



**UIC**  
university of cebu

# Proceeding



## **CONSTRUCTING COMPATIBLE LEGAL SYSTEM FOR ASEAN ECONOMIC COMMUNITY**

States of the Philippines

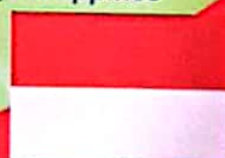
Luzon

Visayas

Sabah

Mindanao

Nov. 11 - 12, 2015. AVR 2, University of Cebu - Banlad, Cebu City, Philippines



**PROCEEDING**

**Constructing Compatible Legal System  
For ASEAN Economic Community**

**PROCEEDING**

**Constructing Compatible Legal System  
For ASEAN Economic Community**

**Higher Education Leaders Forum Indonesian Law and  
Working closely with the Publisher Cintya Press - Jakarta 2015**

**Office of the University President  
University of Cebu**



The primary vision of ASEAN Economic Community (AEC), in which the Philippines and Indonesia are members, together with other countries in Southeast Asia is to create a single common market. This will become reality this year, 2015 in which trade facilitation efforts are proceeding.

This activity jointly organized by the University of Cebu and Indonesia Association of Law Schools is undertaken to forge understanding on the legal, business and economic aspects between the two nations, since one of the main objectives of AEC is free flow of goods, services, investment capital and skilled labor in the region. With this, the University of Cebu community and its College of Law students, faculty and staff cordially welcome the presenters and participants of the Lecture:

**Constructing Compatible Legal System for ASEAN Economic Community.**

The foremost goal of the University of Cebu College of Law is to provide quality legal education. Part of its attainment is to establish linkage with international legal organizations to be able to respond to the challenges of ASEAN integration.

It is our honor to host this international event so that greater ties between the two countries in the context of law and economy are of foremost priority. This partnership with the Indonesia Association of Law Schools visibly shows that the University of Cebu is committed in promoting the cause of harmonious and efficient relationship.

The University of Cebu is gratified and pleased to be part of this worthy endeavor.

Cebu City, Philippines, 4 November 2015

A handwritten signature in black ink, appearing to read 'mm v'.

Atty. Augusto W. Go  
University President

# Message

Office of the Executive Vice Chancellor  
Dean of the College of Law  
University of Cebu



Welcome Remarks (Atty. Baldomero C. Estenzo, Dean, University of Cebu College of Law)

In behalf of the management and officers of the University of Cebu, we welcome everyone to our joint event, and a special warm greetings to our colleagues from the various universities of Indonesia led by Dr. Wasis Susetio, SE (University of Esa Unggul, Indonesia, also a member of the International Association of Law Schools.

You could not have chosen a better place to be in, as Cebu is heritage rich, a prime tourism destination and a center of education and trade for centuries, inhabited by warm and hospitable residents ensuring that your stay is a most memorable one.

The University of Cebu is thus pleased to host this extraordinary event of like-minded law professors who are here with us to promote stronger ties among brothers and sisters in the ASEAN Economic Community or the AEC.

Our former Secretary General of the National Economic Development Authority, Mr. Gerardo Sicat, shares the history of its beginnings and said that "The AEC is the culmination of regional economic cooperation so far within the ASEAN." The Philippines and Indonesia, together with Malaysia, Singapore and Thailand co-founded the ASEAN in 1967 as a club among five neighbors who originally "intended to deal on political matters as a means of quieting tensions among themselves and forming a shield against the uncertainties of the Cold War." He adds that:

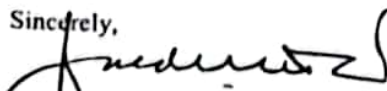
"The heads of state of the five member countries directed their economic ministers to organize for economic cooperation ... Organizing through various economic committees from the respective sector ministries in each country, the avenues for economic cooperation and exchange of information began to flourish even if slowly. Across economic sectors, economic cooperation agreements began to unfold. Progressive steps in different directions were made in several fields - agriculture, energy, transportation, tourism, finance, investment and trade ... "

"Then, the ASEAN Free Trade Agreement (AFTA), signed in 1992, committed all member countries to reduce their commercial tariffs toward zero level by 2015. The AFTA remains the centerpiece of the ASEAN regional cooperation. However, the "ASEAN Economic Community" remains as the over-arching framework. The region is a community of economies with cross-borders becoming free for the movement of goods, factors and raw materials ... "

We are going to be together for the next two days to exchange and share with each other our ideas, experiences and our respective country's systems and legal framework in dealing with the changes taking place under the ASEAN Economic Community. As law professors, and as representatives of our academic institutions, we are all looking forward to a rich journey of learning, camaraderie and stronger friendships forged as a result of this innovative event.

Maayong Adlaw sa tanan ug Mabuhay!

Sincerely,

  
Dean Baldomero C. Estenzo  
University of Cebu College of Law

# Message

**Campus Director  
University of Cebu - Banilad**



**UC**  
university of cebu

This 2015 is the realization of ASEAN Economic Community's (AEC), vision of creating a single common market and production base. Over the years, ASEAN has attained a remarkable economic performance, thus making it as one of the world's most vigorous regions. But in the midst of this, there are still lots of challenges confronting it which needs to be addressed so that there will be inclusive economic growth and well-balanced prosperity (ADB, 2014).

Fostering linkage is crucial to the Asian Economic Community's (AEC) aspiration of achieving sustainable economic growth and evenhanded development. Turning into reality the potential of prodigious integration, it necessitates more profound regional partnerships.

This activity with the theme: **Constructing Compatible Legal System for ASEAN Economic Community** would lead to strengthening the partnership between the Philippines and Indonesia in the context of understanding the legal framework of both countries which will impact the promotion of investments and trade. Furthermore, this would also manifest the University of Cebu's commitment in responding to the challenges of ASEAN integration in the aspect of legal education, being one of the Ten Outstanding Law Schools in the Philippines.

So, in behalf of the University of Cebu family, students, faculty members and staff, I welcome you all to this momentous event.

Cebu City, Philippines, 4 November 2015.

A handwritten signature in black ink, appearing to read 'Ofolia G. Maña'.

Dean Ofolia G. Maña  
Campus Director

## Acknowledgement

The editors would like to thank the contributors to this proceedings for providing their manuscripts timely. In order to produce this proceedings in advance of the seminar "Constructing compatible legal system for ASEAN Economic Community", we were bound by tight deadlines. We have tried to apply, a minimum set of standards to all manuscripts, with regard to the quality of English and the technical merit of the research reported therein.

We thank the staff, especially School of Law University of Cebu - Banilad Campus, Cebu City Philippines in formatting the manuscripts and in coordinating and supporting the editorial process. Special thanks are also extended to the technical committee, for providing the benefit of his experience in the planning and production of the proceedings and seminar.

We would like to express our gratitude to the Dean of School of Law University of Cebu, who has been pleased to realize one of the programs of cooperation with the Association of Indonesia law University Leaders. Hopefully in the near future the two parties will realize the exchange professors program to teach at the member Universities, or vice versa.

**Dr. Laksanto Utomo, SH, MH.**

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## **ROLES AND CHALLENGES AS PANCASILA STATE TO WELCOME AND ENTERING ASEAN ECONOMIC COMMUNITY 2015**

**By: Dr. Derry Angling Kesuma, SH., M. Hum**

### **Abstract :**

As Pancasila state countries, the ASEAN Economic Community that will soon be facing is an opportunity and also includes a challenge. Indonesia Opportunities for Entering AEC 2015 according to the author can be described as follows: a) a Potential Market World, b) Indonesia can become Exporting Countries, c) Indonesia may be the Country of Destination Investors; d) improve Competitiveness; e) enhance the Open Services Sector; f) may increase the flow of capital. As a challenge: a) Rate of Export and Import. The challenges faced by Indonesia enters ASEAN economic integration is not only that is internal in the country but even more competition with fellow ASEAN countries and other countries outside ASEAN, China and India. b) Indonesia's inflation rate is still relatively high when compared with other countries in the ASEAN kasawan. Macro stability remains a constraint increase Indonesia's competitiveness and prosperity level in Indonesia is still lower than other countries. c) Negative Impact of Capital Flows Wider. Freer capital flows to support financial transactions more efficient, is one source of financing for development, facilitating international trade, supporting the development of the financial sector and ultimately improve the economic growth of a country. d) The similarity of the main export products (agriculture, fisheries, rubber products, wood-based products, and electronics) is one cause of the share of intra-ASEAN trading range that only 20-25 percent of total ASEAN trade. Indonesia needs to carry out the strategy of adding value to their product so it has its own characteristics with products from ASEAN countries. e) Level of Economic Development. The level of economic development of Member States of ASEAN are still diverse. High levels of inequality which is one of the problems in the region that is quite urgent to be solved in order not to hinder the acceleration region to the AEC in 2015.

**Keywords:** AEC (ASEAN Economic Community), Opportunities, Challenges

### **Background**

Indonesia is one of the largest state population in the ASEAN region. Indonesian so many different types of tribes, languages and customs are spread from Sabang to Merauke. Indonesia has a pretty good economic strength. It has earned the capital necessary to prepare the future of Indonesia to the ASEAN Economic Community or the ASEAN Economic Community (AEC) by 2015.

If viewed from the side of the demographic of Human Resources, Indonesia in the ASEAN Economic Community or ASEAN Economic Community is actually one of the country

productive. If viewed from the age factor, the majority of Indonesia's population, or about 70% of them are of childbearing age. If we look at the employment side we have 110 million workers (BPS, 2007).

Indonesia's natural resource wealth that no two of its region, the local-advantage that remains a strong appeal to the natural resources that are so large can be used as capital to meet Indonesia to ASEAN Economy Community in 2015. In addition to the largest population that can provide power work. Economic stability conducive Indonesia is an opportunity where Indonesia will become a force of its own. Indo-

nesia should immediately improve itself to prepare Indonesia Resources of very competitive and global in order to realize the ASEAN Economy Community 2015. To investigate further the role and challenges facing Indonesia as a country Pancasila state, the authors are interested to discuss further in writing with the title "The Role and Challenges of Indonesia Welcoming MEA 2015".

Challenges and obstacles ahead of Indonesia to the increasingly complex and multidimensional. In 2015, Indonesia will enter the era of the ASEAN Economic Community (AEC). With the enactment of the MEA, the people within ASEAN could do a good trade transactions in goods and services are free. This situation will require Indonesia to have strong competitiveness.

Therefore, Indonesia needs to do the preparatory steps to anticipate the conditions that will be encountered in the hope that can take advantage of the momentum to positive, and not to be a target market of products and services from ASEAN member countries, given the potential City Palembang big enough and able to compete the member countries of ASEAN.

Currently, BSN (National Standardization Agency) continues to pioneer cooperation with various parties, including the Local Government which aims to establish cooperation in the development and application of SNI (Indonesian National Standard) in order to increase the competitiveness of national products and the protection of the public interest. Law No. 20 Year 2014 on Standardization and Conformity Assessment recently passed some time ago mandates the importance of synergy between the central government and local governments in providing guidance to the businesses and people in the implementation of SNI (Indonesian National Standard).

A tangible manifestation of the cooperation agreement that one of them is the implementation of an incentive in the form of guidance application-based quality management system standard ISO 9001: 2008 in a public service organization under the auspices of local government such as Services Agency and the Integrated Licensing and District General Hospital. In addition, this guidance is also given to

SMEs (Small and Medium Enterprises) for the implementation of quality management system standards, food safety and the application of SNI (Indonesian National Standard) for superior product.

Indonesian nation must have the competitiveness to take advantage of the development of globalization. Therefore, standardization and conformity assessment becomes a tool to improve the quality, production efficiency, facilitate trade transactions, realize fair competition and transparent. Standardization and conformity assessment is also needed in various sectors of life, commerce, industry, agriculture, science and technology, and the environment.

Therefore, the involvement of all stakeholders including the Local Government needed to encourage the development and application of standards. The following articles in Law No. 20 Year 2014 on Standardization and Conformity Assessment related to the role of Local Government in Standardization and Conformity Assessment. In order to improve the quality of goods and/or services in the regions, the regional government may propose a plan formulating SNI to BSN (Article 10, paragraph 5). SNI can be applied voluntarily by the business communities, ministries and/or government agencies non-ministerial, and/or local government (Article 21). Article 24 states the Local Government shall implement regulation or regulation of the Head of Government Institution Non ministry on the implementation of mandatory SNI. And Article 25 of Local Government must have a certificate SNI compulsorily applied.

Local government can do the coaching and development of LPK by observing the needs of the market and society. Local governments can organize to increase the competence of human resources in the field of Standardization and Conformity Assessment. Local Government in coordination to conduct surveillance of goods, services, systems, processes, or Personal-certified and / or use of SNI Mark and/or marks of conformity. Information system Standardization and Conformity Assessment referred integrated with information systems of ministries, government agencies non-ministerial and Local Government.

## **B. Problem Formulation**

From what has been stated above, the authors are interested to investigate further the problems faced in the ASEAN Economic Community (AEC) in 2015 in the form of writing with a focus on the problem:

1. How is the potential of Indonesian Resources To welcome and Entering ASEAN Community Economy in 2015?
2. What role can Indonesia be given to AEC 2015?

## **C. Benefits**

The authors hope that with this article the author can add information and knowledge through a variety of sources such as (books, internet, etc.) regarding Potential Resources Enters Indonesia to ASEAN Economy Community. So that the formation of this paper. And for readers of this writing the results are expected to provide benefits to all parties and may be used by readers as a summary or the study of learning in order to add insight and knowledge about the potential of Indonesian Resources to Enter ASEAN Economy Community 2015.

## **D. Discussion**

### **1. Potential Resources Facing Indonesia in the framework of MEAs**

ASEAN Economic Community (AEC) by 2015 is a program for ASEAN countries to further improve the quality of the economy, especially trade in order to become an easier access such as applying the elimination of customs duties (Free Trade Area) to create a single market. Surely this makes a lot of opportunities, especially for Indonesia to further improve the quality of its products as well as the professional work force within the scope of the challenge to enter the ASEAN community.

In the face of the realization of the ASEAN Economic Community by 2015, ASEAN member countries including Indonesia should make an effort to prepare. One of the devices that need to be prepared is the government of a state regulation through legislation or public policies (public policy).

In order setting the country, to face the 2015 AEC needed policies disseminated filled

between the central government, local government, and society as a whole although there are still disharmony between the central government and local governments and the public so that it appears the issue of ego-sectoral institutional preparatory efforts towards AEC 2015.

Needs to be formulated a policy to implement seven strategic steps that need to be implemented by the Indonesian government, namely socialization Massive, Improving the Quality of Human Resources (HR), Empowerment, Micro, Small and Medium Enterprises (SMEs), Capital, Repair Infrastructure, Institutional Reform & Government, Investment Climate Reform.

ASEAN development entered a new phase with the adoption of the ASEAN Vision 2020 in Kuala Lumpur in 1997 that envisioned ASEAN as a Community of South-East Asian countries are open, peaceful, stable, prosperous, mutual care, tied together in a dynamic partnership in 2020. Furthermore, ASEAN also adopted the Bali Concord II at the 9th ASEAN Summit in Bali in 2003 which approved the establishment of the ASEAN Community. The establishment of the ASEAN Community is part of ASEAN's efforts to further strengthen ASEAN integration. There was also an attempt evolutive ASEAN to adjust perspective in order to be more open in discussing domestic problems that affect the region without leaving principle-main principles of ASEAN, namely: mutual respect (Mutual Respect), no interference in domestic affairs (Non-interference), consensus, dialogue and consultation. ASEAN Community consists of three pillars, including cooperation in the economic field, namely: komonitas Security ASEAN (ASEAN Security Community/ASC), the ASEAN Economic Community (ASEAN Economic Community/AEC) and the Socio-Cultural Community ASEAN (ASEAN Socio-Cultural Community / ASCC).

The achievement of ASEAN Community is getting stronger with the signing of the Cebu Declaration on the establishment of an ASEAN Community by 2015" by the pemimpin ASEAN at the 12th ASEAN Summit in Cebu Philippines, January 13, 2007. By signing this declaration, the ASEAN leaders agreed to accelerate the establishment of Community ASEAN/ASEAN Community from 2020 to 2015.

Then this commitment, especially in the economic field, followed by the signing of the ASEAN Charter / Charter and the blueprint for the AEC in 2015 at the 13th ASEAN Summit in Singapore, on November 20, 2007. The signing of the ASEAN Charter as well as the AEC blueprint is a new chapter in cooperation ASEAN economic kempat at the age of twenty years.

As already mentioned above, that the AEC is one of the three main pillars of the ASEAN Community in 2015, which wants to establish economic integration in the ASEAN region of Southeast. AEC has five PLAR primary, namely the free flow of goods (free flow of goods), the free flow of services (free flow of service), the free flow of investment (free floc of investment), alran free skilled labor (free flow of skilled labor), and the free flow of capital (free flow of capital).

In the face of the realization of the ASEAN Economic Community by 2015, ASEAN member countries including Indonesia should make an effort to prepare. One of the devices that need to be prepared is the government of a state regulation through legislation or policy (policy). This is important because it can create grooves and guidelines for a country to achieve the expected goals and also can direct the public as well as the other countries to the stage to be achieved, thus setting through the policy (policy) is the first step in an effort to prepare Indonesia and countries Other ASEAN members in the face of the Asean Economic Community in 2015 later. This study was conducted to provide insight into how the readiness of Indonesia in terms of setting policy (policy) as a preparation to meet the Asean Economic Community in 2015.

Regulatory policies (policy) in relation to the general principles of good governance made to keep ketaat-asasan actions carried out by the state administration as the government authorities, among others the principle of equal treatment, the principle of legal certainty, and the principle can be trusted. In practice, the policy rules can be decisions, instructions, circulars, instructions, announcements, and more.

Until the year 2012, the population reached 617.68 million ASEAN and Indonesia the country with the largest population in the Asean

region can be the happy condition also become a form of concern for Indonesia in the face of the single market in 2015, it needed through setting appropriate policies for the purpose of ASEAN and National Objectives can be achieved in tandem.

Not a few opinions or criticism related to the unpreparedness of Indonesia in facing the AEC. This condition is certainly not a good thing for Indonesia because it can affect the views of other countries against Indonesia. Fears and stigma that are in the community both nationally and internationally must be addressed and handled with care by the government because all the efforts taken or to be taken must suit the aim to eliminate or minimize contention pessimistic, because a little mistake could be a threat to Indonesia dipenghujung 2015 later.

## 2. The condition of Indonesia's Competitiveness

The report is based on the Global Competitiveness Index 2013-2014, World Economic Forum 2013 Indonesia conditions to carry out the investment considered not competitive enough as shown in the table below:

Table 2.1  
The Global Competitiveness Index  
2013-2014

No	Country	Rank	Score
1	Singapore	2	5.61
2	Malaysia	24	5.03
3	Brunei	26	4.95
4	Thailand	37	4.54
5	Indonesia	38	4.53
6	Laos	48	4.08
7	Phillipines	59	4.29
8	Vietnam	70	4.18
9	Kamboja	88	4.01
10	Timor leste	138	3.25
11	Myanmar	139	3.23

Source: World Economic Forum 2013 // [www.Weforum.org](http://www.Weforum.org)

ASEAN region, from 11 countries are in the position of Indonesia ranked 5 or 38 global rankings. This position puts Indonesia ranked below Singapore (1), Malaysia (24), Brunei (26), and Thailand (27), so that for the presence

of Indonesian investment is still unable to compete with the four countries.

The relatively low competitiveness of Indonesia, the main cause of the year to year almost unchanged, namely high corruption, in the efficiency of government bureaucracy and inadequate infrastructure supply. Now, Indonesia is in a group of other developing countries such as Brazil, although still better than the Philippines, Mexico, South Africa and Russia.

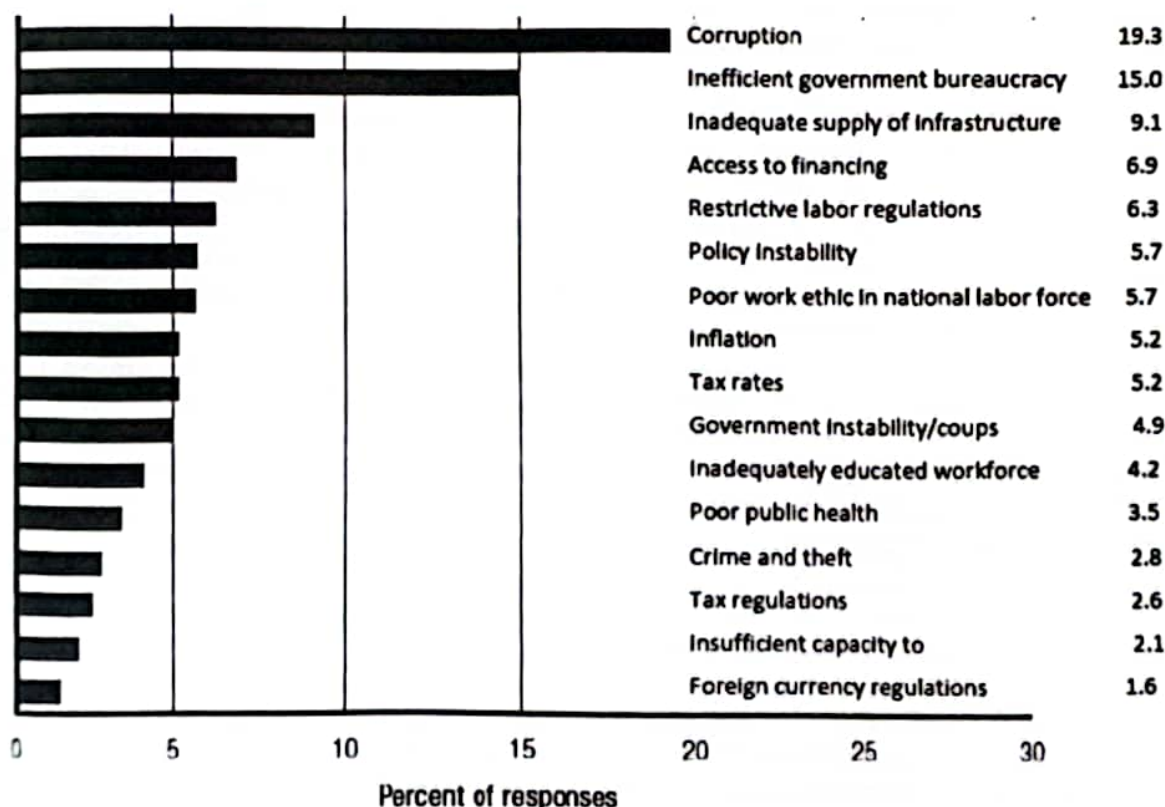
While the International Institute for Management Development (IMD) Competitive Center states that the main factor inhibiting business in Indonesia, are:

1. The quality and quantity of human resources has not increased
2. Not inefficient bureaucracy and too much deregulation package

3. Not improved infrastructure
4. Regulation burdensome taxation
5. Economic growth meningkat but 65% supported by domestic consumption remaining export
6. Policies that are not solid, lead to the implementation of regional autonomy policies directed dulit / obstacles
7. CCN (Corruption, Colusion and Nepotism)

Furthermore based report The Global Competitiveness Report 2013-2014 // World Economic Forum, which was released at the end of 2013 suggests several factors that cause obstacles in Indonesia to be able to start a business (The Most Problematic Factors for Doing Business), as shown in the following table :

#### THE MOST PROBLEMATIC FACTORS FOR DOING BUSINESS



Sumber : The Global Competitiveness Report 2013-2014//World Economic Forum 2013

The report from the report shows that Indonesia to be a "player" or not the audience will have already started fixing things in facing the AEC 2015.

#### 3. Public Policy (Public Policy)

Various definitions of public policy raised by experts according to Rian Nugroho (2012: 119-123) can be formulated, public policy (po-

icy) is an authoritative decision. Decision made by the one who hold the authority, formal or informal. Public is a group of people bound by a particular issue. So, "The public is not common, people, society, or simply stakeholders, the Public is a sphere where people Become a citizen, a space where citizen Interact, where state and society exist" Thus, public policy are

Any state or Government (as the holder of the authority) decision to manage public life (as a sphere) in order to reach the mission of the nation (remember, the nation is Consist of two institutions: the state and society .

In simple terms it can be said that public policy is: Any decision made by the State, as a strategy to realize the goals of the State. Public policy is a strategy for delivering community in the early days, entering society in transition, towards society aspired

The dynamics of public policies provide direction for understanding policies developed and underdeveloped countries. Understanding put forward is that the developed world is not measured by public policy that is created or owned, but from the character of public policy. The tendency of developed countries, public policy leads to the protection and sustainability of natural resources, empowerment, managing, moving and responding to future human.

While developing countries tend to develop policies that extract natural resources on a large scale, more on policies that completely prohibit rather than empowering, tend to control, keeping people to not move from his place, and put Amasa orderly ago and the status quo rather than the future

MEA are like two blades for Indonesia, could be an opportunity to bring the benefits and blessings (land of opportunities) can also be a disaster (loss of opportunities). We will be many export manufacturers or importers became an easy target. The answer is on the readiness of Indonesia to face the MEA. How prepared Indonesia face the MEA?

Many parties urged the government to make preparations to welcome AEC 2015 which if not soundless. Strategic measures should also be implemented immediately. The next year is

not a very short time to prepare for this tough competition. At least need to be formulated a policy to implement seven strategic steps that need to be implemented by the Government of Indonesia.

#### 1. Socialization Massive

Dissemination efforts stool AEC in 2015, was not evenly distributed. Confined to certain circles. Arguably, only the upper middle class. Meanwhile, down to the ordinary people do not know her very well. Instead of preparing, know not.

In comparison Atmospheric ASEAN and AEC in Thailand is felt. The Thai government looks not underestimate the implementation of the AEC, a lot of banners, banners and boards in various public facilities that inform the implementation of the AEC, print media, and television also actively promote the message through a countdown counting backwards every day.

This is where the big role of the ASEAN Community is required, namely socialization related matters welcomed the government's efforts AEC. In order for information to reach the wider community.

#### 2. Improving the Quality of Human Resources (HR)

HR is the most crucial in the face of the AEC. Qualified human resources to be able to compete and a strong challenge. Nimble and innovative in taking an idea, action, and action. Improving the quality of human resources for example with language training. Language is very important in the role of global competition. Especially English. In addition, skills development can be done by training, workshops, regular meetings between economic actors, as well the development of networking. All of this is done so that economic actors always follow the latest developments of the economy. Indonesia optimism could be possessed of qualified human resources.

#### 3. Empowerment of Micro, Small and Medium Enterprises (SMEs)

SME is a sector of the national economy

is very strategic in the development of social economy. This empowerment can create a business climate and reduce high cost economy. MSME is necessary to improve the competitiveness of the economy. Competition in terms of quality and quantity not only for local and national markets, but also export. More and more SMEs are able to export, the greater the economic competitiveness of Indonesia. Training the use of the website in order to expand the consumer segment is also indispensable in today's digital era. It is sometimes still rarely carried out by SMEs.

4. Capital

This capitalization is essential to increasing the production capacity of a business. Therefore, it takes pemodalannya institutions are easily accessible by businesses of all sizes. Especially SMEs which are often difficulties in the capital increase.

5. Infrastructure Improvements

Infrastructure in the form of facilities and infrastructure such as logistics, electricity, telecommunications, transportation revitalization, highways, railways, ports, airports, and others. We know that all of these factors greatly affect the production and distribution process. Therefore, the improvement of this infrastructure should be expedited. Logistics delays could increase inflation. Because competitiveness is also determined how quickly out of the goods.

6. Institutional Reform and Government

Institutional and governmental law-abiding and impartially is expected. The attitude of institutional and government cooperative to businesses is one thing that should be corrected. Not complicate the paperwork and bureaucracy prolonged.

Strengthening legal institutions should be improved, especially in terms of institutional independence and accountability of law. So as to create an institutional climate of legal professionalism and transparency. Efforts to improve the

welfare institutions and governments also continue to be implemented in order to prevent actions leading and potentially corruptive or extortion.

7. Investment Climate Reforms

Indonesia should be to reform the investment climate through the improvement of economic infrastructure, macro-economic stability, and the rule of law and policy, and cut high-cost economy.

ASEAN Blogger Community active role in supporting the dissemination of the AEC should be done regularly and periodically until the time comes December 31, 2015. It does not stop only at the moment. ASEAN Blogger Community is expected to continue to disseminate the latest information broadest also supervise the government's performance in terms of preparation to welcome AEC. Contribute some ideas and input for the government and businesses in an effort to meet the AEC 2015. Perhaps, countdown, countdown birth AEC needs to be applied. At least in the sidebar of our website respectively. So it will continue to remind us of how far and matangkah our preparation. The seventh such policies should be carried out by the government, and very difficult to implement if it is to be done by the business world.

ASEAN Economic Community which was formed with the mission of making economies in ASEAN to be better and be able to compete with countries whose economies are more advanced than the current condition of the ASEAN countries. There was also the realization of the ASEAN Community that deal that includes AEC, can make the position of ASEAN to be more strategic in the international arena, in the hope that with the establishment of community ASEAN economic community is able to open the eyes of all parties, so that there is a dialogue between the sectors where the latter also complementarity among stakeholders economic sectors in ASEAN countries is very important.

When viewed from the economic potential, Indonesia is one country that is now emerging to be one of ASEAN economic power. Where the average Indonesian economic growth of 6.3 percent compared with 5.4 percent of Malaysia, Thailand 5 percent, Singapore's 1.2 per-



information technology) or by financing the agenda. The opportunities opened up opportunities for improvement of the investment climate in Indonesia. Especially in the conduct of domestic infrastructure programs.

- **Competitiveness**  
ASEAN goods trade liberalization would ensure the smooth flow of goods to the supply of raw materials and finished materials in the ASEAN region due to tariff and non tariff barriers that do not exist anymore.
- **Open Services Sector**  
The services sector that has been set, namely tourism, health, aviation, and the e-ASEAN, and then in succession with logistics.
- **Capital Flow**  
In terms of the withdrawal of foreign capital inflows, ASEAN as a region known as a destination for global capital investment, including the CLMV especially Vietnam.

## 2. Challenges

- **The rate for Export and Import**  
The challenges faced by Indonesia enters ASEAN economic integration is not only that is internal in the country but even more competition with fellow ASEAN countries and other countries outside ASEAN, China and India.
- **Inflation**  
Another challenge is Indonesia's inflation rate is still relatively high when compared with other countries in the ASEAN kasawan. Macro stability remains a constraint increase Indonesia's competitiveness and prosperity level in Indonesia is still lower than other countries.
- **Negative Impact of Capital Flows Wider**  
Freer capital flows to support financial transactions more efficient, is one source of financing for development, facilitating international trade, supporting the development of the fi-

ancial sector and ultimately improve the economic growth of a country.

- **Similar Products**  
The similarity of the main export products (agriculture, fisheries, rubber products, wood-based products, and electronics) is one cause of the share of intra-ASEAN perdagangan berkias that only 20-25 percent of total ASEAN trade. Indonesia needs to carry out the strategy of adding value to their product so it has its own characteristics with products from ASEAN countries.
- **Level of Economic Development**  
The level of economic development of Member States of ASEAN are still diverse. High levels of inequality which is one of the problems in the region that is quite urgent to be solved in order not to hinder the acceleration region to the AEC in 2015.

As the country Pancasila state Some characteristics of economic principles based 1945 Article 33:

1. The economy is a joint effort based on family principles.
2. Branches of production which is important for the state and dominate the life of people controlled by the state.
3. Earth and water and natural resources contained therein shall be controlled by the state and used for the greatest prosperity of the people.
4. The national economy shall be organized based on economic democracy with the principles of togetherness, efficiency with justice, sustainability, environmental friendliness, independence, and balancing progress and national economic unity.
5. Further provisions on the implementation of this article are regulated by law.

In this case is contrary to MEA that can develop liberal economic system that has characteristics:

1. Implement a system of free competition
2. Consumer Sovereignty and freedom in

consumption

3. The role of government is limited
4. The role of capital is very important

As a great idea, Economics Pancasila as the economic system is not-not, not capitalism nor socialism, offered hope in the form of an alternative economic system that is comprehensive integral for millions of Indonesian people to realize the ideals of the nation as stated in the fourth paragraph of the Preamble of the 1945 Constitution.

In this context then necessary to reform not only in terms of implementation of the economy, but also the transformation of the mindset of the dominant neo-liberal economy to become more humane and social justice imbued with the values of Pancasila. Not impossible if one day become an icon Hattanomics term Pancasila economy and could shift the dominance perspective and Thatcherisme- Reagenomics main icon idea Neoliberal Economics.

Similarly, the attack of globalization and all the social problems that arise, we no longer need to fear as long as we faithfully use the grip of ideology Pancasila as the nation's life. Pancasila economic system is an economic system moralistic, humane, nationalistic, and populist, which has been shown to achieve social justice for all Indonesian people.

## E. CLOSING

### 1. Conclusion

As Pancasila state countries, the ASEAN Economic Community that will soon be facing is an opportunity and also includes a challenge. Indonesia Opportunities for Entering AEC 2015 according to the author can be described as follows: a) a Potential Market World, b) Indonesia can become Exporting Countries, c) Indonesia may be the Country of Destination Investors; d) improve Competitiveness; e) enhance the Open Services Sector; f) may increase the flow of capital. As a challenge: a) Rate of Export and Import. The challenges faced by Indo-

nesia enters ASEAN economic integration is not only that is internal in the country but even more competition with fellow ASEAN countries and other countries outside ASEAN, China and India. b) Indonesia's inflation rate is still relatively high when compared with other countries in the ASEAN kasawan. Macro stability remains a constraint increase Indonesia's competitiveness and prosperity level in Indonesia is still lower than other countries. c) Negative Impact of Capital Flows Wider. Freer capital flows to support financial transactions more efficient, is one source of financing for development, facilitating international trade, supporting the development of the financial sector and ultimately improve the economic growth of a country. d) The similarity of the main export products (agriculture, fisheries, rubber products, wood-based products, and electronics) is one cause of the share of intra-ASEAN trading ranges that only 20-25 percent of total ASEAN trade. Indonesia needs to carry out the strategy of adding value to their product so it has its own characteristics with products from ASEAN countries. e) Level of Economic Development. The level of economic development of Member States of ASEAN are still diverse. High levels of inequality which is one of the problems in the region that is quite urgent to be solved in order not to hinder the acceleration region to the AEC in 2015.

### 2. Suggestions

Indonesia challenge ahead is to create meaningful change to the lives of everyday people. Indonesia must improve in all respects both the regulatory side where the rule of law must be firm, government should be clean, economic justice must be created as well as equity, the need for political stability, social order and safety, technological innovation, and the availability of adequate infrastructure. May all people of Indonesia can help to realize the economic and social life that deserves to be immediately realize the ASEAN economic community by 2015.

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