

# OPPORTUNITIES & CHALLENGES FOR INDUSTRIES, WORKERS, AND GOVERNMENT OF INDONESIA IN THE ASEAN ECONOMIC COMMUNITY IMPLEMENTATION

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## ABSTRACT

The ASEAN Economic Community (MEA) era has arrived, but the echo is still not being a major concern, both for the majority of community nor the government of Indonesia. Things are more political noise and feels lumpy always happened all the time, rather than discuss anything that has to be prepared and conducted in the MEA era. This paper would like to remind again community and government to do preparation in the era of MEA. This paper is in principle underlines that the opportunities and challenges for the industries, workers, and government, as the tripartite, is very important to be used as a foundation in drawing up action plans to face the era of MEA.

**KEY WORDS:** Opportunities, Challenges, Industries, Workers, and Government.

## 1. Introduction

Along with the signing of the ASEAN Economic Community Blue Print by 10 heads of States of ASEAN members, Indonesia as one of the countries that signed this document, claimed to be committed to running what is mandated by the blueprints. In point 8 of chapter II of the blueprint as intended, there are 4 characteristics that will be reached by the ten ASEAN member countries, namely the single market and production base, the high economic competitiveness, the area with equitable economic development, and fully integrated with the global economy.

Each of these characteristics has the components described in brief as follows:

### A. Single market and production base

#### 1. The Free Flow of Goods

The free flow of goods is one of the primary means of achieving a single market and production base. Single market for goods (and services) will also facilitate the development of a production network in the region and increase the capacity of ASEAN as a global production centre or as part of the global supply chain. The pillars as the basis to perform actions in the free-flow of goods are as follows:

- a. The Elimination of Tariffs;
- b. Removal of Non Tariff Barriers;
- c. Provisions of the Origin of the Goods;
- d. Facilitation of Trade;
- e. The Integration of Customs;
- f. The ASEAN Single Window;
- g. Standards and Technical Barriers to trade.

#### 2. The Free Flow of Services

The free flow of services sector is one of the important elements in realizing the ASEAN economic community, in which there are no barriers to ASEAN services suppliers in the provision of services in a cross-country in the region, according to the domestic rules in each Member State. Service sector liberalization negotiated in several rounds of negotiations, particularly through the ASEAN Coordinating Committee on Service (CCS). Negotiations

for certain sectors such as financial services and transportation of the country shall be executed through the Ministry. In the service sector, liberalization is not allowed to pull back the commitment and flexibility which was agreed by all ASEAN member countries. In facilitating the free flow of services sector in 2015, ASEAN is also preparing the recognition of qualifications of professionals, with the goal of facilitating its movement in the region. For the financial sector, efforts to liberalize financial services sector should allow the Member States to ensure the development of the financial sector and maintaining financial stability as well as economic socialization.

### 3. The Free Flow of Investment

The grammar rules of a free and open investment is the key to enhance ASEAN'S competitiveness in attracting foreign direct capital in planting (Foreign Direct Investment/FDI) including intra-ASEAN investment. The inflow of new investment and increased investment that has been there (reinvestments) will encourage and ensure the economic development of ASEAN. The pillars are the basis to perform actions in the free-flow of investment is as follows:

- a. Protection of Investment;
- b. Facilities and cooperation;
- c. Promotion and Awareness.

### 4. A Freer Flow of Capital

The pillars are the basis to perform actions within a freer capital flow is as follows:

- a. Strengthen the development and integration of ASEAN capital markets; and
- b. Allow higher capital mobility.

### 5. Free Flow of Skilled Workforce

The pillars are the basis to perform actions in the free flow of skilled workforce is as follows:

- a. Allow managed mobility and facilitate the entry of labour involved in the trade of goods, services and investment in accordance with the regulations applicable in the country of the recipient
- b. In order to facilitate the free flow of trade services (not later than in 2015), the ASEAN also seeks harmonization and standardization, in order to facilitate the movement of labour in the region.

### 6. Integration of Sector priorities and Cooperation in the Fields of Food, Agriculture, and Forestry

As many as twelve economic priority sectors have been identified to speed up economic integration. Some Member States have played a role as a coordinator for each sector. The priority integration sectors each have a road map that combines specific sector initiatives with broader sector initiatives in cross-cutting policy such as trade facilities. The pillars are the basis to perform actions within a freer capital flow is as follows:

- a. Enhance cooperation, technology transfer and joint approaches among countries members of ASEAN with regional organizations and international as well as the private sector.
- b. Encourage cooperation ASEAN agricultural cooperatives as a means to empower and enhance market access for agricultural products, building network mechanisms linking agricultural cooperatives, and meet the goal of agricultural cooperatives to provide benefits for the farmers in the region.

## **B. The High Competitive Area of Economy**

### 1. Business Competition Policy

The main objective of competition policy effort is reinforcing a culture of healthy competition. The Institute and legislation related to competition policy effort has

recently been formed in some ASEAN countries. At this time there is not yet an official body for ASEAN cooperation CPL (Competition Policy Law) that serves as a network for business competition agencies or entities related to someone of experience and institutional norms regarding CPL.

## 2. Consumer Protection

The establishment of an economic area with integrated approaches on society has made ASEAN matter that consumers cannot be excluded in the process of integration. Consumer protection efforts continue to be developed in line with the economic policies is recommended.

## 3. Intellectual Property (IP or HKI)

In principle, copyright/IP policy can become a strong driving force for (a) cultural, intellectual Creativity and art as well as commercial aspects; (b) the implementation and the use of advanced technology efficiently; and (c) the learning process in order to achieve expected balanced performance. Copyright/IP policy can also foster a culture of creativity and innovation, as well as ensure access and benefits for all stakeholders equally, both on traditional and HKI. Furthermore, the copyright/IP policy can affect the volume and quality of investment and foreign trade, as well as the transfer of advanced technology. Creativity HKI is a major factor that determines the value of local and external competitiveness.

## 4. Infrastructure Development

Cooperation on transport, the transport network is efficient, safe and integrated in the ASEAN is very important to realize the potential of the ASEAN free trade area is in full, and enhance the attractiveness of ASEAN as a region as a single tourist destination, production and investment, as well as narrowing the gap of development.

ASEAN transport also has significance for connecting the neighbour countries in the North-East and South Asia.

## 5. Taxation

Action is taken in this pillar is completing bilateral agreements on double taxation avoidance between ASEAN member countries in 2010, if possible.

## 6. E-commerce

Action is taken in this pillar is drawing up policies and legal infrastructure in the area of e-commerce and through the implementation of the e-ASEAN framework agreement and is based on the common frame of reference.

## **C. Areas with equal economic development**

### 1. The Development of SMES

ASEAN policy blueprint for SME development (APBSD) 2004-2014 outlines a framework for SME development in ASEAN. APBSD consists of 31 strategic work program, policy measures, and the expected output.

### 2. ASEAN Integration Initiative

Initiative for ASEAN Integration (IAI) launched in November 2000 provides direction and sharpen the focus of the joint efforts to narrow the gap of development, not only in ASEAN but also between ASEAN and other parts of the world. At the moment, IAI covering the areas of priority, namely 32, HR, ICT infrastructure, capacity building for economic integration of the region's climate, energy, investment, tourism, poverty alleviation and the improvement of quality of life.

## **D. Fully integrated with the Global economy**

### 1. An integrated approach towards External economic relations

ASEAN should maintain centrality of ASEAN in external economic relations, including, but not limited to,

negotiation of free trade agreements (FTAS) and comprehensive economic partnership (CEP).

## 2. Increased Participation in Global Supply Chain

ASEAN should also increase participation in the global supply chain through:

- a. Continue the application of best practices and international standards in the field of production and distribution, if possible.
- b. Develop policy packages help comprehensive techniques for ASEAN member countries who has not yet developed to enhance the skills and productivity in the industry so that it can increase its participation in various global and regional integration initiatives.

In his paper, Baskoro analyzes the opportunities, challenges, and risks for Indonesia in general with the ASEAN Economic Community (MEA) as described below:

- For Indonesia itself, MEA will be a good opportunity because of trade barriers will likely diminish even be non-existent. It will have an impact on increasing the export that will eventually increase the GDP of Indonesia. On the other hand, emerging new challenges for Indonesia in the form of its homogeneity issues traded commodities, e.g. for agricultural commodities, rubber, wood products, textiles and electronic goods (Santoso, 2008). In this case the competition risk would arise with many imported goods that will flow in large quantities to Indonesia which would threaten local industries in competing with foreign products in a much higher quality. This will ultimately increase the deficit of trade balance for Indonesia itself.
- On the investment side, these conditions can create a climate that supports the entry of Foreign Direct Investment (FDI) that can stimuli the economic growth through the development of technology, job creation, the development of human resources (human capital) and

easier access to world markets. However, the condition can bring up the exploitation risk. Indonesia still has a less binding regulation level so that it can give rise to acts of exploitation on a large scale against the availability of natural resources by foreign companies coming into Indonesia as a country that has abundant natural resources in comparison to other countries. No possibility of exploitation also performed foreign companies could damage ecosystems in Indonesia, while the regulation of investments in Indonesia have not been strong enough to maintain natural conditions including availability of natural resources is contained.

- From the aspect of employment, there is a big chance for job seekers because it can be widely available employment opportunities with a variety of needs for a wide range of expertise. In addition, access to go out of the country in order to find a job even easier, could be without any obstacles. MEA also became a great opportunity for the entrepreneur to find the best worker in accordance with the desired criteria. In this case could bring the risk of employment for Indonesia. Seen from the side of education and productivity of Indonesia still compete with labour that came from Malaysia, Singapore, and Thailand as well as the Foundation of the industry for Indonesia itself makes Indonesia ranks fourth in ASEAN (Republika Online, 2013).

- With the presence of this MEA era, Indonesia has the opportunity to take advantage of economies of scale advantages within the country as a base for a profit. However, Indonesia still has a lot of challenges and risks that will arise when the MEA has been implemented. Therefore, the risk professional is expected to be more sensitive to the fluctuations will occur in order to anticipate the risks-risk appropriately. In addition, a beautiful collaboration between State authorities and the perpetrators of the effort required, infrastructure both physical and social (law and policy) needs to be addressed,

as well as the need for improved skills and competitiveness of the workforce and companies in Indonesia. Indonesia should not just be a spectator in his own country by 2015.

From the results of analysis of Baskoro above, need to be addressed in more detail about the opportunities and challenges of the industrial aspect of Indonesia, employment policies, and in the face of the era of the MEA. The most important things that need to be discussed further associated with these three aspects are what are the opportunities and challenges for Industries, labour, and Government in the face of the era of the MEA. These are discussed in the following chapter.

## 2. The Opportunities & Challenges for the Industries, Workers, and Government

### A. Industries

Based on the results of the analysis presented in the KONTAN Daily Business & Investment, Monday 7 July 2063 as quoted by Krisna and Utami, here are the opportunities and challenges for industries in facing the era of MEA:

The Industrial Sector	Opportunities	Challenges
Metal, iron and steel (number of labor 161.861 & 156.953)	This industry relied upon Indonesia to expand the market in ASEAN. Quality steel production, metal iron, and Indonesia is better than other ASEAN countries.	Raw material for industrial production was partly still imported. Not only that, the industry is also still has to compete with imported products finished goods from other countries.
Rubber (the amount of labor 353.624 and	Indonesia is the second largest rubber	The industry is very sensitive with the

The Industrial Sector	Opportunities	Challenges
357.544)	producer in the world after Thailand. There are many industries that cultivate rubber for tires and have managed to export to various countries.	movement of the price of rubber in the world market. If the rubber price is corrected, the performance of the rubber industry fell, while export value plunged.
Automotive (number of labor 118.643 and 80.949)	Indonesia this year became ASEAN's largest automotive market. These opportunities in automotive principals to open factories in Indonesia. This time slowly has started exporting products.	The industry is growing well. The challenge is how this industry maintain growth and become the number one automotive production base in ASEAN beat Thailand.
Food & drink (the amount of labor 931.293 and 877.424)	Indonesia has some of the food and beverage industry that has already mastered the domestic market and also export to different countries, as done by Indofood Group and Mayora Group.	This industry must compete with food produced by other countries in ASEAN. The challenge of making food and drink that could be accepted by the tastes of local communities. The industry should also be alert with health standards in other countries.
Footwear and footwear (number of labor 256.500 and 220.723)	Indonesia could expand ASEAN market. The reason for this is only Indonesia which has a casual and sport shoes factory. No other ASEAN countries which produce both	Indonesia currently relies on a sports shoe accessories from China by 50%. While the import duty gear is still high.

The Industrial Sector	Opportunities	Challenges
	simultaneously.	
Textiles and Textile Products (the amount of labor 1.082.458 and 900.677)	Indonesia could become exporters of textile and textile products in the world and Southeast Asia. Because the article is the primary human needs.	The industry is facing difficulties in recent years. The amount keeps shrinking. There are many challenges this industry, start the engine is old, labor wage rise, the increase in electricity rates, until a flood of imported products.
Fertilizer (no data on the amount of labor)	Became one of the chain's national food security cycle. Fertilizers help improve agricultural productivity that pushes the national food security. So that countries do not need to import food.	This industry is heavily dependent on raw materials with gas. The issue, in the domestic gas supply is frequently interrupted. If gas went well, fertilizer from Indonesia favored in other countries primarily in Asia.
Ceramics (no data the number of labor)	The domestic market is still very large, tiled along with the growth of residential properties and projects in Indonesia. Most of the ceramic manufacturers also have been exporting their products.	This industry had a challenge in the form of the supply of raw materials in the form of natural gas that is not fixed. Gas is often preferred for export rather than to meet the needs in the country. The growth of the industry is also vulnerable to exchange rate turmoil with the rupiah, because natural gas is purchased using us dollars, while most

The Industrial Sector	Opportunities	Challenges
		use ceramics sales results.
Basic Chemistry (the amount of labor 185.066 and 182.115)	Indonesia had a basic chemical company that is integrated from upstream to downstream. The basic chemistry of the interior needs continue to grow along with the needs of other industries that use basic chemical raw materials.	Raw material for industrial production is still part of the import. The weakening of the value of the rupiah also overloads the production expenses for the cost of raw materials.
Cement (there is no data on the amount of labor)	Cement industry has a huge market, along with the growth of the property and various infrastructure projects in and outside the country.	The inclusion of a number of conglomeration in the industry, enliven competition cement industry. Electricity tariff increase burdens the industry.

The above table shows generally that:

1. The industry with the largest number of labour (labour intensive) is a textile and textile products, followed by food and beverage industry.
2. On both the industry, Indonesia has a great opportunity as the exporter based on this experience and the importance of both the industry in meeting the basic needs for many people.
3. As for the challenge on the textile industry and textile products are the amount that continues to shrink due to old machine, labour wage rise, the increase in electricity rates, until a flood of imported products.
4. While challenges in the food and beverage industry is on the level of competition, adaptation to the tastes of local communities, and health standards in other countries.

## **B. Workers**

Based on the Wuryandani's paper in the month of September 2014, following are the challenges and opportunities for the workforce:

- From the aspect of employment, there is a big chance for job seekers because it will be available with different employment needs of the diverse expertise. In addition, access to go abroad in order to find a job is easier even likely with no particular barriers. MEA also became a great opportunity for the entrepreneur to find the best worker in accordance with the desired criteria. On the contrary, such a situation also gave rise to a risk of employment for Indonesia. Seen from the side of education and productivity of Indonesia still compete with Labour that came from Malaysia, Singapore, and Thailand. Report of the Asian Development Bank (ADB) and the International Labour Organization (ILO), MEA can create 14 million additional jobs or increase 41 per cent in 2015 because of the increasingly free movement of skilled labour. Regional economic growth can also be increased 7 percent. Indonesia, however, the possibility of not much benefited. New employment estimates reached only 1.9 million or 1.3 per cent of total workers. While the ILO estimates the demand for middle-class work force will increase 22 percent or 38 million and a low level of labour increased by 24 percent or 12 million. According to the study, about half of the workforce highly skilled foreseen will work in Indonesia. Unfortunately, most of the jobs it will be contested by candidates who are less trained workers and minimal education. As a result, it will reduce the skills gap of productivity and competitiveness of Indonesia.

- As for some of the fundamental issues still faced by Indonesia in order to face the MEA 2015. First, there are still high numbers of unemployment disguised (disguised unemployment). Second, the low numbers of new

entrepreneurs to accelerate the expansion of employment opportunities. Third, workers of Indonesia are dominated by workers not educated so that their productivity is low. Fourth, the growing number of unemployed educated Workforce, a result of the discrepancy between college graduates with the needs of the labour market. Fifth, labour productivity imbalances between sectors of the economy. Sixth, the informal sector dominates the field of work, where this sector has not been optimal attention from the Government. Seventh, unemployment in Indonesia is the highest in unemployment from 10 ASEAN member countries, including the unpreparedness of skilled Labour in the face of MEA 2015. Eighth, the demands of workers have against the minimum wage, labour contract, employment and social security. Ninth, the labour issue Indonesia (TKI) that many are scattered abroad.

- Indonesia still has enough time to renegotiate about key points agreed to give you an advantage in the position of Indonesia. The pattern or model which has been implemented by the Member States of the European Economic Community (EEC) should not be applied on the agreement MEA. Most points at MEE must be avoided on MEA so MEA should be more guarantees the delivery of the decision to each of the Member States. In this context the importance of Indonesia can play a role. Socialization of government must also be done in the context of preparation MEA. The socialization is not simply about how to penetrate the ASEAN market but much more important is how the national entrepreneurs can survive in the local market amid the magnitude of trade in services from ASEAN, which certainly will involve a workforce HR expert and skilled every sector will require coordination and cross-sector consolidation. In line with that, the required control of the acceleration of infrastructure development so that Indonesia could take the positive benefits of the ASEAN community. A new era

of ASEAN community is certainly also sparked intense rivalry between regions in the future as a result of the increased trade and capital flows. Nevertheless, this liberalization also assessed potentially sharpening inequality. Most employment opportunities will be touched on trade, construction, transportation, and the informal workings filled more power men rather than women. The level of displacement of workers of low to medium-sized skilled will also be increased. It thus requires increased protection efforts. Therefore, the government needs to recognize the importance of the regulation of the placement of foreign workers better though jobs requiring low skills are still widely available. Indonesia benefited on the chemical sector, construction, trade, and transportation. But the third sector may require high skills. Therefore, various HR improvement program can be implemented in cooperation between the government, private sector, universities and communities to prepare the work force of high skilled. Moreover, it can also be done through the introduction of science and technology, because of the impact brought about by the technology in the era of globalization, in particular information and communication technologies, is very broad. This technology can eliminate the geographical limits on the level of the country or the world. With the economy in the aspect of science and technology, human resources of Indonesia will increase along with the process of knowledge of the technology. So indirectly will also affects the improvement of economy in Indonesia.

In addition to what has been described above, the authors provide additional as follows:

1. The total minimum labour costs consisting of minimum wages and employers contributions on social security programs as well as the allocation of severance payments that tend to experience increased from year by year, must be accompanied by increased productivity.
2. Each region has different total minimum labour costs depending on the level of inflation. This is where industry peers can choose which area ratio a comparison between the minimum labour costs with the best productivity among others.
3. In the era of MEA, industries can choose the best ratio that compares total minimum labour costs with the labour productivity levels between ASEAN member countries.
4. It is this ratio ASEAN member countries are expected to compete in providing human resources effectively and efficiently.

### C. Government

Referring to the Wangke's study in May 2014, the following below is an analysis of what should be done by the government in facing the era of MEA:

- In order to welcome the ASEAN free trade era in twelve sectors agreed, Indonesia has given rise to important regulatory Act No. 7 Year 2014 concerning trading that has been introduced to the public as one of Indonesia's strategy of stemming the flood of imported products entry into Indonesia. This Act regulates general provisions about licenses for businessmen who are involved in the activities of trade in order to use the language of Indonesia in the labelling, and the increased use of domestic products. Through this Act the government are required to control the availability of the material basic necessities for the entire territory of Indonesia. Then determine the prohibition or limitation of the goods and services for the national interest such as to protect national security.
- It feels important when considering trade conditions that Indonesia has not been optimally exploit the market potential of ASEAN. In period January – August 2013 for example, Indonesia's exports to the ASEAN market recently reached 23% of the total value of exports. This is among other things because the export destination of Indonesia is still focused on traditional markets such as the

United States, China and Japan. ASEAN tariff preference level utilization used exporter Indonesia for the ASEAN market penetration recently reached 34.4%. Indonesia's ranking according to the global competitiveness index is still at 38<sup>th</sup> position from 148 countries. While Singapore ranked Malaysia at position 2, to 24, Thailand at position 37, 70<sup>th</sup> for Viet Nam, and the Philippines at position 59.

- Tight competition in the ASEAN market further away can be listened from the Indonesia trade performance in 2014. Until March 2014, Indonesia trade surplus deals of up to 673.2 million US dollars. Surplus obtained from the difference between the export values reached 15.21 billion with imports 14.54 billion US dollars. The March surplus was the second month of February amounted to 843.4 million US dollars. Nevertheless, Indonesia needs to give special attention to the trade deals with Thailand which will be jointly involved in MEA 2015. In March 2014, Indonesia suffered a deficit with Thailand to 1.048 billion US dollars.

- Furthermore, Indonesia trade surplus in 2014 is not reflecting the power of the export structure of Indonesia. Export product processing industry still relies on imported raw materials. This condition is particularly vulnerable because it means Indonesia relies heavily on the availability of raw world. Therefore the direction of economic policy in Indonesia starting in 2015 should be more clearly in line with the introduction of the free market of ASEAN.

- Therefore, the face of MEA 2015, Indonesia still has a range of homework should be improved to have competitiveness. For the social pillar of culture, Indonesia still need hard work considering there are still many citizens of Indonesia who have yet to find out about ASEAN. But one of the key successes of MEA is the connectivity or contact between one citizen with other ASEAN nationals. The understanding of the citizens in Southeast Asia against the MEA is not yet up to 80

percent. Therefore, socialization MEA becomes very important to all citizens of Indonesia which has the largest population in ASEAN. Worries that arises is, Indonesia will only be a market for similar products from other ASEAN countries.

- For the pillars of the economy, Indonesia is also still has to enhance Indonesia products. Indonesia still needs to develop industry-based added value. Therefore, Indonesia needs to do the hard work of down-streaming products. From the upper side, Indonesia has become a reliable manufacturers ranging from agriculture, marine and estates. But all of these products have not been up to the downstream to reduce imports of finished goods, as Indonesia has had sufficient raw material.

- From the side of the trade liberalization, practical products Indonesia not too face problems because almost 80 percent of trade in Indonesia already Freeway. Even the economic populist-based (SMEC) is a chance to penetrate the market of ASEAN countries. The Government has made efforts the acceleration of equitable development as part of the strengthening of the people's economy. Between the years 2011 – 2013 investment Indonesia, many directed at areas outside Java by providing the stimulation of a tax holiday. Thus, the Centre of economic growth in the future is not just concentrated in Java but also outside of Java. Other businesses that the Government does it, is to form a cluster for the construction of small medium enterprises in order to have competitiveness.

- Not only the challenges that will be faced, but also opportunities. Sectors that will be seeded Indonesia in MEA 2015 is natural resources (SDA), information technology, and the Creative Economy. The third sector is the strongest sector of Indonesia if compared to other ASEAN countries. In addition, the impact of the influx of foreign labour (TKA) to Indonesia should certainly speak Indonesia is good and correct.

• According to the Executive Director of the Center of the Reform on Economics (CORE) Hendry Saparini, Indonesia's readiness in the face of MEA new 2015 reached 82 percent. It identified four important issues that need immediate Government in the face of anticipated MEA 2015, namely: 1) Indonesia is potentially just a supplier of energy and raw materials to industrialization in ASEAN, so that the benefits derived from the wealth of natural resources is still minimal, but the deficit of the trade balance of goods Indonesia which is currently the largest among ASEAN countries growing, 2) widen trade deficit in services as an increase in trade in goods , 3) freeing the flow of labour so that Indonesia should anticipate by preparing a strategy because of the potential flood of foreign labour (TKA), and 4) the influx of investment to Indonesia from inside and outside ASEAN. Thus in free trade there will be positives and negatives that will be experienced by each of the countries involved in it. The challenge for Indonesia is currently realizing the changes for society in order to be ready in the face of free trade.

In addition to the results of the study, the authors also have the views as follows:

1. Related to the implementation of the programs of the national social security which was also imposed for the shortest TKA worked for six months in Indonesia, the Government needs to prepare a regulation regarding cooperation between social security governing body in ASEAN countries, given some ASEAN countries such as the Philippines include also the migrant workers in the social security system in his country.
2. If it is not done, then either labour or industries will tend to the injured party (in terms of overpaid contributions by the employers and/ employees as well as single benefit for beneficiaries although following more than one benefit program), especially on programs that

have the benefits related to the medical services such as health insurance and work accident insurance.

### III. Conclusion

According to Wangke's paper (2014), a free trade deal with ASEAN, the first step the government should do is to improve the competitiveness of Indonesia's products given the population Indonesia enormous potential to become a market for similar products from neighbour countries. Improvement of competitiveness of it includes both a superior product and is not seeded. In addition, Indonesia's parliament could help the government with the task of preparing a variety of regulations that aim to protect the market from the Indonesia invasion of goods products the ASEAN countries. Steps of this kind are not intended as a protection against Indonesia's market, but merely to seek a balance between exports and imports.

While Wuryandani (2014) says that the perpetrators of the economy indirectly will face many problems in increasing competitiveness in the era of the MEA. The limited working capital, HR capacity is low, and the lack of mastery of the sciences, foreign languages and technologies are some of the problems encountered. Efforts to improve the quality of HR can be reached by the efforts of synergy between Government, businessmen, and academics to set standards of competence of professionalism in each sector. Efforts to improve the quality of HR to compete in the face of MEA 2015 should be immediately implemented in order to achieve progress and the pursuit of the backwardness from other countries. Along with the positions and the role of labour is very important in the implementation of national development, the momentum of the enactment of the national agenda should be the MEA in organizing Labour issues during this time. Therefore, the revision back in the Law No. 13 of 2003 concerning Manpower ever worth considering as an umbrella law in raising the quality of Labour in General

in accordance with the dignity and the dignity of humanity. The new paradigm of labour quality improvement rests on three main pillars, namely competency standards work, competency-based training and competency certification by an independent agency. In this framework, collaboration between the Government, the house of representative (legislators), and the actors (private) effort is urgently needed. In addition, infrastructure both physical and social (law and policy) needs to be addressed. Attempt the upgrade as well as labour and competitiveness of companies in Indonesia for example, can be done by providing ease in acquiring an education/training and certification in the field of expertise. Thus, Indonesia can avoid as the audience in the country alone after the enactment of the MEA.

In closing, the authors provide additional conclusions as follows:

1. Related to the implementation of the MEA, in order that the Government immediately focuses on capacity building of HR.
2. The continuation of bureaucracy reform towards effective & efficient bureaucracy that is free from corruption, collusion, and nepotism is indispensable in the MEA era competition.
3. Cabinet Affairs with minimal political intervention might be necessary in supporting the capacity building of human resources and the bureaucracy reform as mentioned above.

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