

Analysis of Cooking Oil Shortage Due to Hoarding in the Perspective of Consumer Protection Law



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ABSTRACT: This research highlights consumer protection against cooking oil shortages due to hoarding. Price regulation, distribution supervision, and Law Number 8 of 1999 concerning Consumer Protection are the main foundations, with the government playing a key role in ensuring availability and reasonable prices. The practice of hoarding has been criticized for harming consumers and creating market imbalances. Consumer education about the economical use of cooking oil is also considered important. This research uses a normative juridical approach and literature study, exploring factors that trigger hoarding such as detrimental business practices and government policies regarding palm oil production. Although law enforcement is often hampered, the important role of government in maintaining market stability and protecting consumers remains the main focus of this research. The novelty in this research makes a significant contribution to understanding market dynamics and the role of government in overcoming the challenge of cooking oil scarcity.

KEYWORDS: Consumer Protection, Cooking Oil, Hoarding

I. INTRODUCTION

Cooking oil is a staple ingredient in every household which is used as a food ingredient for consumption every day. Not only that, the need for cooking oil is also experienced by all food sellers, starting from sellers of fried bananas, tofu, tempeh, cassava, sweet potatoes and various other processed foods. The use of cooking oil is common among people because it is believed that fried food will taste better. Every cooking oil maker claims its product is the best, contains vitamins A, D and E, goes through a double filtering process, and is cholesterol free. In Indonesia, cooking oil is mainly produced from palm oil in large quantities.

Indonesia is a country known as a palm oil producing country and is the first producer to export palm oil. This country, which is known for its natural wealth, is capable of supplying up to 5 million tons of palm oil per year with optimal support for cooking oil entrepreneurs since 1911 in North Sumatra. Judging from the collective data from Indexmundi.com, Indonesia is the largest CPO producing country in the world and in 2021, Indonesia's palm oil production reached 44.5 million tons with an average growth of 3.61% per year. Even though Indonesia holds the status as the second largest palm oil producer in the world, cooperation in processing derivative products is not going well. The repurchase of Crude Palm Oil (CPO) as raw material for cooking oil must be adjusted to the price determined by the international market, causing an inevitable increase in the price of cooking oil. This situation is the impact of free trade which follows international price standards as an economic principle. It is very unfortunate that the facts about Indonesia's abundant palm oil wealth are not in line with the phenomenon that will occur in 2022, namely the scarcity and soaring prices of cooking oil. This scarcity condition is coupled with the hoarding of cooking oil by business actors, this increases the scarcity of cooking oil on the market and causes prices to rise further. In response to the increase in cooking oil prices, in early January 2022, the government took steps to implement a cooking oil subsidy policy. However, this policy actually has an impact on the availability of cooking oil on the market which is increasingly limited, even rare.

This arises because business people take advantage in two ways: first, by hoarding goods to sell at high prices when needs increase and people have difficulty getting them. People who really need the item are willing to pay more, even if the price is very high and beyond reasonable limits. secondly, by keeping as much stock of basic commodities as possible when an unexpected disaster occurs. This action is considered an economic crime and has a major impact on consumers in meeting their basic needs. From a moral, ethical, religious, national economic and legal perspective, the act of hoarding goods or basic materials for the purpose of increasing prices cannot be justified. Hoarding basic necessities or materials disrupts market functioning. Holding or storing supplies of basic materials or goods will be detrimental to consumers while it is profitable for those who do the hoarding, so that they make a profit. Hoarding has the potential to create limited supply in the market, especially if the item is a staple food, which could result in hunger due to a lack of supplies of staple foods. This will definitely be detrimental to one of the parties. Prices that were originally supposed to be affordable can increase sharply due to limited stock.

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The term consumer protection describes efforts to provide legal protection to consumers when they face losses. In the legal realm, this term is still relatively new, especially in Indonesia, because developed countries are starting to discuss it along with industrial and technological developments. The scarcity of basic necessities means that consumers must obtain legal protection in obtaining consumer rights. The form of legal protection provided by a country has two characteristics, namely prevention and sanctions. According to Inosentius Samsul, consumers refer to individuals who use the final product, either through purchasing or receiving it in various ways such as gifts, gifts or invitations. Mariam Darus Badrul Zaman provides a definition by adopting the concept used in Dutch literature, stating that consumers are all individuals who are real and actual in using goods and services. Meanwhile, in the formal juridical realm, the definition of consumer is contained in Article 1 point 2 of Law Number 8 of 1999 concerning Consumer Protection, which states that a consumer is someone who uses goods and/or services available in society, either for the benefit of themselves, their family, other people, or other living creatures, and not for trading purposes.

Sudikno Mertokusumo stated that rights in a legal context are interests protected by law. The interests themselves include demands that expect their fulfillment. Therefore, rights can be interpreted as demands that are given protection by law. Consumer rights are also regulated in Article 4 of Law Number 8 of 1999 concerning Consumer Protection. The consumer rights that are neglected as a result of the scarcity of basic necessities in the case of cooking oil are the right to choose goods and/or services and obtain these goods and/or services according to the exchange value and conditions and guarantees promised. Consumers are faced with difficult choices where the availability of goods they need, especially basic necessities, on the market is limited and if they want to get them they have to buy them at relatively more expensive prices.

The government's role in overcoming the problem of cooking oil scarcity is a form of consumer protection, where the government itself is expected to take quick action in overcoming the problem of hoarding of goods related to basic needs in society. Where the government itself has obliged every exporter of crude palm oil (CPO) products and its derivatives with the aim of supplying products to the domestic market through a DMO mechanism using a special price or DPO as of Thursday 27/1/22 as stated in the Minister of Trade Regulation or Minister of Trade Regulation No. 1 to 6 of 2022 regarding DMO and DPO policies themselves. Within the framework of Law Number 8 of 1999 concerning Consumer Protection, this phenomenon raises many issues that need to be addressed. Cooking oil hoarding activities by business actors can result in serious disruptions in supply and availability. This has a direct impact on consumers who face difficulties in obtaining sufficient supplies of cooking oil to meet their daily needs. Price increases due to this scarcity can put more economic burden on society and threaten the stability of prices of important food ingredients. Hoarding practices also result in distortions in market mechanisms that should run efficiently. Consumers become victims of unfair and detrimental behavior, while businesses involved in hoarding may make large profits through unethical means.

Novelty in this research regarding consumer protection against cooking oil shortages due to hoarding and the factors that trigger cooking oil hoarding shows significant developments in our understanding of market dynamics and the role of government in overcoming this challenge. Research findings highlight that cooking oil supply shortages are often related to hoarding practices, namely large-scale storage by certain parties to control supply and prices. In this context, the government, as a regulator, is expected to take a more active role in preventing and overcoming this hoarding practice.

II. RESEARCH METHODS

This research uses a normative juridical approach with the literature study method. The data used is secondary data consisting of primary legal materials, namely statutory regulations, secondary legal materials, namely scientific journals, and tertiary legal materials.

III. RESULTS AND DISCUSSION

A. Protection Consumers Against the Scarcity of Cooking Oil Consequences of Hoarding

Consumer protection law is a concrete effort made by the government and the state to protect consumers in accordance with the mandate of the state conception contained in the 1945 Constitution of the Republic of Indonesia. Consumer protection against cooking oil shortages can be implemented by monitoring the distribution and prices of cooking oil by the government. In connection with the Highest Retail Price (HET) policy, Previously, cooking oil was regulated by Government Regulation Number 6 of 2022, divided into the following categories: Rp. 11,500/liter for bulk cooking oil; Rp. 13,500/liter for simple packaged cooking oil; and IDR 14,000/liter for premium packaged cooking oil. In fact, this regulation has an impact on the scarcity of packaged and bulk MGS stock on the market. However, after the enactment of Minister of Trade Regulation Number 11 of 2022, MGS began to circulate again on the market with an increase in the price of bulk MGS by IDR. 14,000/liter or an increase of around 21.7% from the previous HET and an increase in the price of packaged MGS Rp. 24,500/iter or an increase of around 71.4% from the previous HET. Clear and efficient policies can support availability and price stability, while providing education to consumers about the economical use of cooking oil also has significance. Law Number 8 of 1999 concerning Consumer Protection in Indonesia provides a general legal basis that remains relevant in dealing with the problem of cooking oil shortages.

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Although the law does not specifically address cooking oil shortages, it provides principles and authority that can be applied to protect consumers in such situations.

One of the main principles emphasized by this law is the right of consumers to obtain goods and/or services that are safe, adequate and affordable. In the context of the scarcity of cooking oil, this emphasizes that the government is responsible for ensuring the availability of adequate cooking oil on the market at a reasonable price.

The principle of legal protection for a government action originates and relies on the concept of recognition and protection of human rights because according to history it comes from the West. The birth of concepts regarding the recognition and protection of human rights is directed towards limitations and laying down obligations of society and government. Law Number 8 of 1999 concerning Consumer Protection gives the government the authority to supervise business practices that are detrimental to consumers, including hoarding or other actions that can cause shortages of goods, including cooking oil. The government can utilize this authority to take the necessary actions to prevent or overcome shortages, as well as ensure the availability of adequate cooking oil for consumers. There must be commitment and cooperation between the district government and the community to plan, implement and monitor supervision together, which can stimulate the interest of strategic groups and caring groups to take action both in collaboration and building community-based supervision, and disseminating the results of developments in stock availability to the wider community.

Business actors who engage in practices that harm consumers, such as hoarding, may be subject to sanctions in accordance with the provisions contained in the law. Thus, Law Number 8 of 1999 provides a legal basis for the government to be involved in dealing with the scarcity of cooking oil, safeguarding the rights and interests of consumers, and ensuring fair and affordable distribution of these products. In the context of positive law, hoarding can be interpreted as the act of storing goods by a company or individual in a warehouse, in an amount that exceeds a reasonable policy as a running inventory for 3 months under normal conditions, as recorded by the company concerned. This action can make it difficult for consumers to obtain basic necessities or other important goods. Consumers as drivers in the economy are often in a weak or unbalanced position compared to business actors and are only a tool in business activities to reap maximum profits by business actors. Consumer protection law was created to protect citizens, especially consumers, from the actions of irresponsible business actors both domestically and abroad. Consumer protection law is a concrete effort made by the government and the state to protect consumers in accordance with the mandate of the state conception contained in the 1945 Constitution of the Republic of Indonesia.

Hoarding practices carried out by business actors have a negative impact on society, especially consumers. Apart from causing losses to consumers, this action can also harm other business actors. Most of the hoarding practices carried out by these business actors have the aim of controlling the market sector. Until now, regulations regarding the supply of staple foods are still considered weak. In this case, it is known that currently there are no regulations that specifically prohibit food hoarding or make it a criminal offense. In this problem, the role of the government is really needed to be able to monitor, manage and distribute this basic necessity in the form of cooking oil so that it can be distributed evenly in the economic life of the community as consumers. Basically, the practice of hoarding carried out by individuals whose aim is to obtain personal gain is prohibited and can harm the lives of many people. The biggest impact of the practice of hoarding cooking oil carried out by unscrupulous business actors and traders is in the form of non-fulfillment of basic needs in the form of cooking oil, and will be accompanied by a decrease or even inability of people's purchasing power for cooking oil due to a price increase, in addition to There will also be a phenomenon of scarcity that occurs due to hoarding. From this influence, a further influence will emerge in the form of a negative influence in fulfilling basic needs in the form of cooking oil for the community as consumers. This influence will pose a threat to people's survival in fulfilling their basic life as consumers.

B. Factors That Trigger Stockpiling of Cooking Oil

There are several factors that have been recorded as reasons why the increase in palm oil prices in the world has occurred, namely hoarding carried out by irresponsible individuals, either from the community itself or from unscrupulous distributors themselves and cannot be separated from the limited production of palm oil. In general, the government itself has made efforts in the government's own policy products, where these policies grow into several instruments including; allocation of raw materials for markets, market operations, and also determination of export taxes.

Hoarding of cooking oil, which involves storing large quantities with the aim of controlling supply and price, can be explained as a result of a number of factors related to regulations in Law Number 8 of 1999 concerning Consumer Protection and Law Number 7 of 2014 concerning Trade in Indonesia. In the context of Law Number 8 of 1999 concerning Consumer Protection, causes of cooking oil hoarding can involve business practices that are detrimental to consumers. This is related to actions that violate consumers' rights to obtain safe, decent and affordable goods and services. Hoarding can result in unequal consumer access to cooking oil and violate the consumer protection principles stated in the law.

From another perspective, Law Number 7 of 2014 concerning Trade has an impact in the context of cooking oil hoarding through provisions regulating trade and business competition. For example, violations of trade aspects, such as the existence of cartels or

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business practices that harm competition, can create a situation where business actors hoard cooking oil to control supply and prices, which may not be in line with the principles of fair business competition.

There are allegations of hoarding of cooking oil by irresponsible individuals circulating among the public. This assumption cannot be denied, considering how difficult it is for people to find cooking oil available in markets and grocery stores. Another thing that is thought to be a factor causing the shortage of cooking oil is the panic buying phenomenon. The scarcity of cooking oil that occurs is caused by individuals who take advantage of the public's panic situation by hoarding cooking oil in large quantities and then selling it at very high prices. There are several factors that may be the cause of oil hoarding, namely

a) Motivated perpetrators, in this study the perpetrators intended to commit crimes for economic reasons and there was cooperation in their implementation. The findings show that the main goal of leading companies with a very well-established economic situation is to achieve higher profits. The crime of hoarding cooking oil is not only based on the aim of seeking quick profits, but also on the cooperation of the perpetrators

b) An attractive target, this is proven by the ease with which cooking oil can be stored without any suspicion from the public or the police. In other words, perpetrators can easily stockpile cooking oil by ordering over the phone and waiting a month for the large quantity to arrive

c) A safe situation where it is difficult for the public or police to monitor people who hoard cooking oil. Based on investigations, the police and related authorities are known to carry out maximum surveillance in various shops and markets, however, perpetrators of this surveillance may still be able to get away with committing crimes where the authorities' supervision is weaker, or by committing crimes in other locations that are difficult for the authorities to detect.

d) Shortages of essential goods in the form of cooking oil can cause excessive fear and panic among consumers, giving rise to unexpected and impulsive purchases. The Indonesian Consumers Foundation or what is usually called YLKI stated that the sale of subsidized cooking oil at IDR 14,000 per liter should be followed by a purchase restriction policy, in line with the rise in wholesale buying or panic buying by consumers. Stocks of packaged cooking oil in modern markets have been observed to decrease drastically since the government implemented the one price policy on January 19 2022. Panic buying by consumers is a form of error in the government's marketing strategy in making public policy.

Hoarding Cooking Oil is a criminal act where the perpetrator can be subject to criminal sanctions based on Article 107 of Law Number 7 of 2014 concerning Trade. The criminal act of hoarding cooking oil was carried out by the perpetrator by buying cooking oil in various shops and then selling it to the public at a higher price. The perpetrator is threatened with imprisonment for a maximum of 5 (five) years and/or a fine of a maximum of Rp. 50,000,000,000 (fifty billion rupiah).

There are many obstacles experienced by law enforcement officials in taking action against perpetrators of cooking oil hoarding, including the following:

a) Because it does not meet the elements of hoarding, the investigative team invited legal experts to find out more clearly about the legal basis for hoarding and according to legal experts, the case handled by the Polrestabes cannot be said to be hoarding because the cooking oil that was hoarded has not been stored for 3 months.

b) The community is less active in providing information to law enforcement regarding the accumulation of cooking oil that occurs around their area or environment. As a result of the community not taking part, the hoarding of cooking oil has become commonplace and is rarely prosecuted by law enforcement officials. Although in fact the impact of hoarding cooking oil carried out by irresponsible individuals can be difficult for themselves and other communities as consumers. The existence of obstacles has resulted in the police not taking action in accordance with Law number 7 of 2014 concerning Trade against perpetrators of the crime of hoarding cooking oil. It is very inappropriate if there are parties who actually take advantage in the midst of people's economic difficulties due to the pandemic. Moreover, cooking oil is one of the basic necessities that is really needed. The police hope that all parties will diligently carry out unannounced inspections at various shops, markets and cooking oil storage warehouses, thereby minimizing the potential for hoarding and acting immediately if there are suspicions of cooking oil hoarding. Therefore, government involvement in dealing with cooking oil hoarding must involve strict implementation and enforcement of laws in accordance with the provisions of these two laws. This step is directed to protect consumers from unethical business practices and to maintain market stability, in line with the principles of consumer protection and fair business competition.

IV. CONCLUSION

Consumer protection against cooking oil shortages due to hoarding involves price regulation, distribution supervision, and implementation of Law Number 8 of 1999 concerning Consumer Protection. The government's role is important in ensuring the availability of sufficient cooking oil and reasonable prices. The practice of hoarding by business actors has been criticized because it can harm consumers and create an imbalance in the market. Efforts to educate consumers about the economical use of cooking oil are also considered important in this context.

Hoarding of cooking oil is triggered by factors such as business practices detrimental to consumers, limited palm oil production, and government policies regarding raw material allocation, market operations, and export taxes. In the context of Law Number 8 of 1999 concerning Consumer Protection, hoarding of cooking oil can involve violations of consumers' rights to obtain safe,

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adequate and affordable goods and services. Meanwhile, Law Number 7 of 2014 concerning Trade also has an impact through trade regulations and business competition. Law enforcement is often hampered by a lack of evidence and active community participation. Causal factors include economic motivation, attractive targets, and shortages of goods that trigger panic buying. The government must play a key role by enforcing laws to protect consumers, maintain market stability, and address unethical business practices.

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