



Legal Reconstruction of Subsidized Products from the Perspective of Consumer Protection

Yatini^{1*}, Wahyuni Safitri¹, Dinny Wirawan Pratiwie¹, Mieke Yustia Ayu Ratna Sari², Rustiana¹

¹ Fakultas Hukum, Universitas Widya Gama Mahakam, Samarinda, Indonesia

² Fakultas Hukum, Universitas Negeri Surabaya, Surabaya, Indonesia

* Corresponding author email: yatini@uwqm.ac.id

Article Info

Article history:

Received May 08, 2025

Approved June 07, 2025

Keywords:

Product Subsidies,
Protection of
Consumers,
Regulation, Legal
Reconstruction,
Consumer Rights

ABSTRACT

The Consumer Protection Law in Indonesia has largely focused on transactions between consumers and business actors, without distinguishing between commercial products and subsidized products. However, subsidized products such as clean water from PDAM, subsidized electricity, and subsidized fuel have distinct legal characteristics, as their prices are set by the government and monitored by specific bodies. This difference has implications for price transparency, service quality standards, and dispute resolution mechanisms, which are not fully addressed in the UUPK. This article aims to analyze the gaps in consumer protection regulations for subsidized products and propose a fairer, more effective legal framework. Using a normative approach, this research examines national regulations, WTO principles related to subsidies, and comparative studies from other countries. The study finds that consumer protection for subsidized products requires a more specific legal framework to ensure consumer rights are upheld without neglecting the interests of the government as a regulator and service provider. Thus, regulatory reconstruction is necessary to accommodate price transparency, improve service quality, and establish clearer dispute resolution mechanisms for consumers of subsidized products.

Copyright © 2025, The Author(s).

This is an open access article under the CC-BY-SA license



How to cite: Yatini, Y., Safitri, W., Pratiwie, D. W., Sari, M. Y. A. R., & Rustiana, R. (2025). Legal Reconstruction of Subsidized Products from the Perspective of Consumer Protection. *Jurnal Ilmiah Global Education*, 6(2), 1053–1063. <https://doi.org/10.55681/jige.v6i2.3790>

INTRODUCTION

Consumer protection in Indonesia has been constructed in the context of the relationship between consumers and business actors as regulated in Law Number 8 of 1999 concerning Consumer Protection (UUPK). However, in practice, consumers do not only transact with business actors, but also with the government through subsidized products such as clean water from the Regional Drinking Water Company (PDAM), subsidized electricity from the State Electricity Company (PLN), and subsidized fuel (BBM). These products have special characteristics because the government determines their prices and distribution mechanisms, not free market mechanisms.

The inconsistency of regulations in the UUPK regarding subsidized products creates various challenges in consumer protection. In commercial transactions, consumer protection emphasizes information transparency, fairness in agreements, and the right to safe and quality products (Widijowati, 2023; Widiarty et al, 2024). However, in subsidized product transactions, the aspect of consumer protection is more complex because it involves government policies, budget allocations, and supervision (Ardic et al, 2011) carried out by certain bodies such as the Audit Board of Indonesia (BPK), the Downstream Oil and Gas Regulatory Agency (BPH Migas), and the Ministry of Energy and Mineral Resources (ESDM).

To date, there has been no regulation that differentiates consumer protection for subsidized products from that for commercial products (Sykes, 2010). The absence of such regulations results in several problems, among them the lack of transparency in pricing and distribution (Esfandiari et al, 2021). This can be seen in the frequent increases in subsidized fuel prices without clear explanations that are easily understood by consumers, while the distribution of clean water and subsidized electricity remains uneven. Legal protection for consumers of subsidized products is still minimal. In some cases, poor subsidy services harm consumers, yet there are no clear rules regarding compensation or other rights they can claim. As a result, consumers who suffer losses due to poor subsidy services do not have access to a clear dispute resolution mechanism. For example, unilateral blackouts of subsidized electricity cannot be contested using the same mechanisms as in ordinary business transactions.

The impact of this regulatory imperfection is felt by the community. Disruptions in water supply from PDAM, power outages without clear notification, and scarcity of subsidized fuel indicate that existing regulations have not been able to provide adequate protection for consumers of subsidized products. In several other countries, such as France and Malaysia, regulations on subsidized products are stricter and include compensation mechanisms for consumers affected by poor service (Klein, 1996). France, for instance, implements a compensation system for electricity customers who experience service disruptions, while Malaysia has a more targeted subsidy mechanism to avoid misuse. Therefore, a legal reconstruction is needed to accommodate the differences between subsidized and commercial products from a consumer protection perspective.

Studies on this theme are still limited. However, several related studies have examined consumer protection in the context of subsidized products and electronic transactions. For example, Khairunnisa conducted a study entitled *"Legal Protection for Consumers in the Sale and Purchase of Subsidized Housing on Credit"*. In addition, research on consumer protection in e-commerce transactions has highlighted the need for regulatory reconstruction to safeguard consumers in the digital era, such as the ABD. Syakur's dissertation is titled *"Reconstruction of Consumer Legal Protection in E-Commerce Transactions through Government Policy to Support a Fair Digital Economy"*. Compared to these previous studies, the current research differs in its focus. Earlier studies mostly discussed consumer protection in sectoral subsidy-related transactions, such as subsidized housing or e-commerce, without comprehensively addressing the legal reconstruction aspect.

This study specifically examines legal reconstruction related to subsidized products from the perspective of consumer protection, to create a more ideal regulation to safeguard consumer rights in subsidized product transactions. Previous studies generally employed descriptive and normative approaches focused on specific cases or sectors. In contrast, this research adopts a broader normative and conceptual approach by considering WTO principles, the theory of

consumer protection (as proposed by Geraint Howells & Stephen Weatherill), and a human rights perspective in formulating an ideal legal model.

Moreover, previous research tended to focus on analyzing existing regulations without offering a comprehensive legal reconstruction model. This study, however, proposes a concrete legal reconstruction, including amendments to the Consumer Protection Law by introducing a specific chapter on the protection of subsidized product transactions, the establishment of an independent supervisory body to ensure fair and accurate subsidy distribution, a dedicated dispute resolution mechanism for consumers of subsidized products, and enhanced government transparency and accountability in subsidy policies.

Therefore, this study is more innovative and regulation-oriented, aiming to create a fairer consumer protection system in the context of product subsidies. This article aims to: (1) examine the legal differences between subsidized and commercial products, (2) analyze the legal implications of consumer protection in the context of subsidized products, and (3) offer a legal reconstruction model that is more responsive to the needs of consumer protection in Indonesia.

METHODS

This study employs a normative legal research method, using a legislative approach to examine relevant regulations, along with conceptual approaches to consumer protection, subsidized products, the responsibilities of government and business actors, and the principle of justice in the distribution of subsidies. Additionally, this study applies several theoretical frameworks: John Rawls' Theory of Justice is used to assess whether current subsidy policies uphold the principle of justice for consumers; Baldwin and Cave's regulatory theory is used to evaluate the effectiveness of regulatory mechanisms in overseeing subsidized products compared to commercial ones; and Howells and Weatherill's theory of consumer protection is employed to analyze the differences in consumer rights in transactions involving the government versus those involving private business actors. The analysis technique used is prescriptive analysis. The problems are first approached conceptually to identify the differences in legal characteristics and the urgency of regulatory reconstruction. These are then analyzed using the aforementioned theoretical frameworks to develop policy recommendations that are more equitable and effective in protecting consumers of subsidized products.

RESULTS AND DISCUSSION

Result

1. Characteristics of Subsidized Products in the Context of Consumer Transactions

The term "subsidy" does not have a uniform definition in Indonesian legislation. However, several regulations provide context-specific understandings of the concept. For instance, the Minister of Finance Regulation No. 94/PMK.02/2014 concerning Guidelines for the Implementation of Rice Subsidies for Low-Income Communities defines a subsidy as a budget allocation provided by the government to business entities to cover production cost deficits or to reduce the selling price of products or services, making them more affordable to the public.

In addition, Law No. 17 of 2003 on State Finance includes subsidies as part of state expenditure allocations for specific purposes, though it does not explicitly define the term. Despite the absence of a single definition, the general understanding of subsidies in Indonesia is substantively framed as "financial assistance from the government to business entities or specific

sectors to reduce production costs or selling prices, enabling products or services to be accessible to the wider public.”

Subsidized products differ from commercial products in several key aspects, particularly regarding pricing, distribution, and legal responsibilities of involved parties. These differences have significant implications for consumer protection and the role of the state in ensuring equitable access and justice for society. Law No. 8 of 1999 on Consumer Protection (UUPK) is primarily designed for transactions between consumers and private business actors. It is a legal instrument aimed at providing legal certainty and protection for consumers (Sjahputra, 2010).

The UUPK essentially seeks to establish equality between consumers and business actors (Nugroho, 2011). However, in the context of subsidized products, the government often serves as the primary provider or regulator. When comparing consumer protection in subsidized products to commercial ones, several distinctions emerge. Subsidized product prices are set by the government and are typically lower than market prices. The provider, either the government or an appointed entity, serves public welfare goals and promotes social equity. Subsidized products are strictly regulated by the state in terms of pricing, distribution, and quality, with legal sanctions based on state administrative laws.

Conversely, commercial product prices are determined by market mechanisms, and private business actors are the providers, aiming for economic profit and customer satisfaction. Regulation in this context is governed by market competition laws and the UUPK, with sanctions enforced through contractual and civil mechanisms.

In principle, subsidized products are not fully covered under the consumer protection mechanisms outlined in the UUPK. This is due to the nature of the contractual relationship, which is often not equivalent to typical business-to-consumer transactions. In subsidized services such as electricity (PLN) or water (PDAM), consumers usually lack alternative options, unlike commercial goods, where multiple choices exist. Consumer rights in these cases remain unclear, particularly in terms of service quality, compensation, and complaint mechanisms in the event of issues.

Unlike commercial products, where business actors are fully liable for quality, pricing, and after-sales service, legal responsibility for subsidized products is often shared between the government and the appointed distributors. According to Johannes Gunawan (2023), product liability refers to the civil responsibility of manufacturers (including other parties in the supply chain) to compensate specified parties (e.g., buyers, users, or third parties) for damages, injury, or death caused by the product, aimed at protecting consumers by holding manufacturers accountable through legal sanctions.

In the case of subsidized products, the government’s responsibilities include determining fair pricing and distribution regulations, ensuring product availability and quality, and providing legal protection to consumers harmed by service providers. Meanwhile, business actors—such as SOEs, regional enterprises, or private entities—are responsible for distributing subsidized products by government regulations, preventing misuse, and offering accessible complaint and compensation mechanisms in the event of consumer loss or poor service.

A major unresolved legal issue in the context of subsidized products is the ambiguity in legal liability and restitution mechanisms when consumers’ rights are violated. Consumers often struggle to seek accountability from service providers, who may claim they are merely implementing government policy. Therefore, clear regulations are needed to delineate the extent of the government’s and providers’ responsibilities toward consumers.

This issue can be analyzed using the Theory of Justice, particularly in terms of distributive justice, which is a key aspect of consumer protection in subsidized products. Ensuring that subsidies reach their intended recipients is critical. However, in practice, subsidies often “leak” into commercial markets, failing to reach the targeted groups, especially in remote or isolated areas where access is more difficult. In addition, subsidized products are sometimes of lower quality than commercial alternatives, which may harm consumers. Thus, consumer protection in the context of subsidies is not merely an issue of individual rights, but one of social justice.

Regulations must guarantee that subsidies reach the appropriate beneficiaries, ensure transparency in distribution, and enforce stronger oversight mechanisms to prevent misuse by business actors or other parties. With current advancements in technology, digital systems can play a role in improving subsidy distribution, for example, by using QR code systems for subsidized fuel.

Subsidized products differ fundamentally from commercial products, particularly in terms of price regulation, provider responsibility, and consumer rights. However, existing consumer protection laws remain oriented toward private business-to-consumer relationships, while subsidized products involve unique dynamics that require a distinct legal approach. Therefore, legal reconstruction is necessary to accommodate consumer rights in subsidy-related transactions, including clarifying liability, enhancing complaint mechanisms, and ensuring fair distribution.

Proposed solutions include: a) the formulation of specific regulations within the UUPK or relevant sectoral laws addressing consumer protection for subsidized products; b) improved transparency and monitoring of subsidy distribution through digital technologies; and c) clearer legal responsibilities for the government and service providers in ensuring consumer rights to subsidized products. This approach aims to ensure that consumers are not only protected in transactions with private businesses but also in those involving government policies and public services.

2. Legal Incompleteness in Consumer Protection Regulations for Subsidized Accommodation Products

Currently, the Consumer Protection Law (UUPK) serves as the main legal umbrella for protecting consumers in Indonesia. However, it primarily emphasizes the relationship between consumers and business actors, whereas subsidized products are often provided or regulated by the government. Beyond the UUPK, several other regulations are relevant to subsidized products, such as Law Number 30 of 2007 on Energy, which addresses fuel and electricity subsidies but focuses more on subsidy mechanisms than on consumer protection; Government Regulation Number 58 of 2005 on Regional Financial Management, which regulates regional subsidies without explicitly addressing consumer rights; and Presidential Regulation Number 191 of 2014 on the Provision, Distribution, and Retail Pricing of Fuel, which governs the distribution of subsidized fuel but contains clear gaps in protecting consumers.

These subsidy-related regulations do not provide a clear mechanism to protect consumers from poor-quality subsidized services. There are also no specific sanctions for subsidy providers who fail to meet service quality or accessibility standards. Furthermore, in cases of consumer disputes related to subsidized products, such as scarcity or inadequate service, there are no clear procedures for resolution. As a result, consumers of subsidized products often lack the same level of legal protection afforded to consumers of commercial products.

From the perspective of John Rawls' Theory of Justice (A Theory of Justice, 1971), the question arises: do Indonesia's subsidy policies fulfill the principles of justice for consumers? Rawls outlines two key principles of justice: (1) the principle of equal basic liberties for all, and (2) the difference principle, which states that social and economic inequalities must benefit the least advantaged. Ideally, subsidies should be accessible to those most in need, with product and service quality that reflects distributive fairness. Policy design should ensure that subsidies remain available to eligible groups, governed by transparent and accountable regulations. In practice, however, subsidy distribution is often uneven or misused, sometimes benefiting more affluent groups. Additionally, subsidized products may be of lower quality than commercial alternatives, and their continuity is often uncertain due to changing fiscal policies. Cases of misuse, such as the diversion of subsidized fuel, also reflect ongoing issues in transparency and accountability.

In light of Rawls' theory, current subsidy practices in Indonesia fall short of fulfilling the principle of justice. Subsidies often benefit certain privileged groups while excluding those truly in need. The state has not fully exercised its moral and legal responsibility to ensure that subsidies benefit vulnerable populations rather than functioning merely as populist policies.

When analyzing the effectiveness of regulations in supervising subsidized products, Baldwin and Cave's Theory of Regulation (Understanding Regulation, 1999) can be applied. According to them, effective regulation must (1) have clear and achievable objectives, (2) include strong oversight mechanisms, and (3) be adaptable to social and economic dynamics. Ideally, regulations should aim to protect consumers, with independent oversight bodies evaluating subsidy effectiveness and imposing strict sanctions in cases of violations. Regulations should also be flexible enough to adjust to changing conditions.

In reality, however, regulations governing subsidized products in Indonesia still focus heavily on fiscal and distribution mechanisms, with insufficient attention paid to consumer rights. Oversight remains weak, and numerous distribution irregularities persist. Sanctions for service providers are often ineffective, especially in sectors such as electricity and water. Moreover, regulations are frequently altered based on political interests rather than consumer needs.

In summary, current consumer protection regulations are legally incomplete in accommodating the unique nature of subsidized products. These regulations primarily emphasize subsidy delivery mechanisms rather than consumer rights. Oversight is still sectoral and poorly coordinated, while sanctions for violations remain weak, particularly when service providers deliver poor-quality services or abuse subsidy schemes.

Based on Rawls' theory, subsidies in Indonesia are not yet fully just due to ongoing irregularities and the lack of equitable access for disadvantaged groups. From the regulatory perspective of Baldwin and Cave, the supervisory mechanisms in place for subsidized products remain ineffective due to the lack of strict enforcement and clear sanctions.

As policy recommendations, it is essential to: a) establish specific regulations regarding consumer rights in subsidized product transactions, either through revisions to the UUPK or relevant sectoral laws; b) enhance transparency and oversight in subsidy distribution, potentially through the use of digital technologies to prevent misuse; and c) strengthen sanctions for service providers who fail to meet quality standards or engage in subsidy-related misconduct. With stronger legal reconstruction and a focus on justice, subsidized products can become more beneficial, equitable, and legally protected for all consumers in Indonesia.

3. An Ideal Legal Reconstruction Model to Strengthen Consumer Protection for Subsidized Products

Subsidized products have unique characteristics and do not operate purely based on market mechanisms. Most subsidized products, such as electricity, fuel, clean water, and food, are provided at prices set by the government through specific distribution regulations. In these transactions, the position of the consumer differs from commercial transactions with business actors because the government or state-owned enterprises (BUMN) play a role as the provider of the product, not just the regulator. Currently, existing regulations do not explicitly define consumer rights about subsidized products, leading to significant inequalities in legal protection, oversight, and dispute resolution. Therefore, there is a need for an ideal legal reconstruction model to strengthen consumer protection for subsidized products.

To identify the right legal reconstruction model, the consumer protection theory of Geraint Howells and Stephen Weatherill is used. According to their theory, consumer rights in a transaction must align with the legal relationship between consumers and providers of goods or services (Howells & Weatherill, 2005). There are two consumer protection models: 1) Protection in commercial transactions (Business to Consumer), where the relationship is based on market principles and consumer choice, and legal protection focuses on the rights and obligations of the business and dispute resolution mechanisms; 2) Protection in transactions with the government (Government to Consumer), where the relationship is between the consumer and the state as the provider of public goods and services. This model is not fully market-based because the government sets prices and controls distribution, with responsibilities that include guaranteeing accessibility, service quality, and transparency in distribution. Both models can be analyzed and compared as follows:

Table 1. Comparison of Consumer Rights in Transactions with Business Actors vs. Government

Aspect	Transactions with Business Actors (Business to Consumer)	Transactions with Business Actors (Business to Consumer)
Rights to information	Consumers are entitled to know product specifications, price, and usage risks.	Consumers are entitled to know product specifications, price, and usage risks.
The right to choose	Consumers are free to choose products based on their preferences and purchasing power.	Consumers are free to choose products based on their preferences and purchasing power.
Rights to change make a loss	If a product is defective or rights are violated, consumers can seek redress through legal mechanisms.	If a product is defective or rights are violated, consumers can seek redress through legal mechanisms.
Rights to security	Products must meet safety and health standards for consumers.	Products must meet safety and health standards for consumers.
Mechanism of settlement dispute	Disputes can be resolved through the BPSK institution or other mediation mechanisms.	Disputes can be resolved through the BPSK institution or other mediation mechanisms.

Based on the table above, it appears that the rights of consumers in subsidy product transactions have not been adequately established in law. The lack of legal clarity on this matter could lead to several issues, including: first, a lack of transparency in subsidy policies, which

means consumers are not receiving sufficient information about price mechanisms, quota distribution, and subsidy policy changes. Second, the absence of a clear mechanism to address issues related to the misuse of subsidies or poor-quality subsidized products makes it difficult for consumers to track these issues legally. Third, weak supervision of subsidy product distribution has led to cases of deviation, such as the misappropriation of subsidized fuel or clean water. Fourth, there is no effective dispute resolution mechanism, meaning that when problems arise in the subsidy product distribution, no institution directly addresses consumer complaints.

A product subsidy is a government-distributed product designed to provide access to essential needs at a price lower than the market rate (Cartwright, 2004). The price of subsidized products is determined through fiscal policies and government regulations that do not follow the pricing mechanisms in a free market. As a result, subsidized product prices tend to remain low and stable, despite fluctuations in commercial sectors. In many cases, consumers of subsidized products have limited choices because these products are distributed through state-owned enterprises or government institutions. For example, consumers receiving subsidized electricity only get services from PLN, and subsidized water is only provided by PDAM.

This limitation on alternatives creates a different legal dynamic between consumers and service providers compared to commercial transactions. There is a public policy intervention here, with the government also acting as a regulator. This means that consumer protection in the subsidy product realm must account not only for commercial aspects but also for the principles of fairness and equitable distribution. Subsidy policies are generally designed to target groups of society in need. Distribution mechanisms, such as quotas or recipient verification systems, play an important role in preventing abuse and ensuring that subsidies reach the intended recipients.

Due to the administrative regulation of price determination and distribution, consumers of subsidized products often lack the freedom to demand compensation or redress through legal mechanisms as they would in a commercial transaction. Thus, there is a need for special regulations to govern complaint mechanisms, dispute resolution, and compensation to ensure effective consumer protection.

According to consumer protection theory by Howells and Weatherill (2005), it can be concluded that consumer rights in subsidy product transactions are not receiving the same level of protection as in commercial transactions. Therefore, the proposed legal reform for consumer protection in subsidy products includes: first, amending the Consumer Protection Law to incorporate specific provisions for consumer rights in subsidy product transactions. Second, the establishment of an independent supervisory body to monitor the distribution and quality of subsidized products. Third, improving dispute resolution mechanisms to provide consumers with clear legal pathways. Fourth, enhancing government transparency in subsidy policies, distribution, and accountability.

This model aims to transform subsidy products from purely economic policies into consumer rights protected by law, ensuring that they are fairer, more transparent, and aligned with public interests. In efforts to reconstruct the subsidy law to be more responsive to consumer protection, WTO principles can serve as a normative reference that provides international standards for subsidy management. The WTO requires member countries to transparently report all forms of subsidies through a notification mechanism. In the context of subsidy products, this principle can be interpreted as requiring governments to provide consumers with clear and accurate information about pricing, allocation, and distribution mechanisms. This allows

consumers to understand how prices and quality of service are determined, and also enables them to monitor subsidy policy implementation.

Internationally, WTO principles are also relevant to strengthen consumer protection against subsidized products. These principles include: first, transparency, which requires countries to openly report all forms of subsidies (WTO Agreement on Subsidies and Countervailing Measures, 1995). The domestic adoption of this principle mandates governments to provide consumers with transparent information on subsidy prices, allocation, and distribution. Second, non-discrimination, ensuring that subsidies are distributed fairly and impartially (WTO Agreement on Subsidies and Countervailing Measures, 1995). This principle guarantees that subsidies are only enjoyed by target groups, not by those who are not entitled. Non-discrimination is one of the main WTO principles. Its application domestically means that subsidized product distribution must be fair and targeted, without abuse that provides unfair advantages to certain parties. The integration of this principle will help create a legal framework that supports equal access and consumer protection, especially for vulnerable groups. Third, countervailing measures, which regulate compensation if subsidies cause harm. This can be developed into a compensation mechanism for consumers harmed by the misuse of subsidies.

By integrating WTO principles, the reconstruction of subsidy law can be aimed at ensuring information transparency, increasing distribution fairness, and providing effective compensation to consumers. WTO principles also emphasize the need for legal certainty in subsidy policy implementation, encouraging the formulation of strict regulations regarding minimum service standards and provider responsibilities. By establishing clear service standards, consumers of subsidized products can be assured that even though prices are government-regulated, the quality of service should not be neglected.

Moreover, the reconstruction of the subsidy law should also refer to the human rights framework. States must protect fundamental human rights, including the right to access basic needs as a fundamental human right. Failure to ensure access to essential products, such as clean water, electricity, and fuel, may be considered a violation of the right to a decent standard of living as outlined in the Universal Declaration of Human Rights (1948) and the International Covenant on Economic, Social and Cultural Rights (1966), both of which Indonesia ratified through Law Number 11 of 2005.

Human rights law, both explicitly and through international commitments ratified by Indonesia, demands that states protect the rights of their citizens, including the right to health, education, and access to basic needs. Ineffective or unjust subsidy policies can lead to violations of these rights. Consumer protection is not only about economic transactions but also about guaranteeing access to quality and affordable products. This aligns with the principles of human rights law, where every individual is entitled to receive adequate, non-discriminatory public services.

Therefore, the reconstruction of the subsidy product law that accommodates consumer protection is crucial not only from a trade and fiscal law perspective but also from the standpoint of human rights. This highlights the state's obligation to ensure that subsidy policies benefit not only a few parties or sectors but also guarantee that all members of society, especially vulnerable groups, receive their basic rights.

Indonesia, through human rights law and commitments to international instruments like the Universal Declaration of Human Rights and related International Conventions, acknowledges that access to basic needs like clean water, electricity, and fuel is a fundamental

right. Subsidies should not be purely populist but should ensure the fulfillment of these basic rights (International Covenant on Economic, Social and Cultural Rights, 1966). The state is obliged to guarantee fair access for all, especially vulnerable groups, and to provide compensation mechanisms for disadvantaged consumers, while enhancing transparency and accountability in subsidy distribution.

Thus, regulatory reform of subsidized products should: first, ensure that subsidy policies focus not only on distribution efficiency but also guarantee that all segments of society, particularly vulnerable groups, receive fair and adequate access (accommodating consumer basic rights); second, create transparency and accountability mechanisms that align with the principle of non-discrimination to reduce inequality and distribute subsidies by the principle of social justice; third, provide consumers access to effective dispute resolution mechanisms with a legal basis rooted in human rights protection.

By integrating both the WTO principles and human rights law, the reconstruction of subsidy law provides a stronger foundation for creating an ideal regulatory framework that not only focuses on economic and trade aspects but also on fulfilling fundamental consumer rights. This integration ensures that the resulting regulations are both fair and consumer-centric.

In conclusion, the impacts outlined require the reconstruction of a more ideal law in consumer protection for subsidized products, through the following models: first, amending the Consumer Protection Law to include a special chapter on consumer protection in subsidy product transactions, regulating government obligations as the provider of subsidy products, including mechanisms for supervision and accountability, as well as ensuring consumer rights to information, equitable access, and clear complaint mechanisms; second, forming an independent supervisory body to monitor subsidy product distribution, prevent deviations, and ensure product quality, with the authority to take action against service providers that violate rules or abuse subsidies; third, developing a consumer dispute resolution mechanism specifically for consumers who feel disadvantaged by subsidy product transactions, enhancing the role of BPSK in handling subsidy-related cases; fourth, increasing government transparency and accountability by making subsidy policies more transparent and accessible to the public, and ensuring that the government periodically reports on the distribution of subsidy products, policy effectiveness, and consumer complaint resolution; fifth, integrating WTO Principles and Human Rights by adopting transparency, non-discrimination, and the protection of basic needs as core principles. By integrating these five approaches, the regulation of subsidized products in Indonesia can be reconstructed to meet economic needs while guaranteeing fundamental consumer rights. This legal reconstruction model serves as the basis for creating a fairer, more transparent, and accountable subsidy product distribution system, ensuring optimal consumer protection in public policy.

CONCLUSION

Product subsidies have distinct characteristics compared to commercial products due to the active role of the government in price determination, distribution, and supervision. However, the current consumer protection legal system in Indonesia lacks specific regulations to address consumer protection in the context of product subsidies, leading to issues such as a lack of transparency, weak mechanisms for addressing losses, and inadequate supervision of subsidy product distribution. From a consumer protection perspective, the rights of consumers in transactions with businesses and the government should be treated differently. Consumers in

subsidy product transactions not only need guarantees of price accessibility and affordability but also the right to quality products, effective complaint mechanisms, and legal protection against misappropriation. Therefore, legal reform for product subsidies from a consumer protection perspective has become urgent. Necessary steps include revising the Consumer Protection Law (UUPK) by adding a special chapter on protection for subsidy product transactions, establishing an independent supervisory body with the authority to control distribution, prevent abuse, and handle complaints, providing effective dispute resolution mechanisms, including strengthening the role of the Consumer Protection and Dispute Resolution Board (BPSK), increasing transparency and accountability in government subsidy policies with stricter supervision and open information, and integrating WTO principles and human rights into the legal framework. This comprehensive legal reform aims to ensure that consumer interests remain a primary priority in Indonesia's economic and social policies.

REFERENCES

- A Theory of Justice. (1971).
- Ardic, O. P., Ibrahim, J., & Mylenko, N. (2011). Consumer protection laws and regulations in deposit and loan services: A cross-country analysis with a new data set. *World Bank Policy Research Working Paper*, (5536).
- Cartwright, P. (2004). *Consumers and Regulation*. Hart Publishing
- Esfandiari, A., Yazdi-Feyzabadi, V., Zarei, L., Rashidian, A., & Salari, H. (2021). Transparency in public pharmaceutical sector: the key informants' perceptions from a developing country. *BMC Health Services Research*, 21, 1-18.
- Gunawan, J. (2023). *Product Liability Law*. Bandung: Citra Aditya Bakti.
- Howells, G., & Weatherill, S. (2005). *Consumer Protection Law*. Aldershot: Ashgate Publishing.
- International Covenant on Economic, Social and Cultural Rights. (1966). United Nations.
- Klein, M. W. (1996). *Economic regulation of water companies*. World Bank Publications.
- Khairunnisa. (nd). Legal Protection for Consumers in the Sale and Purchase of Subsidized Housing on Credit.
- Nasution, BJ (2014). *The State of Law and Human Rights*. Bandung: Mandar Maju.
- Nugroho, SA (2011). *Consumer Dispute Resolution Process Reviewed from Procedural Law and Implementation Constraints*. Jakarta: Prenada Media Group.
- Sjahputra, I. (2010). *Consumer Protection in Electronic Transactions*. Bandung: Alumni.
- Sykes, A. O. (2010). The questionable case for subsidies regulation: a comparative perspective. *Journal of Legal Analysis*, 2(2), 473-523.
- Syakur, A. (nd). Reconstruction of Consumer Legal Protection in E-Commerce Transactions through Government Policy to Support a Fair Digital Economy.
- Universal Declaration of Human Rights. (1948). United Nations.
- Widijowati, D. (2023). Enhancing consumer protection in electronic commerce transactions. *Research Horizon*, 3(4), 283-290.
- Widiarty, W. S., Suwarno, S., Harjono, D. K., & Susanto, H. (2024). Consumer Protection Laws in Indonesian Commercial Transactions: Safeguarding Business Transactions and Consumer Rights. *Journal of Law and Sustainable Development*, 12(1), 1-16.
- WTO Agreement on Subsidies and Countervailing Measures. (1995).