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## Discussion Report Talking ASEAN: The Business Series

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1 Year ASEAN Economic Community (AEC):  
Progress & Challenges of Southeast Asian  
Economic Integration



## Introduction:

JAKARTA – On Friday 16 December 2016, The Habibie Center in cooperation with the Coordinating Ministry for Economic Affairs of the Republic Indonesia, the Permanent Mission of the Republic of Indonesia to ASEAN, BINUS International University, and Indonesian Services Dialogue Council hosted **Talking ASEAN: The Business Series dialogue entitled “1 Year ASEAN Economic Community (AEC): Progress & Challenges of Southeast Asian Economic Integration”** at Hotel Akmani in Jakarta. This edition of Talking ASEAN: The Business Series is the first of its kind, as it differs from the previous editions of Talking ASEAN by bringing business issues within the ASEAN region into a sequence of discussion rounds. Moderated by **Dr Alexander C. Chandra** (Associate Fellow, The Habibie Center), the main speech of this event was delivered by **Prof Patrick Ziegenhain** (Visiting Professor, Asia-Europe Institute, University of Malaya), with featured discussants comprising of **H.E. Ambassador Rahmat Pramono** (Permanent Representative of the Republic of Indonesia to ASEAN), **Dr Jose Rizal Damuri** (Head of the Department of Economics of CSIS and ISD Board of Founders), **Dr Nia Sarinastiti** (Marketing and Communications Director of Accenture Indonesia and ISD Board of Directors), and **Ms Felia Salim** (ISD Advisor).

The objectives of this Talking ASEAN: The Business Series were to discuss the progress and challenges in the implementation of AEC after nearly a year since it was first launched in January 2016.

This discussion report summarises the key points of each speaker as well as the question and answer session that followed.

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**16** Friday,  
December 2016

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## OPENING REMARKS



### **Dr. Raldi Hendro Koestoer**

Senior Adviser to the Minister for Relation of Economic, Human Development, and Culture, The Coordinating Ministry for Economic Affairs of the Republic of Indonesia



Opening remarks were delivered by **Dr. Raldi Hendro Koestoer** (Senior Adviser to the Minister for Relation of Economic, Human Development, and Culture, The Coordinating Ministry for Economic Affairs of the Republic of Indonesia). Highlighting that the discussion refers to the first year anniversary of the AEC, he would like to discuss the progress of AEC's implementation and remaining challenges for ASEAN to achieve their ultimate goals. Dr Raldi stated that Talking ASEAN: The Business Series is a study point, providing a platform for policymakers to discuss issues. After all, AEC was not designed to serve the needs of ASEAN's bureaucratic machineries, but to the region and population at large.



ASEAN just recently introduced the 2025 Blueprint, which states its immediate priority is to fulfil and complete the implementation of the 2015 Blueprint. In the next decade, ASEAN strives to deepen its economic integration initiatives through its five interrelated and mutually reinforcing characteristics. Dr Raldi mentioned that a recent study showed the full implementation of the AEC would raise regional GDP growth by 7.1%, which is above the baseline, and that the AEC also seeks to generate 14 million jobs in ASEAN by 2025. Having the largest economy in ASEAN, Indonesia should really take advantage of the AEC, as it would become very progressive in the near future. Seen from the perspective of improving performance in the ranking of friendliest countries for investment, Indonesian bureaucracy is indeed aware of the challenges faced by the business sector and it continues to improve competitiveness. He further expressed his hope that this event could show the opportunities and challenges the AEC faces ahead. He concluded by stating that the Coordinating Ministry for Economic Affairs strongly supports such activities where knowledge and experience is shared to all.



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## KEYNOTE SPEECH

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*“Indonesia’s GDP is relatively low, meaning that Indonesia does not depend much on intra-ASEAN trade, and thus should raise its competitiveness by trading more with other ASEAN countries.”*



**Prof Patrick Ziegenhain**

Visiting Professor, Asia-Europe Institute,  
University of Malaysia



***“The AEC contributes quite well to the development of the region and will continue to do so for the next 5-10 years.”***

**Prof Patrick Ziegenhain** as the key speaker in this session of Talking ASEAN: The Business Series opened his speech by stating that the AEC, launched a year ago, offers increased access to opportunities and market competitiveness across the ASEAN region. His presentation started by questioning the progress the AEC has made, its economic impact on ASEAN member states, and the major challenges in the next years or decades to come.

People have heard that ASEAN has implemented many regulations as part of the 2015 Blueprint and eliminated barrier tariffs. The challenges so far in implementing the AEC regulations are, among others, non-tariff barriers such as licences, and the fact that many countries still applies a ‘protectionist’ system, hindering the agreement from the 2015 Blueprint. Some other significant problems are that administrative costs are still very high in all ASEAN member states, AEC measures are not well-implemented on the grounds due to bureaucratic problems, investments are not yet completely liberated, Western and East Asian investors have complained

that investments are hindered in practice, and that skilled labours are ‘hindered’ by respective national laws.

Prof Patrick saw that most Indonesians do not feel the direct difference after the AEC was launched, so it is understandable that the general public are neither enthusiastic nor afraid of it. It is true that this year’s economic development in Indonesia, especially its GDP, has not grown as much as expected; however, the AEC is not the one to blame, but rather, commodity prices and international trades are just not really favourable for Indonesia at the moment.

Prof Patrick explained that countries with highly productive industries, easy access to start (and do) business, export-oriented industry structures, a good logistics sector and related companies, as well as a skilled and well-educated worker force, have better chances and higher level of competitiveness in implementing the AEC. He continued by showing the related rankings, where Singapore, Brunei Darussalam, and Malaysia

topped the charts and rank similarly high in terms of ease of doing business. Indonesia sits in the 'midfield', with Prof Patrick pointing out charts on human resources quality and English language proficiency. As for infrastructure and logistics, Indonesia has been improving a lot since last year, as airports, harbours, and roads are becoming much better.

On whom the AEC will benefit most, Prof Patrick explained that currently intra-ASEAN trade are trending more when compared to trade with neighbouring countries. Singapore is currently the most important country in intra-ASEAN trade business, followed by Malaysia, making them the two countries benefiting the most from the rise of intra-ASEAN trade. He showed another chart on how much GDP is generated by trade, and pointed out that Indonesia's GDP is relatively low, meaning that Indonesia does not depend much on intra-ASEAN trade. Indonesia should raise its competitiveness by trading more with other ASEAN countries.

Prof Patrick explained the challenges of AEC implementation so far. Firstly, expectations that the various countries have for the AEC differ, as open export-oriented countries look for new markets, underdeveloped countries want more foreign direct investment, while Indonesia wants to boost exports and increase international competitiveness. Secondly, economic nationalism is very strong within ASEAN. Thirdly, there are internal struggles that inevitably weaken the AEC's implementation, such as the Malaysian corruption scandal, the new king of Thailand, and the ethnic strife in Myanmar. Nearly every country in ASEAN has some issue making headlines, as they are having problems of their own. There also exists some problems of policy implementation in Indonesia, such as how there are various layers of government, and how lower-level governments are more protectionist and restrictive, hindering the AEC policy from being well-implemented. Fourthly, the structures of ASEAN itself might

become problematic. With principles such as consultation, consensus, and non-interference, and also no formal problem solving mechanism and enforcement mechanism, the AEC will remain a work in progress for years to come. Fifthly, there are also challenges arising from international economic environment, such as modest global economic growth, China's economic slowdown, low global oil prices, and general slowdown in investment. It is also thought that the protectionist policy of an incoming Donald J. Trump will affect Asia, as well as other external global economic factors.

Nevertheless, perspectives on ASEAN are quite optimistic. The AEC has much potential for growth with a rising population, rising incomes, growing consumer sophistication, and improving infrastructure. Moreover, intra-ASEAN trade will be very important due to the predicted rapid expansion of the number of people earning middle class income in ASEAN. Over the medium to long term, ASEAN is expected to remain among the fastest growing regions in the world as it continues with the process of regional integration. However, in the next few years there might be some global effects on the economies of Southeast Asia that might not be beneficial. Despite this, the AEC contributes quite well to the development of the region and will continue to do so for the next 5-10 years.



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## Panel Discussion



## H.E. Amb. Rahmat Pramono

*Permanent Representative of The Republic of Indonesia to ASEAN*

### Dr Alexander C. Chandra

As the moderator for panel discussion session, Dr Alexander opened the session by asking Ambassador Rahmat Pramono what has been the progress and key challenges ASEAN is facing in implementing AEC over the past year, and what Indonesia's commitment is on this.

### Ambassador Rahmat Pramono

Ambassador Rahmat explained that when mandated by the charter to start implementing the AEC as part of community building, all ASEAN member states understood that this would be a big job. The economic pillar is indeed not the only pillar, as other pillars also have a lot of issues to them, so this is a big endeavour for ASEAN to build the AEC, and it is not going to be easy. Most probably we will not achieve 100% implementation of the blueprint, as there are lots of issues, but Ambassador Rahmat stated that he would like to compare the AEC to building a house – “do we go in after it is finished, or do we move in and continue the progress as we go?” ASEAN Leaders decided to start as soon as possible, as they deemed it would be better. Tariffs are successfully lowered to an average of 0.04%, but there are still non-tariff barriers such as licences and export-

import taxes remaining. While electronic and cosmetic products have finished their standardisation, there are still thousands of products yet to be standardised. This is a big challenge and an ongoing progress. For Indonesia, the challenge is even bigger as Indonesia is a big country, but Ambassador Rahmat ensured that Indonesia is committed to finish its homework.

### Dr Alexander C. Chandra

Dr Alexander asked another question to Ambassador Rahmat on how regional autonomy impacts the implementation of AEC.

### Ambassador Rahmat Pramono

According to Ambassador Rahmat, to a certain degree, local governments have the right to pursue international relations with other countries, and in this, the central government has to engage and advise. He admitted that as regional autonomy is relatively new, it is still under a continuous learning process by doing. Regions have their own responsibility, but he emphasised that the central government has to guide and advise them with how to build such international relations.



## Dr. Yose Rizal Damuri

*Head of the Department Economics CSIS and ISD Board of Founders*



## **Prof. Patrick Ziegenhain**

*Visiting Professor, Asia-Europe Institute,  
University of Malaysia*

### **Dr Alexander C. Chandra**

Dr Alexander moved on to Dr Jose Rizal Damuri, asking him a question on how realistic the 2025 vision is, given that many issues are still left unfinished from 2015, and whether we are looking at ASEAN connectivity and enhanced sectoral integration.

### **Dr Jose Rizal Damuri**

Dr Jose said that the *'devil is in the detail'*, as it represents everything about the AEC, and perhaps ASEAN really needs to get down to business. ASEAN needs to not only try getting the vision done or only get commitments implemented, but also to look at fundamental issues: the institutions, the implementation mechanisms, and how ASEAN positions itself in the global market in a more integrated world. On implementation mechanisms, we have not made any progress on how to implement all the visions of the AEC. ASEAN needs to get a better implementation mechanism in place, and we also have to assess the need to have a dedicated body. Dr Jose suggested that ASEAN can start from a very simple method like 'naming and shaming,' transparency, or reporting. ASEAN countries need to be given social peer pressure. In terms of economic integration, Dr Jose encouraged considering the establishment of a customs union and a harmonised set of regulations on tariffs, as those, according to Dr Jose, are the easiest part ASEAN countries can do at the moment.

As ASEAN is turning 50 years old next year, Dr Jose suggested that ASEAN needs to reconsider its principles, particularly the ones that may no longer be suitable for the current situation. Dr Jose then made a reference to APEC and how it partakes international social pressure to encourage countries to improve.

### **Dr Nia Sarinastiti**

Dr Nia explained that whatever is happening with the AEC's implementation, we need to try to make it business as usual. The best way is to proceed and be as competitive as possible. If we wait, we would not be able to move forward.

On whether ASEAN has done enough to meet private sector demands, Dr Nia said that looking at the current condition, we are moving in the right pace, and we should further support private sector development, for example using public-private partnerships. On the issue of financial inclusion, Dr Nia commented that governments just need to move things faster, especially in the digital world and with all developments in technology. If we do not innovate and be fast in adapting to it, we will be left behind other countries, and that cannot happen.

### **Ms Felia Salim**

Answering the question Dr Alexander as



## **Ms. Nia Sarinastiti**

*Marketing and Communication Director Accenture  
Indonesia and ISD Board of Directors*

moderator asked to Dr Nia about changes in business, Ms Felia said that we need to understand each other's priorities and needs. We were always talking about equalising and harmonising regulations without knowing each country's priorities. Indonesia's contribution to intra-ASEAN trade is very low, so we know the country's priority is not just that. Indonesia is moving away from commodities-based sectors, as it wants to enhance the natural resources sector, so this becomes an obvious priority and other countries should see this as their opportunity. Ms Felia addressed the need to find a common denominator and make it a priority for the ASEAN framework, meaning that ASEAN countries need to be less nationalistic and be more people-centred.

Disruptive technology speeds up interconnectedness, but we have to be careful about it, said Ms Felia, especially in commerce part, so we have to determine what we want to have. She further encouraged us to look at the bigger picture to see what affects ASEAN as a whole and each country, and then get it down to operational level for the framework. Making a reference to the South China Sea case, Ms Felia explained how in business it is important to connect the dots of major influencing factors. She commented that at the end of the day, ASEAN has not yet benefited the people. It needs to be more understanding of each country's different priorities and,



**Ms. Felia Salim**

*ISD Advisor*

from there, identify the common priorities among all.

### **Dr Alexander C. Chandra**

Dr Alexander said that there is a gap between national economic interests and ASEAN economic interest, and noted how ASEAN seems to be on 'autopilot' in terms of leadership. He further asked Ambassador Rahmat for comments on this.

### **Ambassador Rahmat Pramono**


Ambassador Rahmat agreed that the disparities are indeed there and that in ASEAN, the people realise that. Nevertheless he argued that we needed to move gradually. As mentioned by Dr Jose, the 'devil' is indeed in the details. Combining different economic systems with all the disparities is not easy, but ASEAN is doing it step by step. Last year, we had 1,280 meetings inside and they are producing something for progress. Financially, having that many meetings and with limited human resources is not easy either. There are big targets to achieve, but we have to realise our limitations, that is why a gradual process is the way ASEAN goes.

### **Dr Alexander C. Chandra**

Dr Alexander asked for Ambassador Rahmat's opinion on the 'naming-and-shaming' method and the possible establishment of a customs union in ASEAN.

### **Ambassador Rahmat Pramono**

Ambassador Rahmat said that even though the efforts are not publicised, ASEAN has already started to introduce more transparency and openness in its meetings. The regional organization does not bluntly forbid countries from doing certain things, but instead approaches them through mentioning in some reports when a country has not been



able to achieve its target. There are indeed some discussions on the establishment of a customs union, but ASEAN is not yet able to decide whether it is feasible. However, Ambassador Rahmat said that ASEAN has established a monitoring and analysis division in the ASEAN Secretariat to address some of these challenges.

### **Dr Alexander C. Chandra**

Dr Alexander asked Dr Jose, referring to Dr Nia's statement on prioritising domestic issues in Indonesia, which ones are actually meeting the commitments in ASEAN?

### **Dr Jose Rizal Damuri**

Answering Dr Alexander's question, Dr Jose said that we need to look at the priority. The 2025 AEC blueprint has lots of programs and commitments that are prioritised by member countries. For example, trade facilitation through an ASEAN single window is in the interest of all countries and therefore is a priority, but it is still not progressing so well, particularly after 2011. Dr Jose said that it is not about how to prioritise the commitment, but more on how to have some kind of modifications in the regional organization and how to specifically implement the commitment, while considering national problems as well. He explained that in the 2025 Blueprint, we have commitments which are also common priorities of each member country, including Indonesia, but does Indonesia have the political will, the technical capacity, and good coordination among agencies to do that? All of those, said Dr Jose, become hindrances in implementing an ASEAN single window, no matter how much it is prioritised.

### **Dr Alexander C. Chandra**

Referring to Dr Jose's explanation, Dr Alexander then asked him how Indonesia should build its political will.

### **Dr Jose Rizal Damuri**

Dr Jose said that such will comes from the bottom, namely the member countries. With better infrastructure, mechanism, and institution, external pressure is also necessary.





# Question and Answer

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## FIRST SESSION

**Comment No. 1:** How is the current competition within the ASEAN service sector, as there is always some sort of perception that Indonesian market is invaded by other ASEAN member countries?

**Comment No. 2:** What do you think about the government support, has it been sufficient for Indonesian businessmen to enter their own market?

**Comment No. 3:** Is there any form of engagement of business economic community in the overall negotiation process of the AEC, as there are debates that the negotiations are for elitists and are only attended by government officials, but not by other state actors as well?

**Comment No. 4:** How are Indonesia's chances in the AEC? Who is going to play most of the roles in the AEC?



**Dr. Alexander C. Chandra**

Associate Fellow, The Habibie Center

**Comment No. 5:** What is the possibility of ASEAN having absolute competitiveness?

**Comment No. 6:** How is ASEAN going to compete with other regions in the future through the AEC?

**Comment No. 7:** ASEAN is exclusive and politicised to business and political elites, is that how ASEAN intends to be, and how do the discussants address that?

**Comment No. 8:** On Trump as a challenge to the ASEAN Community in the future, since the AEC is intra-ASEAN based, how can Trump presidency actually affect ASEAN?

**Comment No. 9:** On the rise of RCEP and Indonesia's proposal for TPP as an alternative, will those agreements be overlapping with the AEC, and how will those agreements influence ASEAN in the next years?

## RESPONSES

### Ambassador Rahmat Pramono

Ambassador Rahmat explained that ASEAN has involved the private sector, highlighting the ASEAN Business Advisory Council (ABAC). This year, their representatives have had direct engagement with the ASEAN Leaders where they can express their experience of doing business in ASEAN and how ASEAN can better facilitate their needs. He expressed his two cents on this issue by saying that ASEAN has not done enough in the private sector, and it should have been able to engage more. This might be related to the history of ASEAN as an elite group where the grass-root level's involvement was initially limited. However the ASEAN Charter has mandated the regional organization to change this attitude and adopt a more people-centred norm. To change ASEAN's mindset that has ingrained for almost 50 years is not simple, but ASEAN has already

started doing so, especially some of its member states such as including Indonesia. For example, Jakarta notably appointed representatives from local NGOs instead of government officials to become the Indonesian representative to AICHR. He explained that the regional organization is encouraging the grass-root level to do more activities and give more suggestions, and Indonesia is the leader in pushing grass-root people engagement throughout ASEAN.

### **Dr Jose Rizal Damuri**

Dr Jose answered that we forget to look at ASEAN in a more concrete way. The visa waiver system throughout ASEAN is a concrete achievement. How prepared a country is will affect ASEAN integration at large. Joining the club means that a country wants to receive suggestions and improve itself to reach a better condition, and ASEAN countries should look at themselves like this. Dr Jose then emphasised the need for domestic reform that every country must realise, and said that a country's commitments and its government's support also signify its preparedness for the AEC. With higher competitiveness and more commitments, people start to realise what is wrong, and on this, he agreed with Dr Alexander that we are more integrated than we realise.

### **Prof Patrick Ziegenhain**

Prof Patrick responded the competitiveness issue by saying that when compared to others, some countries are already doing well, while some are committing to the AEC to improve themselves. This is a

form of competitiveness, as the differences can push us closer. On engaging the private sector, Prof Patrick commented that such engagement depends on leadership and the political system in each country and we have to take into account the different levels of freedom in those countries. In Myanmar and Vietnam, for example that kind of engagement may not be feasible, but it is possible in Indonesia, as Indonesia has the most open civil society. On Trump's presidency, Prof Patrick predicted that the possible effect would be an economic exchange slowdown, but the overall effect will not be drastic as feared.

### **Dr Nia Sarinastiti**

Dr Nia commented that we are moving up in the global value chain. The consumer sector is the fastest growing sector, and we can see reciprocal establishment of restaurants and distribution of goods growing in countries for example. The hospitality sector is also growing as more areas are opened up for visitors, but she emphasised that there is still homework for Indonesia in the hygiene and trash management sectors. Dr Nia continued to praise the education sector as it is growing as well, both in terms of students and professors exchanges, as well as Indonesian manufacturing brands that have been circulating around ASEAN. She agreed that consumerism growth is there. ASEAN also needs to make itself more inclusive as a competitive economic region, and to improve infrastructure and logistics, as the World Bank mentioned several times in the past decade. Dr Nia proceeded to comment that the real challenge is to improve the sectors that are not consumer-based.

### **Ms Felia Salim**

On the business issue, Ms Felia said that admittedly we have taken the region's stability for granted over the past decades. For the business community, political risk is low among the countries and that is a good thing, despite having different democratic systems and levels of openness. Ms Felia commented that what the business community has not utilised enough is the fact that 95% of trade barriers are already gone.

This, according to her, means that people in the business community do not know of this, and they need to understand the opportunities.

Ms Felia then added to Dr Nia's comment on competitiveness in the service sector, noting that from an Indonesian perspective, we have a huge market but we do not want to be looked at as just a marketplace. However, from an ASEAN perspective, there is an even larger market. Indonesians need to have a long-term view, and this is where the government should play the role of ensuring fairness and benefits for its people. At the end of the day, Ms Felia reinstated how priorities need to be addressed.

On how a Trump presidency will affect ASEAN, Ms Felia reminded the forum that Trump has investments in Indonesia, and we have to differentiate between political pragmatism and business.

On the TPP and RCEP, Ms Felia admitted that there is a lot of homework to be done. Indonesia has shown that if we are more open, it will benefit us in the long run. Ms Felia expressed her hope for independent institutions to give us a clear path and not put certain interests as our priority, as well as to give input on how to take ASEAN forward.

## SECOND SESSION

**Comment No. 1:** How are the chances for Indonesian banks to set up their branches overseas? Why are we not doing that?

**Comment No. 2:** How will Indonesia address the issue that our export is not our biggest strength and also our dependence of our large domestic market?

**Comment No. 3:** On the AEC implementation, what are the top three things on the to-do list?

**Comment No. 4:** The human rights discussion in the AEC does not go much beyond seeing human beings as economic agent. What are the challenges in incorporating human rights in doing business within ASEAN, as AICHR is much in the sociocultural pillar and not the economic pillar?

**Comment No. 5:** What can the EU learn from ASEAN, especially in terms of the AEC?

## RESPONSES

### Ambassador Rahmat Pramono

On export, Ambassador Rahmat said that we have to change our mindset. One of the reasons for low intra-ASEAN trade is that most of ASEAN countries produce similar items, such as *kerupuk*. In Indonesia, the utilisation of AFTA is quite high – higher than other countries.

Ambassador Rahmat explained that on the issue of human rights, there are discussions that human rights should be an overarching issue that cuts across the three pillars of ASEAN, and such discussions focus on rights of development, education, health, and security. This issue has already been progressing throughout ASEAN, as human rights are no longer only seen in the political sense. Ambassador Rahmat then informed that ASEAN also focuses on women development, especially women entrepreneurship in its economic pillar.

### Prof Patrick Ziegenhain

Prof Patrick said that if we look back, it was not interesting for the Indonesian people to trade with other countries, but now it is becoming attractive. Despite this Indonesia still focuses too much on its domestic trade. He commented that it is now the time to focus on other attractive markets now that the AEC is in order.

On banks, Prof Patrick responded by saying that it should be possible for Indonesian banks to expand to ASEAN, as free flow of capital is part of the commitments. It is possible that one

of the implementation problems are protectionism from other countries.

Prof Patrick continued to respond that the EU can learn from ASEAN's political development and how the institution receives big support from its citizens. He also praised the non-interference principle that ASEAN embraces, and which makes ASEAN member countries feel that nobody is deciding anything upon them.

### **Dr Jose Rizal Damuri**

Dr Jose mentioned that we have at least two things in the to-do list. First, at the ASEAN level, is to determine what kind of mechanism that can put in place to pressure ASEAN countries to implement the AEC. In the EU, each member needs to ratify and incorporate EU agreements into their national laws. They have a dispute settlement mechanism, meaning that they can be taken to court for violations and face strong penalties. ASEAN needs to go that way in the future. Monitoring and evaluation mechanisms need to be more transparent at the ASEAN level. Parliaments, civil societies, and research institutions need to be more intensified in the AEC's implementation. Secondly, at the national level, Indonesia needs to own political support. Dr Jose admitted that he does not know how many parliament members understand the importance of the AEC, and the same goes with the government, thus we need to get government agencies to pay more attention to the AEC.

On the banking sector, he mentioned that the establishment of such branches is not reciprocal. Indonesia hosts thousands of

banking offices from Singapore, Malaysia, and Thailand. Dr Jose admitted that opening bank branches in those three countries is indeed difficult, but as heard from the other countries, it is not about market access, but prudential regulations. Each country has different rules for opening branches. Indonesian banks perhaps could not fulfil the criteria given. He explained that such regulations are not extensive as they lie within each country's national domain, but unless there is some harmonisation of regulations across ASEAN for this matter, we still have to observe them.

### **Dr Nia Sarinastiti**

Dr Nia added that ASEAN needs to think about how to fill skilled jobs throughout the countries. From an ASEAN aspect, there are limited professional jobs, and consequently, education systems between countries needs to be harmonised because there are various differences that cause the aforementioned issue as well.

### **Ms Felia Salim**

Ms Felia stated that the financial sector roadmap is good, but again, each country has behaved in their own interests. Requests to open branches and have ATMs in other countries are rejected. There are some discussions regarding this matter, but the issue gets watered down and then it does not happen. It took years to open bank branches, which are meant to serve the needs of migrant workers in the respective countries. Not that we cannot purchase foreign banks, but there are indeed many hurdles. At the end of the day, it all comes down to the domestic interest of the hosting country. The possible solution to this might be digital banking. Theoretically, conventional banks are going to change, some even say it is soon going to be the end of them. They are possibly going to be around for a bit longer, but we need to react now. Indonesia has had very good reasons to open bank branches overseas, therefore we also need more honest discussions and more

affirmative actions to actually reach some agreement. As previously, some Indonesian banks had obeyed the prudential regulation thus successfully established their overseas branches, we have to wonder why such regulation is used to drag the establishment of bank branches, because probably it is still about market access considerations. On incorporating human rights into the economic pillar, Ms Felia explained that rights and sustainability perspectives are now being pushed in many global sectors.

### **Dr Alexander C. Chandra**

Dr Alexander closed the insightful Talking ASEAN: The Business Series session by concluding that in terms of the AEC implementation, a number of progress has been going well and ASEAN is going on at a comfortable pace. ASEAN is a light in an increasingly dark world – indeed there are still a lot to be done, but we need to realise that there are a lot of things happening outside Indonesia, so we need to start thinking about ASEAN. There has to be a change of mindset, not only those of policymakers', but also everyone else's.





## ABOUT ASEAN STUDIES PROGRAM

The ASEAN Studies Program was established on February 24, 2010, to become a center of excellence on ASEAN related issues, which can assist in the development of the ASEAN Community by 2015. The Habibie Center through its ASEAN Studies Program, alongside other institutions working towards the same goal, hopes to contribute to the realization of a more people-oriented ASEAN that puts a high value on democracy and human rights.

The objective of the ASEAN Studies Program is not merely only to conduct research and discussion within academic and government circles, but also to strengthen public awareness by forming a strong network of civil society in the region that will be able to help spread the ASEAN message. With the establishment of ASEAN Studies Program, The Habibie Center aims to play its part within our capabilities to the ASEAN regional development.

## ABOUT TALKING ASEAN

Talking ASEAN is a monthly public dialogue held at The Habibie Center in Jakarta. Covering a wide array of issues related to ASEAN, Talking ASEAN addresses topics of: Economic Integration, Socio-cultural, & Democracy, human rights and regional peace, among others. Featuring local and visiting experts, Talking ASEAN is one of a series of twelve dialogues regularly held each month and open to a target audience consisting of ASEAN officials, foreign ambassadors & diplomats, academics, university students, businesses, and the media.

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