

# Education and learning

## (ASEAN economic community (AEC) increasing empowerment)

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**Abstract—** Since 2016 Indonesia has entered the economic gate of Asia, it has become a driving force that expects the countries incorporated. Indonesia itself has need for this unites economic. Even though, Indonesia needs to be introspective. Indonesia must be able to stabilize its domestic conditions to align itself into the economic integration without any further restrictions. Several factors such as domestic business development, human resources, legal protection and various policies need to be re-examined to prevent the local entrepreneurs. This paper will discuss the legal policy in the AEC and how to align the position of the brunt enormous external investment power on an economic scale.

**Keywords—** law and policy; indigenous; entrepreneur

### I. INTRODUCTION

The economic growth of a country is strongly influenced by its internal and external forces. The internal strength form of income earned by the state come from sources of income, for example in the form of taxes, user charges, profits from state enterprises and acceptance of fee. In addition, countries also strengthen international trade as an external acceptance of the country. Trade (and or free trade and / or economic trade integration) is one of the main factors for increasing GDP. As a historical record we can see that this international trade has been going on for thousands of years since the beginning of the silk route.

### II. LITERATURE REVIEW

#### A. Economic integration

The concept of integration already established since 1961 where Bela Balassa created a model of economic union. The union is a form of economic integration area that inter alia being mentioned as European integration. Balassa, mention five steps of process on integration require:

1. Free exchange area,
2. Customs union,
3. Common market,
4. Economic union,
5. Economic and monetary union

European Union has already done the whole concept above if it being illustrated.

The tendency to choose unity over trade arises from the fact that bilateral trade is relatively small on a scale. Moreover, countries expect that this unification is a milestone in facilitating the movement of the economy. Some things are seen that on the matrix of trade growth rate [1].

Economic integration becomes a serious research being done since after World War II. Analysis of the international integration process became general in international economics and world economics [2].

International integration also being part of the custom union theory, in 1950's, the community realize the position of international integration with the advantage and disadvantages. In 1941 the so called Ventotene Declaration was formulated by Altiero Spinelli (For a free and united Europe) [2].

The integration attempts of recent decades drew the attention not only of economists and political scientists but also of academics in many other fields, and on this basis many theoretical trends and schools of integration theory emerged. The subject of integration involves legal, sociological, historical and cultural research. In connection with integration, "European studies", as a new field of scholarship, is increasingly characterized by a multidisciplinary approach (combining history, economics, law, sociology, political science and culture) [2].

Despite the novelty of integration theory it must be remembered that the idea of European Union and within this, for example, a “United States of Europe” was by no means new. From the 16th century the idea of uniting Europe, and efforts aimed at this, had occupied the minds of many of the continent’s great thinkers (Erasmus of Rotterdam, Jan Amos Comenius, William Penn, François-Marie Voltaire, Charles-Louis de Secondat Montesquieu and Immanuel Kant) [2].

From the 1950’s, customs union theories are regarded as the basis of the economics literature on international integration (they analyzed the advantages and disadvantages of customs union).

Meanwhile some of experts also mention that the integration itself create another branch of from economic conditions and various other factors.

EndreDomonkos [2] stated that:

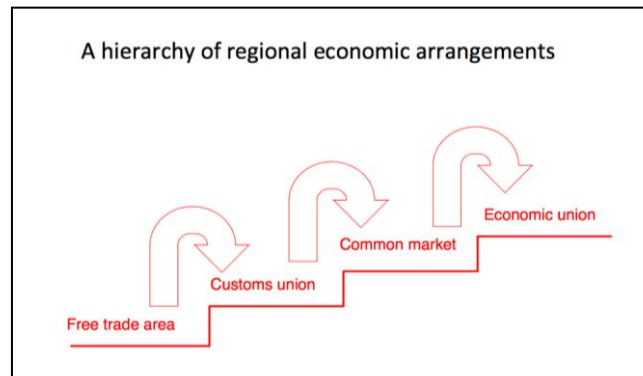
...We can state that eventually a certain intensity of international cooperation leads to the internal development of interdependence and ultimately to its increase. In a broader and more general approach, interdependence can be interpreted as a state or process when the position of agents becomes mutually dependent and their actions mutually determined. Interdependence can be defined as a new quality of international relations, when as a result of the expansion of cooperation, at a certain point the position of countries changes significantly toward each other, and their policies and actions become mutually dependent.

The interdependence is one of key elements on integration process. It is demanding the whole of fields, internal and external views and also mutual dependence.

Endre Domonkos [2] urged that integration theories focus on five important dimensions of the process:

1. The content (or essence) of integration processes;
2. The organizational forms and institutions of integration;
3. Regulation (policies) and governance of integration;
4. The advantages and disadvantages of integration (cost-benefit analysis);
5. The problems of integration maturity (capacities or capabilities for integration).

These parts are prominent places on integration process. In align with the process, the integration take place of place form in way of integration. Katarzyna Śledziewska [3] makes the illustration of economic integration as follow:



The integrated pattern of free trade also concluding the custom union, common market and in the last place to converted the economic union

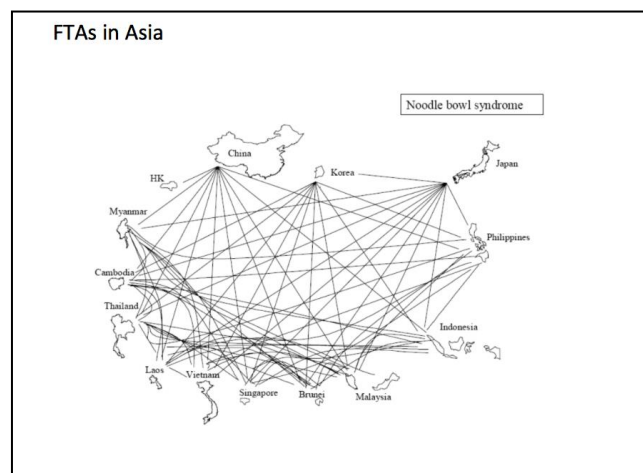
### B. ASEAN Economic Community (AEC)

The integrated trade or the liberalization is divided into two types, the first is cutting the tariff, and the countries will cut the tariff unilaterally. This condition comes from countries that already brought a trade barrier within them. The second form is the multilateral arrangement. For instance, GATT/WTO Rounds – or agreements among a smaller subset of countries create their multi agreement regarding the trade. This latter type of agreement is referred to as a preferential trade agreement (PTA).

The World Trade Organization (WTO) [1] had measured the three types of PTA:

1. Custom unions and free trade agreements sanctioned under Article XXIV
2. Agreements between developing states formed under the Enabling Clause that allows partial preferential treatment.
3. Agreements under the Generalized System of Preferences (GSP) that allow developed states to grant preferential treatment to developing states.

In Asia the creation of free trade also being growing in many ways of countries practices. Katarzyna Śledziewska [3] giving the cycles of trade in Asia in above patron.



The main agenda of free trade is on ASEAN Summit, the 12th, in 2007. The ASEAN leaders had commit to establishing the ASEAN Economic Community (AEC) by 2015. The ideas are to transform ASEAN into a region with free movement of capital, services, goods investment, and labor with competent skill.

The AEC [4] illustrated:

...AEC is the realization of the end goal of economic integration as espoused in the Vision 2020, which is based on a convergence of interests of ASEAN Member Countries to deepen and broaden. Economic integration through existing and new initiatives with clear timelines. In establishing the AEC, ASEAN shall act in accordance to the principles of an open, outward-looking, inclusive, and market-driven economy consistent with multilateral rules as well as adherence to rules-based systems for effective compliance and implementation of economic commitments.

The AEC [4] also prepare the strengthening ASEAN Capital Market Development and Integration, with

- a. Achieve greater harmonization in capital market standards in ASEAN in the areas of offering rules for debt securities, disclosure requirements and distribution rules;
- b. Facilitate mutual recognition arrangement or agreement for the cross recognition of qualification and education and experience of market professionals;
- c. Achieve greater flexibility in language and governing law requirements for securities issuance;
- d. Enhance withholding tax structure, where possible, to promote the broadening of investor base in ASEAN debt issuance; and
- e. Facilitate market driven efforts to establish exchange and debt market linkages, including cross-border capital raising activities.

### III. DISCUSSION

The AEC [4] with design of economic growing intention still bring pro and contra to each national country. The several concerns linked to:

- a. Internal implementation of AEC organ: Institution and Law Enforcer

The comparison between AEC and EU is quite different. In EU legal standing's formulation already being delivered in procedural and substantive provisions in the FEU Treaty and the Protocols. In contrary, AEC need to regulate in doing the AEC goals. The subordinated function of ASEAN being as a gap of making the AEC runs well. The impacts of the subordinated way of ASEAN impede the flow of process that requires quick and effective action.

- b. Indigenous and entrepreneur

The other concern related AEC is how to empowering the local community (including the indigenous people) as a driving factor of economic in the bottom place of economic level.

AEC member should adjust the instrument's composition into their domestic regulation and policy. The approaches of AEC must to considering the position of empowerment. The each of countries already have their level of competence and economic. Because of that, the concept of empowerment being emerged as the main paradigm of development throughout different governmental sectors [4].

The data showed that [5]:

According to IFAD, Indigenous peoples constitute about 5% of the world's population yet account for about 15% of the world's poor.

The international regulation created [5]:

The United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) provides the basic framework for empowering Indigenous Peoples. A non-binding declaration of moral import, UNDRIP provides essential standards for the recognition and protection of indigenous peoples rights internationally by providing both policy makers and indigenous peoples the framework to mitigate the disadvantages experienced by many of the world's 370 million indigenous peoples.

Forward action on bridging the gap must be taken by the government. In the environmental context, the indigenous people with their culture and belief had been aware with the protection of nature. In South Sulawesi-Indonesia, as an example, the indigenous keeping the tradition of child birthed. If one child was being birthed, the parent needs to plant coconut trees. Their beliefs must take as a local wisdom that need to be parallel with the development (likewise the economic moves).

The empowering of economic competition on doing the economic transformation corresponding with national economic growth based on strong, inclusive, qualified, and sustainable economic growth.

### IV. CONCLUSION

In age of 50th ASEAN is expected to strengthen the centrality and unity of ASEAN in the political-security, economic, and socio-cultural scope. The creation of economic integration through AEC must being formulated in terms of ASEAN organs and also in each of countries member. The growth rate of development should include all parties. The empowerment and psychology approaches are mandatory part to be included in AEC.

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