving efficiency if it contributes to an environmentally sustainable economy. The explanation of the draft law clarifies that this exemption is added while maintaining four conditions: the cartel must contribute to 1) improving the production or distribution of goods/services, 2) promoting technical or economic progress, 3) enabling consumers to receive a fair share of the resulting benefits, and 4) not a) imposing restrictions on businesses that are unnecessary to achieve these objectives, or b) allowing such businesses the possibility of eliminating competition for a significant portion of the relevant products.⁷ Refer to the explanation of the draft Competition Law (Austria), the goal of a green economy is for the general public, and consumers are part of the general public.

In addition, several states in the United States, such as Florida, have established regulations to address greenwashing through the Florida Deceptive and Unfair Trade Practices Act, which prohibits fraudulent practices in business activities involving the trade of goods and services. Similarly, California has enacted several regulations, including the Consumers Legal Remedies Act (CLRA), the

⁶ Jurgita Malinauskaite, “Competition Law and Sustainability: EU and National Perspectives,” *Journal of European Competition Law and Practice* 13, no. 5 (2022): 336–48, <https://doi.org/10.1093/jeclap/lpac003>.

⁷ Adrian Kubat and Adnan Tokić, “Sustainability and Competition Law in Austria,” 2024, 1–415, https://doi.org/10.1007/978-3-031-44869-0_2.

Unfair Competition Law, and the Business & Professional Code, which compensate for misleading information about products that harm the public.⁸

Greenwashing practices are also shown in several companies in Indonesia. For example, Nestle's claim of a "pure life natural spring" for its bottled water product has been criticized, as Nestle failed to prove its commitment to this claim. Nestle faced backlash for marketing campaigns that were far from environmentally friendly, such as "eco-shaped bottles" that claimed to use 30% less plastic without providing further information. In addition, PT Toba Pulp Lestari, part of the APRIL Group, claims achievements such as zero carbon emissions from land use, a 25% reduction in carbon emission intensity of products, strengthening protection, conservation, and restoration of nature, ensuring no loss of protected areas, eradicating extreme poverty in communities, and promoting science in tropical peatlands. However, there have been cases of natural forest logging and the seizure of indigenous community forests in Sumatra by the APRIL Group for export as dissolving pulp.⁹

The government's commitment to implementing laws and regulations to achieve a green economy should also be based on precise measurements, providing stakeholders with a transparent view of the company's processes and business activities. This condition benefits the institutional integration and coordination process in addressing greenwashing practices, offers clear guidelines for industries, and shapes and strengthens the industrial perspective on conducting business activities in accordance with environmental standards and ethics. Hence, it contributes to a development-oriented green economy.

It undoubtedly presents an interesting issue to study, particularly in understanding the necessity for companies to be adaptive and thrive in a competitive business environment (fair business competition) by integrating green economy values and goals into their business strategies. Therefore, the government's approach to developing regulations based on environmental ethics and standards should also be grounded in precise capabilities and measurements, especially in terms of rules and procedures for overseeing greenwashing practices to achieve the realization of a green economy in Indonesia by 2045 (National Long-Term Development Plan 2024-2025).¹⁰

⁸ Etheldreda E L T Wongkar and Prilia Kartika Apsari, "Telaah Kebijakan *Sustainable Consumption and Production* (SCP) dalam Merespons Fenomena Greenwashing di Indonesia Pada Era *E-Commerce*," *Deutsche Gesellschaft Für Internationale Zusammenarbeit (GIZ)* 3, no. 2 (2021): 1–30.

⁹ Nurul Fitria, "Pulp and Paper di Tengah Covid 19; Kebijakan Pemerintah, Kejahatan, Deforestasi Hingga Penyandang Dana," February 5, 2021.

¹⁰ Kementerian Perencanaan Pembangunan Nasional (Bappenas), "Indonesia Luncurkan Indeks Ekonomi Hijau Untuk Mengukur Transformasi Pembangunan Berkelanjutan," Kementerian Perencanaan Pembangunan Nasional (Bappenas), August 9, 2022.

METHODS

The study uses a normative juridical method, also called doctrinal research, which is a scientific research aimed at discovering the truth based on the logic of legal science from a normative perspective.¹¹ It uses conceptual and statutory approaches.¹² Legal materials consist of two categories: first, primary legal materials in the form of legislation, including Law Number 5 of 1999 concerning the prohibition of monopolistic practices and unfair business competition, Law No. 32 of 2009 on Environmental Protection and Management, Law No. 8 of 1999 on Consumer Protection and second, secondary legal materials in the form of expert opinions or doctrines obtained from legal articles in law journals or books related to the raised issues. Legal materials are gathered for this study is analyzed qualitatively.

DISCUSSION

The Impact of Greenwashing Practices from the Perspective of Competition Law in Indonesia

Greenwashing has become a primary factor for industries to reevaluate their strategic approaches to develop their business activities.¹³ The industrial perspective on business development should be rooted in thinking oriented toward environmental sustainability, ensuring long-term benefits for the industry's continuity. The ability of industries to innovate their business processes is a crucial factor in aligning business prospects with the broader urgency of environmental issues.

a. Industrial Investment in Eco-Friendly Products

The business perspective on cost efficiency is crucial in building competitive product advantages. A company's ability to optimally estimate costs for each quantity and quality of product produced positively contributes to profitability in a competitive market.¹⁴ The ability to linearly optimize profitability positively impacts the Company's sustainability in the future.

A company's sustainability in terms of product quantity and quality is also influenced by the mechanisms or approaches used to maintain the quality standards of production. A company's ability to estimate the quality standards of its products provides stakeholders and the public with a perspective on the product's viability. Normatively, the quality standards of the products have met consumer needs. However, these quality standards are still not measured more broadly, especially in addressing environmental aspects, which are currently

¹¹ Jhonny Ibrahim, *Teori dan Metode Penelitian Hukum Normatif*, ed. Setyono Wahyudi (Malang: Bayu Media Publishing, 2013).

¹² Peter Mahmud Marzuki, *Penelitian Hukum*, Edisi Revisi, Cetakan Ke-12, (Jakarta: Kencana, 2016).

¹³ A Kamini Varsha, V Ravi, and Thirupathi Manickam, "Greenwashing or Game Changer of Corporatesustainability: Impact on Environment, Society, and Governance (ESG)," *Shanlax International Journal of Arts, Science and Humanities* 11, no. S3-Feb (2024), <https://doi.org/10.34293/sijash.v11is3-feb.7251>.

¹⁴ Franziska Schubert, et al., "Exploring Consumer Perceptions of Green Restaurants in the US," *Tourism and Hospitality Research* 10, no. 4 (2010): 286–300, <https://doi.org/10.1057/thr.2010.17>.

one of the global issues. This highlights that industrial growth sustainability should also align with a strategic increase in industry awareness to minimize or avoid environmental degradation caused by company activities and operations.

The ability of companies to synergize business prospects with environmental aspects also presents challenges in managing business activities. The Company's approach to business activities remains relatively conventional,¹⁵ particularly in addressing environmental elements as a key factor in ensuring that the products produced support ecological quality. It is due to the rapid changes in environmental aspects compared to the Company's ability to innovate and adapt its existing business processes. The time required for industries to transition to processes and technologies that support environmental sustainability is relatively longer due to uncertainties in investment and research into environmentally sustainable production technologies. It also highlights the relativity of eco-friendly technological innovation in terms of the probability of environmental degradation, which impacts the growing gap in minimizing greenwashing practices in various industries.

The increase in industrial business costs,¹⁶ is related to technical production operations and nonoperational issues, such as categorizing products or services that do not engage in greenwashing. For instance, companies that clearly describe the composition or processes of their eco-friendly business practices aim to inform stakeholders, especially consumers, that the products or services offered comply with established environmental standards. This strengthens the company's position as a producer of eco-friendly products and services. In response to this, the Ministry of Environment has issued several regulations to protect the environment, including Ministerial Regulation No. 5 of 2019 on the Procedures for Implementing Eco-Friendly Labels for the Procurement of Eco-Friendly Goods and Services. This regulation serves as the foundation for the implementation of eco-friendly public procurement. The purpose of this regulation is to apply eco-friendly labels and promote the use of eco-friendly goods and services by individuals (individuals or legal/non-legal business entities) who produce and/or import goods and services traded within the territory of the Republic of Indonesia, as well as ministries/institutions/regional work units.

Several institutions, ministries, and agencies have launched several programs as follow-up actions to realize environmentally friendly products. Among these, the Financial

¹⁵ Oliver Heidrich and Abhishek Tiwary, "Environmental Appraisal of Green Production Systems: Challenges Faced by Small Companies Using Life Cycle Assessment," *International Journal of Production Research* 51, no. 19 (2013): 1–13, <https://doi.org/10.1080/00207543.2013.807372>.

¹⁶ A. Ben-Salem, A. Gharbi, and A. Hajji, "Production and Uncertain Green Subcontracting Control for an Unreliable Manufacturing System Facing Emissions," *International Journal of Advanced Manufacturing Technology* 83, no. 9–12 (2016): 1787–99, <https://doi.org/10.1007/s00170-015-7677-y>.

Services Authority (OJK) has developed Green Bonds by issuing OJK Regulation No. 60/2017 concerning the Issuance and Requirements for Environmentally Friendly Debt Securities (Green Bonds).

The Ministry of Maritime Affairs and Investment has committed to reducing greenhouse gas emissions by 31.89 percent by 2030, as announced during the 10th World Water Forum under the theme "Indonesia's Energy Transition Pathway: Road to Indonesia Sustainability Forum 2024." The Ministry of Industry has also initiated the Global Eco-Industrial Park Programme-Indonesia (GEIPP-Indonesia), which focuses on developing environmentally conscious industrial zones. These programs are implemented by various ministries/institutions/agencies; it is evident that the government has made sectoral efforts to achieve the targets of the Sustainable Development Goals (SDGs), which aim to promote sustainable development by enhancing the economic well-being of society while ensuring continuous attention to environmental quality.¹⁷

This condition provides a broader perspective for companies in establishing cooperation or work contracts with second parties, particularly in ensuring shared perspectives between the company and its partners in optimizing environmentally friendly business processes. This implicitly highlights the company's ability to develop its business by prioritizing environmental aspects as a key factor in its operations. It also impacts the readiness and support of stakeholders in understanding the direction of industry development in supporting the realization of a green economy locally, nationally, internationally.

b. Dominance of Industry in Influencing Business Competition

Business competition is an inevitability in the business world. Fair business competition is necessary to maintain the sustainability of a business in producing quality products while providing benefits to consumers. However, business actors often engage in unfair competition solely for profit-oriented, such as greenwashing. The companies claim their products are environmentally friendly, but they are not honest.¹⁸ Dishonesty is included in the category of unfair competition. This is regulated in Article 1 number 6 of the the Business Competition Law, which defines unfair competition as competition among business actors in producing and/or marketing activities of goods and/or services conducted in a dishonest, unlawful, or anti-competitive manner.

¹⁷ Armand Kasztelan, "Green Growth, Green Economy and Sustainable Development: Terminological and Relational Discourse," *Prague Economic Papers* 26, no. 4 (2017): 487–99, <https://doi.org/10.18267/j.ppe.626>.

¹⁸ Nugra Okto and Serafim Parahita Pawestri, "Peranan KPPU Menghadapi *Greenwashing* untuk Menciptakan Persaingan Usaha Sehat demi Melindungi Konsumen," *Jurnal Persaingan Usaha* 4, no. 2 (December 31, 2024): 97–111.

In terms of business competition, the existence of greenwashing practices reflects a company's unpreparedness to respond to global demands for environmentally friendly business activities quickly. The company's inability to identify environmental impacts demonstrates its ability to synergize strategic plans with ecological demands, remains normative, and carries uncertainties in implementing business activities. This condition affects the effectiveness of the strategic prospects set by the company. This situation shows that the uncertainty in the timeline for implementing environmental aspects into the company's strategic plans results in the low effectiveness of these plans in supporting environmentally friendly and sustainable industries.

The success of a company's strategy in making environmental aspects a main factor supports the optimization of fair business competition in achieving ecological sustainability. Companies with a good capability in interpreting environmental elements in their business activities reflect their commitment to innovating processes and activities at the level of competition. The company's ability to implement environmental values in its business activities has consequences for its ability to secure funding sources to support environmentally oriented business activities. The company's ability to plan and estimate funding needs in business innovation impacts the planning and analysis of investment aspects and the estimation of funding requirements obtained through the company's financing sources. This shows that the company's ability to contribute to the environment is still in the developmental stage and requires more time and resources to optimally become an environmentally focused company that creates eco-friendly products or services.

Companies with the capability and opportunity to implement environmentally based business activities contribute significantly to the industry's business competition. The company's ability to secure funding and commit to investment in developing environmentally focused business innovations provides benefits as a pioneer of eco-friendly practices in the business segment being developed. The company's consistent ability to produce environmentally oriented products or services can enhance its competitiveness in the market. The company's commitment to creating innovative, eco-friendly products benefits its positioning as a broadly contributing contributor to the green economy.

Companies with a good position in the competition for eco-friendly products and services can provide high competitiveness in the industry. High competitiveness in positioning the company as a leader in producing eco-friendly products and services offers positive benefits, enabling the company to become a market leader in an increasingly diversified industry.

A company's dominance benefits the diversification of products produced. It plays a role in determining the direction of business orientation by making environmental aspects an essential factor in business processes. This benefits the generation of innovation and diversification of new eco-friendly products. It demonstrates the company's commitment to supporting the green economy while striving to avoid greenwashing practices by implementing a series of innovations in business processes related to producing variations of environmentally friendly product innovations.

In terms of business competition, companies with dominant market control and a strong position become the main factors in the potential market share development. Companies with significant market dominance have the potential to monopolize the business of the products or services they offer. It is caused by companies with dominant funding capabilities and market share explicitly having the potential to dominate both vertical and horizontal business competition, enabling them to influence the pricing of products or services. According to Article 25 of the Business Competition Law, the abuse of a dominant position is prohibited if a business actor uses its dominant position to exploit consumers or other business actors or to exclude other business actors from the market. If linked to greenwashing practices, dominant business actors can easily influence the public to purchase products marketed as environmentally friendly, thereby manipulating consumers and creating unfair profits.

This condition is certainly comparatively challenging for similar companies and newcomer companies to be involved in the developed market segment. The limited ability to innovate environmentally-based business processes and the limited accessibility and bargaining power of similar companies or new entrants in developing business activities both vertically and horizontally have an impact on the company's ability to generate profitability to grow and develop at the level of industry competition developed.

The Company that dominates through technology and resources supporting environmentally based business activities implicitly holds strong bargaining power in the industry. Companies' dominance in the market segment for eco-friendly products or services plays a role in their bargaining power with suppliers and consumers and their ability to develop alternative substitute products as part of product diversification. The Company's ability to secure funding sources plays a role in controlling the availability of raw materials, ensuring stability, and increasing the potential for production activities. The Collaborations built on the potential and growth of the eco-friendly business segment tend to encourage suppliers to remain exclusive to companies with strong market positions. This affects the

opportunities for similar companies to compete and grow in the eco-friendly product or service industry. Furthermore, from the perspective of consumer bargaining power, the dominance of a company's market share in the industry also influences its potential to intervene in price competition. It impacts the ability of similar companies to develop their target market segments.

The Companies have the potential, both individually and collectively (associations), to engage in monopolistic or cartel for products or services oriented towards environmental sustainability. A well-established company with a large market, on the other hand, will be affected by global issues and policies in directing an environmentally oriented industry. The Company's control of conventional markets that are still low in the process of environmentally-based business activities has the potential normatively through associations to influence the direction and development of the industry through a series of policies that tend to hinder the growth of environmentally oriented companies and have a potential impact on increasing greenwashing practices. The ability of companies, accompanied by strong competitiveness, to influence the industry can hurt the direction of development of environmentally oriented industries. This shows that aspects of greenwashing practices also have challenges in building strategic information and policies to shape a positive perspective for industry players to have the same goals and contributions in building green economy-oriented industrial power.¹⁹

c. Greenwashing and Consumer Protection

The issue of greenwashing is not only a corporate problem but also has a real impact on consumers as end-users of the products produced by companies. The problem of greenwashing is not solely focused on how companies manage their businesses based on environmental standards and ethics but also explicitly affects consumers' certainty regarding their investments in supporting the green economy. The commitment of the citizen to use eco-friendly products implies that companies engaging in greenwashing practices are corporations that have violated public trust ethics by misrepresenting the environmental friendliness of their products. These companies are also responsible for the moral and material damages suffered by the public due to the deception through product branding.²⁰

¹⁹ Devashish Pujari, Gillian Wright, and Ken Peattie, "Green and Competitive Influences on Environmental New Product Development Performance," *Journal of Business Research* 56, no. 8 (2003): 657–71, [https://doi.org/10.1016/S0148-2963\(01\)00310-1](https://doi.org/10.1016/S0148-2963(01)00310-1).

²⁰ Jatinder Kaur, Kanika Budhiraja, and Nitika Gupta, "Impact of Green Washing on Consumers and Businesses," 2023, <https://doi.org/10.4108/eai.16-12-2022.2326240>.

The Greenwashing of a consumer behavior perspective shows that trust is essential in building customer satisfaction.²¹ Consumer satisfaction with eco-friendly products or services is an interpretation of the intensity of public involvement in obtaining information about the composition and quality of products offered by companies through various promotional methods or concepts aimed at attracting public interest in purchasing decisions.²² The information companies provide, coupled with optimal service mechanisms, makes greenwashing practices seem commonplace. If this situation persists without precise regulation and education from authorized institutions, it will negatively impact the clarity of consumer protection regarding the use of greenwashed products.²³

Society as the end consumer of industrial products is one of the priorities considered in understanding the development of greenwashing practices. The diversity of social and demographic backgrounds of the public plays an important role in responding to greenwashing approaches taken by companies. People with different demographic conditions, such as age, education, income, occupation, and social environment, have varying perceptions, judgments, and abilities in making decisions about company greenwashing campaigns. The limited ability of consumers to verify data and information about greenwashing campaigns affects their ability to determine alternative eco-friendly products.²⁴ It shows that companies with substantial capital and market share have significant potential to dominate industry competition as brands with the best eco-friendly products. It indicates that greenwashing practices are unfair to the consumer and relate to the individual benefits when they decide to consume greenwashing products. Law No. 8 of 1999 on Consumer Protection can serve as a legal basis to protect consumers and punish businesses engaging in greenwashing practices. As stipulated in Articles 8 and 9 of the Consumer Protection Law, businesses are prohibited from producing and trading goods and/or services that do not meet established quality standards, breach of contract or claims inconsistent with those stated on labels, tags, descriptions, advertisements, or sales promotions of the goods and/or services, as well as offering, advertising, and promoting goods and/or services inaccurately. Furthermore, the threat of businesses violating Articles

²¹ Robert M. Morgan and Shelby D. Hunt, "The Commitment Trust Theory of Relationship Marketing. *Journal of Marketing*," *Journal of Marketing* 58, no. July (2008): 20–38.

²² Manoela Costa Policarpo, et al., "Social Cynicism, Greenwashing, and Trust in Green Clothing Brands," *International Journal of Consumer Studies* 47, no. 5 (2023): 1950–61, <https://doi.org/10.1111/ijcs.12971>.

²³ Gabriella Marcatajo, "Green Claims, Green Washing and Consumer Protection in the European Union," *Journal of Financial Crime* 30, no. 1 (2023): 143–53, <https://doi.org/10.1108/JFC-11-2021-0240>.

²⁴ Yu Shan Chen and Ching Hsun Chang, "Greenwash and Green Trust: The Mediation Effects of Green Consumer Confusion and Green Perceived Risk," *Journal of Business Ethics* 114, no. 3 (2013): 489–500, <https://doi.org/10.1007/s10551-012-1360-0>.

8 and 9 is regulated in Article 62 of the Consumer Protection Law, which includes criminal sanctions (imprisonment and fines).

The Urgency of Regulation Related to Greenwashing Practices in Realizing a Green Economy from the Perspective of Competition Law in Indonesia

The Greenwashing practices present a complex challenge in addressing the global climate change phenomenon. The Company requires clear regulations to ensure the development of environmentally oriented business practices. As catalysts for the national economy, the Company faces significant challenges in responding to the uncertainty of external dynamics while preparing internal conditions through long-term programs outlined in its strategic plans. The ability of companies to integrate environmental issues into their strategic plans requires a shared perspective among stakeholders to support the green economy.

Greenwashing provides a challenge for the government in ensuring whether or not there is a connection between companies that practice greenwashing and violations of legal aspects or regulations set by the government. The challenge of the global issues, which have been agreed upon at the international level, serve as a reference for the government to reevaluate regulations or policies related to the impacts of greenwashing. This ensures legal certainty for companies and stakeholders regarding potential issues that may arise. The government's ability and authority to identify the greenwashing problems and formulate relevant policies are expected to foster a positive perception among industries, encouraging them to contribute to the national economy.

The government's authority in enforcing business competition law is essential in minimizing companies' dominance in greenwashing practices. It involves identifying compliance of business activities with applicable regulations. Companies practicing greenwashing often have aspects of their business process chains that conflict with environmental issues. It can be observed in several areas, such as using environmentally friendly raw materials, production or service delivery processes, and the final products or services meeting environmental and ethical standards. Furthermore, these activities indicate potential violations of environmental and moral standards at every stage of the business value chain for the products or services produced. Companies continuously breach environmental and ethical standards. It will lead to negative public perceptions of the government as the institution responsible for reducing the potential for business practices that harm the environment. This situation challenges the government to evaluate regulations and policies to provide clearguidance to industries on the negative impacts of greenwashing.²⁵

²⁵ Kalee Prasanna Pattanayak and Chitrasena Padhy, "Green Washing and its Impact on Consumers and Businesses - a Review," *Indian Journal of Natural Sciences* 10, no. 62 (2020): 27954–58.

Institutional coordination is a key factor in managing and overseeing environmentally oriented industries. The government's role in identifying ethical standards for business activities reflects its ability to formulate regulations and policies that focus on the environment and support potential industrial growth.²⁶ The rules based on public interest should also consider the role of industries as an essential factor in the stimulus of economic activities. It can be implicitly seen through the government's efforts to provide clear guidelines for companies on standardized ethics and practices in managing business activities through licensing mechanisms and oversight of environmentally oriented companies' feasibility.

The transparent oversight of the company is essential in creating fairness and clarity in legal processes. The government should coordinate institutionally to minimize the potential for overlapping authority so that it can form a public perception of transparency in resolving legal issues. Clear institutional coordination reduces the potential for sectoral egos based on absolute competence in resolving legal disputes related to companies engaging in greenwashing practices. The government's ability to translate the urgency of regulations addressing greenwashing through existing institutions should be built on absolute competence, facilitating the identification of problematic aspects in the business activities of companies practicing greenwashing.

Global issues make environmental and social aspects a logical consequence of greenwashing practices.²⁷ Through relevant institutions, the government is expected to provide practical approaches to explain technical problems and corporate responsibilities for greenwashing actions. Article 68 of Law No. 32 of 2009 on Environmental Protection and Management should provide clear legal consequences for companies to minimize greenwashing practices. This article is expected to offer clear guidelines for companies to transparently disclose their environmental management mechanisms as part of government efforts to evaluate and calculate potential adverse environmental impacts.²⁸ The clarity of information and legal mechanisms for ecological management established by the government are expected to foster a positive perspective among companies, encouraging them to reevaluate the business processes developed.

Business activities related to products or services produced by companies engaging in greenwashing pose a challenge for the government under Law No. 8 of 1999 on Consumer Protection Indonesia. Through authorized institutions, the government also translates the logical consequences

²⁶ Muhammad Pravest Hamidi, Muhammad Anas Fadli, and Yonathan Wiryajaya Wilion, "Tinjauan *Green Economy* dalam Hukum Persaingan Usaha di Indonesia," *Jurnal Persaingan Usaha* 2, no. 1 (2022): 5–19, <https://doi.org/10.55869/kppu.v3i.48>.

²⁷ Raynold Sebastian, Hasiholan Gultom, and Muthia Sakti, "Praktik *Greenwashing*: Perlindungan Hukum dan Tanggung Jawab Korporasi ditinjau dari Hukum Indonesia," *Jurnal Interpretasi Hukum* 4, no. 3 (2023): 626–41.

²⁸ Ling He, Shengdao Gan, and Tingyong Zhong, "The Impact of Green Credit Policy on Firms' Green Strategy Choices: Green Innovation or Green-Washing?," *Environmental Science and Pollution Research* 29, no. 48 (2022): 1–35, <https://doi.org/10.1007/s11356-022-20973-w>.

of greenwashing practices for the public as end-users of the products or services. This regulation protects the consumer, such as the right to clear information about the products they consume, ensuring confidence in the safety of their products or services. It implies that companies must provide accurate and clear information about the qualifications of their products or services, including quality standards, to build public trust in the suitability of the products or services used. It reflects the government's efforts to protect the public as end users of products or services, supported by companies' willingness to avoid greenwashing practices. It provides benefits in fostering a better perspective of competition at the level of competition faced.²⁹

Business competition based on the clarity of legal mechanisms regarding greenwashing practices is essential in building fair industrial growth. The dominance of companies with strong market capitalization and significant market shares, regulated by Article 3 of Law No. 5/1999, which aims to prevent monopolistic practices and unfair business competition, is expected to foster healthy industrial competition through a conducive business climate so that it can act as a catalyst for a broader economic multiplier effect. However, Article 3 does not explicitly regulate aspects of environmental sustainability, even though Article 2 on the principles and objectives of the Competition Law includes a clause on balancing the interests of businesses and the public interest.

The law enforcement of business competition carried out by KPPU (The Competition Supervisory Commission) as regulated in Articles 35 and 36 of the Business Competition Law is related to minimizing greenwashing practices. This regulation requires KPPU to be able to formulate business competition guidelines and conduct investigations and examinations of cases of alleged monopolistic practices or unfair business competition to decide business competition cases that harm the public / other business actors. Furthermore, KPPU's coordination between related institutions (such as the Ministry of Environment, Ministry of Industry, Ministry of Maritime Affairs and Investment, and others) is expected to contribute to identifying and minimizing the potential for greenwashing practices by companies. This implicitly confirms that KPPU has the authority to legally process business actors who practice greenwashing because they have committed unfair business practices and can be categorized as one of the elements of unfair business competition as regulated in Article 1 paragraph 6 of the Business Competition Law.

Companies that produce environmentally friendly products or services should contribute to building productive business cooperation by providing opportunities for other companies to contribute to the industrial business chain to strengthen the growth and development of other industrial sectors. The growth and development of other industrial sectors are expected to benefit

²⁹ Fransiska Novita Eleanora, "Prinsip Tanggung Jawab Mutlak Pelaku Usaha terhadap Ketentuan Pasal 27 UU No. 8 Tahun 1999 tentang Perlindungan Konsumen," *Krtha Bhayangkara* 12, no. 2 (2018): 207–28, <https://doi.org/10.31599/krtha.v12i2.26>.

companies that can create environmentally friendly product or service innovations. This certainly has implications for KPPU's ability to minimize greenwashing practices. A persuasive approach supported by the clarity of legal implementation is expected to benefit stakeholders and help them realize a green economy in the future.

CONCLUSION

Greenwashing practices pose a challenge for industries in reevaluating their business processes. The ability of industries to align with global expectations regarding the importance of supporting environmental sustainability is a main factor in achieving the sustainability of a green economy. Companies with varying capabilities have different tolerance levels when implementing environmental aspects of their business processes. Companies with strong financial capabilities and significant market potential have the opportunity to dominate business activities, both vertically and horizontally, through monopolistic and cartel practices. It will cause unfair business competition. Greenwashing practices also directly impact environmental sustainability and affect the sense of safety among consumers regarding the products or services produced. It implies that the demand for companies to produce environmentally oriented products has significant implications for the government in reevaluating regulations and policies related to potential environmental issues that may lead to unfair business competition. Therefore, cross-sectoral oversight between the Indonesia Competition Commission (KPPU) and other institutions is essential through the enforcement of fair business competition law to ensure environmental sustainability and consumer confidence in the safety of products or services.

REFERENCES

- Ben-Salem, A., A. Gharbi, and A. Hajji. "Production and Uncertain Green Subcontracting Control for an Unreliable Manufacturing System Facing Emissions." *International Journal of Advanced Manufacturing Technology* 83, no. 9–12 (2016): 1787–99. <https://doi.org/10.1007/s00170-015-7677-y>.
- Chen, Yu Shan, and Ching Hsun Chang. "Greenwash and Green Trust: The Mediation Effects of Green Consumer Confusion and Green Perceived Risk." *Journal of Business Ethics* 114, no. 3 (2013): 489–500. <https://doi.org/10.1007/s10551-012-1360-0>.
- Ekins, Paul, and Dimitri Zenghelis. "The Costs and Benefits of Environmental Sustainability." *Sustainability Science* 16, no. 3 (2021): 949–65. <https://doi.org/10.1007/s11625-021-00910-5>.
- Eleanora, Fransiska Novita. "Prinsip Tanggung Jawab Mutlak Pelaku Usaha terhadap Ketentuan Pasal 27 UU No. 8 Tahun 1999 tentang Perlindungan Konsumen." *Krtha Bhayangkara* 12, no. 2 (2018): 207–28. <https://doi.org/10.31599/krtha.v12i2.26>.
- Fitria, Nurul. "Pulp and Paper di Tengah Covid 19; Kebijakan Pemerintah, Kejahatan, Deforestasi Hingga Penyandang Dana," February 5, 2021.

- Hamidi, Muhammad Pravest, Muhammad Anas Fadli, and Yonathan Wiryajaya Wilion. "Tinjauan *Green Economy* dalam Hukum Persaingan Usaha di Indonesia." *Jurnal Persaingan Usaha* 2, no. 1 (2022): 5–19. <https://doi.org/10.55869/kppu.v3i-.48>.
- He, Ling, Shengdao Gan, and Tingyong Zhong. "The Impact of Green Credit Policy on Firms' Green Strategy Choices: Green Innovation or Green-Washing?" *Environmental Science and Pollution Research* 29, no. 48 (2022): 1–35. <https://doi.org/10.1007/s11356-022-20973-w>.
- Heidrich, Oliver, and Abhishek Tiwary. "Environmental Appraisal of Green Production Systems: Challenges Faced by Small Companies Using Life Cycle Assessment." *International Journal of Production Research* 51, no. 19 (2013): 1–13. <https://doi.org/10.1080/00207543.2013.807372>.
- Ibrahim, Jhonny. *Teori dan Meteorologi Penelitian Hukum Normatif*. Edited by setyono wahyudi. Malang: Bayu Media Publishing, 2013.
- Kamini Varsha, A, V Ravi, and Thirupathi Manickam. "Greenwashing or Game Changer of Corporate Sustainability: Impact on Environment, Society, and Governance (ESG)." *Shanlax International Journal of Arts, Science and Humanities* 11, no. S3-Feb (2024). <https://doi.org/10.34293/sijash.v11is3-feb.7251>.
- Kasztelan, Armand. "Green Growth, Green Economy and Sustainable Development: Terminological and Relational Discourse." *Prague Economic Papers* 26, no. 4 (2017): 487–99. <https://doi.org/10.18267/j.pep.626>.
- Kaur, Jatinder, Kanika Budhiraja, and Nitika Gupta. "Impact of Green Washing on Consumers and Businesses," 2023. <https://doi.org/10.4108/eai.16-12-2022.2326240>.
- Kementerian Perencanaan Pembangunan Nasional (Bappenas). "Indonesia Luncurkan Indeks Ekonomi Hijau untuk Mengukur Transformasi Pembangunan Berkelanjutan." Kementerian Perencanaan Pembangunan Nasional (Bappenas), August 9, 2022.
- Kubat, Adrian, and Adnan Tokić. "Sustainability and Competition Law in Austria," 1–415, 2024. https://doi.org/10.1007/978-3-031-44869-0_2.
- Limanseto, Haryo. "Green Economy Mendorong Terciptanya Ekonomi yang Inklusif dan Berkelanjutan." Siaran Pers Kementerian Koordinator Perekonomian, April 25, 2022.
- Malinauskaite, Jurgita. "Competition Law and Sustainability: EU and National Perspectives." *Journal of European Competition Law and Practice* 13, no. 5 (2022): 336–48. <https://doi.org/10.1093/jeclap/lpac003>.
- Marcatajo, Gabriella. "Green Claims, Green Washing and Consumer Protection in the European Union." *Journal of Financial Crime* 30, no. 1 (2023): 143–53. <https://doi.org/10.1108/JFC-11-2021-0240>.
- Marzuki, Peter Mahmud. *Penelitian Hukum*, Edisi Revisi, Cetakan Ke-12. Jakarta: Kencana, 2016.
- More, Praful. "The Impact of Greenwashing on Green Brand Trust from an Indian Perspective." *Asian Journal of Innovation and Policy* 8 (2019): 1.
- Morgan, Robert M., and Shelby D. Hunt. "The Commitment Trust Theory of Relationship Marketing. *Journal of Marketing*." *Journal of Marketing* 58, no. July (2008): 20–38.
- Okto, Nugra, and Serafim Parahita Pawestri. "Peranan KPPU Menghadapi *Greenwashing* untuk Menciptakan Persaingan Usaha Sehat demi Melindungi Konsumen ." *Jurnal Persaingan Usaha* 4, no. 2 (December 31, 2024): 97–111.
- Pattanayak, Kalee Prasanna, and Chitrasena Padhy. "Green Washing and its Impact on Consumers and Businesses - a Review." *Indian Journal of Natural Sciences* 10, no. 62 (2020): 27954–58.

- Policarpo, Manoela Costa, Vanessa Apaolaza, Patrick Hartmann, Mario R. Paredes, and Clare D'Souza. "Social Cynicism, Greenwashing, and Trust in Green Clothing Brands." *International Journal of Consumer Studies* 47, no. 5 (2023): 1950–61. <https://doi.org/10.1111/ijcs.12971>.
- Pujari, Devashish, Gillian Wright, and Ken Peattie. "Green and Competitive Influences on Environmental New Product Development Performance." *Journal of Business Research* 56, no. 8 (2003): 657–71. [https://doi.org/10.1016/S0148-2963\(01\)00310-1](https://doi.org/10.1016/S0148-2963(01)00310-1).
- Schubert, Franziska, Jay Kandampully, David Solnet, and Anna Kralj. "Exploring Consumer Perceptions of Green Restaurants in the US." *Tourism and Hospitality Research* 10, no. 4 (2010): 286–300. <https://doi.org/10.1057/thr.2010.17>.
- Sebastian, Raynold, Hasiholan Gultom, and Muthia Sakti. "Praktik *Greenwashing*: Perlindungan Hukum dan Tanggung Jawab Korporasi Ditinjau dari Hukum Indonesia." *Jurnal Interpretasi Hukum* 4, no. 3 (2023): 626–41.
- Situmorang, James R. "Pemasaran Hijau yang semakin menjadi Kebutuhan dalam Dunia Bisnis" *Jurnal Administrasi Bisnis* 27 no. 8 (2012): 131–42.
- Soraya, Annisa Dinda. "Kebijakan Investasi Hijau dalam Perundang-Undangan Indonesia sebagai upaya Penurunan Emisi GRK Nasional Menuju E-NDC 2030." *Unes Law Review* 6, no. 2 (2023): 5321–33.
- Wongkar, Etheldreda E L T, and Prilia Kartika Apsari. "Telaah Kebijakan *Sustainable Consumption and Production* (SCP) dalam Merespons Fenomena *Greenwashing* di Indonesia pada Era *E-Commerce*." *Deutsche Gesellschaft Für Internationale Zusammenarbeit (GIZ)* 3, no. 2 (2021): 1–30.