

ASEAN Economic Community Improves Society Welfare

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Economic integration and free trade conceptually will bring benefits to a country if sectors performance and competitiveness are established specifically. The Asean Economic Community brings hopes that Asean will be the world's third largest market.

According to Rini Setyastuti, S.E., M.Si, lecturer from Universitas Atma Jaya, Yogyakarta, of all the cooperation being established, the main motivation is to improve the welfare of each society. Being involved in a trade integration is expected to give benefits in the form of economic profit.

"Improved welfare of society will obviously narrow the gap between member countries," said Rini Setyastuti in BRI Auditorium, Faculty of Economics and Business UGM, on Monday (30/7) during her doctoral promotion.

Rini said competitiveness becomes one of the major issues while in fact it can bring benefits to ASEAN member countries. Product specialisation is necessary to enhance the competitiveness.

Still, there are several issues facing Asean in the trade integration (AEC). These are different

economic development between countries, no harmony between policy of each country, relations of Asean countries with other countries, capital and manpower mobility, and the existence of Rule of Origin.

Overall, said Rini, Asean countries experience significant dynamic change but in average all have experienced changes that are relatively low in terms of comparative excellence. Singapore, Malaysia, and Thailand relatively have more dynamic changes than the rest while in terms of comparative excellence, Indonesia is competitive along with Malaysia and Vietnam for exports.

Product shift generated by input output calculation has made Asean countries do more services industry exports. They also create added value to the goods as requested by their trade partners such as the US, China, UK, and Japan.

"Complementarity of relations between Asean in trade as shown in added value using Global input Output is likely very low. So, to achieve the complementarity would need close ties in order to improve Asean prime industry," she said.

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