

## **Indonesia's Role in Realizing the Vision of the ASEAN Economic Community (AEC) and the ASEAN Socio-Cultural Community (ASCC)**

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### **Abstract**

Indonesia, as one of the largest economies and population in Southeast Asia, plays a crucial role in realizing the vision of the ASEAN Economic Community (AEC) and the ASEAN Socio-Cultural Community (ASCC). The goal of the AEC is to establish a unified marketplace and manufacturing hub where goods, services, investments, and highly skilled workers can move freely, while the ASCC seeks to promote social development and cultural cooperation in the region. Indonesia has taken various measures to support the AEC, including implementing economic reforms to improve competitiveness, reducing barriers to trade and investment, and promoting regional integration through initiatives such as the ASEAN Free Trade Area (AFTA) and the ASEAN Investment Area (AIA). Indonesia also plays an active role in ASEAN negotiations with other regional partners such as China, Japan, and South Korea to enhance economic cooperation. In terms of the ASCC, Indonesia has made efforts to promote social development and cultural cooperation in the region by prioritizing issues such as poverty reduction, healthcare, education, and disaster management. Indonesia has also established cultural exchange programs and participated in various ASEAN cultural events to promote understanding and cooperation among member states. Overall, Indonesia's active participation and support in realizing the vision of the AEC and the ASCC are essential to achieving regional economic integration and social development in Southeast Asia.

**Keywords:** *ASEAN Economic Community (AEC), ASEAN Socio-Cultural Community (ASCC), Bangkok Declaration,*

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## **INTRODUCTION**

Three representatives from each Asian country met in Bangkok, Thailand, on August 8, 1967, to formally ratify the ASEAN Declaration, also known as the Bangkok Declaration. The adoption of the Bangkok Declaration marked the start of the formation of a regional association known as ASEAN. The main goals of this organization are to promote member-country cooperation to hasten economic development, uphold regional peace and stability, and foster collaboration across a range of areas for the benefit of all. Aspiring to foster friendship and cooperation to build a safe, serene, and rich region, ASEAN has been evolving over time. This aspiration was reinforced in the Bali Concord I, which agreed on cooperation programs in the political, economic, social, cultural, and security fields, as well as enhancing the ASEAN mechanism.

By 2020, ASEAN has committed to creating an integrated Southeast Asian society that is open, calm, stable, and prosperous, bound by strong relationships, and characterized by mutual care. The ASEAN Vision 2020, which outlined their goals, was endorsed by ASEAN Heads of State and Government at the ASEAN Summit held in Kuala Lumpur on December 15, 1997. The establishment of an ASEAN Community was decided upon at the 9th ASEAN Summit in Bali in 2003, and ASEAN ratified the Bali Concord II to that end.

Indonesia's role in achieving the goals of the ASEAN Economic Community (AEC) and the ASEAN Socio-Cultural Community (ASCC) will be discussed in this study based on the

explanation above. To promote peace, stability, and collective prosperity in the area, this research aims to comprehend how Indonesia is contributing to achieving the goals of the AEC and the ASCC. Indonesia's active involvement and leadership in the ASEAN community have contributed significantly to the realization of the AEC and the ASCC's goals. Through its economic and socio-cultural contributions, Indonesia has helped to strengthen regional integration, promote mutual understanding and cooperation, and enhance the well-being of the ASEAN peoples.

## **RESEARCH METHODS**

This study uses a literature review in its discussion. A literature review is a group of studies that gather information about the procedures used to gather data for a literature study. This study uses secondary data sources, including journals, books, and websites. The method of analysis used is descriptive, which first describes the facts before analyzing them and giving a thorough explanation of what was discovered in the literature study. Furthermore, the available materials are analyzed qualitatively to produce conclusions that can answer the problems discussed and provide an overview based on the arguments built into these conclusions.

## **RESULTS AND DISCUSSION**

When regionalism increases in Asia Tenggara outside of ASEAN, the organization in question increases the cap on employee hours. After 60 years in existence, ASEAN has become more focused on operationalizing social dimensions that, up until this point, have only been governed by regulations that are generally considered to be inadequate. This is due to two factors, namely ASEAN's governance structure and the widespread use of organizations in nearly every member nation.

Furthermore, the ASEAN Community which consists of the three concepts above was initiated by Indonesia in 2002 when ASEAN invited researcher Rizal Sukma from CSIS. Indonesia then served as Chair of the ASEAN Permanent Committee in June 2003. Within the ASEAN cooperation mechanism, the Standing Committee is the general coordination mechanism for all ASEAN activities and is responsible for the ASEAN Annual Foreign Meetings. Minister or ASEAN Ministerial Meeting (AMM). Indonesia then held the 9th ASEAN Summit which ultimately formulated the ASEAN Community which became the initial capital for the 2020 ASEAN Vision. This meeting resulted in the Bali Concord II (Moniek 2017).

The AEC, established in 2015, the objective of AEC is to establish a unified market and manufacturing hub among member nations. This involves facilitating the unrestricted movement of goods, services, investments, and highly skilled workers within the region while also aligning trade and investment regulations. Indonesia, being a vital player in the regional economy, has played a significant role in promoting economic growth and integration among ASEAN nations through its active participation in the AEC. Its strategic location, abundant natural resources, and sizable domestic market make it an appealing destination for foreign investments and a valuable ally for other ASEAN countries. The ASCC, on the other hand, the objective is to encourage social advancement and cultural growth within the ASEAN region. It aims to build a cohesive and inclusive ASEAN community through various initiatives, such as education, healthcare, disaster management, and cultural exchange programs. Indonesia's

cultural diversity, rich heritage, and experience in disaster management have been invaluable in supporting the ASCC's objectives.

Indonesia's active involvement and leadership in the ASEAN community have contributed significantly to the realization of the AEC and the ASCC's goals. Through its economic and socio-cultural contributions, Indonesia has helped to strengthen regional integration, promote mutual understanding and cooperation, and enhance the well-being of the ASEAN peoples.

### **ASEAN Economic Community (AEC)**

Figure 1. Member of AEC



Indonesia plays an important role in realizing the vision of AEC, which is to form a single market and production base among the ten ASEAN member countries by 2025. As the largest and most populous economy in Southeast Asia, Indonesia's participation and leadership is very important to achieve this goal. One of the main areas in which Indonesia can contribute to the AEC is through its infrastructure development. The Indonesian government has made significant investments in infrastructure, such as roads, airports and seaports, which can improve connectivity among ASEAN countries and improve the movement of goods, services and people. Another area where Indonesia can contribute to the AEC is trade liberalization. Indonesia has been involved in various regional and bilateral Free Trade Agreements (FTAs), such as the ASEAN-China Free Trade Area (ACFTA) and the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA). This agreement has helped reduce trade barriers and facilitate the flow of goods and services between countries.

Due to its critical location within the AEC cooperation framework, Indonesia is heavily influenced by the AEC. Based on the total population, Indonesia has a sizeable market share and is a large provider of manpower. The consumerist society in Indonesia is beneficial for the growth of the free market in the MEA. Indonesia plays an important role in achieving the goals of the ASEAN SCC and the ASEAN AEC as a member of the Association of Southeast Asian Nations (ASEAN). MEA aims to create a single market and production base in ASEAN, while ASCC focuses on improving the quality of life and welfare of ASEAN citizens.

Regarding the AEC, Indonesia has advanced the cause of regional economic integration significantly. The ASEAN Free Trade Area (AFTA), which aims to reduce trade barriers and promote intra-ASEAN trade, is one major project. The Regional Comprehensive Economic Partnership (RCEP), a free trade agreement between ASEAN and its six conversation partners,

has been actively negotiated thanks to Indonesia. Together with deepening economic integration, RCEP will contribute to the development of a stronger and more inclusive regional economy.

ASEAN leaders decided in 2003 that an ASEAN community should be established by 2020. They also reaffirmed their unwavering dedication to realizing the AEC and accelerating that goal to 2015. ASEAN Political-Security Community, AEC, and ASEAN Socio-Cultural Community are three interdependent parts of MEA. As a result, the leaders decided to turn ASEAN into a region where skilled labour, capital and goods can move more freely (Amallia, 2017).

Under the MEA scheme, the ASEAN Free Trade Area (AFTA) is an integral part. AFTA is one of the eight areas of cooperation within the AEC and serves as a driving force behind the ASEAN trade sector, making it the fastest growing area of cooperation. The ASEAN Charter, which consists of 13 chapters and 55 articles, is one of the official documents that composes the blueprint for the ASEAN Economic Community. This highlights the importance of creating a single, competitive, and economically integrated production-based market (Anabarja, 2010).

The implications of the AEC for Indonesia include opening up the potential for foreign workers from the ASEAN region to enter Indonesia. On the one hand, the influx of foreign workers benefits Indonesia in terms of labor infiltration in the spread of Indonesian. This effort is one way to optimize Indonesia's role in the ASEAN community. The emergence of the AEC in Southeast Asia requires Indonesia to be ready to face the challenges and potentials that arise. MEA is seen as an alternative to gain dominance in the world market which was previously held by the West and the Middle East. Indonesia can play an important role in facilitating trade in the ASEAN region, given the market potential and large population.

Efforts to internationalize Indonesian have been successful, as seen in Vietnam which is the official language of both countries. Indonesia has an important role in creating new regulations to achieve AEC development. It is believed that the implementation of the AEC will provide a positive stimulus for the country's economic development, particularly in the export and import sectors.

The AEC which aims to create a single market and production base is a significant step in ASEAN's efforts to realize the ASEAN Vision 2020. By enabling the free flow of capital, products, services, investment and investment, the region will become more competitive and dynamic in the global market. The AEC's mission is to advance economic cooperation and use regional diversity to drive business possibilities, enhancing ASEAN's position in international supply chains. The AEC is based on four strategic frameworks to achieve this goal: building a single market and production base, establishing a highly competitive economic region, promoting equitable economic growth, and completing integration into the global economy. Olivia (2014).

- a) Single market and production base
- b) Highly competitive economic area
- c) Regions with evenly distributed economic growth
- d) Territory fully incorporated in the global economy.

As the AEC proposal grew, a comprehensive official document known as the AEC Blueprint was developed to lay out the concept. By addressing factors such as competition regulation, consumer protection, intellectual property rights, infrastructure development, taxation, and e-commerce, it is expected that ASEAN will emerge as a highly economically competitive region. The AEC supports the following four major pillars of the ASEAN Blueprint: (1) The ASEAN aims to function as a unified market and manufacturing center that is strengthened by the unrestricted movement of goods, services, investments, highly skilled

workers, and freer capital flows. (2) The vision for ASEAN is to be a region with strong economic competitiveness, characterized by features such as competition regulation, consumer protection, intellectual property rights, infrastructure development, taxation, and e-commerce. (3) With the support of small and medium enterprises and efforts to integrate the economies of Cambodia, Burma, Laos and Vietnam, ASEAN hopes to achieve balanced economic development. (4) ASEAN seeks to strengthen membership in international production networks and fully integrate into the global economy, with a consistent strategy for dealing with economic relations outside the region.

Seven of the twelve main sectors that will join the AEC are goods sector encompasses various industries, such as agro-industry (plantation), fisheries, rubber-based industries, textiles and textile products, wood-based industries, electronics, and automotive. In the service sector, there are five key industries: air transport, healthcare, tourism, logistics, and information technology (e-ASEAN). (Sangadji, Mamentu, and Tulung 2018).

The development of Indonesia's human resources is also important in realizing the AEC vision. The country has a large and young population, which can be a significant asset in terms of the labor and consumer markets. The Indonesian government has invested in education and skills training to equip its workforce with the skills and knowledge needed to compete in the ASEAN market. In addition, the Indonesian government can play a leading role in facilitating the implementation of the AEC blueprint by coordinating with other ASEAN member countries and providing policy support. The country can also work to promote regional integration and cooperation through initiatives such as the ASEAN Investment Area (AIA) and the ASEAN Framework Agreement on Services (AFAS). Indonesia's participation and leadership is critical to realizing the vision of the ASEAN Economic Community. Through infrastructure development, trade liberalization, human resource development and policy support, Indonesia can contribute to the establishment of a single market and production base among ASEAN member countries, which can lead to regional integration and greater economic growth.

#### **ASEAN Socio-Cultural Community (ASCC)**

Compared to the AEC and the ASEAN Political-Security Community (ASPC), the pillars of the ASEAN Socio-Cultural Community (ASCC) are not very popular. Nonetheless, this is seen as a way to promote ASEAN's development while respecting the unique cultural traditions of each member country. As a democratic nation, Indonesia aspires to set an example for other countries in the Southeast Asian region in promoting the advancement of the ASCC. To achieve this goal, Indonesia is actively engaging civil society organizations in the formal ASEAN process, which is anticipated to draw the interest of other nations in the region.

Indonesia supports the development of the AEC and ASCC pillars and showed its support at the 17th ASEAN Summit in Hanoi, Vietnam on 30 October 2010. The aim is to demonstrate ASEAN's existence in the global community, and Indonesia's role in the country's development. ASCC is informed by its experience gained from geopolitical and geo-economic perspectives. This was reinforced by the theme Indonesia's Strength for ASEAN in 2011 which called for the ASEAN Community in a Global Community of Nations.

According to Indrawan (2016), ASCC mainly focuses on poverty alleviation and humanitarian development as part of ASEAN's social agenda. Failure to address social inequality can negatively impact economic development and political stability, leading to further social problems. ASCC has five main characteristics: universal access to opportunities regardless of background, maximizing human potential for meaningful participation in a competitive world, upholding social and distributive justice by overcoming poverty and equity with special attention to vulnerable groups, protecting the environment and natural resources

for sustainable development, and involving civil society organizations in policy decision making.

The establishment of the ASCC was based on various reasons referring to several aspects, namely (1) social redistribution, (2) social regulation, and (3) human rights (Chavez 2007). The first reason is the social redistribution program, ASEAN's main instrument in social redistribution is through the Initiative for ASEAN Integration (IAI) which sees gaps between member countries and provides assistance especially to Cambodia, Laos, Myanmar and Vietnam in supporting infrastructure, human resource development, integration technology and communications, and economics. The second reason is social regulation through the AFAS in 1995 which aims to progressively liberalize trade in services in the region. It should be emphasized that ASEAN countries implement a system of free trade between countries in the region and establish the same rules for other trades known as the ASEAN Economic Community (AEC). The third reason is human rights, the vision of ASEAN 2020 is the evolution of ASEAN countries to emphasize a cooperative attitude in reaching agreement on regional issues. ASEAN implements supreme state sovereignty and the principle of non-intervention which is felt to reduce value in its application, thus requiring further regulation in it (Chavez 2007).

Furthermore, ASCC itself is a community formed by ASEAN with the orientation of strengthening solidarity and providing social responsibility for the community of ASEAN countries. In other words, ASCC aims to create a shared identity and build the inclusiveness, caring and togetherness of the ASEAN community through increased cooperation. Both AEC and ASCC have high significance for the functioning of ASEAN as a regional organization. The intense dynamics of the Indo-Pacific require economic strength and unity of mind among its member nations. With the intensification of the AEC, ASEAN is able to empower the regional economy so that it is free from the trap of competition between China and the United States which uses economic instruments to expand its dominance. By optimizing the ASCC, it is hoped that ASEAN will be able to unite the cohesion of ASEAN members so that they do not side with the big powers that threaten ASEAN's centrality. The Cambodia incident which clearly supported China in the ASEAN joint statement at the ASEAN annual meeting in Phnom Penh in 2012, became an important evaluation material for the ASEAN Community as a whole and the ASCC in particular, to form a solid and cohesive ASEAN identity. (Po and Primiano 2020).

In addition to using the AEC and ASCC, ASEAN has formulated the ASEAN Outlook on the Indo Pacific (AOIP) which uses ASEAN norms as a basis for cross-regional cooperation and minimizes conflict. With this AOIP, ASEAN hopes to establish inclusive cooperation by accommodating all interests, with the principles of openness, inclusiveness, cooperation and respect for international law (Anwar 2020).

## CONCLUSION

The Indo-Pacific region has the potential to become a source of conflict because state interests control sea lanes. To respond to challenges in the Indo-Pacific, Indonesia and other ASEAN member countries are encouraged to collaborate through AEC and ASCC. Through the AEC which covers 12 priority sectors (7 goods and 5 services), Indonesia has the chance to enhance investment and create more job opportunities, although local production faces challenges from the competition with imported products. Meanwhile, Indonesia aims to realize the ASCC which focuses on social redistribution, social regulation and human rights for

solidarity and shared identity with ASEAN towards a better social and cultural life, but still faces obstacles such as increasing the role of women and contemporary struggles. crime in society. By encouraging the implementation of MEA and ASCC, it is hoped that Indonesia and other ASEAN countries can prioritize the centrality of the ASEAN region and avoid alliances that can trigger conflict in the Indo-Pacific.

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