



Legal Compliance of MSMEs with International Product Standards for Consumer Protection in Cross-Border Trade

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ABSTRACT

The growth of cross-border trade has opened international market access for Indonesian micro, small, and medium enterprises (MSMEs). However, entering the global market requires compliance with international product standards that function not only as trade technicalities but also as instruments of consumer protection. This article explores how Indonesian MSMEs, especially in the cosmetics sector, respond to the legal obligations imposed by the European Union and the United States regarding labeling, certification (e.g., halal, safety), and toxicology testing. Using a normative-juridical method and a comparative approach, this paper examines how international product standards reflect consumer protection norms and evaluates the extent to which Indonesian MSMEs are legally prepared to comply. Failure to meet these standards may lead to sanctions such as product bans, recalls, or even legal suits. This study argues for a stronger regulatory framework and legal assistance to support MSMEs' internationalization while ensuring global consumer safety.

Keywords: consumer protection; cross-border trade; international product standards; legal compliance; MSMEs.

I. INTRODUCTION

The rapid expansion of global trade and the rise of digital commerce platforms have revolutionized the way businesses operate and reach customers beyond their domestic borders. Micro, Small, and Medium Enterprises (MSMEs), once confined to local or regional markets, now find themselves presented with unprecedented opportunities to engage in international transactions. This shift has been particularly significant for Indonesian MSMEs, whose diverse product offerings from traditional crafts to modern cosmetics have begun to attract attention in overseas markets. Among these, the cosmetics and personal care sector has emerged as a promising area due to growing global demand for natural and ethically produced products.¹

However, alongside these opportunities come considerable challenges. For MSMEs² aspiring to expand internationally, entry into global supply chains or foreign e-commerce platforms is conditioned by compliance with a complex and often stringent set of international product standards. These standards serve multiple purposes: they regulate the quality and safety of products, facilitate fair trade practices, and importantly, protect consumers from harm or deception. In this way, product standards transcend mere technical specifications to become crucial instruments of consumer protection across jurisdictions.

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¹ I. Koeswahyono, D. P. Maharani, and A. Liemanto, "Legal Breakthrough of the Indonesian Job Creation Law for Ease, Protection, and Empowerment of MSMEs during the COVID-19 Pandemic," *Cogent Social Sciences* 8, no. 1 (2022), <https://doi.org/10.1080/23311886.2022.2084895>.

² N. A. Adam and G. Alarifi, "Innovation Practices for Survival of Small and Medium Enterprises (SMEs) in the COVID-19 Times: The Role of External Support," *Journal of Innovation and Entrepreneurship* 10, no. 1 (2021): 2–21, <https://doi.org/10.1186/s13731-021-00156-6>.

International regulatory frameworks governing product standards vary considerably between regions, but some of the most influential and stringent are found in jurisdictions such as the European Union (EU) and the United States (US). These regions maintain comprehensive regulations that address various facets of product safety, labelling, and certification. For example, the EU's Cosmetics Regulation (EC) No 1223/2009 sets detailed requirements for ingredient safety assessments, mandatory product notification, and labelling transparency to prevent misleading information. Likewise, the US Food and Drug Administration (FDA) oversees the safety and truthful labelling of cosmetics and personal care products to protect American consumers.

One critical feature of these regulations³ is the emphasis on certification schemes, which not only assure compliance with safety standards but also address ethical concerns increasingly valued by consumers worldwide. Certifications such as halal, cruelty-free, organic, and environmentally sustainable labels have become key determinants of market access and consumer trust. However, obtaining and maintaining such certifications often requires navigating complex administrative procedures and incurring costs that can be prohibitive for smaller enterprises.

For many Indonesian MSMEs, the process of understanding and adhering to these international standards poses substantial barriers. The knowledge required to interpret and apply regulatory requirements is specialized and often inaccessible to small business owners who focus primarily on production and local sales. Furthermore, MSMEs frequently lack access to legal assistance or export-support mechanisms that could guide them through compliance processes. These challenges are compounded by the limited infrastructure for product testing and certification in Indonesia, which may compel MSMEs to rely on foreign laboratories and certifying bodies, thereby increasing costs and lead times.

The significance of compliance extends beyond regulatory approval. International product standards also embody a set of legal expectations that protect consumers in the importing country. Failure to meet these standards exposes MSMEs to risks such as import rejection, product recalls, financial penalties, and even lawsuits under consumer protection or tort laws in foreign jurisdictions.⁴ In some cases, non-compliance can damage the reputation of Indonesian products as a whole, affecting market access for other exporters.

The cosmetics sector exemplifies these dynamics vividly. Indonesian cosmetics, particularly those leveraging natural ingredients and traditional formulations, are gaining traction in international markets. However, the sector faces particular scrutiny regarding ingredient safety, labelling accuracy, and claims related to ethical production. Regulatory bodies in target markets conduct rigorous evaluations and require extensive documentation, which can overwhelm MSMEs unfamiliar with such demands. Moreover, the fast-paced evolution of consumer preferences and regulatory requirements necessitates ongoing compliance efforts.⁵

In addition to these external pressures, domestic factors also influence MSMEs' capacity to comply. Many MSMEs operate with limited managerial and technical capabilities. Their focus is often on day-to-day operations, with less emphasis on strategic planning or regulatory compliance. The lack of awareness about international standards further exacerbates this situation, resulting in missed

³ H. Gunawan, "Peran UMKM Dalam Omnibuslaw Jadi Skala Prioritas [the role of MSMEs in Omnibus Law as Priority]," *Jurnal Sukabumi*, October 14, 2020, <https://jurnalsukabumi.com/2020/10/14/peran-umkm-dalam-omnibuslaw-jadi-skala-prioritas/>, accessed August 21, 2024.

⁴ P. Indah Lestari et al., "Legal Protection for Small and Medium Enterprises (SMEs) in Facing Unfair Business Competition," *Journal Research of Social Science, Economics, and Management* 4, no. 1 (2024): 77–84, <https://doi.org/10.59141/jrssem.v4i1.690>.

⁵ Annisa Cindy Maurina, and R Yuniardi Rusdianto. "Strategi Peningkatan Daya Saing UMKM Terhadap Perdagangan Internasional." *Jurnal Pengabdian Kepada Masyarakat* 2, no. 2 (2023): 70-76. <https://doi.org/10.55606/jpkm.v2i2.146>.

opportunities or costly errors. Although the Indonesian government has implemented various initiatives aimed at supporting MSMEs' export activities, gaps remain in outreach and effectiveness.

Another consideration is the role of international trade agreements and global governance structures that shape the environment in which MSMEs operate. Agreements under the World Trade Organization (WTO), including the Technical Barriers to Trade (TBT) Agreement, encourage member countries to adopt international standards to harmonize regulations and minimize unnecessary trade barriers. While such frameworks provide a basis for standardization and legal predictability, the actual implementation and enforcement often pose challenges for small exporters.

Overall, the landscape that Indonesian MSMEs must navigate⁶ to participate successfully in cross-border trade is characterized by a complex interplay of regulatory demands, market expectations, and operational capacities. Understanding how international product standards function not only as trade requirements but also as legal tools for consumer protection is essential to appreciating the stakes involved.

This article seeks to explore the legal function of international product standards in protecting consumers within the framework of cross-border trade and to assess the preparedness and compliance levels of Indonesian MSMEs, with a focus on the cosmetics sector. By doing so, it aims to illuminate the opportunities and challenges faced by these enterprises in aligning their operations with global expectations, ultimately contributing to safer trade and enhanced consumer confidence.

II. RESEARCH METHOD

This paper employs a normative-juridical method by analyzing legal texts, treaties, and international standards. A comparative legal analysis is used to contrast consumer protection frameworks and product standard regimes in the EU and US with Indonesian legal norms. A qualitative case study of selected MSMEs in the cosmetic sector that have attempted export to the EU or US is also included, based on secondary data from BPOM, and trade associations.

III. DISCUSSION AND RESULTS

3.1 International Product Standards as Legal Instruments and Compliance Challenges for Indonesian MSMEs

International product standards have evolved over decades through a combination of scientific research, consumer advocacy, and international trade negotiations. These standards not only set the minimum quality and safety requirements but also reflect social values such as ethical production, environmental sustainability, and cultural respect. For instance, prohibitions against animal testing in cosmetic products in the EU underscore the importance placed on animal welfare, while halal certification requirements highlight religious and cultural dimensions important to Muslim consumers.

The harmonization of product standards across countries aims to facilitate international trade by reducing technical barriers while ensuring that consumer interests are protected uniformly. International organizations such as the International Organization for Standardization (ISO) and the Codex Alimentarius Commission provide frameworks that countries can adopt or adapt. However, even with these efforts, regulatory divergence remains significant, especially between developed and developing

⁶ Nurul Fibrianti et al., "Targeting MSME Opportunities through Brands: Strengthening the Legal Protection through Community Services," *Indonesian Journal of Legal Community En* 5, no. 2 (2022): 205–26, <https://doi.org/10.15294/jphi.v5i2.60224>.

economies. This divergence complicates compliance for MSMEs that operate with limited resources and expertise.⁷

In the EU, Regulation (EC) No 1223/2009 integrates a range of safety and labelling obligations into a single legal instrument specifically designed for cosmetics. It requires manufacturers to submit detailed safety assessments that include toxicological profiles, ingredient concentrations, and possible exposure scenarios. This safety assessment must be conducted by a qualified safety assessor, often a professional with scientific and legal expertise. Furthermore, the regulation mandates the inclusion of specific labelling elements such as ingredient lists, batch numbers, and warnings, all in the national language of the country where the product is marketed.

The Cosmetic Products Notification Portal (CPNP) is another vital component.⁸ It serves as a database accessible to regulatory authorities, allowing them to monitor products in the market and quickly respond to safety concerns. Manufacturers and importers must notify the CPNP before placing a product on the EU market, enabling traceability and rapid intervention in case of adverse events. Failure to notify or incorrect notification can lead to administrative penalties or product recalls. The US FDA framework, while less prescriptive in requiring pre-market approvals for cosmetics, still enforces rigorous standards for product safety and labelling. The FDA conducts inspections of manufacturing facilities, investigates consumer complaints, and monitors adverse event reports. Additionally, the agency has taken action against companies making unsubstantiated claims, emphasizing the importance of truthful marketing to protect consumers. The voluntary registration of manufacturing facilities with the FDA's Voluntary Cosmetic Registration Program (VCRP) also helps authorities monitor the industry.

The legal authority underpinning these frameworks is significant. Non-compliance may not only lead to administrative actions but also civil lawsuits and criminal prosecutions, especially if consumers suffer harm. For instance, mislabelling or failure to disclose allergenic ingredients can result in liability claims under consumer protection or tort law. In the EU, the RAPEX system (Rapid Alert System for dangerous non-food products) facilitates cross-border communication about unsafe products, enabling coordinated recalls or bans. This system further strengthens the legal consequences of non-compliance and underscores the consumer protection function of these standards.

While the regulatory frameworks in the EU and US are well-established, Indonesian MSMEs must grapple with significant internal and external challenges to comply. One critical internal barrier is the lack of technical knowledge and legal expertise. Many MSMEs are operated by entrepreneurs who may not have formal education in product safety, regulatory affairs, or international trade law. This knowledge gap limits their capacity to interpret complex legal documents, understand certification procedures, and implement required quality control processes.

Furthermore, many MSMEs do not have access to affordable or reliable legal advisory services. The cost of consulting with experts or hiring regulatory compliance officers is often prohibitive, leading to reliance on informal sources of information or trial-and-error approaches. This situation increases the risk of non-compliance and potential market rejection. Externally, the certification infrastructure in Indonesia is underdeveloped relative to the needs of MSMEs aiming for international markets. Halal certification, for example, is highly valued in Muslim-majority markets and increasingly demanded worldwide. Indonesia's halal certification system, administered by the Indonesian Ulama Council

⁷ Gunawan Gunawan and Egi Rizki Maulana Putra, "Perlindungan Dan Pendampingan Hukum Kekayaan Intelektual Dalam Pendaftaran Merek Dagang Bagi Pelaku UMKM Di Desa Cililin," *AL-MANHAJ: Jurnal Hukum Dan Pranata Sosial Islam* 5, no. 1 (2023): 891–98, <https://doi.org/10.37680/almanhaj.v5i1.2732>.

⁸ S. Morel et al., "Regulatory Requirements for Exporting Cosmetic Products to Extra-EU Countries," *Cosmetics* 10, no. 2 (2023): 62, <https://doi.org/10.3390/cosmetics10020062>.

(MUI), has made significant progress. However, gaining international recognition and equivalency with other halal standards (such as those in the Gulf Cooperation Council countries) remains a challenge. Differences in interpretation and application of halal standards can create uncertainty for exporters.

Similarly, safety testing laboratories accredited by internationally recognized bodies such as the International Laboratory Accreditation Cooperation (ILAC) are limited in number and geographically concentrated in major cities like Jakarta and Surabaya. For MSMEs located in remote areas, accessing these facilities involves logistical difficulties and additional costs. The limited availability of certified laboratories also results in longer turnaround times for test results, delaying product launches.

Compliance with international product standards carries significant financial implications for MSMEs. The cost of safety assessments, certification, testing, product labelling,⁹ and regulatory notifications can constitute a substantial portion of a small enterprise's budget. These expenses can discourage MSMEs from entering international markets¹⁰ or force them to cut corners, risking non-compliance. For example, a safety assessment mandated by the EU regulation often requires comprehensive toxicological data and may involve costly laboratory analyses. The GMP certification process requires investment in manufacturing infrastructure and employee training to meet hygiene and quality standards. Obtaining halal certification involves document preparation, facility audits, and annual renewal fees. Combined, these requirements represent substantial investments that may only pay off if the MSME achieves sufficient market volume.

The administrative burden also contributes to the financial strain. Completing documentation, maintaining compliance records, and managing notifications demand time and human resources, which many MSMEs cannot afford.¹¹ Often, the absence of streamlined procedures or one-stop service centers exacerbates these burdens. Another critical challenge for Indonesian MSMEs is the ongoing effort to harmonize national regulations with international standards. Indonesia's cosmetic regulation, regulated by BPOM, has been evolving to better align with global requirements. However, regulatory gaps and inconsistencies persist. For example, ingredient lists allowed under BPOM regulations may differ from those permitted in the EU or US, causing products that are compliant domestically to be rejected abroad.

These discrepancies create legal uncertainty for exporters, complicating compliance efforts. MSMEs may face unclear or conflicting requirements, increasing the likelihood of errors and enforcement actions in destination markets. Moreover, international standards are frequently updated to reflect new scientific findings or consumer protection priorities, necessitating continuous adaptation. Indonesian MSMEs often lack the capacity to monitor and respond quickly to these changes. Legal uncertainty also arises from differences in enforcement mechanisms and judicial interpretations between countries. For example, what constitutes misleading labelling in the US may differ from the EU approach. Similarly, tort liability regimes vary, affecting the risk profile for exporters. These complexities necessitate robust legal support and international cooperation to ensure clarity and predictability.

Recognizing these challenges, the Indonesian government has undertaken various initiatives to support MSMEs. These include training programs focused on product safety, quality management, and export readiness. BPOM has established certification facilitation schemes and encourages collaboration with private certification bodies.

⁹ Rayhan Fahriza Yose, "Job Creation Efforts through Empowering Micro, Small and Medium Enterprises," *AURELIA: Jurnal Penelitian Dan Pengabdian Masyarakat Indonesia* 2, no. 2 (2023): 1211–14, <https://doi.org/10.57235/aurelia.v2i2.719>.

¹⁰ Eliya Ayustina, "E-COMMERCE BUSINESS LAW IN INDONESIA LEGAL PROTECTION EFFORTS OF MSME BRANDS IN INDONESIA Case Study: Sumedang Regency Regional MSMEs," *International Journal of Law and Constitution Study* 1, no. 1 (2024): 20–32, <https://jurnal.asrypersadaquality.com/index.php/ijlacos/article/view/235>.

¹¹ A. A. Hidayat et al., "The Future of MSMEs in Indonesia: Policy Directions for National Legal Formation in Supporting MSMEs Growth," *JUSTISI* 11, no. 1 (2025): 299–316, <https://doi.org/10.33506/js.v11i1.3876>.

However, the effectiveness of these programs is uneven. MSMEs in remote or rural areas often remain underserved due to logistical and informational barriers. Moreover, existing programs may lack sufficient funding, qualified trainers, or coordination with other government agencies and the private sector. Legal advisory services or “legal clinics” specialized in international trade compliance are emerging but remain scarce. These services can help MSMEs understand regulatory requirements, prepare documentation, and liaise with certification bodies. Expanding access to such services is essential to bridge the knowledge gap. Bilateral and multilateral trade agreements also present opportunities for simplifying compliance through mutual recognition agreements (MRAs). MRAs allow for the acceptance of certifications issued in one country by authorities in another, reducing duplication and costs. Indonesia’s active participation in trade negotiations should prioritize MRAs in the cosmetics and personal care sectors to benefit MSMEs.¹²

Several Indonesian MSMEs have successfully navigated international standards and entered export markets. Their experiences offer valuable lessons. For example, a cosmetics producer from Bali specializing in natural and organic skincare products secured EU market access by partnering with a local certification body that facilitated GMP certification and CPNP notification. The company invested in training employees on safety assessments and worked closely with legal advisors to ensure accurate labeling. Another MSME in Bandung specializing in halal personal care products leveraged Indonesia’s halal certification system and sought additional certifications recognized in Gulf markets. By building relationships with accredited laboratories and trade promotion agencies, the company overcame logistical and informational barriers. These examples highlight the importance of partnerships, capacity-building, and proactive compliance strategies. They also demonstrate the role of government and private sector collaboration in providing MSMEs with practical support.

The implications of complying with international product standards extend far beyond the immediate benefits to exporters. These standards play a crucial role in shaping the global marketplace, influencing consumer behavior, promoting public health, and driving sustainable economic growth. For Indonesia, a country with a vibrant and diverse MSME sector, understanding and leveraging these broader implications is essential not only to enhance market access but also to strengthen the overall ecosystem of consumer protection and economic development.

One of the fundamental objectives of international product standards is to safeguard consumers against potential risks associated with product use. In a world where products are increasingly traded across borders, the assurance of safety becomes a shared responsibility among producers, regulators, and consumers. International standards, such as those governing cosmetic safety in the European Union or the rigorous labelling requirements enforced by the US FDA, create a benchmark for safety that transcends national boundaries.

For consumers, these standards offer a level of certainty and trust. When consumers buy products labeled and certified according to internationally recognized standards, they expect that these products have undergone thorough safety assessments and comply with ethical manufacturing practices. This trust is a vital currency in today’s globalized economy. It not only influences consumer purchasing decisions but also shapes brand reputations and loyalty. For Indonesian MSMEs, tapping into this trust is a double-edged sword. On one hand, achieving compliance signals to international buyers that their products meet stringent safety and quality criteria, thus opening doors to lucrative markets. On the other hand, any failure in compliance, such as misleading labelling or unsafe ingredients, can swiftly erode consumer confidence and damage not just a single business but also the perception of Indonesian

¹² S. Nida, “Legal Protection Urgency for MSMEs Actors as Well as Partnership Program Which Are Regulated According to Law Number 11 of 2020 on Job Creation,” *Walisongo Law Review (Walrev)* 4, no. 2 (2022): 257–84, <https://doi.org/10.21580/walrev.2022.4.2.11675>.

products more broadly. This makes adherence to international standards not merely a regulatory hurdle but a strategic imperative for building sustainable consumer relationships.

Transparency is another critical benefit arising from international standards. Requirements for clear and truthful labeling,¹³ comprehensive ingredient disclosure, and accessible product information empower consumers to make informed choices. This transparency promotes fair competition and helps prevent deceptive practices that can distort markets. In the context of Indonesian MSMEs, transparent labelling and documentation serve as tools to differentiate their products¹⁴ in crowded international marketplaces. By clearly communicating product attributes, origin, and safety information, MSMEs can build unique brand identities and align themselves with global trends favoring natural, organic, or ethically sourced products.

Moreover, transparency facilitates regulatory oversight and consumer advocacy. It enables authorities to track products effectively, respond promptly to safety concerns, and protect public health. It also allows consumers and civil society organizations to hold producers accountable, fostering a culture of responsibility and continuous improvement. Beyond safety and transparency, many international product standards incorporate ethical considerations that reflect growing consumer awareness and social values. This includes prohibitions on animal testing, promotion of environmentally sustainable practices, and respect for labor rights. For example, the European Union's ban on animal testing for cosmetics not only addresses ethical concerns but also encourages innovation in alternative testing methods.

For Indonesian MSMEs, aligning with these ethical standards presents opportunities to appeal to niche markets that prioritize sustainability and social responsibility. Global consumers are increasingly seeking products that contribute to environmental conservation and social equity, and compliance with ethical standards positions MSMEs to capture this demand. Additionally, adopting sustainable production methods can generate long-term cost savings through efficient resource use and waste reduction. It also enhances corporate social responsibility profiles, which are increasingly valued by international partners and consumers.

From a market access perspective, compliance with international standards is a critical gateway for MSMEs aiming to enter developed markets such as the European Union, the United States, and Japan. These regions have well-established regulatory frameworks that require evidence of compliance before products can be sold. For Indonesian MSMEs, compliance expands export opportunities and supports economic diversification. It enables them to move beyond domestic markets, which may be saturated or limited in purchasing power, to global markets with higher value and larger scale. This expansion is particularly important for Indonesia's economic development, given the large number of MSMEs that contribute significantly to employment and GDP.

Moreover, adherence to international standards can reduce trade barriers such as import rejections, delays at customs, or costly product recalls. It improves predictability and efficiency in supply chains, benefiting not only exporters but also importers, distributors, and retailers. Conversely, non-compliance carries significant risks that can undermine business viability. Products that fail to meet safety or labelling standards risk being rejected at borders, recalled from shelves, or targeted by

¹³ R. Rimbawan, A. V. R. Mauludyani, and A. L. Rusyda, "Compliance Level to Food Labelling Regulation for Micro and Small-Sized Enterprises Products: A Descriptive Study in Wonosobo District, Indonesia," *Jurnal Mutu Pangan: Indonesian Journal of Food Quality* 10, no. 1 (2023): 33–41, <https://doi.org/10.29244/jmpi.2023.10.1.33>.

¹⁴ I. Purwaningsih and R. Hardiyati, "Enhancing the Food Labelling System in Indonesia: The Case of Food with Health-Related Claims in Small and Medium Enterprises," *IOP Conference Series: Earth and Environmental Science*, 733 (2021): 012126, <https://doi.org/10.1088/1755-1315/733/1/012126>.

regulatory actions. Such incidents not only result in direct financial losses due to fines, legal fees, and destroyed inventory but also inflict reputational damage that can be difficult to recover.

For MSMEs, whose brand equity is often less established than large multinational corporations, reputational harm can be devastating. Negative publicity from product safety incidents can spread rapidly in today's digital world, discouraging consumers and business partners alike. Furthermore, non-compliance can expose businesses to legal liabilities, including consumer lawsuits, which may impose additional financial burdens and operational disruptions. These risks highlight the importance of integrating compliance into overall business strategies, rather than treating it as an afterthought.¹⁵

At the policy level, supporting MSMEs to meet international product standards aligns with Indonesia's broader economic development objectives.¹⁶ Export diversification is a key strategy to reduce dependence on commodity exports and stimulate value-added industries. MSMEs that successfully enter new markets contribute to this goal by broadening the export base and enhancing Indonesia's competitive position. Moreover, promoting compliance with international standards dovetails with Indonesia's commitment to sustainable development and responsible trade practices. It supports the country's efforts to comply with World Trade Organization (WTO) agreements, regional trade agreements such as the ASEAN Economic Community (AEC), and bilateral trade partnerships.

By facilitating MSMEs' compliance, policymakers help create a more resilient and inclusive economy that can better withstand external shocks and leverage global growth trends. Recognizing the critical role of MSMEs in Indonesia's economy,¹⁷ governments and development agencies have emphasized capacity building as a central component of support programs. This includes technical training on quality management, guidance on regulatory requirements, and assistance in certification processes.

However, capacity building must go beyond technical knowledge to include legal literacy and business strategy. MSMEs need to understand not only the "what" of compliance but also the "why" and "how" to embed these practices into their organizational culture. Institutional support is equally important. Effective collaboration between ministries, regulatory agencies, industry associations, and certification bodies can streamline processes and reduce administrative burdens. Establishing one-stop service centers or digital platforms for certification and compliance can greatly enhance MSMEs' ability to meet standards efficiently.

International cooperation plays a pivotal role in simplifying compliance. Mutual Recognition Agreements (MRAs) between countries reduce duplication of testing and certification, lowering costs and speeding market entry for MSMEs. Indonesia's active participation in such agreements can significantly benefit MSMEs by allowing them to leverage certifications issued domestically for acceptance abroad. Moreover, technical cooperation and knowledge sharing with countries that have advanced regulatory frameworks can improve Indonesia's own systems and infrastructure. International development partners can also contribute through funding, expertise, and pilot projects that demonstrate best practices and innovative approaches to compliance.

Looking forward, digital technologies and innovation hold promise to transform how MSMEs approach compliance. Digital platforms can facilitate real-time monitoring, documentation, and reporting, increasing transparency and reducing errors. E-commerce platforms also open new channels

¹⁵ C. Yolanda, "Peran Usaha Mikro, Kecil Dan Menengah (UMKM) Dalam Pengembangan Ekonomi Indonesia," *JURNAL MANAJEMEN DAN BISNIS* 2, no. 3 (2024): 170–86, <https://doi.org/10.36490/jmdb.v2i3.1147>.

¹⁶ D. Yuanitasari, A. Sardjono, and H. Susetyo, "Legal Perspective: MSMEs as a Support System for Halal Industry in Fulfilling Sustainable Development Goals in Indonesia," *Sosiohumaniora: Jurnal Ilmu-Ilmu Sosial Dan Humaniora* 26, no. 2, (2024): 213–24.

¹⁷ Yuanitasari, Sardjono, and Susetyo, "Digitalization of Halal Certification," *Jurnal Bina Mulia Hukum* 9, no. 2 (2025), <https://doi.org/10.23920/jbmh.v9i2.1542>.

for MSMEs to reach international consumers directly, but they require compliance with standards that apply to online sales, such as accurate digital labelling and product traceability. Innovation in product development, including natural ingredients, eco-friendly packaging, and cruelty-free testing methods, can help MSMEs differentiate their offerings and align with evolving consumer preferences. In sum, the broader implications of international product standards for consumer protection and market access encompass enhanced safety, transparency, ethical production, economic opportunity, and risk management. For Indonesian MSMEs, navigating these complex demands is challenging but essential to unlock the full potential of global markets.

Success in this endeavor requires a holistic approach combining capacity building, institutional support, regulatory harmonization, and international cooperation. By investing in these areas, Indonesia can empower its MSMEs to thrive in the global economy while advancing consumer protection and sustainable development. The challenges Indonesian MSMEs face in complying with international product standards are multifaceted, encompassing legal, technical, financial, and institutional dimensions. These standards serve as essential legal instruments for consumer protection in global markets, but they require MSMEs to develop capabilities that go beyond traditional business functions. Closing the compliance gap demands coordinated efforts from government agencies, the private sector, international partners, and MSMEs themselves. Through improved regulatory harmonization, accessible certification infrastructure, targeted capacity-building programs, and supportive legal frameworks, Indonesian MSMEs can better navigate the complexities of international trade, protect consumers, and thrive in competitive global markets.

3.2 Legal Consequences of Non-Compliance and Strategies for Strengthening MSME Compliance

In the increasingly interconnected global economy, the role of micro, small, and medium enterprises (MSMEs)¹⁸ as drivers of export growth and innovation is undeniable. Particularly in Indonesia, MSMEs represent a significant portion of the economic landscape, contributing substantially to employment and GDP. However, their potential to expand internationally hinges critically on their ability to meet the regulatory demands imposed by importing countries, particularly the adherence to international product standards. Failure to comply with these standards exposes MSMEs to a range of legal consequences that can jeopardize market access, financial stability, and corporate reputation. This reality necessitates a comprehensive examination of the legal sanctions faced by non-compliant MSMEs abroad, as well as the formulation of effective strategies at the national level to strengthen compliance capacity.

At the outset, it is important to understand the legal ramifications faced by Indonesian MSMEs when their products fail to meet the stringent requirements established by importing countries such as members of the European Union (EU) and the United States (US). Both jurisdictions impose rigorous standards on product safety, labeling, certification, and consumer protection. These standards are legally enforceable and non-compliance carries severe penalties designed not only to protect consumers but also to preserve the integrity of the marketplace.¹⁹

Within the EU, for instance, non-compliant products face multiple enforcement actions. One of the most immediate consequences is border rejection, where products are stopped at customs and denied entry into the EU market. This action results in direct financial loss due to shipment returns or

¹⁸ Noviani, Hernawaty, and Lubis, *SISTEM AKUNTANSI DAN PERKEMBANGAN UMKM*, <https://tahtamedia.co.id/index.php/issj/article/view/284>.

¹⁹ Wati et al., "Peranan UMKM," 265–82.

destruction. Beyond border control, products that enter the market but are found to violate safety or labelling standards may be subject to mandatory recalls, which impose additional logistical and financial burdens on MSMEs. The EU's Rapid Alert System for dangerous non-food products (RAPEX) further complicates matters by publicly listing products deemed unsafe, thereby damaging a producer's reputation and potentially leading to a wider market withdrawal.

Administrative fines imposed by EU regulatory authorities constitute another dimension of legal sanction. These fines vary depending on the severity of non-compliance but can be substantial enough to threaten the survival of smaller enterprises. In some cases, criminal penalties may also be applicable if violations are found to be willful or fraudulent. These layered sanctions underscore the seriousness with which the EU treats consumer protection and product safety.

In the United States, the regulatory framework governing cosmetics and personal care products is primarily administered by the Food and Drug Administration (FDA).²⁰ Although the FDA's regulatory approach differs in certain procedural aspects from that of the European Union and other jurisdictions, it nonetheless imposes stringent requirements designed to ensure product safety, truthful labeling, and overall consumer protection. The legal foundation for the FDA's oversight of cosmetics lies mainly in two key statutes: the Federal Food, Drug, and Cosmetic Act (FD&C Act) and the Fair Packaging and Labelling Act (FPLA). Together, these laws establish the regulatory landscape under which manufacturers, importers, and distributors must operate to legally market cosmetic products in the United States.

Under the FD&C Act, the FDA is granted broad authority to regulate cosmetics to ensure they are safe for consumers under labeled or customary conditions of use, and that they are not adulterated or misbranded. Unlike pharmaceutical drugs or medical devices, most cosmetics do not require FDA pre-market approval; however, the responsibility falls squarely on the manufacturers and importers to ensure that their products comply with all applicable legal requirements before entering the US market. This regulatory approach places a significant compliance burden on product stakeholders, particularly foreign manufacturers and exporters such as Indonesian MSMEs, who must proactively adhere to FDA regulations without the benefit of a formal pre-market review.

Failure to meet FDA standards can result in serious consequences. One of the most immediate and impactful sanctions is the denial of entry for products at the US border. The FDA, in collaboration with the U.S. Customs and Border Protection (CBP), screens imported goods to verify compliance with regulatory requirements. If a cosmetic product is found to be adulterated—for example, containing harmful or prohibited ingredients—or misbranded, such as carrying false or misleading labeling, it can be refused admission into the United States. This refusal not only disrupts supply chains but also results in significant financial losses for exporters who may face product returns, destruction costs, or extended delays.

In addition to border enforcement, the FDA employs a variety of administrative tools to ensure compliance among manufacturers and importers within the domestic market. A key instrument in the FDA's enforcement arsenal is the issuance of warning letters. These letters are formal communications notifying companies of observed regulatory violations, ranging from inadequate safety testing and improper labelling to failure to register facilities or submit mandatory ingredient information. Warning letters typically specify a timeframe within which the recipient must undertake corrective actions to rectify the identified issues.

The issuance of a warning letter carries substantial implications. Not only does it serve as a public notice of regulatory non-compliance—often published on the FDA's website—but it also signals

²⁰ Food and Drug Administration, "The History of FDA's Fight."

increased scrutiny. Failure to adequately respond or resolve the FDA's concerns within the prescribed timeframe can lead to escalated enforcement measures, including product seizures, injunctions, or voluntary recalls. For MSMEs, especially those unfamiliar with the US regulatory environment or lacking dedicated legal counsel, navigating the warning letter process can be daunting and fraught with risks. In addition to regulatory enforcement, the FDA monitors cosmetic safety through post-market surveillance. This includes reviewing consumer complaints, adverse event reports, and conducting facility inspections. If the FDA identifies products that pose a health risk, it can request voluntary recalls or, in more severe cases, mandate recalls through legal action. Recalls are costly and damage brand reputation, particularly for small and medium enterprises seeking to build trust in competitive international markets.

The Fair Packaging and Labelling Act (FPLA) supplements the FD&C Act by requiring that cosmetic products bear truthful and informative labeling. Labels must accurately disclose the identity of the product, net quantity of contents,²¹ manufacturer or distributor information²², and ingredient lists, among other requirements. Labelling must not be false or misleading, and claims made on packaging—such as “organic,” “natural,” “cruelty-free,” or “hypoallergenic”—are subject to FDA oversight and must be substantiated. Misleading labelling not only deceives consumers but also exposes manufacturers to legal liability and regulatory sanctions. Importantly, the US regulatory regime recognizes the increasing consumer demand for ethical certifications such as halal or cruelty-free designations. While the FDA does not regulate these claims directly, improper use or false representation of such certifications can be addressed under broader labelling laws and consumer protection statutes enforced by the Federal Trade Commission (FTC) or through civil litigation.

The US market also presents unique challenges related to state-level regulations. While the FDA provides a federal baseline, states like California have enacted additional rules that may affect cosmetics. For example, California's Proposition 65 requires warnings on products containing chemicals known to cause cancer or reproductive harm, adding another layer of compliance for exporters. In terms of legal liability, US consumers have access to a robust system of tort law. If consumers suffer injury or harm due to defective or unsafe cosmetic products, they may initiate lawsuits against manufacturers or importers. Such litigation can lead to substantial damages, punitive awards, and long-term reputational damage. Given the high cost of legal defense and settlements, the threat of litigation underscores the critical importance of compliance with FDA standards and proactive risk management.

For Indonesian MSMEs aiming to enter the US market, these regulatory realities necessitate strategic planning and investment in compliance infrastructure. Many MSMEs face barriers including limited understanding of US regulations, lack of access to accredited testing laboratories, and resource constraints to fulfill documentation and labelling requirements. Missteps in regulatory compliance can result in product detention or refusal at the port of entry, triggering financial losses and potential exclusion from one of the world's largest consumer markets. To mitigate these risks, MSMEs benefit from engaging legal and regulatory consultants familiar with the US market, investing in proper safety assessments, and ensuring accurate, transparent labeling. Establishing partnerships with experienced US-based distributors or agents can also help navigate the complexities of FDA compliance. Moreover,

²¹ Afroza et al., “Global Overview,” 1426639.

²² U.S. Food and Drug Administration, “Label Claims for Conventional Foods”; U.S. Food and Drug Administration, “Question and Answers on Health Claims.”

²³ Andrews et al., “Consumer Research Needs,” 10–16.

digital tools and training programs focusing on regulatory literacy can empower MSMEs to stay updated with evolving FDA requirements. Collaborative efforts by the Indonesian government, export promotion agencies, and trade associations are critical to provide MSMEs with accessible resources and support. In conclusion, the US regulatory landscape, while procedurally distinct from other major markets, poses equally formidable challenges for MSMEs. The FDA's enforcement of the FD&C Act and FPLA creates a comprehensive legal framework that demands rigorous compliance to protect consumers and maintain market integrity. Non-compliance risks border rejections, warning letters, product seizures, and legal liabilities, all of which can undermine the commercial viability of MSMEs. Therefore, a proactive approach integrating legal expertise, institutional support, and ongoing capacity building is essential for Indonesian MSMEs seeking sustainable success in the US cosmetics and personal care product market.

Failure to respond adequately to FDA warnings can escalate enforcement actions, including product seizure and detention. Furthermore, US consumers retain the right to pursue tort-based lawsuits against manufacturers for damages arising from defective or unsafe products. Such litigation can result in costly settlements or judgments, further straining MSME resources. The public nature of such legal disputes can irreparably damage brand credibility, compounding the financial toll of regulatory non-compliance²⁴.

For Indonesian Micro, Small, and Medium Enterprises (MSMEs), navigating the complex web of international legal standards governing cosmetics and personal care products presents formidable operational challenges and risks. The global regulatory landscape is characterized by stringent safety requirements, detailed labelling obligations, and diverse certification demands that vary significantly across major markets such as the European Union, the United States, and other countries. For MSMEs—often constrained by limited financial, technical, and human resources—adhering to these multifaceted frameworks is far from straightforward.

The consequences of non-compliance can be severe, ranging from financial losses due to rejected shipments and costly product recalls to damaging reputational harm that undermines consumer trust both domestically and internationally. Unlike large multinational corporations equipped with dedicated legal teams and compliance departments, many Indonesian MSMEs lack specialized knowledge of foreign regulatory systems, making it difficult to keep abreast of evolving rules and standards. The sheer volume of regulations, frequent updates, and divergent requirements across jurisdictions often create confusion and inadvertent violations, further increasing the risk of sanctions and trade disruptions.

Moreover, the challenge is compounded by limited access to key compliance infrastructure. Certification processes, such as obtaining halal certification recognized globally or conducting safety testing in accredited laboratories, require both financial investment and technical expertise that many MSMEs struggle to secure. The geographic dispersion of MSMEs, often located in rural or less-developed areas, adds further barriers to accessing centralized certification bodies or regulatory consultation services. These constraints highlight a critical gap between Indonesia's ambition to promote MSME participation in global trade and the practical realities faced by these enterprises on the ground. Recognizing these challenges, it becomes imperative for Indonesia to pursue a comprehensive, multi-faceted strategy aimed at strengthening MSME capacity to comply with international product standards. Such a strategy must not only address regulatory alignment but also foster institutional

²⁴ M. Cecchini and L. Warin, "Impact of Food Labelling Systems on Food Choices and Eating Behaviours: A Systematic Review and Meta-Analysis of Randomized Studies," *Obesity Reviews* 17, no. 3 (2016): 201–10, <https://doi.org/10.1111/obr.12364>.

support, capacity building, and enhanced international cooperation to build a resilient and enabling ecosystem for MSMEs striving to compete on the global stage.

A cornerstone of this strategy is the harmonization of Indonesia's domestic regulatory framework with international standards. The National Agency of Drug and Food Control (Badan Pengawas Obat dan Makanan, or BPOM) holds a pivotal role in regulating cosmetics and personal care products within Indonesia.²⁵ BPOM's regulatory authority encompasses product registration, safety assessment, labeling, and certification to ensure consumer safety domestically. However, the regulatory requirements set forth by BPOM historically have not fully mirrored the complex and evolving standards mandated by major export markets such as the European Union's Regulation (EC) No 1223/2009 or the US FDA's regulatory framework. This regulatory divergence creates uncertainty and complexity for MSMEs aiming to export their products. For example, differences in labelling language requirements, ingredient restrictions, or certification expectations mean that MSMEs must undertake duplicative compliance efforts, increasing time and costs. Harmonizing BPOM²⁶ regulations to align closely with international norms can simplify this process by creating a unified compliance pathway. Such harmonization would allow MSMEs to prepare products that meet both domestic and foreign market standards simultaneously, minimizing regulatory fragmentation and reducing the risk of non-compliance.

Indonesia has taken steps in this direction. BPOM has actively engaged in regulatory reform initiatives aimed at adopting international best practices and standards. For instance, BPOM's adoption of ASEAN cosmetic directives harmonizes regulations within Southeast Asia, serving as a regional baseline that facilitates intra-ASEAN trade and sets a foundation for broader alignment with global standards. Yet, further alignment with rigorous regulatory frameworks such as those of the EU or the US remains essential, given that these markets represent major export destinations with high consumer demand for Indonesian cosmetics and personal care products.

Beyond regulatory harmonization, strengthening institutional capacity is critical to support MSMEs in understanding and meeting compliance obligations. Establishing dedicated legal advisory services or regulatory clinics can bridge the knowledge gap for MSMEs unfamiliar with export regulations. These advisory centers can provide guidance on documentation requirements, certification processes, labelling standards, and other compliance issues. By offering accessible, tailored assistance, they reduce the risk of inadvertent violations and enable MSMEs to proactively manage regulatory challenges. Such institutional support can be integrated into existing government structures or public-private partnerships involving trade associations, chambers of commerce, and industry groups. For example, Indonesia's Ministry of Trade, in collaboration with BPOM and export promotion agencies, can spearhead programs that deliver workshops, training sessions, and online resources focused on regulatory literacy and export readiness. These programs should be designed to reach MSMEs across diverse geographic regions, including rural and underserved areas, through mobile outreach and digital platforms.

Another critical element in this multi-faceted approach is enhancing access to certification and testing facilities that meet international accreditation standards. Certification, including halal certification and safety testing, plays a crucial role in demonstrating product compliance and consumer assurance. The lack of widespread, accredited laboratories in Indonesia places MSMEs at a

²⁵ Yesi Aulia, Anggun, and Allan Mustafa Umami, "Peran Bpom Sebagai Penyelenggara Perlindungan Konsumen Terhadap Peredaran Produk Makanan Dan Obat-Obatan Yang Diperdagangkan Dalam Platform E-Commerce," *Private Law* 4, no. 2 (2024): 440–48, <https://doi.org/10.29303/prlw.v4i2.4863>.

²⁶ Gunawan Widjaja dan Ahmad Yani, 2003, *Hukum Tentang Perlindungan Konsumen*, Cet.3, Ed. 3, PT. Gramedia Pustaka Utama, Jakarta. p. 23.

disadvantage compared to competitors in other countries with more robust testing infrastructure. Addressing this gap requires investment in expanding laboratory capacity, training technical personnel, and establishing transparent certification schemes that align with internationally recognized criteria. Public-private collaboration can mobilize resources to create affordable and accessible certification services tailored to MSMEs. Additionally, digital certification platforms can streamline the application and monitoring process, reducing bureaucratic hurdles and enhancing transparency.

Complementing these domestic efforts, international cooperation is vital to facilitate smoother compliance pathways and market access for Indonesian MSMEs. Bilateral or multilateral agreements between Indonesia and major trading partners can establish mutual recognition frameworks (MRFs) that accept each other's certification and regulatory assessments. Such agreements reduce duplicative testing and documentation requirements, lowering costs and expediting product entry into foreign markets.

Indonesia has engaged in regional trade agreements within ASEAN and beyond, incorporating provisions for regulatory cooperation and technical assistance. Expanding these initiatives to include specific commitments on product standards, certification mutual recognition, and information exchange can provide direct benefits for MSMEs.²⁷ Through these frameworks, Indonesian MSMEs gain clarity on foreign regulatory expectations and can leverage international support in capacity building and compliance monitoring. Moreover, participation in global standard-setting bodies and forums enables Indonesia to contribute to the development of international norms that reflect the needs and realities of emerging market MSMEs. Active engagement ensures that global standards do not inadvertently create barriers to entry but instead facilitate inclusive trade that benefits developing economies.

It is also crucial to consider the role of digital technology and innovation in overcoming compliance challenges. Digital tools can enhance regulatory transparency, simplify documentation processes, and provide real-time updates on changing standards. For example, mobile applications that provide regulatory checklists, labelling templates, and certification guidelines can empower MSMEs with practical, on-the-go resources. Blockchain technology offers promising applications in supply chain transparency and certification traceability, helping MSMEs demonstrate compliance credibly to foreign buyers and regulators.²⁸ Implementing digital certification and monitoring systems can reduce fraud risks and foster consumer confidence in Indonesian cosmetic exports.

In parallel, fostering a culture of compliance and quality awareness within MSMEs is essential. This requires continuous education and training not only on legal requirements but also on the broader benefits of quality management, product safety, and ethical production. MSMEs that internalize compliance as part of their business strategy are more likely to innovate, invest in product development, and maintain sustainable export growth. Finally, financing and incentive mechanisms play a supportive role in enabling MSMEs to meet compliance costs. Certification fees, laboratory testing, and documentation expenses can be prohibitive for small enterprises. Government grants, subsidized training programs, and low-interest loans targeted at compliance investments can alleviate these financial burdens.

In conclusion, for Indonesian MSMEs, compliance with international product standards is both a challenge and an opportunity. The complexity and rigor of foreign legal frameworks present

²⁷ L. Judijanto et al., "A Holistic Review of MSME Entrepreneurship in Indonesia: The Role of Innovation, Sustainability, and the Impact of Digital Transformation," *International Journal of Business, Law, and Education* 5, no. 1 (2024): 119–32, <https://doi.org/10.56442/ijble.v5i1.355>.

²⁸ N. T. P. Sari and A. Kusumawati, "Literature Review: The Efforts To Strengthening of Micro, Small and Medium-Sized Enterprises (MSME) in Indonesia," *Asian Journal of Management, Entrepreneurship and Social Science* 2, no. 01 SEArticles (2022): 98.

operational risks that require strategic responses beyond the capabilities of individual enterprises alone. By adopting a multi-dimensional approach encompassing regulatory harmonization, institutional capacity building, international cooperation, technological innovation, and supportive financing, Indonesia can create an enabling environment for MSMEs to thrive in global markets. Such efforts will not only protect consumers worldwide by ensuring safe and trustworthy products but also contribute to Indonesia's economic development by empowering its vibrant MSME sector to compete and grow sustainably on the international stage. Moreover, regulatory alignment supports mutual recognition mechanisms, where certifications granted by Indonesian authorities gain acceptance abroad, minimizing duplication of testing and inspection. This can substantially reduce compliance costs and accelerate market access, thereby benefiting MSMEs operating with tight budgets and timelines.

Complementing regulatory harmonization is the establishment of dedicated legal advisory services or clinics targeted at MSMEs.²⁹ These institutions would provide crucial assistance in interpreting complex export regulations, preparing documentation, and managing certification processes. Such services can demystify the legal landscape for MSMEs, equipping them with the knowledge and tools needed to avoid non-compliance. The role of universities, legal aid organizations, and industry associations in offering pro bono or low-cost advisory services should be expanded. Additionally, digital platforms offering up-to-date regulatory information and compliance checklists can empower MSMEs with timely and practical guidance.

Institutionally, the Indonesian government can foster partnerships with private sector stakeholders, including testing laboratories, certification bodies, and export facilitators, to build an integrated support system. Creating "one-stop service centers" where MSMEs can access certification, legal advice, and export assistance in a streamlined manner would significantly ease the compliance burden. At the international level, Indonesia's active pursuit of bilateral agreements and mutual recognition arrangements is pivotal. These agreements can simplify certification requirements by accepting equivalencies between Indonesian and foreign standards. For example, a mutual recognition agreement with the EU or the US could allow Indonesian halal or safety certifications to be automatically accepted, bypassing redundant tests and documentation.

Such frameworks not only enhance market access but also provide Indonesian MSMEs with clearer legal certainty. They reduce the unpredictability of foreign regulatory actions and lower the risk of sanctions, encouraging more MSMEs to participate confidently in export activities. Furthermore, capacity building programs funded by government or international development partners should incorporate legal compliance as a core component. Training on relevant laws, standard operating procedures, and risk management will help MSMEs integrate compliance into their business strategies proactively rather than reactively. To ensure sustainability, these initiatives must also address the financial constraints faced by MSMEs. Subsidies, grants, or credit facilities dedicated to compliance-related expenses—such as certification fees, safety testing, or labelling redesign—can alleviate cost barriers. In addition, raising awareness of the importance of legal compliance among MSMEs is critical.³⁰ Outreach campaigns using media, workshops, and success stories can foster a culture of compliance and underscore the long-term benefits of meeting international standards, including enhanced consumer trust and expanded business opportunities.

²⁹ T. T. H. Tambunan, "The Potential Role of MSMEs in Achieving SDGs in Indonesia," in *Role of Micro, Small and Medium Enterprises in Achieving SDGs: Perspectives from Emerging Economies*, ed. H. Dasaraju and T. T. H. Tambunan (Singapore: Springer Nature Singapore, 2023), 39–72, https://doi.org/10.1007/978-981-99-4829-1_3.

³⁰ T. Yuniarti et al., "Digitalisasi Pemasaran dalam Upaya Peningkatan Penjualan Produk Usaha Mikro Kecil Menengah (UMKM) di Wilayah Jakarta Selatan," *Jurnal Pustaka Mitra (Pusat Akses Kajian Mengabdikan Terhadap Masyarakat)* 2, no. 2 (2022): 121–26, <https://doi.org/10.55382/jurnalpustakamitra.v2i2.202>.

From a legal perspective, Indonesia's consumer protection laws also interact with these international compliance challenges. Law No. 8 of 1999 on Consumer Protection establishes the framework for protecting consumers domestically, including provisions on product safety, labeling, and advertising. Strengthening enforcement of this law domestically creates a foundation for MSMEs to internalize good compliance practices before entering export markets. In practice, MSMEs that adhere to domestic consumer protection requirements are better positioned to meet international standards, as many principles overlap. Coordination between BPOM and the Ministry of Trade to harmonize export readiness with consumer protection enforcement would further support MSME compliance. In conclusion, the legal consequences of non-compliance with international product standards for Indonesian MSMEs are severe and multifaceted, encompassing border rejections, fines, recalls, legal liability, and reputational harm. Addressing these risks requires a comprehensive, coordinated strategy that harmonizes domestic laws with international standards, builds institutional capacity to assist MSMEs, fosters international cooperation to simplify compliance, and enhances legal literacy and financial support. Through such measures, Indonesia can empower its MSMEs to navigate the complex regulatory landscape effectively, unlocking new export opportunities and contributing to sustainable economic growth while safeguarding consumer interests globally.

IV. CONCLUSION

In summary, international product standards serve as critical legal instruments for consumer protection in global trade, imposing stringent requirements on safety, labeling, and certification. For Indonesian MSMEs, particularly in the cosmetics and personal care sectors, these standards represent both an essential gateway to international markets and a complex regulatory landscape fraught with challenges. Limited awareness, resource constraints, and gaps in domestic infrastructure make compliance difficult, exposing MSMEs to significant legal and financial risks including border rejections, fines, and reputational damage. To address these challenges, a comprehensive approach is necessary. Harmonizing Indonesia's domestic regulations, especially through BPOM, with international standards can reduce regulatory fragmentation and ease compliance burdens. Strengthening institutional support via legal advisory services, expanding access to accredited certification and testing facilities, and fostering bilateral cooperation through mutual recognition agreements are pivotal strategies to empower MSMEs. Additionally, leveraging digital technologies and promoting a culture of compliance will enhance MSMEs' capacity to meet evolving regulatory demands. Ultimately, these efforts not only safeguard consumers worldwide by ensuring product safety and transparency but also bolster the competitiveness and sustainability of Indonesian MSMEs in the global marketplace. Aligning legal frameworks with practical support mechanisms is key to transforming compliance challenges into opportunities for growth, innovation, and economic development.

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