

CHAPTER V CONCLUSION

ASEAN-Australia and New Zealand Free Trade Agreement (AANZFTA) is one of the forms of Free Trade that opens up and creates new opportunities for the member states such as ASEAN (Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam), Australia and New Zealand. The agreement signed on February 27th 2009 and expected to enter into force on January 1st 2010. AANZFTA's state parties had created the support program for it which called AANZFTA Economic Co-operation Support Program (AECSP), which consists of Economic Co-Operation Work Program (ECWP) and AANZFTA Support Unit (ASU)

AANZFTA established with the aim to create the clearer, predictable and transparency business environment. It came into force at 2010 and succeed in implemented the agreement as well. There are 17 chapters in the agreement of AANZ and also five objectives, those are:

1. Reduce the tariffs barriers for at least 90%. In other word, the tariff on trade and barriers will be reduced or eliminate to equalize the tariff between parties.
2. Gradually liberalizing trade in services among the Parties, with substantial sectorial coverage.
3. Facilitate, promote and enhance investment opportunities among the Parties through further development of favorable investment environments
4. Provided special and differential treatment to the ASEAN Member States.

The Implementation of AANZFTA from 2010-2017 has brought great advantages for the state members. ASEAN's total for goods and services trade with Australia increased from AUD 79.9 billion in 2010 to AUD 93.2 billion in 2016

and New Zealand increased from NZD 10.5 billion in 2010 to NZD 14.5 billion in 2016. Meanwhile the FDI stocks with Australia and New Zealand AUD 42.6 billion in 2010 to AUD 81.6 billion in 2016 and NZD 3.4 billion in 2010 to NZD 7.8 billion in 2016.

The implementation had bring trade and investment to the member states of the agreement. With the improvement and increasing values and commodities of export and import, it showed AANZFTA aim to maximize the affectivity of the agreement contributed in the ASEAN economic development.

Indonesia joined the agreement on 2011 and went on quiet well up to these days. After joined the agreement, the total value of export activities Indonesia to the world is US\$ 5.9 billion. It was an enhancement from the last years of 2008-2010 which only hit about 3% or about US\$4, 7. However the import activities from both countries to Indonesia also hits around 3-4% in 2008-2010 from the total import value of Indonesia from the world or around US\$ 3, 9 – US\$ 4, 7 billion to US\$ 5, 9 billion. The export commodities from Indonesia to Australia and New Zealand are paper, coal, raw oil, textile, steel products, and shoes. The import goods are wheat products, textile raw materials, dairy product, cow, beef and innards.

The impact of AANZFTA, had pushed the export and import rate. Ever since Indonesia joined into force the economic growth of Indonesia had an ups and downs during its journey in 2011-2017. Generally, Indonesia has gone through a significant change since 1961 ended. GDP (Gross domestic product) defined as a measure tool for the monetary value of final goods, while in the global economies GDP has been used as a references on identify the economic performance of a state. While the economic growth can be defined as the increasing output or production of the state, the economic growth itself has various factors to identify the indicators, those are:

1. Investment

An investment is an asset or item acquired with the goal of generating income or appreciation. In an economic sense, an investment is the purchase of goods that are not consumed today but are used in the future to create wealth.

2. Industry Sector

Industrial Sector is of great importance for economic development of country. It is historical fact that countries with strong industrial sector have showed more economic growth and development industrial sector have shows improvement in national income and promoted living standard of population.

3. Export-Import

import and export has become a very important part of the economy. This business has flourished into a more sophisticated but convenient, smoother and safer business. Risks are minimized with more international trading laws that aim to protect both importers and exporters. Regulating and governing bodies such as the World Trade Organization (WTO) has streamlined the export import system. Trade agreements like the North American Free Trade Agreement (NAFTA) have greatly contributed to the growth of the industry.

In the end, writers think that the agreement done by AANZFTA might seems a little slow. However, the agreement really bring and impact well on Indonesia's economic growth. Since join into force, Indonesia had an enhancement on the economic growth even though at the beginning of the year it went too slow and had a decrease. The AANZFTA pushed the main factor of international free trade, which is export import and investment. As the export going well and affected the GDP and economic growth, the poverty and unemployed rate are also enhance, make Indonesia as the welfare country.

In order to explain the issues and or phenomenon above, the writer has a hypothesis that the ASEAN-Australia and New Zealand agreement toward Indonesia Economic Growth

in 2011-2017 affected positively through the collaboration and partnership of the joining country in an open access of market, low prices of goods and services, open trade and investment.

The writer try to use the Free Trade concept which triggered by Adam Smith and Neo-Functionalism theory by David Mitrany. The Free Trade concept is a relative concept in macroeconomic which believe that free trade is cutting the tariffs trade in order to achieve prosperity under government regulation. According to Adam Smith, people's self-interest would promote greater prosperity than with strict government regulations. As with the implementation of free trade, writer believe that Free Trade is a policy that brought interdependency effect that more reciprocal and brought more advantages for states, such as leading to the increasing economic growth of nation-state.

Neo-Functionalism theory is a reborn theory from functionalism that later developed by Mitrany. This theory is more focusing on strengthening the integration among states. The writer certain enough to speculate that ASEAN-Australia and New Zealand has a purpose on strengthening their relationship and economies by the implementations of AANZFTA itself. By joining the agreement, the states have shown their interest since there always will diversity everywhere.