

THE IMPLICATIONS OF ASEAN ECONOMIC COMMUNITY (AEC) TO THE REGULATION OF COOPERATIVE SUPERVISION BY THE GOVERNMENT UNDER LAW NUMBER 25/1992 ON COOPERATIVE

Herman Suryokumoro¹

¹ Lectural of International Law, Faculty of Law, Brawijaya University

Email: hermans-fh@ub.ac.id

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ABSTRACT

The applicability of AEC has a profound impact on the development of economic policy in ASEAN countries, including in cooperatives. This paper examines important aspects related to the effect of MEA on cooperative policy in particular on cooperative oversight/supervision by the government. The supervision of cooperatives in Indonesia experienced a shift from de-officialisasi towards autonomy or independence of cooperatives. It is argued that Law No 25 Year 1992 on Cooperative is silent on the government oversight regulation for cooperative. With the AEC government oversight should not be eliminated completely because supervision aims at ensuring the quality and the cooperative to compete in the free market of AEC. Thus, the Law No. 25 Year 1992 could no longer be used as a basis of reference to deal with AEC. This paper proposes that Indonesian Cooperative Board (*Dekopin*) should have jurisdiction in supervising cooperative. Such supervision is done by promoting the strengthening of the cooperative that maintains the identity of cooperatives.

Keywords: ASEAN, Regionalism, Cooperative, Supervision/Oversight

I. INTRODUCTION

Since the establishment of ASEAN as a regional organization in 1967, the member countries have put economic cooperation as one of the main agenda to be developed. At the beginning of economic cooperation is focused on programs providing trade preferences (preferential trade), joint ventures (joint ventures), and schemes are complementary (Complementation scheme) between the governments of the member states and private parties in the ASEAN region, such as the ASEAN Industrial Projects Plan

(1976), Preferential Trading Arrangement (1977), ASEAN Industrial Complementation scheme (1981), ASEAN Industrial Joint-Ventures scheme (1983), and Enhanced Preferential Trading Arrangement (1987). In the decade of the 80s and 90s, when countries around the world began to make efforts to remove obstacles to the economic, the member countries of ASEAN to realize that the best way to work is to mutually open their economies, in order to create regional economic integration¹.

¹ Dirjen Kerjasama ASEAN Kementerian Luar Negeri RI, *Hand Book of ASEAN Economic*

12th ASEAN Summit in Cebu in January 2007 had agreed a "Declaration on the Acceleration of the Establishment of an ASEAN Community by 2015". In that context, the ASEAN Economic Ministers has instructed the ASEAN Secretariat to compile a "Blueprint for the ASEAN Economic Community (AEC)". The AEC Blueprint provides a strategic work plan in the short, medium and long up to 2015 towards the establishment of ASEAN economic integration, namely:²

- a. Towards a single market and production base (current free trade for the goods, services, investment, skilled labor and capital);
- b. Towards the creation of regional economies with high competitiveness (regional competition policy, IPRs action plan, infrastructure development, ICT, energy cooperation, taxation, and the development of SMEs);
- c. Towards a region with equitable economic development (region of equitable economic development) through the development of SMEs and programs of the Initiative for ASEAN Integration (IAI); and
- d. Towards the full integration of the global economy (coherent approach in external economic relations and to

encourage participation in the global supply network).

Since the end of 2016, ASEAN has been implementing the ASEAN Economic Community (AEC) which affects the entire order of the State's economy as well as cooperatives. Cooperatives in ASEAN already has a container in the form of ASEAN Cooperative Organization (ACO) that berafilisasi with the International Cooperative Allianz (ICA) at the wider international level. However, laws or rules relating to cooperatives in ASEAN is still minimal. There are at least two important instruments that can be filed a reference in a cooperative law sees politics in ASEAN, namely the ASEAN Economic Community Blueprint and ASEAN Strategic Action Plan for SME Development 2016-2025. ASEAN does not specifically regulate cooperatives in ASEAN, but can be understood substantially equivalent or analogous cooperation with SMEs (MSME: Micro, small, medium enterprises). The issues of development of small and medium enterprises (including cooperatives) becomes an important issue since become a mainstay of the state economy. Policy development of SMEs in the ASEAN region is specifically stipulated in the ASEAN Strategic Action Plan for SME Development 2016-2025.³

Community Blueprint 2015, Kementrian Luar Negeri Republik Indonesia, 1-3

² The ASEAN Economic Community: A work in Progress, available at <http://www.adb.org/publications/asean-economic-community-work-progress>

³ Robby Tulus and Balu Iyer, *Co-Opeatives and The ASEAN Economic Blueprint: Call for greater Co-*

In the ASEAN Strategic Action Plan for SME Development 2016-2025 explained that in the first five-year program (2016-2020) aimed at policy integration policy on cooperatives / SMEs in the region, thus the countries in the ASEAN region should create synergistic regulations and in line with ASEAN policy.

The policy consequences should receive special attention from the government. First, the State must synergize related regulations on cooperatives with the interests of ASEAN. In a regionalized system synergy with policies in laws and regulations is a necessity. No regionalization without synergy, synergy aims to strengthen the integration of the region / region. Likewise in ASEAN, the first step is to strengthen ASEAN cooperation to synergize or integrate the rules in the State of ASEAN countries.⁴

A second consequence is the setting up of cooperatives and SMEs to compete globally. It is inevitable that the main purpose of regionalization is to realize free trade region, so inevitably, States must prepare for all economic entities (including cooperatives and SMEs) to be able to compete freely in the region.

Two consequences of this makes the role of the State and the government is very

important as regulators of the existence of cooperatives, especially with regard to the supervision of the cooperative. Cooperative oversight by the government became urgent in view of the challenges facing cooperatives in the MEA. In the absence of supervision by the government likely will lose the cooperative spirit of mutual cooperation and kinship and are not in accordance with the identity because it affected the economic globalization and the free market. Individuality and profit oriented.⁵

In the Indonesian positive law on cooperatives regulated in Law Number 25 of 1992 on Cooperation (hereinafter referred to as Law 25/1992). This law created a new ode to the era, long before the ASEAN and AEC exist. As mentioned in the explanation generally, Law 25/1992 created to foster the independence of the cooperative, but the laws are not set on cooperative oversight by the government, the government's role not only in coaching supervision.⁶

Cooperative oversight by the government does not deny the existence of ASEAN regionalization through the AEC. But precisely cooperative oversight by the government guarantee the implementation

op engagement and visibility, available at www.ica.org

⁴Tanza A. Borzel, *Theorizing Regionalism: Cooperation, Integration and Governance*, *Oxford Handbook of Comparative Regionalism*, (Oxford: Oxford University Press, in prep, 2014)

⁵Djabaruddin Djohar, 'Mempertanyakan Implementasi Jati Diri Koperasi', paper presented at Discussions held by *Deputi Bidang Pengkajian Sumberdaya UKMK Kantor Kementerian Koperasi & UKM RI* at 10 November 2008

⁶ Mahfud MD, *Politik Hukum Di Indonesia*, (Jakarta: Rajagrafindo Persada, 2010), 11

of the AEC program which is based on identity.

Based on the above, this study analyzed two major issues related to cooperative oversight by the government and the AEC, namely: the implications of the implementation of AEC to the cooperative oversight arrangements by the government based on Law 25/1992 on Cooperatives and model of cooperative oversight arrangements by the government in accordance with the AEC. Therefore, it is necessary for the proper formulation can guarantee the existence of its cooperatives in the regionalization of ASEAN, especially in the era of the MEA but not out of the concept of identity, namely the independence of the cooperative.

II. LEGAL MATERIALS AND METHODS

The legal material of this paper are primary and secondary legal materials. Using the statute approach and historical approaches, this paper is divided into several parts. The introduction employs the existing of AEC and the correlation of theory of regionalism in ASEAN. Regionalization requires a legal synchronization of cooperative arrangements. The following part analyzes the cooperative policy in ASEAN through AEC and its implication to cooperative policy in Indonesia under Law 25/1992. This study uses legal

interpretation through the aid of methods or teachings about interpretation. The interpretation method used in this research are: grammatical interpretation; Systematic interpretation; Historical interpretation; and futuristic interpretation.

III. RESULTS AND DISCUSSIONS

A. AEC and Cooperative Policy in ASEAN

Strength and rationalist functionalist approach has strong arguments about why the state is involved in the development of regional institutions. Globalization, economic and (non-traditional) interdependence between the security of neighboring countries and to secure survival in the region is also a major reason their regionalism. On the one hand, the demand to dismantle the barriers to free trade intensified, while on the other hand, the State should enhance domestic capabilities and well-being of the country, given the limited government capacity in multilateral relations, thus requiring regionalism as a way out.⁷

To build a strong and effective regionalization is not easy, it takes a long process, consistent with the commitment of each of the ASEAN member countries. The main thing in building a regional system is to harmonize first ASEAN member

⁷Mattli, W. "Explaining Regional Integration Outcomes", (1999) 61 *Journal of European Public Policy*, 22

countries, in order to materialize the same standards for seluruh ASEAN. This is important because integration will be achieved if there has been a sameness and equality in the community.⁸ However, harmonization is precisely the ASEAN toughest challenge today, given the characteristics of the ASEAN countries are very diverse. Unlike the European countries which have cultural and historical background about the same, ASEAN countries have a high level of diversity, ASEAN was born from a variety of historical, cultural, and political systems are different.

To achieve solid economic integration, there must be standards that apply to all ASEAN countries. Standardization can be achieved by harmonizing various fields. At least, there are three things that must be in harmonisasikan: the substance / legal instrument; The same institutional structure; economic and productive culture.

a. Substance / Legal Instruments

ASEAN countries must draft a law that supports their economic integration. The legal instrument should be consistent among ASEAN countries. The state should create policies that encourage ASEAN. To build a strong regional relationships that

⁸Gavin, Brigid and Philippe de Lombaerde, "Economic Theories of Regional Integration", (eds) in Farrel, Mary, Bjorn Hettne and Luk Van Langenhove, *Global Politics of Regionalism: Theory and Practice*, (London: Pluto Press, 2005), 11

cooperation should be based on the law (rule-based) that is clear, not only in the form of informal. And this is where the formal legal position is very important instrument to reinforce a pattern of cooperation, purpose, until the dispute resolution process.

The provision of these legal instruments is still a daunting challenge in ASEAN. This is because the characteristics of the ASEAN countries is very varied and many countries still consider the "national interest" as the most important thing, so if there is a conflict of interest between national interests and commitments of ASEAN, the ASEAN countries will ignore based on the principle of non interference⁹. Therefore it needs political will of countries to harmonize ASEAN economic integration in ASEAN in its national economic policy. For example, ASEAN countries should ratify the international conventions that standard, there is no reason for one country not to ratify for reasons of national interest or another.

b. Institutional Structure

After the harmonization of laws is formed, the next step is to create the institutions of supporters, because of the legal instrument alone can not melaksanakan law, there must be the executing agency. In

⁹Shofwan Albanna C, *ASEAN di Persimpangan Sejarah: Politik Global, Demokrasi, dan Integrasi Ekonomi*, (Jakarta: Yayasan Obor Indonesia, 2016), 112

this case the countries in ASEAN must have institutions (standard) which has the function of supporting the ASEAN economic integration. For example, in the case of Competition, ASEAN countries should have at least Law Competition and Antitrust and have the Business Competition Supervisory Commission. Albeit with different names but have the same functionality adapted to the nomenclature in every country.

The existence of these institutions will facilitate the coordination and harmonization of the level of implementation. It will be difficult if only a few countries that have the institutional instruments in part while the other does not, because it concerns the standards that will be used within the framework of ASEAN regionalization.

c. Productive Economic Culture

Social-cultural aspects are affected vulnerable aspects of the introduction of AEC, because it directly touches people's lives in real terms. In the social aspect, the AEC is felt especially in terms of freedom of movement, berkominikasi and trade in the region, freemobiling. ASEAN countries are no longer strangers to one another, supported by information technology is increasingly closing the bulkhead among countries.

As explained earlier, the standardization of the regionalization is a necessity, as well as the cooperative sector. Inevitably cooperatives in ASEAN should be standardized so as to have the same value and can compete fairly in the ASEAN region. Related on ASEAN policy on cooperatives, in fact not many documents or legal instrument (treaty) governing the specific specialized cooperatives, setting more on SMEs sector. Although the aspects of cooperative business types included in the MSME sector, or could be SMEs cooperatives are legal entities, but philosophically there are significant differences between cooperatives and SMEs. Cooperatives are based on the type of business that there are people-based association whose purpose is self-help and empowerment, while the MSME sector - which koperasi- business entity other than the base and the aim is profit (profit) managed by individuals.

In terms of organization, cooperation in ASEAN already has a container in the form of ASEAN Cooperative Organization (ACO) that berafilisasi with the International Cooperative Allianz (ICA) at the wider international level. The initial meeting of ASEAN Cooperation was held in Jakarta, Indonesia on 5-7 December 1977. The meeting discussed ways to establish closer cooperation between ASEAN cooperation and to explore the

possibility of establishing ASEAN Cooperation Organization.¹⁰

The meeting concluded by adopting a Joint Declaration on ASEAN Cooperative Movement representatives to form themselves into ASEAN Cooperation Organization, ASEAN abbreviated ACO Cooperative Organization which was held on December 6, 1977 in Jakarta, attended by representatives:

1. Dewan Koperasi Indonesia/Indonesia Cooperative Council (Indonesia)
2. ANGKASA (Malaysia)
3. Ansurance System. Co-operative Filipina (Filipina)
4. Singapore National Co-operative Union Ltd (Singapore)
5. Co-operative Liga Thailand (Thailand)

Official location for the ACO had previously been in Jakarta because it was close to the office of the ASEAN Secretariat. SPACE president, Dato 'Abdul Fattah Abdullah, was elected as the new President of the ACO for the 2014 - 2018 through a meeting of the Board of ACO in Nusa Dua, Bali, Indonesia on September 16, 2014. The ASEAN Cooperation Organization or ACO serves to bridge the diversity of cooperatives in ASEAN and the role advocacy and cooperative business activities in ASEAN, especially in:

- a. Partnership Program which will assist the cooperative in this aspect of social and economic responsibility by holding seminars and conferences and exchange of expertise between ASEAN cooperative
- b. Economic Development Program with the establishment of business networks among ASEAN cooperative members as well as helping to market the products of small and medium industries in ASEAN countries and globally
- c. Environmental issues affecting cooperatives in ASEAN countries.

Although the existing umbrella organization of cooperatives in ASEAN, laws or rules relating to cooperatives in ASEAN is still minimal. There are at least two important instruments that can be filed a reference in a cooperative law sees politics in ASEAN, namely the ASEAN Economic Community Blueprint and ASEAN Strategic Action Plan for SME Development 2016-2025.

1. ASEAN Economic Community Blueprint

ASEAN is a regional group that began in 1967 at the height of the Vietnam War, and with only five members: Indonesia, Malaysia, Philippines, Singapore and Thailand. At first, the establishment of the ASEAN five countries aimed at protecting against the threat of political and economic

¹⁰ *Blueprint for a cooperative decade 2020*, available at <http://ica.coop/en/blueprint-co-op-decade>.

instability during the cold war era. With the end of the Cold War changed the direction ASEAN cooperation to enhance economic development and bringing all countries within the framework of a strong partnership. Brunei Darussalam joined in 1984, followed by Vietnam in 1995, Lao PDR and Myanmar in 1997, and eventually Cambodia in 1999, bringing the total to 10 members.

ASEAN made an ambitious economic agenda called ASEAN Community on 31 December 2015 has three pillars of the ASEAN Community as stipulated in the Bali Concord II, namely: Political and security, socio-cultural, and economic. Each pillar has a blueprint (blueprint) for the realization of the ASEAN Community. ASEAN Political-Security Community / ASEAN Political-Security Community (APSC) is designed to address threats to regional security and political stability and to promote democracy and human rights in the region. Blueprint of the ASEAN Social Cultural Community (ASEAN Social Cultural Community / ASCC) aims to develop human resources, socially responsible, and environmentally friendly. It lays down specific actions to be done in education, social protection, environmental sustainability, some allegedly civil society, and build an ASEAN identity.¹¹

ASEAN Economic Community / AEC reflects the strong commitment of ASEAN to deepen and broaden economic integration. AEC blueprint outlines four pillars of the AEC will be achieved through the liberalization of trade in goods, services and investments: (a) a single market and production base, (b) the area which is very competitive, (c) the area of equitable development, and (d) a region integrated into the global economy.

ASEAN Economic Community Blueprint is an important document, and has taken seriously not only by ASEAN countries, but also by businesses and organizations in the worldwide economy. To be inclusive and attractive, the AEC Blueprint needs to be understood the same way by the ASEAN community and the business community should have the understanding and the same light on the AEC Blueprint. For that, need to work hard for ASEAN countries to melakukan coordination, socialization and synergy within ASEAN. Promotion and regional integration is a shared responsibility, not only by the ASEAN secretariat.

Associated with cooperatives policy, the cooperative sector so lightly represented in the AEC Blueprint document. AEC Blueprint appears to have misrepresented the cooperative sector with the mere

¹¹The ASEAN Economic Community: A work in Progress available at 196

<http://www.adb.org/publications/asean-economic-community-work-progress>

mention of Agricultural Cooperatives. In point 40 of the AEC blueprint states that:

Promote ASEAN agricultural cooperatives as a means to empower and enhance market access of agricultural products, to build a network mechanism linking agricultural cooperatives, and to fulfil the purpose of agricultural cooperatives for the benefit of farmers in the region.

In ASEAN, there are 60 million members of cooperatives from a total of 640 million. That number is significant. Among them, a cooperative in Malaysia (Bank Rakyat Cooperation), Singapore (NTUC Fairprice and NTUC Income), Indonesia (Semen Gresik), Vietnam (Saigon Co-operative), among the 300 largest cooperatives globally. Cooperative consists of various sectors such as consumers, workers, finance (savings and loans, insurance, and banks), women, fisheries, health, schools, universities, and others, who are all very active in the ASEAN region above and beyond that of Agriculture. Thus ASEAN authority is obliged to work with the National Cooperative apexes (or federation) in the region, including ASEAN Cooperative Organizations (ASEAN Cooperative Organization / ACO). ACO young organization compared with ICA, although the ACO has recently been very active in promoting inter-cooperative networks and business relationships in ASEAN. For the

ASEAN vision which states to maintain economic growth to alleviate poverty, to overcome the development gap and accelerate regional integration, outward-looking, inclusive and fair, open manner, limiting cooperation to only one sector is a very narrow view.¹²

It must be recognized that in many ASEAN countries, the growth of cooperatives reflect the actual needs of the country. It reflects the nation's economic growth where there has been an increasing number of cooperatives in addition to an increase in GDP per capita nationwide. The mechanism of the formation of cooperatives that includes very important socioeconomic where the combined capital and the ability of individuals of similar interests from different backgrounds helps individuals to lift their living standards.

Beginning of birth in Singapore cooperative (co-op) was triggered in 1920 in response to the problem of lack of financial institutions to help ordinary people. With no bank or finance company declined to give financial assistance, people have little choice but to turn to debt "loan sharks". 90 years later, the credit co-ops continue to develop its social mission,

¹² ILO Statement, by Juan Somavia, Director-General of the ILO, on the occasion of the 90th ICA International Co-operative Day and the 18th UN International Day of Cooperatives. Available at http://www.ilo.org/global/about-the-ilo/media-centre/statements-and-speeches/WCMS_184791/lang--en/index.htm.

members help members save for their future needs and provide unsecured loans with affordable interest rate. Currently, the co-ops provide a range of services from thrift and loans, child, eldercare, security for health services and employment, benefit not only members but also the larger community. Singapore facing an aging population, the Movement Co-op saw the formation of new cooperatives to help improve the quality of life for seniors.

In Malaysia, as in other ASEAN countries, the cooperative has received increased recognition as the third economic sector. Cooperative is a unique blend of the other two sectors, namely the public sector that emphasizes the social welfare of society, and the private sector, focusing on profit maximization. National Cooperative Policy (NCP) in 2011-2020, which was launched by Prime Minister Datuk Seri Najib Tun Razak in Malaysia proves government's recognition of the role of the cooperative movement in economic development. He acknowledged the cooperative sector as one of the three contributors to the country's economy with the target of RM50 billion revenue in 2020. Chart NCP aimed at cooperative development without compromising the values and philosophy of cooperatives, namely transparency, trust and honesty.

In the same way a cooperative in Thailand, the Philippines and Indonesia are

good consolidation to improve public perception negatively associated too closely with the business to run the country, and to improve their quality performance of the socio-economic to improve deficiencies such as lack of quantitative data, policy advocacy, lack of standardization, as well as a step towards a Green Economy.

Credit Unions in most ASEAN countries are also actively involved in financial literacy and financial inclusion program, stressing the importance of savings and at the same time amelioration credit needs of rural and urban areas. Education is considered an important part of the tradition of credit unions, promote saving habits and educate members how to use credit wisely. National credit union federation ASEAN countries to work together under the auspices of the Asian Confederation of Credit Unions (Asian Confederation of Credit Unions / ACCU). ACCU'S mission is to make the credit union community-based financial institutions more relevant. ACCU regular membership consists of four ASEAN countries, namely Indonesia, the Philippines, Thailand and Vietnam, while affiliate members including Cambodia, Malaysia, Myanmar and Singapore. Only Laos and Brunei in the ASEAN region are not yet members of the ACCU.¹³

¹³ *Blueprint for a cooperative decade 2020*, available at <http://ica.coop/en/blueprint-co-op-decade>.

ASEAN is often touted as the Southeast Asian version of the European Union (EU). While the EU and ASEAN both have diverse countries and a core member countries, ASEAN economic diversity and variety of their level of openness presents unique challenges in achieving regional economic integration under the AEC. There is a need to recognize the many actors ASEAN and the EU take the example of the way the private sector is defined. According to the Communication of the European Union: the activity of the private sector can take many forms and will have an impact on economic development in a variety of ways. The private sector is very diverse, ranging from enterprising individuals to large multinational corporations and financial institutions; of the company to create shareholder value with the social centers of businesses, cooperatives and workers 'and employers' organizations. They can operate locally, nationally, regionally and internationally, in rural or urban area, in the formal or informal sector and in the context of a very different country. Each of these private sector players require different conditions and incentives to contribute to the development, which involves a different approach to the support and involvement for development.

A combination of required actions, and cooperative as a people-centered

company can play an important role in this regard. On the one hand, the cooperative because it can help increase the incentive for the formalization of those still living in rural communities, by providing the right legal support, securing property rights (especially land), which can be used as collateral for loans. On the other hand, measures need to be taken to improve the productivity and working conditions in the informal sector through the work environment safer and easier access to markets, finance, infrastructure and social services. Cooperatives can lead the way in providing decent jobs, sustainable livelihoods and inclusive solution to social problems in a way:

- a. Associating with producers and other individuals in making the production and commercialization / marketing of a good or service that is more predictable and sustainable economy;
- b. Build SMEs with a single production system and achieve economies of scale allow it to turn into a formal economic enterprise;
- c. Create and / or the incorporation of credit and a system that will give them credit productive, enabling them to consolidate their economic activities, laying the foundation towards the formal economy savings.

Thus, the cooperative should receive special attention in the ASEAN Economic

Community Blueprint as many cooperatives have an important role in the transformation of potential socio-economic life of the people in urban and rural communities ASEAN countries. ASEAN needs to take into account the cooperative in consultation with the sector when developing policies and economic regulation, creating a legal framework and conduct administrative practices on social issues and the economy. Diperlakukan feasible cooperative sector similar to other economic sectors, as many cooperatives have their typical structure that is a member as a driving force, then the cooperative sector well integrated ASEAN community will build from the bottom.

2. ASEAN Strategic Action Plan for SME Development 2016-2025

More than three decades, ASEAN has established cooperation among the member states in the field of Micro, Small and Medium Enterprises (SMEs). The cooperation aims to strengthen the competitiveness and sustainability of SMEs, cooperation which started in 1985 was finally cemented with the establishment of the ASEAN Strategic Action Plan for Small Medium Enterprises Development (SMED SAP) from 2012 to 2015, and is now followed by the ASEAN Strategic Action Plan for Small medium Enterprises Development (SMED SAP) 2016-2025.

From an economic perspective, SMEs are the backbone of the ASEAN economies. The number of SMEs reached 96% of all companies in ASEAN, and is able to absorb a workforce of about 50 to 97%. In addition, the contribution to GDP of about 30-60% and the contribution to export reached 19-31%. For Indonesia, SMEs have a special meaning. Historically, there is no doubt that SMEs were able to maintain economic stability in the current banking crisis in 1998 until today where SMEs still contribute to national economic growth. SMEs are the backbone of the economy of Indonesia and ASEAN. Approximately 88.8 to 99.9 percent of establishment in ASEAN are SMEs, and absorb 51.7 to 97.2 percent of the workforce in ASEAN.¹⁴ In other words, SMEs are the "hero" for the development of the national economy. However, SMEs often face challenges, particularly in terms of capacity building, access to capital and financing alternatives, access to technology, access to global markets, and the integration of regional and global chains. In addition, low entrepreneurial spirit and managerial capabilities also become another challenge for SMEs in Indonesia. To that end, a container of SMEs in ASEAN cooperation is deemed able to help SMEs Indonesia in facing these challenges.

¹⁴ I Made Diangga, "Masa Depan UMKM ASEAN", (2016) 12 *Majalah Masyarakat ASEAN*

Policies and programs for SMEs in ASEAN is now focused on entrepreneurship and human resource development; capacity building related to the management, marketing, supply chain network, technology and innovation; and advocacy and support information through cooperation with various ministries, sectoral agencies and institutions in order to create an understanding of SMEs to financial products and helping SMEs benefit from ASEAN cooperation in other economic fields.

As a process, the cooperation of SMEs in ASEAN will continue to evolve to support sustainable regional economic integration. To that end, ASEAN agreed to establish a Strategic Action Plan for SME Development 2016 - 2025 with the function of formulating the strategic vision and objectives in order to realize the vision of ASEAN SMEs in 2025 itself; explicitly defines the desired results of each of the strategic objectives; providing a set of key policy indicators (key performance indicators) to measure the results and evaluate the achievement of objectives; aligning step action from a regional perspective with concrete action steps to achieve the goals set; set a roadmap to clarify the action plan and design the mechanism so that ASEAN members can perform periodic evaluations and to submit

the results at a meeting of Small Medium Enterprises Working Group (SMEWG).

It should be underlined that regional integration and openness to the global economy through free trade agreements (free trade area) is a necessity. It makes ASEAN as a platform that "sexy" for the multinational corporation (MNC) so as to encourage competition with local companies. However, such competition reap polemic on a certain level. The competitive environment requires local SMEs to increase productivity so it can be integrated with the global chain.

To be able to face the competitive environment, SMEs need to proactively take steps to be able to take advantage of opportunities and minimize challenges. Understand that SMEs in all ASEAN countries are quite varied with the complexity of the issues and challenges, for example in terms of setting the classification of SMEs and other policies, it is vital that SMEs policy directed strategically relevant to consider the priority action steps and time range. Target first five years (2016-2020) of SAP SMED 2016-2025 is focused on the integration of SMEs in MEA era of free and aligned with the chain of production, while the next five years (2021-2025), SMEs are targeted to become globally competitive, innovative, inclusive and resilient.

To achieve this vision, there are two approaches. First, the competitive approach that emphasizes initiatives to improve global competitiveness in terms of diversification and innovation. Second, an inclusive approach confirms the initiative to facilitate the transition from a traditional economy through industrialization to increase revenue. Such an approach ultimately reflects efforts to set strategic goals and desired outcomes.¹⁵

In the Strategic Action Plan for SME Development 2016 - 2025, strategic goals include the following:¹⁶

1. Advancing productivity, technology, and innovation.
2. Improving access to finance.
3. Improving market access and internationalization.
4. Improving the realm of policies and regulations.
5. Promote entrepreneurship and human resources development.

From these strategic objectives, the expected role of SMEs will be increased so that SMEs can benefit as much as possible and be ready to face the AEC, 2025. For example, with the improvement of the domains and system policies, SMEs can play a role in the decision making process. In short, SMEs in ASEAN is an important element in the national economy of each country member so that the promotion of the SME sector is a necessity. With the ongoing AEC 2015, SMEs in ASEAN needs to improve itself in order to face the challenges and take opportunities in the future. Therefore, the Strategic Action Plan for SME Development 2016 - 2025 comes to realize the future of SMEs that are more useful and sustainable.

Table 1: Cooperative Strategic Goals ASEAN SME

Approach	2016 - 2020	2021 - 2025
	AEC Integration and regional value chain	Competitive, innovative, inclusive, and strong globally
Competitive	Cluster Industry	Innovation
Inclusive	Global production chain	entrepreneurship
	Productivity	export
	Increased employment	

¹⁵ Ibid,

¹⁶ ASEAN *Strategic Action Plan for SME Development 2016-2025*

Of the Strategic Action Plan can be seen that ASEAN's policy for SMEs SMEs is designed to be a player in the global world. SMEs which have limited access, both in terms of capital and resources, can be improved and global energized. SMEs are designed to compete with big business even though the MNC. This is certainly a breath of fresh air for the existence of its SMEs in the global competition. In the Strategic Action Plan also does not distinguish whether bnetuk efforts of MSMEs form of individual business or cooperative form, all received the same treatment.

The thing to note is that if SMEs in the form of cooperatives. Cooperatives differ from other forms of business profitability, the cooperative was born as a form of business that bridges the disparity between private (capital base and profit) with state-owned (managed entirely by the State). SMEs shape other than a cooperative can immediately adjust to the ASEAN policy, globalization. But the form of cooperatives should pay attention to aspects of cooperative values.¹

And this is where the role of government is needed, especially in terms of supervision. Government exists to supervision cooperatives should continue to

run according to the corridors. Cooperatives differ from other business entities, can not be equated with the others who only teach interests. There is a social function in a cooperative so there needs to be oversight of the government. The absence of government supervision would be fatal, it could be possible cooperative identity will fade due to the influence of globalization, which is encased in AEC.

This result can be seen from the enactment of Law No. 17 of 2012 concerning Cooperatives. Historically, the existence of this law is a response from the MEA imposed free market end of 2015. To accelerate the business climate and readiness to face the free market, Cooperatives equated with other business entities (PT) that nuance is capitalistic. Law was finally canceled by the Constitutional Court because it is not in accordance with the constitution and co-operative identity.

The role of government oversight in the AEC, particularly related to the existence of the cooperative is to ensure that cooperatives remain in accordance with the identity. Supervision is not intended to inhibit the cooperative to compete, but in order for the cooperative to face global competition with still based cooperative identity. Cooperative continues to be cooperative instead of resorting to other forms of business.

¹ Shofwan Albanna C, *ASEAN di Persimpangan Sejarah: Politik Global, Demokrasi, dan Integrasi Ekonomi*, (Jakarta: Yayasan Obor Indonesia, 2016)

Likewise, ASEAN's policy in the field of cooperatives, ASEAN should ensure the standardization carried out in the ASEAN region does not eliminate the identity of cooperatives. The position of the cooperative should be strengthened by encouraging Accessibility cooperatives in ASEAN; and cooperative involved in the chain of ASEAN economic policy does not eliminate the value of the identity of cooperatives.

B. The Implication of AEC to the Cooperative Policy

Since the end of 2016, ASEAN has been implementing the ASEAN Economic Community (AEC) which affects the entire order of the State's economy as well as cooperatives. At least there are two consequences that should receive special attention from the government with the implementation of AECs. First, the State must synergize related regulations on cooperatives with the interests of ASEAN. In a regionalized system synergy with policies in laws and regulations is a necessity. No regionalization without synergy, synergy aims to strengthen the integration of the region / region. Likewise in ASEAN, the first step is to strengthen ASEAN cooperation to synergize or integrate the rules in the State of ASEAN countries.

A second consequence is the setting up of cooperatives and SMEs to compete

globally. It is inevitable that the main purpose of regionalization is to realize free trade region, so inevitably, States must prepare for all economic entities (including cooperatives and SMEs) to be able to compete freely in the region.

Two consequences of this makes the role of the State and the government is very important as regulators of the existence of cooperatives, especially with regard to the supervision of the cooperative.² Cooperative oversight by the government became urgent in view of the challenges facing cooperatives in the AEC. In the absence of supervision by the government likely will lose the cooperative spirit of mutual cooperation and kinship and are not in accordance with the identity because it affected the economic globalization and the free market. Individuality and profit oriented the main thing.

To respond to the AEC, from the aspect of policy, the Government has prepared a variety of regulations, such as: Presidential Instruction No. 11 of 2011 on the implementation of the AEC Blueprint Commitment; Law No. 7 of 2014 on Trade, Presidential Decree No. 6 of 2014 on Enhancing National Competitiveness in the Framework Facing the AEC; Presidential Decree No. 37 of 2014 on the National

² Paulus Effendi Lotulung, *Beberapa Sistem tentang Kontrol Segi Hukum terhadap Pemerintah*, (Bandung: Citra Aditya Bakti, 1993), 35

Committee for the Implementation Preparation AEC; etc.

- a. Presidential Decree Number 37 Year 2014 concerning the National Committee for the Implementation Preparation of AEC

Under this rule is explained that the government membentuj National Committee for the preparation of the AEC. The task of the National Committee include coordinating the preparation of the AEC, coordinate the acceleration of national competitiveness, and take steps to resolve the bottleneck in the preparation and implementation of AECs.

The National Committee is chaired by the Coordinating Minister for Economic Affairs. In performing its duties, the National Committee formed an implementation team and team work at the regional level.

- b. Presidential Decree No. 6 of 2014 on Enhancing National Competitiveness

The improvement of national competitiveness based on the following strategies:

- a) The development of national industry, which focus on priority industry to secure the domestic market and meet the ASEAN market, small and medium industry, human resource development and research, the application of National Standart.

- b) Development of the agricultural sector, which focus on increasing direct investment and market access.
- c) The development of maritime affairs and fisheries, through institutional strengthening, strengthening the domestic market, strengthening and improvement of the export market.
- d) Development of energy, focusing on the electricity sub-sector and the reduced use of fossil energy (fuel), the development of sub-sectors of new energy, renewable and energy conservation.
- e) Development of infrastructure that focuses on connectivity and infrastructure development of the payment system.
- f) The development of a national logistics system.
- g) The development of the banking system.
- h) Development investments, which focus on improving the rule of law, business regulation and investment expansion.
- i) The development of SMEs through easy financing, capacity building effort, and empowerment.
- j) The development of the workforce, which focus on improving the competence and labor productivity.
- k) The development of health, which focus on improving the resilience of

domestic herbal market and market access.

- l) The development of trade through the stabilization and strengthening of the domestic market, increased exports and international cooperation, the development of export financing facilities, educating the public about the AEC, 2015.
- m) The development of tourism with the tourism event.
- n) Development of entrepreneurship that focuses on beginner entrepreneurs and expanding the role of young entrepreneurs.

c. Law No. 7 of 2014 on Trade

In Article 6 explained that every business must complete the Indonesian language label on every product sold in Indonesia. This is to anticipate the invasion of imported goods coming into Indonesia so that consumers know clearly the quality and keagamaan products traded.

The regulation is then followed by the establishment of the Working Group (WG) in environment ministries to face the MEA, including the Ministry of Cooperatives and SMEs RI. AEC Working Group of the Ministry of Cooperatives and SMEs established for preparing the ministerial strategic steps to face the MEA, including the technical preparations and the preparation of regulations.

In addition to the regulations made some mentioned above, as a result of the introduction of AEC is the birth of Law 17/2012 on Cooperative. It is inevitable that this law was born as the government's response to the global challenges faced by the cooperative. In the preamble of the Act states that Act No. 25 of 1992 concerning Cooperatives was already inadequate to be used as an instrument of development cooperation. As a system, the provisions in the Act are insufficient again to be used as the legal basis for the development and empowerment of cooperatives, especially when faced with the development of national and global economic governance that is increasingly dynamic and challenging.

Law on Cooperatives are replacements Act No. 25 of 1992 concerning Cooperatives, which includes legal reform, so as to realize the Cooperative as an economic organization is healthy, strong, independent, and resilient, and reliable as a business entity, which bases its activities on the value and the cooperative principles.

Unfortunately, Law 17/2012 did not last long, the law was canceled by the Constitutional Court in Constitutional Court Decision No. 28 / PUU-X / 2013 as judged sesuai with the constitution and fair values, principles and identity of cooperatives. Law 17/2012 capitalistic breath and reduce cooperative traits.

Practically the AEC was also influenced by the existence of the cooperative. AEC can become opportunities and challenges for the existence of the cooperative. Sebanarnya, this time the cooperative has had a capital base sufficient for the AEC is a type of business that is based on human (people based organization) to force the cooperative to advance its members, however, on the other hand, keidaksiapan member cooperatives in free competition can be a threat to the cooperative.

Some cooperative opportunities in the face of the AEC are:

- a. Globalization, the free market can facilitate the flow of goods and services that are owned by the cooperative;
- b. Increased investment flows in both the central and local levels with the free flow of investment, it can also be utilized in obtaining investment cooperatives;
- c. Competition from the aspect of price, the price becomes cheaper due to competition from imported goods;
- d. Access to meet the needs will be easier, for example, the need for industrial raw materials managed cooperatives;
- e. Disclosure of information, AEC provides opportunities to cooperatives to be easier to access and exchange information;

- f. The ease of communication among cooperatives
- g. Improved transport facilities and infrastructure, so that the mobilization of goods and services more easily;
- h. Spur to improve the quality and competitiveness of cooperatives.

In addition to the above mentioned opportunities, AEC can also be a challenge for cooperatives, are:

- a. Weak education cooperative members and the lack of cooperative education for the local population;
- b. The fragility of ideology / understanding of the values and identity of the cooperative, so that cooperatives are very easily influenced by globalization;
- c. The low contribution of members of the cooperative in terms of business transactions. It can be seen from the number of cooperative members who are not active in advancing cooperative, or vice versa, relying more cooperative factor in advancing non-members of the cooperative, for example in terms of funding or capital;
- d. Weak cooperative services to members. Not active member is also due to the cooperative does not provide maid excellence to members;
- e. Lack of loyalty manager or cooperative management, so pengeyampingkan aspects of

monitoring and maintenance in kopra;

- f. Weak cooperation between kopra in terms of business management;
- g. Lack of co-operative businesses both from the aspect of scale and type of business.

To overcome this challenge then some things that need to be done by the government: first, apply a good cooperative governance and the second pass intensive monitoring of the aspects of the cooperative.

1. Good Cooperative Governance

Five main principles of cooperative good governance, namely: Transparency, accountability, independent, fairness / justice (equal treatment), and related parties (stakeholders).

Transparency means that it can disclose or provide information in a timely, appropriate, clear and accurate that is easily accessible to stakeholders in accordance with their rights. Policy cooperative organizations particularly those involving strategic matters must be in writing and communicated to stakeholders. Establish clear responsibility of each organ of the cooperative are aligned with the vision, mission, strategy and business objectives.

Accountability means that cooperatives should have performance measures da tone system of checks and balances in the management of the

company. For that cooperatives should ensure compliance with the provisions in force and become good cooperative citizen who cares about the environment and implement social responsibility.

Independent means that in taking the decision, the cooperative should be objective and free of any pressure from anyone and free from conflict of interest.

Fairness and justice means that cooperatives must take into account all stakeholders' interests based on the principles of equality and fairness (equal treatment)

Stakeholders means that cooperatives should provide an opportunity to all stakeholders to provide input and opinions in the interests of the organization as well as having access to information in accordance with the principle of transparency.

Based on Minister of Cooperatives and SMEs No. 21/2015 there are five (5) aspects of cooperative governance indicators are good, that is:

1) Institutional Aspect

Consists of: the legality of the institution; availability vision and mission statement; membership; stewardship; supervision; managers and employees; work program; meeting of members; and education of members.

2) Business Aspect

Consists of: improve the link between members with other members and members of the cooperative; commitment to joint liability/risk sharing; utilization of the cooperative; an increase in production capacity; increase in assets; increase in turnover; and increased benefits.

3) Financial Aspect

Consists of: capital structure; the ability of provision of funds; repayment percentage mandatory savings; repayment percentage voluntary savings; increase in assets; increase in turnover; increase in benefits; the performance of the internal control system; and the performance of the external audit.

4) Member Benefits Aspect

Consists of: an increase in income of members; supply of goods and services are cheaper; cultivate motives trying to members; and fosters open and honest attitude.

5) Community Benefits Aspect

Consists of: grow the local economy; local employment; reducing local unemployment; reducing poverty of local communities; and the improvement of social welfare.

2. *Cooperative Supervision by Government*

Cooperative oversight by the government to be important in dealing with

the influence of AECs for several reasons, first: the government is applying the regulatory authorities in the field of cooperatives, as well as the authorities providing legal status and dissolve the cooperative. Supervision is done by the government formally at the time of the registration of cooperatives (pre-cooperative). This authority is only owned by the Government as the holder kekeuasaan executive field, can not be done by other organizations (non-governmental) or a third party, especially by members of his own. Supervision since the inception of the cooperative to ensure the establishment of cooperative bebar really based on the identity of the cooperative, and regulations.

Second, the government as a party in the cooperative, although the government is not a member of the cooperative, but the role of government can not be eliminated in the life of the cooperative. Governments can also do the coaching and empowerment of cooperatives. As explained earlier that the different supervisory role with the coaching and empowerment, load monitoring aspects of law enforcement and contain sanctions. Supervision is done by the government do to ensure that programs do really precise Sasran and beneficial to cooperatives, such as the use of capital, business development and so on.

Thus, the role of government in terms of supervision is very important in terms of the challenges facing the AEC. This

oversight does not aim to reduce the independence of the cooperative, but rather maintain the existence of the cooperative to comply with their identity and be able to compete in a global world. If there is no supervision of the cooperative will lose direction and weak in a global competition.

C. The Politic of Law of Cooperative Supervision by Government on Law No. 25/1992 on Cooperative in Challenge AEC

As explained previously that each Law governing cooperatives in Indonesia, since the Law 79/1958 to 17/2012 Law has a different legal political supervision. The law politics tailored to the needs and direction of economic policy at the time.³

In addition based on the interests of the government, the legal political differences, theoretically, also influenced by the phase or periodicity in the cooperative development is the phase Officialisasi, De-Officialisasi and Autonomy, which all three have the character of relations between the government and the different cooperative. Phase de-officialisasi very dominant role in co-operative government, government officialisasi phase is winding down in a cooperative role in third party involved in the supervision, while in the phase of government autonomy only as a regulator.⁴

Based on the periodicity and the laws on cooperatives that already exists, can be tabulated as follows political supervision law:

Table 2: the Politic of Law of Cooperative Supervision by Government Regarding Cooperative Periode

Cooperative Law	Politic of Law	Period	Explanation
Law of the Republic of Indonesia Number 79 Year 1958 on Cooperative Society	The government is entitled to conduct overall supervision of the activities of the cooperative	De-officialisasi	In this Act is very dominant role of government, because the cooperative has not grown in quantity so we need a lot of government involvement. CHAPTER III: Article 13 and 17 both central and local governments have the duty to guide and inspect, including oversight of the cooperative movement. In exceptional circumstances, if after investigation Officials Board does not meet what is set out in the articles of association of cooperatives, among others, do not want to hold annual members' meeting, or the meeting of the regular members although it has been requested by members, officials at the request of some members may call a meeting of members

³ Mahfud MD, 2010, above n. 7
210

⁴Ibnoe Sudjono, *Hubungan Gerakan Koperasi dengan Pemerintah ditinjau dari Pandangan Internasional*, (LSP2I, Jakarta: 2003), 23

Cooperative Law	Politic of Law	Period	Explanation
Law of the Republic of Indonesia Number 14 of 1965 concerning Cooperatives	The Government may involve third parties in conducting surveillance	De-Officialisasi	This law applies only 2 years, the government began to involve third parties in the regulatory process Part 2: Development and Supervision Article 55. (1) In order to implement the provisions of Article 7 paragraph (1) This Act established the Directorate of Cooperatives as organizational guidance / supervision of cooperatives and regulated by the President or on the authority of the Presidential Decree binding provisions of article 5 of this Act.
Law of the Republic of Indonesia Number 12 of 1967 on the Basic Principles of Cooperatives	The role of government towards cooperatives became stronger after the G 30S / PKI tragedy The government contributes to all activities of the cooperative. Appears CAS (cooperative Accounting Services)	De-officialisasi	The authority of government include providing guidance, supervision, protection and facilities to the cooperative CHAPTER XI: The Role of Government Article 37 The government is obliged to provide guidance, supervision, protection and facilities to enable him to carry out the Cooperative as well as Article 33 of Law 1945 and its description.
Law of the Republic of Indonesia Number 25 of 1992 concerning Cooperatives	CAS removed, the Government is no longer a "super auditors". The government does not control, just coaching. Supervision carried out independently by member	Otonomi	Start a shift, from officialisasi towards autonomy by eliminating the role of government in terms of supervision
Law of the Republic of Indonesia Number 17 Year 2012 concerning Cooperatives	Supervision is done internally by the members.	Otonomi	In this law the government's role was minimal, especially in terms of supervision, because the goal is the independence of the cooperative. The role of government (the Minister) examination, Article 98

From the table above it can be seen legal politics cooperative oversight by the Government in Law 25/1992 is leading to the independence of the cooperative, which makes the cooperative as a business entity independent and strong organization, capital, and business. But the thing to note here is the absence of the State's role in oversight, this shows that the lack of oversight by the government refers to the government orientation on the growth of

cooperatives in terms of quantity rather than on quality so that supervision is done loosely, ie by a body or organ formed by members of his own (Internal monitoring).¹

When linked with the identity of cooperatives, the cooperative supervision of legal political shift by the government in accordance with the co-operative identity, namely the independence or autonomy of

²² Paulus Effendi Lotulung, 1993, above n. 20

the cooperative. Cooperative autonomy requires a very minimal role of government in the cooperative, which is just as regulator. While the overall control is left entirely to member cooperatives.

The independence or autonomy indeed are ideal for today's cooperative, but more needs to be seen is the entry into force of the ASEAN Economic Community in Indonesia. AEC is a new challenge for cooperatives, cooperative existence is tested through the AEC.

As explained earlier that the idea of AEC was born on the 5th ASEAN Summit in Singapore in 1992 through the Framework Agreement on Enhancing ASEAN Economic Cooperation, the same year when the Law 25/1992 was born. However, in terms of a vulnerable time, presumably the former Act 25/1992 not estimate their economic integration AEC (2015), so that the substance of the regulations in Law 25/1992 not reflect any response to the AEC.

The absence of supervision by the government in the Law 25/1992 of the Law of weakness in the face of the AEC. This is due to the absence of external oversight of government can facilitate cooperative to be affected by globalization. In addition, a national cooperatives are also required to align with cooperatives across ASEAN. Otherwise da supervision, it is prone to cooperatives will terpengaruh by globalization and the loss of identity.

Cooperative oversight by the government aimed to ensure the cooperative can still exist amid-amid globalization AEC with no loss of identity or family values in the Cooperative.

In addition, the implementation of cooperative independence as stipulated in Law 25/1992 must be real cooperative conditions and readiness of the field, in the face of globalization specially AEC. Conditions in the field are very diverse cooperative, not all cooperatives are ready to face the AEC. Based on data from the Ministry of Cooperatives and SMEs, recorded 61 912 cooperatives currently inactive status and was dissolved by decree of the Minister of Cooperatives and Small and Medium Enterprises No. 114 / KEP / K.UKM.2 / XII / 2016 dated December 23, 2016. While the cooperative still active, amounting to 150 223 cooperatives have a different rank-different classifications.

Based on Minister of Cooperatives and SMEs No. 21 / Per / M.KUKM / IX / 2015 on Cooperatives rankings explained that cooperatives are ranked into four (4) categories / qualifications ie:

- a. Cooperative with the qualification of "Highly Qualified", with the title of AAA;
- b. Cooperative with the qualification of "Qualified", with the title of AAB;
- c. Cooperative with the qualification "Enough Qualified", with the title of ABB;

d. Cooperative with the qualification of "Not Qualified", with the title of BBB.

The ranking is based on several indicators of assessment, namely: the institutional aspects of the cooperative; aspects of the cooperative; the financial aspects of the cooperative; aspects of cooperative benefits for members; cooperative beneficial aspects for society.

Thus the government can not identify the policy (political law) to the cooperative in the face of AEC. The government still must play a role in terms of surveillance, especially in the case of cooperative institutions. The government must ensure the cooperative can be run in accordance with their identity by not rule out the independence of the cooperative. Supervision of cooperatives run by the government is the institutional sector including the establishment of an initial test of the cooperative. While the supervision of the business aspects and other aspects conducted independently by members or handed over to the umbrella organization of cooperatives, in this case Dekopin (Dewan Koperasi Indonesia). The delivery of the supervisory authority of the internal institutional aspects to Dekopin is a manifestation of the principle of independence of cooperatives as well as a chance to advance Dekopin.

IV. CONCLUSIONS AND SUGGESTIONS

AEC is very influential on cooperative arrangements in Indonesia. This is in accordance with the demands of regionalization want legal synergy and standardization. Law politics cooperative oversight by the government under Law 25/1992 was not able to answer the challenge of AEC that promote free trade based liberalism that demands standardization and maximum competence. The absence of supervision accompanied by strict enforcement of government, organizing cooperatives cooperatives do not correspond to their identity so that cooperatives are not able to meet the standards and competencies maximum of AEC. Legal political oversight by the government cooperative ideal in order to face the AEC is to implement cooperative oversight of the governance carried out by the government and the cooperative movement container. The scope of cooperative oversight by the government and the container cooperative movement covers aspects of the cooperative that aspects of membership, institutional, business aspects, financial aspects, aspects of benefits to members, and aspects of benefit to the community.

Law No. 25 of 1992 concerning Cooperatives should be changed so that cooperatives are not eroded AEC challenge.

Cooperative policy upcoming government should regulate the authority and the jurisdiction of the cooperative movement in overseeing the cooperative. Supervision is done by promoting the strengthening of the cooperative that maintains the identity of cooperatives.

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