

CHAPTER ONE

INTRODUCTION

A. Background

In terms of per capita income growth, ASEAN has dramatically outpaced the rest of the world since the late 1970s. According to McKinsey, the number of consumer households earning over \$7,500 a year will double to 125 million by 2025. With over 600 million people, ASEAN's potential market is larger than the European Union or North America. Behind China and India, ASEAN has the third-largest labor force in the world; and it remains relatively young.¹ Developing this human capital has, in part, been a major achievement. However, job creation remains a huge challenge with so many entering the workforce, and new workers will need the right skills.

Another fact, there are about 500 million middle class consumers in Asia. It is estimated that within 20 years there will be a six-fold increase of middle class consumers within the region to some 3.2 billion people. Asia's share in the global middle class could rise from just over a quarter today to two-thirds by 2030. This will thus generate a thriving consumer credit market.²

¹ Vinayak HV, Fraser Thompson, and Oliver Tonby. July 12th 2015. "Understanding ASEAN: Seven things You Need to Know". Accessed in <http://www.mckinsey.com/industries/public-sector/our-insights/understanding-asean-seven-things-you-need-to-know> at October 10th 2016 11:29 am

² Homi Kharas and Geoffrey Gertz, 2010, 'The New Global Middle Class: A Cross-Over from West to East' Chapter 2 in China's Emerging Middle Class: Beyond Economic Transformation (Cheng Li, editor), Washington, DC: Brookings Institution Press, p.5.

In the coming decades, economic growth in the ASEAN region is likely to continue by the demand for products and services by consumers in the region. The ultimate consumer is the consumer consumer of credit which likely to fuel of demand. Therefore, growth can be grouped by being expanding using credit to help financing their purchases. The expected rapid growth of the middle class in the ASEAN region presents significant policy, legal and regulatory challenges.

Under the ASEAN meeting in January 2007 in Cebu, Philippines, the ASEAN leaders agreed to accelerate an ambitious initiative to integrate their economies and agreed the ASEAN Economic Community in 2015. Implementation of the ASEAN Economic Community already implemented since in the end of 2015. ASEAN Economic Community is materialized from the desire of ASEAN countries to realize the ASEAN into a region whose economy is solid and the economy are taken into account in the International arena. Economic integration applied in the ASEAN Economic Community is not an economic integration like the one adopted by the EU (European Union) that imposed a single currency (Euro).³

Since, the ASEAN Economic Community has already been applied in the end of 2015 there will be many cases in order to maximize profits, businessmen exploit consumers by supplying poor quality goods at higher prices. They adopt unfair trade practices such as adulteration, boarding, and black-marketing. As a result, consumers do not get value for their money. Big business companies use

³ ASEAN, 2015, "A Blueprint for Growth: ASEAN Economic Community 2015: Progress and Key Achievements", November 2015, Jakarta, ASEAN Secretariat, p. 10

their power for private gain. Consequently this could give some disadvantages such as their exposure and to the detriment of consumers. Consumers are exposed to physical, environmental and other hazards. They need to be protected from spurious, duplicate and adulterated products, pollution of air, water and noise, and misleading advertising.⁴

Consumer protection is an essential tool in developing up a people-oriented in ASEAN Community. ASEAN has been more mindful that consumer welfare and interest have to be taken into account in all measures implemented to reach an integrated economic region. Consumer protection laws ensure fair competition and correct information of the free flow in the market. At present only some ASEAN Member States that have consumer acts. The remaining ASEAN Member States are planning or are in the process of drafting their consumer protection policies and laws. Meanwhile, consumer protection elements in these countries are covered by other legislation in order to achieve consumer protection objectives.⁵

Consumer protection is a new area of regional cooperation. As initiated under the ASEAN Economic Community (AEC) Blueprint, the inter-governmental ASEAN Coordinating Committee on Consumer Protection, later renamed as the ASEAN Consumer Protection, was established in August 2007.

⁴ Soumya Singh. 2014, "Why do we need for consumer protection?", March 17th 2014, Available at <http://www.preservearticles.com/2012022923918/why-do-we-need-for-consumer-protection.html> Accessed on October 5th 2016 at 4:15 p.m.

⁵ Consumer Protection and Intellectual Property Rights Division of The ASEAN Committee on Consumer Protection, 2015, "Consumer Protection", April 13th 2015, Available at <http://www.aec.com.mm/download/Consumer%20Protection.pdf> accessed on October 5th, 2016 at 8:18pm

The ASEAN Consumer Protection and its three Working Groups, serve as the focal point for the implementation and monitoring of regional arrangements and mechanism on, and to foster the sustainable development of consumer protection in ASEAN.⁶

In order to steer the implementation of initiatives and commitments under the ASEAN Economic Community Blueprint, a strategic approach toward consumer protection has been adopted by the ASEAN Committee on Consumer Protection. The approach contains policy measures and detailed priority action with specific timeframes for implementation, including the development of a (i) notification and information exchange mechanism by 2010; (ii) cross border consumer redress mechanism by 2015; and (iii) strategic roadmap for capacity building by 2010.

The ASEAN Committee on Consumer Protection is a newly-established sectorial body, and will be face with extensive and complex work programs. Specifically, the main area of capacity-building needs at the regional and national levels will have to be identified, prioritized and addressed. Substantial technical and financial assistances would be required in the process of developing and promoting national policies, laws and institutional arrangements on consumer protection. Among all of the challenges the most interesting one is globalization and regional integration will appear complex and difficulties in customer protection that have to manage by all Member States.

⁶ *Ibid*

Based on the data and phenomenon above, it is urgent to strengthening the role of The ASEAN Committee on Consumer Protection (ACCP). This research has aim to elaborate the role of the The ACCP and to discover how the ACCP in protecting consumer complaints rights under ASEAN Economic Community 2015-2025.

B. Research Questions

Based on the background that has been explained by the writer above, there are two legal problems as the guidance to do this legal research which are:

1. What is the role of The ASEAN Committee on Consumer Protection under ASEAN Economic Community 2015-2025?
2. How does the ASEAN Committee on Consumer Protection protects consumer complaints rights under ASEAN Economic Community 2015-2025?

C. Research Objective

1. To elaborate the role of the The ASEAN Committee on Consumer Protection under ASEAN Economic Community 2015-2025.
2. To discover how the ASEAN Committee on Consumer Protection in protects consumer complaints rights under ASEAN Economic Community 2015-2025.

D. Research Goals

1. Theoretical Goals

In a theoretical perspective, the legal research hoped to give benefit function as a legal contribution to develop the science especially on the Business law on the issue of consumer protection on the free market era.

2. Practical Goals

The Results of this research will give a better understanding and as a reference on “Role of The ASEAN Committee on Consumer Protection (ACCP) to Protecting Consumer Complaints Rights under ASEAN Economic Community 2015-2025.”