

# Implementation of Cosmetic Product Labeling Regulations for Consumer Protection and Fair Competition in the Marketplace

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## ABSTRACT

*The cosmetic product labeling that complies with laws and regulations plays an important role in creating consumer protection and fair competition in the cosmetics market. Under the regulation, cosmetic companies are required to include clear information regarding the composition, benefits, and safety of the product. This aims to ensure that consumers can make informed decisions regarding the products they choose, as well as protect them from potential health risks. Clear regulations also serve to create healthy competition between business actors, where all parties adhere to the same standards. It is important to strengthen existing supervision and legal enforcement systems, as well as raise consumer awareness regarding the importance of information on product labels. The implementation of effective labeling regulations can encourage the cosmetics industry to continue to develop in a more transparent and liable direction, ultimately creating a fairer and safer marketplace climate for consumers.*

## INTRODUCTION

The cosmetics industry in Indonesia is developing rapidly along with the increasing needs of the society for more diverse beauty products. Along with that, competition between cosmetics producers is getting tighter, encouraging various companies to marketplace their products in a more attractive way, including in terms of labeling. It is not uncommon for cosmetic products to use labels that are not in accordance with applicable regulations, both in terms of ingredient content, benefit claims, and other information. This has the potential to cause adverse impacts on consumers and harm the parties involved, both producers who comply with regulations and consumers themselves.

The cosmetic product labeling that is not in accordance with laws and regulations can lead to various legal and business ethics issues. In this case, consumer protection is a very important aspect. Consumers must be able to feel safe and confident that the products they use are safe and in accordance with the standards set by the government. Entrepreneurs who do not comply with regulations may face adverse legal sanctions, whether in the form of fines, production stoppages, or even criminal actions, which may tarnish their reputation in the marketplace.

The Ministry of Health of the Republic of Indonesia through the Food and Drug Monitoring Agency (BPOM) has established various regulations related to the labeling of cosmetic products, which aim to protect consumers from potentially harmful products. The implementation of supervision and legal enforcement of non-compliant labeling still faces various obstacles, ranging from the lack of society understanding of these regulations to weak legal enforcement by the authorities (Burlian, 2014). This situation causes many cosmetic products that do not comply with the provisions of the laws to circulate in the marketplace, threatening consumer health, and damaging a healthy business climate.

Non-compliant labeling also creates unfairness in competition. Companies that comply with regulations are hampered from fair competition, as other companies that violate regulations can offer lower prices or advertise claims that cannot be scientifically substantiated. This lack of supervision leads to unethical business practices, which harm consumers and undermine the credibility of the cosmetics industry as a whole. When consumers lose trust because they are often deceived by misleading labels, this can have a negative impact on all sectors, including businesses that have made efforts to maintain the quality and transparency of their products.

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The violation of cosmetic product labeling regulations in Indonesia is still a very relevant issue. While the regulations governing cosmetic labeling are quite clear, many cosmetic producers still violate these regulations. The cosmetic product mislabeling can increase risks for consumers, especially regarding hazardous ingredients that may be contained in illegal products (Elvira et al., 2021). One of the main problems is the discrepancy between the information on the label and the actual composition of the product. Sometimes, cosmetic products include claims that are not scientifically proven, such as “anti-aging” or “whitening” claims without any evidence or permission from the authorities. In this case, the Ministry of Health of the Republic of Indonesia through BPOM has established provisions governing this matter in BPOM Regulation Number 32 Year 2016 on Labeling and Advertising of Drugs and Food, but problems in its implementation are still ongoing.

Besides to the problem of inaccurate information, cosmetic products also often contain ingredients that are banned or not registered with BPOM, potentially endangering consumers' health. The use of hazardous ingredients in cosmetics, such as mercury and hydroquinone, which should be banned in accordance with BPOM Regulation Number 17 Year 2017 on Prohibited and Restricted Ingredients in Cosmetics, is still often found in the marketplace. This indicates that the supervision of cosmetic products circulating in the marketplace has not been fully effective. While there are legal enforcement efforts against these violations, the large number of illegal products that escape scrutiny shows the need for increased supervision as well as education to the society on how to recognize safe cosmetic products.

The large number of non-compliant cosmetic products also results in consumers being unaware of the risks they face. Consumers may not have enough information about the ingredients contained in the cosmetics they buy, and they may be exposed to harmful ingredients that can harm their skin and body health. In this case, consumers' rights to clear and correct information about the cosmetic products they use must be protected. Cosmetic products that do not transparently list active ingredients or include misleading claims violate basic consumer rights. Ensuring that product labels reflect the actual contents and that all ingredients have been correctly declared is part of the responsibility of manufacturers and inspectors. Existing regulations are good enough to guarantee this, but the problem is inconsistent implementation and supervision in the field.

Neglecting legal protection against non-compliant cosmetic product labeling could endanger public health and undermine the integrity of the cosmetics market itself. Consumers who are not properly protected may end up using unsafe products, which can lead to long-term health problems. Ethical violations by business actors also create unfair business competition, where companies that comply with regulations are forced to compete with companies that sell products with claims that cannot be substantiated or at lower prices because they do not meet applicable regulations. It is important to strengthen supervision and legal enforcement of cosmetic product labeling so that both parties, consumers and business actors, can be well protected.

This research aims to analyze the implementation of cosmetic product labeling regulations in Indonesia, both in terms of legal and business ethics, to ensure consumer protection and create a climate of fair competition in the cosmetics industry. This research also seeks to provide a deeper understanding of the obstacles faced in the implementation of these regulations, as well as provide recommendations to increase the supervision and enforcement of existing laws. The results of this research are expected to assist in the development of more effective policies to ensure safety and fairness in the Indonesian cosmetics market.

## RESEARCH METHOD

In this research, the approach used is a literature study and normative juridical, where researchers will analyze various written sources related to the topic of legal protection against cosmetic product labeling that is not in accordance with statutory regulations. The normative juridical approach is effective for evaluating the effectiveness of regulations related to consumer protection (Elvira et al., 2021). The literature study allows researchers to explore various relevant references, such as laws and regulations governing cosmetic labeling, as well as scientific articles that discuss legal issues and business ethics in the cosmetics industry. This method is very useful to understand the existing legal basis, be it the applicable regulations, legal enforcement practices, as well as the challenges faced in the implementation of cosmetic product labeling regulations. This research will identify and analyze regulations governing cosmetic labeling, such as BPOM Regulation Number 32 Year 2016 and BPOM Regulation Number 17 Year 2017, as well as policies related to business ethics in the cosmetics industry (Taufik, 2018). This approach is very effective in uncovering the legal and moral aspects that affect the cosmetics business (Saputri & Subadi, 2022).

This literature study will also include research of various literatures that discuss business ethics and the impact of inappropriate labeling on consumers and fair business competition. The literature used will include relevant books and scientific articles, such as the work of Mertokusumo (2015) which discusses the implementation of legal in the business sphere in Indonesia. Using this approach, this research aims to identify gaps that exist in the implementation of cosmetic product labeling regulations and provide recommendations to increase existing policies. Through the literature study, the researcher was able to gain an understanding of the legal and ethical practices in the cosmetics business in Indonesia as well as the challenges faced in legal enforcement in this sector (Mertokusumo, 2015).

## **RESULT AND DISCUSSION**

The consumer protection in the cosmetics industry is very important to maintain society's trust in the products they consume. In the era of an increasingly open global marketplace, where cosmetic products circulate freely without restrictions, proper cosmetic product labeling is one of the main means to ensure that consumers obtain correct and transparent information. In Indonesia, the regulation of cosmetic product labeling is governed by the BPOM Regulation Number 32 Year 2016 which provides clear guidance on the obligations that must be met by cosmetic producers. This regulation aims for every cosmetic label to contain essential information, so that consumers can easily understand the content, benefits, and limitations of the products they use.

The importance of compliant labeling goes beyond a legal obligation, and becomes an aspect of business ethics that demonstrates a producer's liability towards consumers. Comprehensive information on labels enables consumers to make wiser and more informed choices, and protects them from the potential risks posed by products that do not meet health and safety standards. For example, hazardous ingredients contained in cosmetics that are not clearly notified can threaten the health of its users. Good labeling regulations are expected to promote administrative obligations, and ensure that consumer rights are not neglected in a highly competitive marketplace.

Cosmetics product labeling regulations also have a significant impact on business competition in the cosmetics industry itself. With clear provisions regarding the information that must be included, all cosmetics business actors are required to operate transparently, which creates fairer competition.

Companies that do not comply with this regulation risk losing consumer confidence and being sanctioned by the relevant authorities. These labeling regulations also ensure that all cosmetics business compete on an equal basis, prioritizing product quality and safety for the benefit of consumers. The implementation of strict and compliant labeling regulations is important to protect consumers, and to maintain the integrity and viability of the cosmetics industry as a whole.

The proper implementation of labeling regulations can minimize the risk of dishonest or misleading marketing practices, which are often found in the cosmetics industry. Cosmetic products that do not clearly list information or even display unverified claims can harm consumers, both in terms of health and economy. Clear labeling that complies with laws and regulations is an important tool to reduce these risks. For example, cosmetic claims that contain hazardous ingredients or are not registered with the BPOM can endanger consumer health and reduce society trust in cosmetic products in general. Cosmetics labeling regulations that require information disclosure are expected to minimize these risks and protect consumers from unsafe or scientifically unproven products. In the long-term, the implementation of this rule will also strengthen public confidence in the cosmetics industry as a whole. When consumers feel protected and well-informed, they are more likely to be loyal to trusted products and brands.

Labeling that complies with regulations also creates a fairer competition climate in the cosmetics industry. With clear standards regarding labeling, every cosmetic producer is required to comply with the same regulations, which then reduces the possibility of fraudulent practices, such as providing claims that cannot be justified or the use of hazardous ingredients that are not listed on the label (Pribadi & Fitriana, 2022). Business actors who do not comply with these labeling requirements face significant legal consequences, including compensation claims from aggrieved consumers (Djaya, 2020). Improper labeling practices have the potential to undermine consumer trust and violate liable business principles. Inappropriate labeling also contradicts the social and ethical values embraced by the company, especially in the cosmetics industry which greatly affects consumer health (Mahmudah, 2019). The act of misleading through false or inaccurate labeling violates the principle of trust in business, which is essential for building long-term corporate reputation (Saputri & Subadi, 2022). When all parties in the cosmetics industry adhere to the same rules,

it creates fairer competition. The business actors who do not follow the regulations can be subject to administrative or criminal sanctions stipulated in Law Number 8 Year 1999 on Consumer Protection. Compliance with labeling regulations protects consumers and creates fair competition in the Indonesian cosmetics market (Aina, 2019).

The compliant labeling regulations also have a positive impact on the cosmetics industry sector itself. With clear labeling regulations in place, cosmetics producers can ensure that their products are in line with the law. This, in turn, can enhance the reputation of producers in the eyes of consumers and increase loyalty to their brands. Products that meet legal and safety standards tend to be more trusted by consumers, which in turn supports their business sustainability (Wajdi & Susanti, 2021). With regulations clearly governing product labeling, consumers have greater bargaining power to demand their rights in terms of product quality and safety.

Overall, proper and compliant labeling provides the transparency needed to facilitate balanced information for consumers. Accurate information on the ingredients contained in cosmetic products allows consumers to make informed decisions, based on their understanding of the product's ingredients. These transparent and accurate labeling regulations also strengthen consumers' position in holding producers accountable for product quality and safety. This applies to consumer protection, and to protect fair competition between companies operating in the cosmetics industry (Ayunda & Kusuma, 2021).

The clear regulations on cosmetic product labeling also serve to prevent misuse and manipulation of information that could harm consumers. For example, the use of exaggerated or unsupportable claims regarding product benefits may come with legal consequences if proven to violate existing regulations. In this case, the Consumer Protection Laws (UUPK) and BPOM Regulations provide a solid legal basis to prosecute companies that do not comply with the applicable provisions. It also motivates producers to maintain integrity and honesty in business.

The obligation for business actors to always act in good faith in carrying out their activities (Article 7 number 1 of UUPK) shows that business actors are also liable for creating a healthy business environment to support national development. This is clearly a public liability that must be shouldered by business actors. Various provisions in the UUPK aim to encourage business actors to behave in accordance with principles that support the success of national economic development, especially in the business sector.

One of the important aspects considered in the regulation of cosmetic labeling is the provision of sanctions to business actors who violate existing provisions. In BPOM Regulation Number 32 Year 2016, it regulates the provisions of penalties for cosmetics producers who do not comply with the established labeling standards, both in the form of administrative sanctions and criminal sanctions. These sanctions are an important instrument to ensure that every business actor in the cosmetics industry is liable for the quality of the products they sell and that consumer rights are well protected (Njoto & Herryani, 2018).

While there are good cosmetic labeling regulations in Indonesia, there are still challenges to be faced, such as stronger supervision and law enforcement. While the BPOM plays an active role in monitoring cosmetic products circulating in the marketplace, there are still shortcomings in terms of detection and prosecution of products that violate labeling regulations. A more intensive and transparent supervision system is needed so that every cosmetic product circulating in the marketplace actually meets the labeling standards set by the regulation (Burlian, 2014).

Besides to more intensive supervision, the society also needs to be more empowered to recognize and understand the information on cosmetic product labels. A business actor can be held liable if due to incomplete information on a product that turns out to be defective or harmful to consumers. This is known as the concept of product liability. It is known that product information can influence consumers' decision to buy or not a product. The Law Number 8 Year 1999 provides protection to consumers by prohibiting business actors from making offers, promotions or advertisements that are incorrect or misleading regarding a product.

The liability for defective products is different from the liability of business actors for products in general. The liability for defective products relates to the impact of product defects that can affect other people or other goods, while the liability of business actors is more on the unlawful acts that lead to the damage or non-functionality of the product itself. As explained in the Civil Code of Indonesia, a defect is defined as a condition of goods that is "seriously" damaged so as to make the goods "unable to be used" optimally in accordance with their original purpose, or the defect causes "reduced benefits" of the goods in fulfilling their function. In this case, there are three types of defects that can make a producer liable for defective products:



manufacturing defects, design defects, and defects in warnings or instructions. In this case, the law has established prohibitions as stipulated in Article 8 to Article 17 of the Consumer Protection Law.

The product is considered defective if the product is not safe to use, does not meet the expected safety standards, taking into account various factors, especially related to the appearance of the product and the usefulness that the product is supposed to provide at the time of circulation. Based on this, business actors have a liability to prioritize the quality of goods produced rather than focusing on the quantity or number of goods produced (June, 2002).

Consumer education is very important in raising awareness of their rights in choosing products that are safe and in accordance with applicable standards. With good education, consumers can be more critical in choosing cosmetic products, thereby reducing the risk of legal issues related to inappropriate or misleading labeling. Consumer awareness of the importance of product information can help reduce the risk of using illegal or harmful cosmetic products (Winata, 2022). Business actors must consider the long-term impact of the information they convey on their product labels, which impacts on business reputation and on consumer safety (Saputri & Subadi, 2022).

The implementation of cosmetic product labeling regulations in accordance with these laws and regulations certainly aims to protect consumers, and to create a fair and sustainable business ecosystem in the cosmetics industry. All parties, from producers, regulators, to consumers, have an important role in maintaining the sustainability of this sector. Strengthening regulations and better supervision systems will be the key to creating a cosmetics industry with integrity and trustworthiness.

Ultimately, the collective awareness of all parties involved in the cosmetics industry is the main key in maintaining quality and transparency in the products in circulation. Labeling regulations in accordance with legislation are expected to continue to evolve and be adjusted to marketplace dynamics and technological advances in order to ensure maximum protection for consumers and create a fair competition climate in the cosmetics industry.

The proper and effective implementation of cosmetics labeling regulations is indeed key to ensuring maximum consumer protection. When consumers have access to accurate and transparent information about the products they use, they can make wiser and safer decisions. In this case, the role of supervision by relevant authorities such as BPOM is crucial, because only with strict supervision and consistent legal enforcement, violations related to

labeling that can harm consumers can be suppressed (Hapsari, 2022). Seriously implemented regulations will shape the behavior of companies to be more liable for the quality and safety of the products they produce, thus creating a more secure marketplace.

The clear and structured regulations also serve to create a climate of fair competition between business actors. With labeling requirements that apply to all business actors, no company can deceive consumers with false claims or misleading information. This encourages companies to continue to innovate and ensure that their products are attractive, and are safe and of good quality. With fair competition, companies can focus more on increasing product quality, and less on manipulating information, which in turn will raise the standards of the cosmetics industry itself.

Through the right steps in implementing cosmetics labeling regulations, Indonesia has a great opportunity to create a thriving cosmetics industry while prioritizing the interests of consumers. It is about regulating the market, and about creating trust, fairness and sustainability. When consumers feel protected and producers compete on the basis of transparency, Indonesia's cosmetics industry can develop with better quality, ensure the protection of consumer rights, and build a strong reputation internationally.

## CONCLUSION

The implementation of cosmetics product labeling regulations in accordance with laws and regulations is essential in creating protection for consumers and creating fair competition in the cosmetics industry. These regulations ensure clear and accurate information for consumers, and protect them from the potential dangers of unsafe products. Through compliance with labeling regulations, cosmetics producers are required to maintain high quality standards, while strict supervision ensures maximum consumer protection. It also creates a fairer competitive climate, where all industry actors follow the same rules.

The implication of implementing this labeling regulation is the creation of a more transparent and responsible cosmetics market. With clear regulations in place, consumers get their right to choose products based on complete and correct information. Producers are required to maintain the quality of their products so that they meet the set standards. Proper regulation will minimize the potential for misuse of information and maintain marketplace integrity, while providing legal guarantees to consumers in the event of violations.

The suggestion to increase the implementation of cosmetics labeling regulations is to strengthen the supervision system and stricter legal enforcement from the authorities. It is important to conduct wider education to consumers so that they can be more careful in choosing products based on the labels listed. Cosmetic companies also need to continue to prioritize transparency and quality in production to continue to meet consumer expectations and applicable regulations.

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