

## **COULD ASEAN COMMUNITY 2015 BE A FAIRNESS COMMUNITY FOR INDONESIAN ECONOMY?<sup>9</sup>**

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### **ABSTRACT**

“Ready or not?”, a rhetorical question we met while discussing integration of Indonesia into ASEAN Economy Community 2015. All ASEAN member countries can trade each other without any barriers. Indonesia have not to be afraid and hesitate, because have enormously potential economy resources, including maritime sector, agriculture sector, micro and medium-scaled enterprises sector, and tourism sector, to join its community. Each countries have their own problems, and also each economy sectors have weaknesses that have to be assisted by government. Using concept of Fairness, we can analyze their own conditions, problems, and solutions. Administration of Joko Widodo have to protect them through subsidies policy. If Indonesia –under new President Joko Widodo– can utilize the ASEAN Economy Community 2015 as a moment to spread its market segment power, then Indonesia can take more advantages from the the regime.

**Keywords:** *Indonesia; Economy; ASEAN Community 2015; Fairness*

### **INDONESIAN ECONOMY POTENTIALS**

On its path for economy integration process into Southeast Asian countries, Indonesia supposed to be ready preparing all of its own resources donely. Started from strengthening its potential resources, and anticipating its weaknesses that can disturb Indonesian economy’s throne in ASEAN Economy Community 2015.

Enormous amount of people to natural resources that belongs to Indonesia, should make it has huge portion in integration process into ASEAN Economy Community 2015 later. As an archipelago and a country that majority of people are engage in farming, and in large birth of domestic micro and medium-scaled enterprises momentum, also tourism potentials that have been explored yet, Indonesia have superior in a lot of sectors and every levels.

Extensive Indonesian waters have large potentials, included fisheries, tourism, to off-shore mining exploration. Elected President Joko Widodo contiguoused by Vice President Jusuf Kalla in 2014, made maritime sector starts to be seen by all sides. President policy to arrange short-term, mid-term, and long-term development that focused to maritime sector, made Indonesian waters potentials especially from sea, start to find its ‘renaissance’ point –seems like Majapahit glory– eventough this policy has not been yet understood and be implemented by all of Indonesian bureaucracies and businessmen.

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Stands of Indonesian Government up for fisheries and maritime sectors that have not been reputed up to now, start to be applied in several coastal areas in Indonesia. Government policy in giving soft bank loans for fishermen, giving fuel subsidies for small and middle ships, arranging fisheries products from upper to lower sale, prohibiting use of certain trawl that can damage sea habitat, up to frontal sinking-illegal-fishing-ships policy due to illegal fishing in Indonesia sea area, start to be applied and implemented.

Farming culture that have been existed in majority of land people also can be a promisingly resource potential for Indonesia. Wet rice and unirrigated agricultural field products supposed to be fulfil domestic demand, and be a favourite export commodities to other countries, even to Europe and Africa regions, in spite of government have not included standarization policies for all Indonesian commodities entering Europe and Africa markets.

Shift of view in President Joko Widodo policy was not directly make government put agriculture be a second sector behind maritime. Policies in giving soft bank loans for farmers, giving fertilizer subsidies, arranging agriculture products from upper to lower sale, up to arranging minimum and maximum price for its products from central government to local governments still be implemented until nowaday, although it is not covered all farmers in Indonesia yet.

Nowadays, Indonesia emerge micro and medium-scaled enterprises everywhere massively. Easy of application of micro and medium-scaled enterprises establishing policy be a stepping stone for central government and local governments to produce another new policies taking side of domestic micro and medium-scaled entrepreneurs.

Central government also has started supporting these domestic micro and medium-scaled entrepreneurs to export their merchandises and services abroad through easy of exporting policy for them. This policy supposed to be the next '*homework*' for local governments to make coordination and harmony cooperation with this central government policy.

Started from culinaries, traditional ceremonies, archeologist sites, beaches, to mountains in Indonesia supposed to have special allocation for income of Indonesia. Tourism sector that belongs to Indonesia, have not been managed and arranged well yet, also have not been promoted by central and local governments continuity, nor by domestic tourism enterprises.

## **ASEAN COMMUNITY 2015 = FAIRNESS COMMUNITY?**

“Ready or not?”, a rhetorical question we met while discussing integration of Indonesia into ASEAN Economy Community 2015. All of us can counting down that Indonesia just have less than a year entering ASEAN Economy Community 2015. All benefits and losses can not be avoided while Indonesia integrating within the rest of Southeast Asian countries.

Aggreing of ASEAN Economy Community 2015 validation at the end of 2015 has some aims that is to emerge and increase economy cooperations, trades, and investation between ASEAN members; to gain trade of merchandises and services, also to create economy bureaucracies systems transparantly and to easy of investments; to get potential new cooperations and to evolve appropriate

policies due to economy multilateral cooperations; to integrate economy lif effectively and to connect asymmetry economy developments in Southeast Asia region.

International trade is a traffic of economy resources changing between individuals, Multi-National Corporations (MNCs), even governments based on agreement across nation-states' territories.<sup>11</sup> There are some basic reasons for states to have international trades. First, states do this due to each of them have its own characteristics and potentials that different each other, included geographic positions, specializations, cultures, peoples, and the others.

Second, states do international trading in order to reach economical scale in productions. It means if each states produce amount of merchandises and services, so they can produce it in large number, and therefor be more efficient than a state tries to produce all of merchandises and services.

There are factors boosting implementation of international trade, First, fulfilling domestic needs of merchandises and services. Second, desire getting benefits and increasing state incomes. Third, having different in sciences and technologies capabilities in economy resources processes. Fourth, having domestic production surplus with the result that they need new market to sell theirs.

Fifth, having different in natural resources, climates, labours, cultures, and amount of people that caused different in their productions. Sixth, having similarity in taste of a merchandise or service. Seventh, having passion to make cooperation, politic ties, and get supports from the other. The last factor is consisting globalisation era in result that no one states can live itself.

In this paper, author applies using of concept of Free Trade for this case. This concept explains that trade between nation-states can be done freely, not be limited nor be charged by any barriers, included tariff barriers and non-tariff barriers. If concept of Free Trade be concerned with ASEAN Economy Community 2015 validation, therefor traffic of trade between ASEAN member countries can be done freely, not limited by any complicated bureaucracy procedures, also not be charged by any economy barriers from each destination states in Southeast Asia region.

We can find several benefits in ASEAN Economy Community 2015 using concept of Free Trade. First, each ASEAN member countries can get merchandises and services that not be produced in their own countries. Different in geography conditions, climates, level of sciences abilities, and the others can be factors influence different products with another countries. Within international trade, each countries can fulfil their needs that can be produced by their own.

Second, all of ASEAN member countries can get benefits from specialization. Through free trade activities, each ASEAN member countries can be specialist in some sectors. Eventhough each states can produce sam merchandises or services with the other, but sometimes it is better if the state import that merchandises or services from state that have specialization on it.

Third, through this ASEAN Economy Community 2015 can widen market segmentation for every merchandises and services of each Southeast Asian countries. Occasionally, ASEAN member countries do not produce their own merchandises and services maximally due to worry they will be

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<sup>11</sup> Goldstein, Joshua S., Jon C. Pevehouse. 2014. *International Relations: Tenth Edition*. Pearson. New Jersey, United States of America.

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over produce, that caused decline its prices. Through international trade, they can produce their merchandises or services maximally, and sell their surplus to other countries, with the result that it can reaches optimization in their resources utilizing.

Last benefit, it will be modern technology transfer activities between ASEAN member countries. International trade makes possible the ASEAN member countries learning production technique efficiently and comprehensive management technique for their own merchandises and services.

Author also observes at Indonesian and the rest of ASEAN member countries economy integration process into ASEAN Economy Community 2015 using concept of Fairness. By convenience, this concept can be understood that not to be happened an ASEAN member country receiving a certain advantage by implementing a particular policy, while on the other hand, such a policy would lead to losses for other countries.

Cecilia Albin stated:

Justice can be viewed as a “macro” concept which refers to general criteria of what is right and wrong. Their exact meaning in practical context is often unclear. Fairness, by contrast, can be seen as a “micro” concept which suggest what is right and wrong in particular circumstances, for individual parties and specific issues.<sup>12</sup>

Meanwhile concept of Fairness based on Frank J. Garcia is all essential social goods – freedom and opportunity, income and wealth, and grounding for self respects– are meant to be distributed equally unless it can be advantageous for the most disadvantaged actors.<sup>13</sup>

For the common people, the concept of Justice is something that must be applied in every interactions and trade transactions between actors, including the individuals, MNCs, and also countries. Indeed in the world of international political economy, the concept of Justice –which was limited to just and unjust, can and can not be, profit and not fortunately– can not accommodate the interests every actors involved directly or indirectly in the interaction and the trade transaction.

At this gap, the concept of Fairness can be used, when the interests of the actors involved, directly or indirectly, can not be measured only limited profit and not profit alone. Concept of Fairness can not be applied in all cases coincide, due to there are several factors of each case is different. These factors include the interests and purposes of participating in a certain agenda, the division of costs/expenses that are not the same, as well as the influence of the external environment/global.

ASEAN Economy Community 2015 is an international trade liberalization efforts in Southeast Asia region. Trade regime in the region of Southeast Asia is an initiative to reduce the government's political involvement of member countries in conducting trade. Protection is one form

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<sup>12</sup> Albin,Cecilia. 1993. *The Role of Fairness in Negotiation*. Negotiation Journal 9 (3).

<sup>13</sup> Garcia, Frank J. 2001. *The Law of Peoples: By John Rawls*. Houston Journal of International Law. 23 Houston.

of government involvement in the trade, and subsidies is one of the government's efforts in protecting the resource-its resources from external domination.

If we just look at ASEAN Economy Community 2015 through the concept of Justice, then we will only see results from accommodation normative interests of ASEAN member countries only. But if we look deeper by using the concept of Fairness, we will be able to see the brighter the interests of each actors involved, and see to it that no party gets the loss of existing agreements to enforce ASEAN Economy Community 2015.

As author has been told above, with the new government, Indonesia began to focus on the development of the maritime sector. Among other ASEAN member countries, Indonesia is the largest archipelago country that has vast sea waters. When Indonesia has been merged into the ASEAN Economy Community 2015, on paper Indonesia will be able to become '*king*' of the maritime regime. However, short-term, medium-term and long-term Indonesian maritime development policy has been a year old, this means understanding and implementation of central government policies have not been fully up to all local governments and all businessesmen in the maritime sector. Thus, the government still has to aggressively disseminate development policies at all levels and all regions in Indonesia.

Weak collateral policy for diesel fuel subsidies for micro and medium-scaled fishermen also considered as one of the government's '*homework*' has not yet completed. It is also indirectly related to the implementation of the price of fuel (BBM) policy in Indonesia. Fuel became the pulse of fishing activities for micro and medium-scaled fishermen, because without diesel, they can not produce the commodity from the sea. Government should not wash its hands and still obliged to conduct protection efforts by providing subsidized diesel fuel for fishing vessels for small and medium enterprises.

Policy lending to farmers it is still not evenly distributed. There are still many farmers outside Java island who do not enjoy the soft bank loan with interest. Similarly, the distribution of fertilizer subsidies policy. Not all fertilizer suitable for use in all different rice paddies and fields in Indonesia. Total availability of fertilizer has also become a new problem, which in the end the farmers use natural fertilizers to the land homemade. It takes the role of government for the distribution of subsidized fertilizer at the same time regulating the amount of fertilizer availability.

Distribution of the results as well as the pricing of rice paddies and fields commodities are also still in need of protection from the government's efforts. Standardization of the quality of the commodity also be thinking for the next Indonesian government if it does not want to compete with Indonesian commodities from other ASEAN countries. This is all it takes to help farmers meet Indonesia in ASEAN Economy Community 2015.

The birth of the micro and medium-scaled enterprises massively in Indonesia should be thankful, because through increasing number and their strength, it will also automatically affect increasing the power of Indonesian micro-economics. The scale and scope of its business is still small and medium, this is still in need of protection from the Indonesian government. Through the ease policy establishment of micro and medium-scaled enterprises, government actually has done a good first step. If government wants to protect the micro and medium-scaled enterprises is at the same time also increases the strength of the current Indonesian micro-economics in ASEAN Economy

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Community 2015, would be even better if the government issued new policies and others to be continuity of policy of micro and medium-scaled enterprises which previously , such as tax relief for those policies, policy facilitation of exports of goods and services, and other measures that aim to protect the micro and medium-scaled enterprises in the country.

In the tourism sector, Indonesian government's '*homework*' is still piling up. Started from the number of objects and tourist sites that have not been explored their existences, there are still many things and tourist sites are not neglected, to still do a vigorous campaign on all fronts. Indonesia has a diverse cultural and natural geographical conditions, this means there is a lot that can be utilized Indonesian government to serve as a tourist attraction that will increase state revenues. Besides utilizing objects and tourist sites, the Indonesian government is also obliged to protect them, because they are assets of the nation's wealth that is priceless.

There are several steps that must be carried out by the Indonesian government under the new leadership of President Joko Widodo is that, first, the Indonesian government is obliged to provide socialization and education to all citizens in all regions that Indonesia will undergo economic integration among ASEAN member countries more into the ASEAN Economy Community 2015.

Second, the Indonesian government should have a short-term policies that arrange how the readiness of the state and people of Indonesia in the face of smelting economy sectors in Southeast Asia, especially to the fishermen, farmers, small and medium-scaled enterprises so that they are not surprised in the 2015.

Third, the Indonesian government is still obliged to carry out protection in the form of subsidies in some areas of the economy, particularly in the fisheries sector, agriculture, micro and medium-scaled enterprises, as well as the tourism sector. Without the help of these subsidies, fishermen, farmers, and micro and medium-scaled enterprises have not been able to compete if they are released in the ASEAN Economy Community 2015 later.

. Recently, the Indonesian government shall change its mindset that ASEAN Economy Community in 2015 is not a pure liberalization efforts of the domestic economy into the region's economy by removing responsibility for the protection of its domestic economy, but to explore the potential of the economy of each ASEAN member countries, to strengthen economic cooperation, and to facilitate the traffic of merchandise in Southeast Asia

## CLOSING

Less than a year, Indonesia will enter ASEAN Economy Community 2015. Lot of benefits and losses can not be avoided while Indonesia integrate with the rest of ASEAN member countries. When there is a "Do Indonesia ready joining into ASEAN Economy Community 2015?" question, then we should answer "Indonesia must be ready!". Indonesia have not to be afraid and hesitate, because have enormously potential economy resources, included maritime sector, agriculture sector, microenterprises sector, and tourism sector, to face this new economy regime. Something must to do by Indonesian Government is strengthening domestic economy resources, and also securing them in order not to be defeated by another economy resources from the rest of ASEAN member countries.

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