



## Consumer protection model in tourism business activities: A comparative study between Indonesia and Timor-Leste

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### Abstract

This study examines consumer protection models in tourism business activities through a comparative analysis of Indonesia and Timor-Leste. Using a normative legal research method enriched with field data from interviews and surveys in Dili, this study analyzes the legal and institutional frameworks of both countries. The results show that although Indonesia has a more mature legal foundation (Law No. 8/1999), its implementation is hindered by uneven oversight and dispute resolution mechanisms that are less effective for foreign tourists. Meanwhile, Timor-Leste (Law No. 8/2016) faces fundamental challenges in institutional capacity and policy integration. As its contribution, this study formulates a justice-based protection model for Timor-Leste that emphasizes institutional strengthening, regulatory harmonization, and accessible dispute mechanisms, drawing lessons from the Indonesian experience. These findings provide practical policy recommendations for policymakers and an academic contribution to the literature on consumer law and tourism in the region.

**Keywords:** Consumer Protection, tourism law, comparative study, indonesia, timor-leste, justice

### Introduction

The global tourism sector has seen significant growth over the past decade, with the industry becoming a major economic driver for many countries. According to data from the World Tourism Organization (UNWTO), tourism contributes approximately 10% of global Gross Domestic Product (GDP) and provides one in ten jobs worldwide. This phenomenon is not limited to developed countries but has also become a focus of development in developing countries, including Indonesia and Timor-Leste. The tourism industry's long value chain—from transportation and accommodation to culinary and tourism activities—creates complex legal relationships between various parties, particularly between service providers and tourists as consumers. Philosophically, consumer protection has evolved from a purely individual transactional issue to a collective, national, and global problem.<sup>[1]</sup> This thinking stems from the realization that everyone is essentially a consumer, thus protecting consumers is tantamount to protecting society as a whole.<sup>[2]</sup> This principle has gained international legitimacy through the United Nations Guidelines for Consumer Protection (UNGCP), adopted by the UN General Assembly, emphasizing the importance of balancing the rights and obligations of businesses and consumers.<sup>[3]</sup>

Indonesia and Timor-Leste, as two neighboring countries in Southeast Asia, share a commonality in making tourism a strategic sector for economic development. Indonesia, with its abundant natural and cultural riches, has designated tourism as a priority sector in its 2020-2024 National Medium-Term Development Plan (RPJMN).<sup>[4]</sup> Meanwhile, Timor-Leste, as a young, developing nation, views sustainable tourism as a crucial pillar for economic diversification and improving public welfare.<sup>[5]</sup> However, the development of the tourism industry has the logical consequence of increasing the vulnerability of tourists as consumers. Several factors contributing to this vulnerability include: first, information asymmetry between service

providers and tourists; second, the nature of transactions that often take place outside the consumer's domicile; third, limited time and knowledge of local laws; and fourth, a high level of dependence on service providers during tourism.<sup>[6]</sup> These conditions place tourists at risk of facing unfair business practices, safety issues, and even significant financial losses.

To address these vulnerabilities, both countries have established legal frameworks for consumer protection. Indonesia has Law No. 8 of 1999 concerning Consumer Protection (UU PK) as its primary legal umbrella, which is reinforced by various sectoral regulations in the tourism sector. Meanwhile, Timor-Leste has passed Law No. 8/2016 on Consumer Protection as the legal basis for consumer protection. However, having legal instruments alone is not enough. The real challenge lies in effective implementation, law enforcement, and policy integration at the operational level.<sup>[7]</sup>

Several previous studies have examined consumer protection in Indonesia, such as those by Shidarta (2004) and Janus (2006), or analyzed legal developments in Timor-Leste separately.<sup>[8]</sup> However, a significant research gap remains, particularly the lack of in-depth comparative studies that compare consumer protection models in the tourism business context between the two countries. Such comparative studies are important not only for identifying best practices and common challenges, but also for creating opportunities for constructive cross-learning, particularly for Timor-Leste, whose legal system is still in the consolidation stage.<sup>[9]</sup>

Based on this background, this study aims to conduct a comparative analysis of consumer protection models in the tourism business in Indonesia and Timor-Leste. The analysis focuses not only on normative aspects but also on their implementation in the field. Thus, this study is formulated to answer the following questions: (1) How effective are consumer legal protection models in tourism activities in Indonesia and Timor-Leste from a justice

perspective? (2) What are the challenges and obstacles to implementing consumer protection effectively in the tourism sectors of both countries? (3) What justice-based consumer protection model can be formulated to increase the effectiveness of protection, particularly in Timor-Leste, taking into account lessons learned from Indonesia? Based on these challenges, the ultimate goal of this research is to formulate a justice-based protection model that is contextual for the development of the tourism sector, particularly in Timor-Leste.

### Research Methods

This research uses a normative legal research method with a conceptual and statutory approach to analyze and compare the effectiveness of the legal framework for consumer protection in the tourism sectors of Indonesia and Timor-Leste. Primary data includes Law No. 8 of 1999 concerning Consumer Protection (Indonesia) and Law No. 8/2016 on Consumer Protection (Timor-Leste), as well as sectoral regulations related to tourism from both countries. To enrich the analysis and examine the gap between legal norms and practices in the field, this study is supplemented with empirical data obtained through field surveys and observations in the Branca tourist area of Dili, as well as in-depth interviews with various stakeholders, including local consumers, tourism businesses, representatives of the Ministry of Commerce and Industry of Timor-Leste, and the non-governmental organization TANE Konsumidor. All collected data were then analyzed qualitatively using comparative analysis techniques to identify similarities, differences, strengths, weaknesses, and learning opportunities from each consumer protection model, with the ultimate goal of formulating recommendations for a contextual, justice-based model for strengthening the system in Timor-Leste.

### Methods

#### Discussion

An analysis of Indonesia's legal framework reveals a normatively comprehensive consumer protection system. Law No. 8 of 1999 concerning Consumer Protection (UU PK) successfully defines the rights and obligations of consumers and business actors quite clearly, including dispute resolution mechanisms.<sup>[10]</sup> However, the complexity of the tourism sector demands more specific regulations. It is at this level that fragmentation becomes apparent. Consumer protection policies in tourism are scattered across various sectoral regulations, such as Law No. 10 of 2009 concerning Tourism, Ministerial Regulations on Tourism, and tourism business certification standards.<sup>2</sup> While these technical details are important, the lack of harmonious integration between the PK Law and sectoral regulations often leads to overlapping authority and legal uncertainty. For example, disputes related to accommodation standards can be handled by the Consumer Dispute Resolution Agency (BPSK) under the PK Law, but also by authorities within the Ministry of Tourism under sectoral regulations. This regulatory fragmentation, while intended to provide clarity, can actually slow down the process of resolving consumer complaints, particularly for foreign tourists unfamiliar with Indonesian bureaucracy. The main weakness of the Indonesian system lies not in the absence of norms, but in the wide gap between legal texts and their implementation on the ground. The first challenge is the

uneven capacity of oversight and law enforcement across regions. Major tourist destinations like Bali may have officials relatively familiar with the Consumer Protection Law, but areas with emerging destinations like Labuan Bajo or Lake Toba may still experience limited human resources and budgets for effective oversight.<sup>[11]</sup> The second challenge is the dispute resolution mechanism. The BPSK, as the spearhead, is often not easily accessible to tourists, especially those with limited time. The process, while designed to be simple, still requires time and physical presence, which is a significant obstacle for foreign tourists who have returned home.<sup>[12]</sup> Furthermore, although the Consumer Protection Law regulates product liability, its application in tourism services, such as adventure tourism, remains weak. As a result, the burden of proof often falls on the injured consumer, despite the significant information asymmetry in many cases.

In contrast to Indonesia, Timor-Leste has a newer and more centralized legal framework. Law No. 8/2016 on Consumer Protection serves as the primary legal basis for codifying consumer rights in a modern way, in line with international principles. This law represents a significant achievement for the young nation. However, as a relatively new law, it is still in the process of consolidation. Its main weakness lies in the lack of detailed implementing regulations for specific sectors such as tourism. The national tourism policy, while emphasizing the importance of consumer protection, has not been operationally integrated with Law No. 8/2016. For example, standard contractual requirements for tour operators or insurance requirements for adventure tourism providers are not clearly regulated. This creates uncertainty for both businesses and consumers. Timor-Leste's legal framework provides a strong foundation. However, it still needs "walls and a roof" in the form of technical regulations capable of translating general principles into clear operational guidelines for the developing tourism industry.

The most fundamental challenge facing Timor-Leste is institutional capacity. The main institution addressing consumer protection, the Direção Nacional (National Directorate) under the Ministry of Commerce and Industry, is still under development. Interviews with stakeholders revealed classic obstacles such as limited skilled human resources, a limited operational budget, and suboptimal geographic reach beyond Dili. Non-governmental organizations such as TANE Konsumidor play a crucial role in education and advocacy, but their capacity is also limited. In the tourism context, coordination between trade agencies (which handle consumers) and tourism agencies still needs significant improvement.

Furthermore, consumer legal awareness, both among local communities and small and medium-sized businesses, remains low. Many small-scale companies, the backbone of regional tourism, do not fully understand their obligations under Law No. 8/2016. This situation exacerbates consumer vulnerability and hinders the creation of a sustainable and responsible tourism business climate.

A comparison between the two countries provides valuable lessons. Indonesia demonstrates that having detailed and complex regulations alone is insufficient if not balanced by equitable implementation capacity and efficient mechanisms.<sup>[13]</sup> Timor-Leste can learn to avoid the trap of excessive bureaucracy and focus directly on developing simple, fast, and decentralized mechanisms. On the other

hand, the simplicity of Timor-Leste's legal system is an advantage. The country has the opportunity to build a system from scratch with an integrated approach, avoiding the fragmentation experienced in Indonesia.<sup>[14]</sup> For example, rather than creating various separate ministerial regulations, Timor-Leste could integrate tourism consumer protection standards directly into the national tourism policy and the derivative rules of Law No. 8/2016. This would create stronger policy coherence. A key lesson from Indonesia is the importance of building legal awareness early on, both among businesses and potential consumers, so that the law does not become mere text.<sup>[15]</sup>

Based on the comparative analysis above, a justice-based consumer protection model for Timor-Leste must be built on three main pillars. First, inclusive institutional strengthening. This means not only enhancing the technical capacity of the *Direcção Nacional* but also establishing a permanent coordination forum with tourism agencies and involving NGOs such as TANE Konsumidor as strategic partners in outreach and oversight—second, Proactive Regulatory Harmonization. Rather than waiting for problems to arise, the government needs to proactively issue clear technical guidelines for the tourism sector, such as standard contracts, mandatory insurance clauses, and a code of business ethics. These guidelines must be easily accessible and understood by small-scale businesses. Third, Establish an Accessible and Expedient Dispute Resolution Mechanism. This is the most important pillar. The proposed model is to establish an integrated Tourism Complaint Desk at airports, major hotels, and tourism offices, which can handle complaints informally. A more advanced approach could be to develop a dedicated tourism mediation unit that works quickly (fast-track mediation), perhaps utilizing technology for online complaints.<sup>[16]</sup> Justice for tourists, in particular, is crucially determined by the speed and ease of access to justice.

This model is called justice-based because it seeks to create balance. Procedural justice is realized through a fast and accessible dispute mechanism, ensuring that all parties, especially the less advantaged (consumers), have equal access to a hearing. Substantive justice is integrated through regulations that protect consumers' fundamental rights to safety, honest information, and fair compensation.<sup>[17]</sup> Furthermore, this model considers distributive justice by not burdening small businesses with disproportionate regulations, but instead encouraging them through educational and incentive approaches before law enforcement. Thus, this model not only favors consumers but also strives to create a fair and sustainable tourism ecosystem for all stakeholders, ultimately enhancing Timor-Leste's tourism competitiveness and reputation on the global stage.

The implications of this research necessitate a phased approach. In the short term (1-2 years), priorities should be a massive legal awareness campaign for businesses and the public, capacity training for officials, and the establishment of a pilot Tourism Complaint Desk. In the medium term (2-5 years), regulatory harmonization through technical guidelines and the strengthening of dedicated tourism mediation units should be implemented. International cooperation with Indonesia and organizations such as UNCTAD can be leveraged for knowledge transfer and capacity building. For Indonesia, these findings serve as a reminder to evaluate and simplify regulations, as well as

innovate in online dispute resolution for foreign tourists. By implementing this justice-based model, Timor-Leste can not only protect its consumers but also build a solid foundation for a sustainable and competitive tourism industry.

This research reveals that although Indonesia and Timor-Leste have formal commitments to protecting tourism consumers, there are significant differences in policy implementation at the operational level. Indonesia has established a relatively mature consumer protection system through Law No. 8 of 1999 concerning Consumer Protection, reinforced by various sectoral regulations. However, its implementation faces complex challenges, particularly related to cross-sectoral coordination and institutional capacity gaps between the central and regional governments. Field data indicate that only 30% of Consumer Dispute Resolution Agencies (BPSK) in tourism destinations are functioning optimally. Timor-Leste has shown positive progress with the adoption of Law No. 8/2016 on Consumer Protection, which adheres to international standards. However, limited institutional capacity remains a major obstacle. Interviews with the Timor-Leste Ministry of Trade and Industry revealed that only 15% of tourism businesses understand their obligations under this law. Furthermore, existing dispute resolution mechanisms are not yet fully accessible to foreign tourists. The comparative analysis identified several critical areas for improvement. First, both countries need faster and standardized dispute resolution mechanisms specifically for the tourism sector. Second, increasing the capacity of micro and small businesses is a key factor in improving consumer protection standards. Data from TANE Konsumidor shows that 70% of consumer complaints originate from small companies that do not understand their legal obligations. A key finding of this study is the need for a collaborative, multi-stakeholder approach. An effective model must involve governments, industry associations, non-governmental organizations, and academics in building a comprehensive consumer protection system. Integrating digital technology into the complaints and mediation process is also a potential solution to overcome the geographical and administrative barriers faced by both countries.

## Conclusion

Based on the comprehensive analysis conducted, this study concludes several fundamental points. First, from a regulatory perspective, Indonesia has a more mature and comprehensive consumer protection legal framework than Timor-Leste. However, regulatory complexity and overlapping authorities actually hinder its effective implementation in the field. Second, in terms of institutions, Timor-Leste faces more fundamental challenges related to capacity and resources, while Indonesia is more hampered by coordination issues and disparities in implementation between regions. The key findings of this study point to the urgency of developing an adaptive and justice-based tourism consumer protection model. This model must be built on three main pillars: (1) regulatory simplification and harmonization, (2) strengthening institutional capacity and multi-stakeholder coordination, and (3) innovative dispute resolution mechanisms that are fast, affordable, and easily accessible, especially for foreign tourists.

The resulting policy implications emphasize the importance of different approaches for each country's context. For

Indonesia, the priority lies in regulatory consolidation and increasing the effectiveness of the BPSK. For Timor-Leste, the primary focus is on building a solid system foundation through institutional strengthening and extensive legal outreach. The success of this model depends heavily on political commitment and ongoing collaboration between governments, industry, and civil society in both countries, as well as learning from international best practices.

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