

THE IMPLEMENTATION FAIR TRADE SYSTEM BASED ON THE NATURAL POTENCIAL RESOURCES IN EFFECTIVE AND EFFICIENT WAYS THROUGH THE ASEAN FREE TRADE ERA

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Abstract

Indonesian economic development's dimension in free trade zone era will held upon to form the development pillars frameworks. The Indonesian development pillars which are : to pull the destitution out, to absorb the man power, and to develop the economic. However, the main problem to held the development pillars frameworks is the barrier in pulling the destitution out. Pulling the destitution out which are mean by the writers team in these article especially for the traditional farmer. These statement is counted also for the farmer whom works at the place with a lot of natural potential resources . These place with a lot of natural potential resources cannot give any of economic's benefit. The incapacity of the place with a lot of natural potential resources to solve the people's problem of needs caused the rate of destitution in Indonesia getting higher every year. In free trade zone of ASEAN's frame work it is necessary to held some new brand penetration to support the new program by created fair trade system. These fair trade system should be based on the natural potential resources of Indonesia. To find the best solution to solve all of the matters above, the writers team using the normative judicial's approach method in puposed to knowing and to describing the implementation of fair trade system based on natural potential resources effective and efficient ways trough the free trade zone era.

Keywords : *fair trade system, economic development, ASEAN free trade*

I. INTRODUCTION

The effects of international free trade has been entered into the joints of human life as simple as possible. for example, a lot of stores with products originating from abroad (imports). This is one example of free trade that allows products from anywhere in the world to enter into a country. Through the instrument of free trade (free trade) people can enjoy products from abroad without having to travel to that country first. This is a distinct advantage that can be perceived by an individual. For the government, free trade can also increase foreign exchange by export activity and reduce imports to achieve a trade surplus.

Mutual benefits of free trade between one country to another is difficult

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to achieve. Parties which get a lot benefits in free trade schemes are countries which have the economic strength only. Developing countries have always had trouble when their commodities exports entering those countries. Due to the conflict between developed countries with developing countries in free trade, the issues of fair trade (fair trade) is emerging. Fair trade aims to improve the livelihoods of producers through trade relations parallel, promote business opportunities and opportunities for producers weak or disaffected increase consumer awareness through campaigns of fair trade, promote a partnership model in the trade fair, campaigning for changes in conventional trade unfair, protect rights human, consumer education and advocacy for the creation of better conditions, especially in favor of the small producers so that they can participate in the market.¹ Interested in the background, the authors try to raise the issue and put it in a paper entitled "The Implementation of Fair Trade System Based on The Natural Resources potencial in Effective and Efficient Ways Through The ASEAN Free Trade Era".

II. LITERATURE REVIEW

A. THE COMPARISON BETWEEN FREE TRADE DEFINITION AND FAIR TRADE DEFINITION IN INTERNATIONAL TRADE.

International trade is often limited by a variety of state taxes and surcharges which applied to goods exports and imports. In theory, all of these barriers were rejected by free trade. But in reality, trade agreements backed by the adherents of this free trade may actually create new obstacles to the creation of a free market. Such agreements are often criticized for protecting the interests of big companies. International trade can be very profitable through the instruments of free trade. This allowance enabled trader to enter a market of a country. Since from the end of second World War, the global tariffs reduction of creation is rising from 40% to 5%. According to data from the World Bank of a country engaged on free trade surpass the economic growth which is 5% per year. While for the poor countries that follow free trade economic

¹ [...] "Konsep Hukum Fair Trade", <http://whatbecomethegreaterme.blogspot.com/2007/12/konsep-hukum-fair-trade.html>, downloaded in Juli 25th 2015, 12.00 PM.

growth only reached 1%. Besides these data, it details are millions of people in the world still live below the poverty line as a result of unfair trade agreements this.²

According to Amir, M.S. an economic observer, when compared with the implementation of International trade is very complicated and complex. The complexity is partly due to political boundaries and state that can hamper international trade, for example, with the differences in culture, language, currency, estimates and scales, and trade law.³ Fair trade is an economic concept that refers to the Harmonized Commodity Description and Coding System (HS) with the provisions of the World Customs Organization, based in Brussels, Belgium. Fair trade is also point to sale products between countries without import-export taxes or other trade barriers.⁴ Free trade can also be defined as the absence of artificial barriers (barriers applied by the government) in trade between individuals-individuals and corporations residing in different countries. Fair Trade is trade that is based on dialogue, openness and mutual respect, which aims to create justice, and sustainable development. Through the creation of a more fair trading conditions and in favor of the rights of marginalized groups of producers, especially in poorer countries due to the practice of international trade policy.⁵

Acceleration of the globalization process in the last two decades have fundamentally changed the structure and pattern of international trade and financial ties. This becomes an important phenomenon at once a "new era" characterized by high growth in international trade.⁶ It means that Indonesia has been running and implementing free trade regime (globalization). In this era of globalization, the issue of free trade is often discussed because it is expected to bring significant change to the

² "Fair Trade Versus Free Trade-UMW Action Alert", http://gbgmumc.org/global_news/full_article.cfm?articleid=2081, downloaded 27th July 2015, 15.00 PM. 2015, 15.00 PM.

³ "Apakah Memang Ada Perdagangan Bebas?", <http://gadisayu18.wordpress.com/2009/03/30/apakah-memang-ada-perdagangan-bebas/>, downloaded 28th July 2015, 15.00 PM.

⁴ "Apakah Memang Ada Perdagangan Bebas?", *Ibid*.

⁵ "Hambatan dan Tantangan Fair Trade di Negara Berkembang", <http://www.scribd.com/doc/13921571/Politik-Bisnis-Internasional>, downloaded 29th July 2009.

⁶ Bismar Nasution, *Hukum Kegiatan Ekonomi I*, (Bandung: Books Terrace & Library, 2009), page. 1

world. To achieve free trade conditions need enough time, because the consequences of not less. Removal of barriers to international trade on the one hand can bring good, for example, free trade allows the inflow of imported products more speeding, many diverse that increase the choice for consumers. Process towards free trade is called a trade liberalization or trade liberalization.⁷

B. THE BASIC CONCEPT OF FAIR TRADE SYSTEM

Fair trade as an alternative offering better trading conditions for small producers and protect the rights of those who have been marginalized. Fair trade help small producers to earn a decent living through increased revenue, protect the rights of small producers on access to the market, aspirations and their opinion, does not discriminate against women who have become second-class citizens and victims directly on unfair trade, also protects environment from damage due to lack of the use of chemicals. With the mechanism of fair trade, consumers are willing to appreciate the efforts of producers which have not been taken into account (eg, maintenance of plants, repel birds, drying rice, etc.) as a component of cost of production in the conventional trading system. As an appreciation of consumers over producers toil, they do not mind to buy a premium price (which includes the cost of production plus costs for reinvestment) offered by the manufacturer.

Needed a trading partnership which is based on dialogue, transparency and respect that aims to achieve an equal balance (the Third World) in international trade. Fair trade contributes to sustainable development by offering better trading conditions and protecting the rights of marginalized producers and workers, especially in the South. As a movement, manifested in the form of fair trade organization International Federation of Alternative Trade (IFAT). Umbrella organization of the fair trade movement is playing in the world of international policy advocacy. At the annual meeting of the World Trade Organisation (WTO), IFAT always appear. Since Cancun, Mexico to Hong Kong last year

⁷ Ida susanti dan Bayu Seto, *Aspek Hukum Dari Perdagangan Bebas: Menelaah Kesiapan Hukum Indonesia Dalam melaksanakan perdagangan Bebas*, (Bandung: Citra Aditya Bakti, 2003), page. 5

they present as a sound alternative to achieve fairer trade.

In the pages of the site International Fair Trade Association, International Association of Trade Fair called the nine requirements for a trade can be called just.

1. Opening up opportunities for producers of the weak economy
2. Transparent and accountable
3. Improving the skills manufacturers
4. Encourage the establishment of fair and equitable trade
5. Payment at a reasonable price through dialogue and participation principles in accordance with market developments
6. Respect for gender equality
7. Establish the situation and working conditions are safe and healthy for workers and the public
8. not involving child labor
9. not damaging the environment and have an impact on local development, periodically reduce the level of dependence on imports and cultivation of local products.⁸

In terms of the products traded, free trade regime is not half-hearted to make something used as a commodity and people are only seen as consumers. Consequently all public sector corporation controlled by force. Bali can be seen clearly in the practice of free trade in relation to the tourism industry such as travel agencies, transportation, visitor, people overseas tour guides, hotels, restaurants (from mentahan materials, equipment, as well as its chef), all overseas.⁹

Responding to the existence of a free market regime, a number of people have taken the initiative to create an alternative discourse, known as fair trade (trade fair). Fair trade becomes attitude in the practice of business or profits strongly consider ethical social values. The following definitions of fair trade is quoted on the website IFAT: fair trade is a trading model that is based on dialogue, ketebukaan and mutual respect, which aims to create justice, development sustainability through the creation of trading conditions over fairdan favoring the rights

⁸ www.forumfairtradeindonesia.org, downloaded 30th July 2015, 12.00 PM

⁹ "Fair Trade dan Free Trade" ,[http:// www.organicindonesia.org/files/edition_96b7eff1993fbd68dc73ff4f29f768b7126c84d0.pdf](http://www.organicindonesia.org/files/edition_96b7eff1993fbd68dc73ff4f29f768b7126c84d0.pdf), downloaded 29th July 2015, 14.15 PM

of producers and workers are marginalized especially in the Southern states caused by the practice and policy of international trade.¹⁰

From the definition above, there are two things that can be seen, namely: free trade and fair trade movement as a model / business activities. Fair trade as a movement more concerned about the organization. Fair trade is an international movement which is under the umbrella organization that used to be called IFAT (International Fair Trade Association), which was immediately renamed the World Fair Trade Organization (WFTO). WFTO responsible for formulating the rules and criteria that must be met members or persons or organizations that wish to join the fair trade movement. Activities of the organization more focused on policy advocacy activities, especially the policy of International Trade / World Trade Organization (WTO), consumer advocacy through campaigns and opening market access for members and monitoring the activities of members in peenrapan principles of fair trade. WFTO members shall be composed of 300 organizations in about 80 countries.¹¹

C. EMPHASIZING THE FAIR TRADE IN INDONESIA COUNTRY

Indonesia develop a trading system with the concept of fair trade through Fair Trade Forum Indonesia (FFTI). FFTI an umbrella organization (coordinator) for fair trade organizations in Indonesia. Since 2002, FFTI work together to improve the socioeconomic status of craftsmen, farmers, fishermen and other marginalized groups of producers. FFTI also a representative or referred to as Country Network of the World Fair Trade Organization (WFTO) Asia, a regional umbrella organization of fair trade in Asia. Indonesian Fair Trade Forum (FFTI) aims to develop a collaboration between Fair Trade organizations to influence policy makers to adopt Fair Trade and to promote fair trade practices in Indonesia. Moreover, it also aims to strengthen networking and solidarity at the local, national, regional, and international levels to advocate for Fair Trade movement. It is also a forum where members can discuss problems, issues, and share ideas and information.

¹⁰ Fair Trade dan Free Trade”, *Ibid.*

¹¹ Fair Trade dan Free Trade”, *Ibid.*

As part of the advocacy of fair trade to Indonesia, all members agreed to build the house of Fair Trade as a major brand for Fair Trade store in Indonesia. The new brand aims to provide the same identity for the movement and Fair Trade stores in Indonesia, and at the same time providing a unique identity to each member who has shop fair trade products in its territory. This new brand will facilitate FFTI and members to reach out to more number of customers through promotional and publicity centered.

FFTI of running each activity with less fulfilling usahanya Strategic Plan. Strategic Plan FFTI is developing Fair Trade in Indonesia, providing ongoing support to members and identify the needs of members, to ensure effective communication and long-term among members and promote better access to the necessary information, which in turn supports members to access the market wider.

In order to their jobs, FFTI has four focus strategy that includes:

a). Coordination with Members

FFTI Secretariat office is located in Bali and acts as an information center for the coordination, mobilization, dissemination of information, audit and monitoring of members in Indonesia, and made contact with the parties concerned in Indonesia.

FFTI communicate strategies include website in Indonesian and English. FFTI also maintains a blog that renewed activities, events, programs, and general information regarding fair trade.

FFTI develop a Capacity Building program, such as training and information technology training and product marketing. The program is carried secretariat to members FFTI or committed by members FFTI to each assisted manufacturers, to help them improve their business globally. Indonesia has a great potential and resources are sufficient to produce handicrafts and food products.

b). Members and Network Development

FFTI involved in strengthening Indonesia's participation in the global fair trade movement by coordinating members and recruit new members. FFTI also involved in coordination with a network of producers among the countries in Asia, which aims to strengthen and unify

the sound producer in Asia and combine resources to bring greater impact to the community.

c). **Advocacy and Fair Trade Campaign**

FFTI promote the concept of fair trade and advocating a number of global issues such as labor, gender equality, business transparency, and so on. Fair trade campaigns conducted through workshops, conferences, media campaigns and Fair Trade Lunch conducted regularly. Besides its regular campaign on the anniversary of the Fair Trade worldwide. FFTI as a forum to facilitate its members to express their interest regarding sound and fair trade.

d). **Market Access**

Support FFTI market access is done through the dissemination of information through the use of websites, talk shows, and social media channels. FFTI also provide assistance and information to buyers interested visitors about the organization and fair trade products in Indonesia.

Another strategy to promote fair trade products is through the launch of the Fair Trade logo Rumah Indonesia, to store the Fair Trade brand in Indonesia. The new brand is to coordinate, promote and distinguish fair trade producers from other manufacturers. The new brand aims to provide the same identity as a movement for fair trade and business, jointly or by each member. This new brand will allow FFTI and members in it to expand promotion and publicity. HOUSE concept also believed to bring the spirit of family, community, and cooperation among 'inhabitants' homes, which in this case has the same purpose, namely to promote fair trade.

III. CONCLUSION

Fair Trade is trade that is based on dialogue, openness and mutual respect, which aims to create justice, and sustainable development. Through the creation of a more fair trading conditions and in favor of the rights of marginalized groups of producers, especially in poorer countries due to the practice of international trade policy. Fair trade as an alternative offering better trading conditions for small producers and protect the rights of those who have been marginalized. Fair

trade helps small producers to earn a decent living through increased revenue, protect the rights of small producers on access to the market, aspirations and their opinion, does not discriminate against women who have become second-class citizens and victims directly on unfair trade, also protect the environment from damage due to lack of the use of chemicals.

In fair trade, producers and consumers have an equal position. In addition, the two sides also put forward the principle of transparency. This is done through information and communication. An example is in determining the price. Manufacturers calculate all components of production costs, including the aspects of conservation, education and social issues. The factors forming the selling price is then informed openly to consumers, as well as to the production process. And if the communication is done correctly, then the consumer will be willing to pay the price that is offered as one of their appreciation. Through the mechanism of fair trade, consumers are willing to appreciate the efforts of producers which have not been taken into account (maintenance plants, repel birds, drying rice, rice farming in the business) as a component of cost of production in the conventional trading system. As an appreciation of consumers over producers toil, they do not mind to buy a premium price (which includes the cost of production plus costs for reinvestment) offered by the manufacturer.

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