

## CONSUMER DISPUTE RESOLUTION IN CROSS-BORDER ONLINE TRANSACTIONS THROUGH ALTERNATIVE DISPUTE RESOLUTION FROM THE PERSPECTIVE OF INTERNATIONAL LAW

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### ABSTRACT:

The development of e-commerce has facilitated cross-border transactions but has also raised legal challenges in consumer dispute resolution. Differences in jurisdiction, limited accessibility, and the lack of international legal harmonization often make it difficult for consumers to seek justice. Alternative Dispute Resolution (ADR) has emerged as a practical solution that is faster and more cost-efficient compared to traditional litigation. This research aims to analyze the application of ADR in cross-border online transaction disputes and identify its challenges and opportunities from an international law perspective. Using a normative legal approach, this study examines international legal instruments such as the 1958 New York Convention and the UNCITRAL Model Law, as well as related domestic regulations. The results indicate that while ADR offers advantages in efficiency and accessibility, its implementation still faces barriers, including the lack of regulatory harmonization between countries, low consumer awareness, and limitations in Online Dispute Resolution (ODR) technology. To overcome these challenges, strengthening the international legal framework, educating consumers, and developing more inclusive ODR technology are necessary.

**Keywords;** ADR, Cross-Border Transactions, International Law

## A. Introduction

The development of information and communication technology in recent decades has transformed the patterns of global trade transactions. One significant change is the increase in cross-border online transactions. E-commerce platforms such as Amazon, Alibaba, and Shopee enable consumers and businesses from various parts of the world to connect. However, this progress also brings legal challenges, particularly in the context of consumer protection and dispute resolution. In cross-border online transactions, consumers often find themselves in a vulnerable position due to differences in legal jurisdictions, language barriers, and the lack of access to efficient dispute resolution mechanisms. This usually leads to problems, especially when disputes arise due to defective products, fraud, or contract violations by businesses. For example, reports from the United Nations Conference on Trade and Development (UNCTAD) indicate that disputes in international e-commerce transactions have significantly increased in recent years.<sup>1</sup>

Indonesia is closely connected to cross-border disputes in the context of global e-commerce transactions, as it is one of the largest markets in Southeast Asia with a significant number of internet users. In international trade, particularly on e-commerce platforms such as Shopee, Tokopedia, and Bukalapak, disputes often arise between Indonesian consumers and foreign businesses regarding defective products, fraud, or contract violations. While Indonesia has the Consumer Protection Law and the Electronic Information and Transactions Law (ITE), these regulations are insufficient to address the complexities of cross-border disputes. Jurisdictional issues, differences in legal systems between countries, and limited access to international dispute resolution mechanisms such as arbitration or mediation present significant obstacles. Therefore, the implementation of Alternative Dispute Resolution (ADR), particularly Online Dispute Resolution (ODR), is necessary to resolve cross-border disputes more efficiently, quickly, and affordably.

In Indonesia, consumer protection in online transactions is regulated by Law No. 8 of 1999 on Consumer Protection and Law No. 11 of 2008 on Information and Electronic Transactions (ITE). However, these regulations do not fully cover the complexities of cross-border transactions. For instance, disputes between Indonesian consumers and foreign businesses often face jurisdictional challenges and issues related to the applicability of

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<sup>1</sup>UNCTAD, *E-Commerce and Development Report*, 2022.

international law. In many cases, consumers lack adequate access to dispute resolution due to lengthy and costly litigation processes.<sup>2</sup>

One solution offered to address this issue is through the Alternative Dispute Resolution (ADR) mechanism, such as mediation, arbitration, or conciliation. ADR has the potential to be a faster, cheaper, and more efficient dispute resolution mechanism compared to conventional litigation processes. Several international organizations, such as UNCITRAL (United Nations Commission on International Trade Law), have developed legal frameworks that support the use of ADR in international disputes.<sup>3</sup> However, the implementation of ADR in cross-border consumer disputes faces various challenges. One of them is the lack of legal harmonization among the countries involved in the transaction. Additionally, many consumers lack a sufficient understanding of the ADR mechanism or access to competent ADR institutions. The success of ADR largely depends on regulatory support at both the national and international levels.<sup>4</sup>

In the context of international law, there are principles relevant to supporting the resolution of cross-border consumer disputes through ADR. These principles include the principle of state sovereignty, the principle of non-discrimination, and the recognition and enforcement of international arbitration awards as outlined in the 1958 New York Convention. However, the application of these principles is often hindered by differences in legal interpretation among countries.<sup>5</sup> Additionally, the presence of e-commerce platforms as third parties in cross-border transactions further complicates the resolution of disputes. Platforms often act as facilitators, rather than as parties responsible for the products or services being traded. This raises legal questions about the extent of the platform's responsibility in resolving disputes between consumers and businesses.<sup>6</sup>

It is important to note that consumer dispute resolution through ADR also requires technological support, such as the use of Online Dispute Resolution (ODR) systems. ODR is an innovation that facilitates virtual dispute resolution, thereby reducing geographical

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<sup>2</sup>Harahap, "Penyelesaian Sengketa Konsumen", Jurnal Hukum Internasional, 2021, hlm. 1018-1034.

<sup>3</sup>UNCITRAL, "Model Law on International Commercial Arbitration", 2020.

<sup>4</sup>Zhang. Y., "Cross-Border Consumer Dispute Resolution", International Journal of Law and E-Commerce, 2020, hlm. 34-47.

<sup>5</sup>Jones, "International Arbitration and Consumer Protection", Journal of International Dispute Resolution, 2022, hlm. 98-108.

<sup>6</sup>Smith, "E-Commerce Platforms and Consumer Disputes", Journal of Online Commerce, 2021, hlm. 46-59.

barriers in cross-border transactions. However, the effectiveness of ODR heavily depends on the level of trust consumers and businesses have in the system.<sup>7</sup>

In this study, the main legal issue to be discussed is how the ADR mechanism can be effectively applied to resolve consumer disputes in cross-border online transactions. This research will also examine the international legal principles that underpin the use of ADR, as well as the challenges encountered during its implementation. With a normative approach, this study aims to contribute to the development of international law that is more responsive to the dynamics of global trade.

## **B. Research Method**

This research employs a normative juridical approach to analyze the Alternative Dispute Resolution (ADR) mechanism in resolving cross-border consumer disputes from an international law perspective. The focus of the study is on analyzing international legal instruments, such as the 1958 New York Convention and the UNCITRAL Model Law on International Commercial Arbitration, as well as domestic regulations, including Law No. 8 of 1999 and Law No. 11 of 2008.<sup>8</sup> A conceptual approach is used to explore ADR concepts, including mediation, arbitration, and Online Dispute Resolution (ODR) technology. Case studies are also conducted to understand the challenges and applications of ADR in cross-border consumer disputes.

In preparing this journal, the author selected and curated relevant sources based on their credibility, accuracy, and relevance to the topic under discussion. The sources used include international legal instruments such as the 1958 New York Convention and the UNCITRAL Model Law, which serve as the primary foundation for resolving cross-border disputes. Additionally, literature from international organizations such as UNCITRAL and UNCTAD was chosen to provide perspectives on the development and challenges of implementing ADR in international transactions. The author also reviewed recent articles and case studies related to Online Dispute Resolution (ODR), focusing on the latest technologies to overcome geographical barriers in dispute resolution. The selected sources encompass diverse expert

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<sup>7</sup>Kim, "The Role of ODR in Cross-Border E-Commerce", *Journal of Dispute Resolution Technology*, 2023, hlm. 34-52.

<sup>8</sup>Peter Mahmud Marzuki, "Penelitian Hukum", Kencana Prenada Media Group, Jakarta, 2011, hal. 32.

opinions in international law and technology, providing valid and up-to-date data to support the arguments presented in this research.

The data used in this research are sourced from primary, secondary, and tertiary legal materials, including international regulations, scholarly literature, and reports from international organizations such as UNCITRAL and UNCTAD. Data analysis is conducted qualitatively with a prescriptive approach, aiming to provide strategic recommendations regarding the implementation of ADR in cross-border transactions.

## **C. Discussion**

### **1. Alternative Dispute Resolution (ADR) Mechanism in Resolving Consumer Disputes in Cross-Border Online Transactions**

The resolution of consumer disputes in cross-border online transactions presents complex challenges, particularly due to differences in legal jurisdictions, regulatory systems, and the accessibility of dispute resolution mechanisms. One approach considered capable of providing a solution is the Alternative Dispute Resolution (ADR) mechanism. In the context of international law, ADR encompasses various methods of dispute resolution outside of court, such as mediation, arbitration, and conciliation, which aim to provide a more efficient, faster, and cost-effective process compared to conventional litigation.<sup>9</sup>

For ADR to be applied effectively, several key elements must be considered, including a supportive legal framework, adequate technology, and the trust of the parties in the ADR process. In the international legal framework, instruments such as the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards provide a legal basis for cross-border ADR implementation. This Convention ensures that arbitral awards made in one country can be recognized and enforced in another, thereby addressing the jurisdictional challenges that frequently arise in cross-border disputes.<sup>10</sup>

However, the application of ADR in cross-border online transactions requires adjustments to accommodate the characteristics of digital transactions. One innovative approach is the use of Online Dispute Resolution (ODR) systems, which leverage digital technology to facilitate dispute resolution. According to research by Rabinovich-Einy and

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<sup>9</sup>Binder, "International Commercial Arbitration", Journal of Arbitration, 2023.

<sup>10</sup>Cheng, "Enforcement of Arbitration Awards", International Law Journal, 202, hlm. 12-25.

Katsh,<sup>11</sup> ODR has excellent potential to overcome geographical constraints and improve the efficiency of the dispute resolution process. For example, ODR platforms can be used to manage mediation or arbitration processes virtually, enabling consumers and businesses from different countries to participate without requiring physical presence.

The implementation of ADR in cross-border disputes must also be based on relevant international legal principles. One key principle is the principle of party autonomy, which allows consumers and businesses to choose the ADR mechanism that best suits their needs. This principle is supported by various international regulations, including the UNCITRAL Model Law on International Commercial Arbitration, which serves as a guide for countries in adopting national legislation on international arbitration.<sup>12</sup> Additionally, the principle of non-discrimination is a crucial element in ensuring that all parties, regardless of their nationality or location, have equal access to ADR. This principle is particularly relevant in the context of cross-border e-commerce, where consumers often find themselves in a weaker position compared to businesses. The application of the non-discrimination principle can enhance consumer trust in ADR as a fair and neutral mechanism.<sup>13</sup>

Although ADR has great potential, its implementation in cross-border online transactions presents challenges. One significant barrier is the lack of legal harmonization between the countries involved in the dispute. Differences in legal systems, languages, and cultures can complicate the dispute resolution process through ADR. For example, a study<sup>14</sup> found that differences in legal interpretation between countries often become obstacles in the enforcement of international arbitration awards. Furthermore, the lack of consumer awareness and understanding of the ADR mechanism poses another challenge. Many consumers are unaware of their rights in cross-border disputes or do not have access to competent ADR institutions. To address this issue, broader education and socialization about the benefits of ADR and how to access it are needed. Well-designed educational programs can increase consumer participation in ADR.<sup>15</sup>

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<sup>11</sup>Rabinovich-Einy, O., & Katsh, E, "Online Dispute Resolution in the Digital Age", *Journal of Dispute Resolution*, 2021, hlm. 85-88.

<sup>12</sup>UNCTAD, "Arbitration and ADR", 2023.

<sup>13</sup>Kaufmann-Kohler, "Cross-Border Dispute Resolution", *Journal of Consumer Law*, 2020, hlm. 67-84.

<sup>14</sup>Ma.Y., "Harmonization of ADR Practices", *Journal of International Dispute Settlement*, 2022, hlm. 54-72.

<sup>15</sup>Smith, "Consumer Awareness of ADR", *Journal of E-Commerce Law*, 2023, hlm. 112-130.

To address these challenges, strategic steps involving various parties, including governments, international organizations, and e-commerce platforms, are required. Some recommendations that can be taken include:

- a. Strengthening the International Legal Framework: Countries should strengthen their commitment to international instruments such as the New York Convention and the UNCITRAL Model Law. This will create greater legal certainty for the implementation of ADR in cross-border disputes.
- b. Development of ODR Technology: Investment in the development of secure and reliable ODR platforms can enhance the accessibility of ADR for both consumers and businesses. This technology should be designed to facilitate effective communication, process tracking, and digital enforcement of awards.
- c. Education and Socialization: Governments and international organizations must collaborate to raise consumer awareness about their rights and how to use ADR. Public campaigns and training can help address the lack of understanding about ADR.
- d. Multilateral Cooperation: Countries must strengthen multilateral cooperation in harmonizing laws and recognizing ADR awards. International forums such as the WTO or ASEAN can serve as platforms for discussions and policy development related to ADR.

The ADR mechanism holds great potential to become an effective solution for resolving consumer disputes in cross-border online transactions. By leveraging international legal frameworks, ODR technology, and relevant legal principles, ADR can provide a faster, more efficient, and fair dispute resolution process. However, achieving this goal requires collaborative efforts from various parties to address the existing legal and practical challenges. With the proper strategic steps, ADR can become an effective tool in supporting consumer protection in the digital age. The implementation of the Alternative Dispute Resolution (ADR) mechanism in cross-border transactions requires a comprehensive approach, covering regulatory, technological, and multilateral support aspects. An essential first step is the establishment of a harmonized legal framework at the international level. This can be achieved by utilizing existing instruments such as the 1958 New York Convention on the Recognition and Enforcement of International Arbitral Awards. Countries need to ensure that their domestic legislation aligns with the principles outlined in the

convention to provide legal certainty for the implementation of cross-border ADR.<sup>16</sup> For example, the adoption of the UNCITRAL Model Law on International Commercial Arbitration can serve as a guideline for countries to formulate national regulations that effectively support cross-border arbitration.

Furthermore, there is a need for the development and strengthening of Online Dispute Resolution (ODR) technology. The connection between Alternative Dispute Resolution (ADR) and the title of this research is crucial, as ADR provides an efficient solution to disputes in the context of cross-border transactions, which often face jurisdictional challenges, differences in legal systems, and limited access to traditional legal mechanisms. This research focuses on the application of ADR, particularly Online Dispute Resolution (ODR), which is considered an innovative solution to resolve disputes involving Indonesian consumers and foreign businesses. Using a normative legal approach, this study analyzes international legal instruments supporting ADR, such as the 1958 New York Convention and the UNCITRAL Model Law, as well as the barriers to ADR implementation at the global level. Thus, ADR is highly relevant to addressing the legal challenges in resolving cross-border disputes in the digital age.

ODR systems are designed to facilitate mediation and arbitration through digital platforms, allowing dispute resolution to occur without geographical boundaries. These systems require not only reliable technological infrastructure but also high data security integration to build trust among the parties involved. For example, an ODR platform that integrates blockchain technology can provide greater transparency in the arbitration process, thereby minimizing the potential for data manipulation. The implementation of this technology also requires collaboration among governments, the private sector, and global e-commerce platforms such as Amazon and Alibaba to ensure interoperability across systems.<sup>17</sup>

The next step is to ensure the inclusivity and accessibility of ADR, especially for consumers. To achieve this, targeted public education about consumer rights in ADR is necessary. Governments, in collaboration with international organizations such as UNCTAD, can launch informational campaigns aimed at consumer groups in developing countries, who often have limited access to ADR mechanisms.<sup>18</sup> Additionally, competent

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<sup>16</sup>Cheng, H., “*Enforcement of Arbitration Awards*”, International Law Journal, 2022, hlm. 12–25.

<sup>17</sup>Rabinovich-Einy, O., & Katsh, E, *Op. Cit.*, hlm. 85.

<sup>18</sup>Smith, 2023, *Op. Cit.*, hlm. 112.



ADR institutions should offer multilingual services that are culturally sensitive to the needs of the parties involved. For example, providing mediators or arbitrators who have a deep understanding of cultural differences can help reduce the risk of misunderstandings during the mediation process.<sup>19</sup>

Furthermore, multilateral cooperation is crucial in creating global standards for ADR. International forums like ASEAN or the WTO can serve as catalysts in drafting operational guidelines for cross-border ADR. One strategic step is to organize a multilateral agreement regulating the harmonization of ADR laws between countries, such as the creation of a global database of internationally recognized mediators and arbitrators.<sup>20</sup> In this way, ADR not only becomes an efficient dispute resolution mechanism but also adapts to the ever-evolving dynamics of global trade.

Ultimately, effective ADR implementation requires a simultaneous approach involving regulation, technology, and education. A strong legal framework, innovative technological platforms, and widespread information campaigns can create an ecosystem that supports faster, cheaper, and fairer consumer dispute resolution. With these steps, ADR can become a relevant solution to the legal challenges in cross-border online transactions.

## **2. Legal Challenges and International Legal Principles in Resolving Cross-Border Consumer Disputes Through ADR**

In the context of cross-border online transactions, the legal challenges faced by consumers and businesses are highly complex. Dispute resolution through the Alternative Dispute Resolution (ADR) mechanism offers a faster, more efficient, and cost-effective solution compared to traditional litigation. However, the success of ADR heavily depends on how legal challenges are addressed and how international legal principles are applied to support the implementation of ADR. One of the main legal challenges in resolving cross-border disputes through ADR is the difference in legal systems between the countries involved. Each country has its own rules regarding jurisdiction, applicable law, and dispute resolution procedures. In cross-border online transactions, jurisdictional conflicts often arise

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<sup>19</sup>Ma. Y., *Op. Cit.*, hlm. 54.

<sup>20</sup>Brown, T., “*Harmonization of International ADR Laws*”, *Global Arbitration Journal*, 2023, hlm.78–95.

because the consumer and the business are located in different countries. Jurisdictional differences can become a significant barrier to consumer dispute resolution.<sup>21</sup>

Additionally, the lack of international legal harmonization ~~at the international level~~ is also a hindrance. For instance, although the 1958 New York Convention provides a legal basis for the recognition and enforcement of international arbitral awards, not all countries have national regulations that align with the Convention's principles. This can impede the implementation of ADR in certain countries.<sup>22</sup> Another challenge is the lack of accessibility for consumers. Many consumers are unaware of their rights or do not have information about available ADR mechanisms. The lack of consumer awareness about ADR often leads to reluctance or an inability to submit their disputes through ADR mechanisms.<sup>23</sup>

Technology is also a key challenge in cross-border dispute resolution. While Online Dispute Resolution (ODR) systems offer an innovative solution to overcome geographical barriers, implementing this technology requires adequate infrastructure and high data security. Many countries lack the necessary technological infrastructure to support the effective implementation of ODR.<sup>24</sup> International legal principles play a crucial role in supporting the success of ADR in cross-border disputes. One of the key principles is party autonomy, which grants consumers and businesses the freedom to choose the dispute resolution mechanism they find most suitable. Party autonomy is a fundamental element in ADR, allowing flexibility in resolving disputes.<sup>25</sup>

Another relevant principle is the recognition and enforcement of ADR awards internationally. The 1958 New York Convention provides a legal framework for the recognition of international arbitral awards in over 160 countries. This offers legal certainty for parties involved in cross-border ADR.<sup>26</sup> The principle of non-discrimination is also crucial in the context of ADR. This principle ensures that all parties, regardless of their nationality or location, have equal access to ADR mechanisms. The application of this principle can enhance consumer trust in ADR as a fair mechanism.<sup>27</sup>

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<sup>21</sup>Al-Fadhel, "Jurisdictional Issues in Cross-Border ADR", *Journal of International Law*, 2021, hlm. 103-107.

<sup>22</sup>Jones, "Challenges in Implementing ADR", *International Arbitration Review*, 2022, hlm. 30-44.

<sup>23</sup>Lee, "Access to Justice in Consumer Disputes", *Journal of Consumer Protection Law*, 2023, hlm. 105-120.

<sup>24</sup>Kim, "The Role of Technology in ADR", *Journal of Digital Law*, 2023.

<sup>25</sup>UNCTAD, "Arbitration and Party Autonomy", 2022.

<sup>26</sup>United Nations, "The New York Convention", 2021.

<sup>27</sup>Zhang, "Non-Discrimination in Cross-Border ADR", *Journal of International Dispute Resolution*, 2020, hlm. 34-47.

To overcome legal challenges in ADR, stronger international cooperation is needed. Legal harmonization at the global level, such as through the UNCITRAL Model Law on International Commercial Arbitration, can help reduce differences in legal systems between countries. The adoption of this model law by more countries can improve the effectiveness of ADR in cross-border disputes.<sup>28</sup> Moreover, education and socialization about ADR need to be increased, especially for consumers. Governments and international organizations must collaborate to raise consumer awareness about their rights and how to access ADR. Targeted educational programs can increase consumer participation in ADR.<sup>29</sup>

Technology should also be optimally utilized to support ADR. The development of secure and reliable ODR systems can enhance accessibility for consumers and businesses in different countries. However, this requires investment in technological infrastructure and international cooperation to ensure the interoperability of ODR systems. Resolving cross-border consumer disputes through ADR faces various legal challenges, including jurisdictional conflicts, a lack of legal harmonization, and limited accessibility. However, international legal principles such as party autonomy, recognition of arbitral awards, and non-discrimination provide a solid foundation to support ADR implementation. Through international cooperation, improved education, and the utilization of technology, ADR can become an effective mechanism for resolving consumer disputes in the digital age.

The application of the Alternative Dispute Resolution (ADR) mechanism in cross-border transactions faces various complex legal challenges, primarily due to differences in legal systems between countries, limited consumer access to ADR, and the lack of international regulatory harmonization. One of the main challenges is jurisdictional conflict, where consumers and businesses are often located in different countries with incompatible legal systems. This creates legal uncertainty, especially in determining the applicable law and enforcing ADR awards. Differences in jurisdictional interpretation among countries often hinder the recognition and enforcement of international arbitration awards.<sup>30</sup>

To address jurisdictional conflicts, a solution that can be applied is the adoption and strengthening of international instruments such as the 1958 New York Convention. Countries need to update their national regulations to align with the principles outlined in the convention, ensuring that international arbitral awards can be recognized and enforced

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<sup>28</sup>Brown. T., *Op. Cit.*, hlm. 78.

<sup>29</sup>Smith, 2023, *Op. Cit.*, hlm. 112.

<sup>30</sup>Ma. Y., *Op. Cit.*, hlm. 72.

more effectively. Additionally, establishing an international arbitration court specifically for cross-border consumer disputes could be a strategic step. This court would have universal jurisdiction and focus on global e-commerce disputes.<sup>31</sup>

The next challenge is the low accessibility of ADR for consumers. Many consumers, particularly in developing countries, lack adequate knowledge about their rights in cross-border disputes or how to use ADR mechanisms. The lack of education about ADR often leads to consumers being reluctant or unable to utilize this mechanism.<sup>32</sup> To overcome this challenge, governments and international organizations need to launch large-scale public education campaigns. These campaigns should focus on spreading information about consumer rights, ADR procedures, and their benefits in resolving disputes. Additionally, e-commerce platforms like Amazon and Shopee may be required to include easily accessible ADR guidelines in multiple languages, allowing consumers from diverse backgrounds to understand how to file a dispute.

The lack of legal harmonization between countries also represents a significant barrier to the implementation of cross-border ADR. Although the UNCITRAL Model Law on International Commercial Arbitration provides comprehensive guidelines, its adoption at the national level remains uneven. This results in differences in ADR procedures, which ultimately create uncertainty for the parties involved. Legal harmonization can be achieved through multilateral cooperation, where countries agree on a minimum standard for the implementation of ADR.<sup>33</sup> For example, the development of an international framework covering mediation and arbitration procedures, as well as the recognition of cross-border ADR awards, could be undertaken through forums like the WTO or ASEAN.

In addition to regulatory challenges, technological barriers also hinder the implementation of cross-border ADR. Although the Online Dispute Resolution (ODR) system offers innovative solutions to resolve disputes virtually, many countries still lack adequate technological infrastructure to support it. ODR systems require significant investment in data security, interoperability, and the training of digital mediators.<sup>34</sup> To overcome this challenge, governments and the private sector can collaborate in building secure and reliable ODR platforms. A successful example is the ODR platform developed by Alibaba, which enables consumers and businesses to resolve disputes without

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<sup>31</sup>Brown. T., *Op. Cit.*, hlm. 95.

<sup>32</sup>Lee, *Op. Cit.*, hlm. 105.

<sup>33</sup>Kaufmann-Kohler, *Op. Cit.*, hlm. 67.

<sup>34</sup>Rabinovich-Einy dan Katsh, *Op. Cit.*, hlm. 88.

geographical limitations. This model can be replicated by providing open access to similar platforms for users worldwide.

Moreover, cultural and language challenges need to be addressed in cross-border ADR. In many cases, misunderstandings due to cultural differences or the inability to understand documents in foreign languages can hinder the dispute resolution process. A solution to this challenge is to provide ADR services that are multilingual and culturally sensitive. Using mediators or arbitrators who have a deep understanding of the cultures and languages of the parties involved can improve the efficiency and fairness of the ADR process.<sup>35</sup> By addressing these challenges through concrete and measurable approaches, ADR can be implemented more effectively in cross-border transactions. Strengthening the international legal framework, launching extensive educational campaigns, building technological infrastructure, and providing inclusive ADR services are strategic steps that can enhance consumer and business trust in ADR as an efficient and fair dispute resolution mechanism. Through collective efforts from various stakeholders, ADR has excellent potential to become a relevant solution in tackling the challenges of global trade in the digital age.

#### **D. Conclusion**

The implementation of the Alternative Dispute Resolution (ADR) mechanism in cross-border consumer disputes necessitates a comprehensive approach that involves legal frameworks, technology, and international principles. Supported by instruments such as the 1958 New York Convention and the UNCITRAL Model Law, ADR offers an efficient and cost-effective solution compared to traditional litigation. Innovations like Online Dispute Resolution (ODR) are also crucial to address geographical challenges, provided they are equipped with reliable data security. The principles of party autonomy and non-discrimination must serve as the foundation, supported by public education campaigns and multilateral cooperation for legal harmonization. These strategic steps make ADR an effective tool for resolving cross-border disputes in the era of global trade.

The challenges in implementing ADR for cross-border consumer disputes include differences in legal systems, lack of regulatory harmonization, limited consumer access, technological barriers, and cultural differences. These issues can be addressed by

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<sup>35</sup>Zhang, 2020, *Op. Cit.*, hlm. 34.

strengthening international legal frameworks, such as the 1958 New York Convention and the UNCITRAL Model Law, as well as by applying the principles of party autonomy, non-discrimination, and recognition of arbitral awards. Supporting ADR through investment in ODR technology, consumer education, and multilateral cooperation in forums such as the WTO or ASEAN can enhance its effectiveness, making it a reliable mechanism for protecting consumers in cross-border transactions

#### **E. Suggestion**

Governments and industry stakeholders need to develop an integrated, secure, and inclusive Online Dispute Resolution (ODR) platform, supported by advanced technologies such as blockchain, to enhance trust and data security. This platform should also feature multilingual capabilities and user-friendly accessibility. Additionally, a public education campaign involving governments, international organizations, and e-commerce platforms is necessary to raise consumer awareness and provide ADR professional training to ensure competence in resolving cross-border disputes.

Countries need to accelerate the harmonization of international regulations by adopting the UNCITRAL Model Law and the 1958 New York Convention within their domestic legal systems. International forums, such as the WTO and ASEAN, can facilitate the development of global standards for ADR implementation. Meanwhile, investment in digital infrastructure and the development of interoperable ODR systems are necessary to ensure the effectiveness of ADR mechanisms at the international level, particularly in reaching consumers in developing countries.

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