

# BUILDING INDONESIA THROUGH ASEAN ECONOMIC COMMUNITY

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## ABSTRACT

*As the interdependent global economy increased, ASEAN responded with the creation of ASEAN Economic Community (AEC). The AEC is expected to become the ASEAN arena of learning regional economic integration before entering the global integration. Indonesia, as the largest country in the region, should be a natural leader. However, the level of investment in Indonesia was lost to Singapore and several other ASEAN countries, thus Indonesia should see the potential of the AEC and maximize it to benefit the strengthening of Indonesia's strength. This research aimed to explain the AEC background, the potentials and challenges of the AEC, the AEC 2015 and 2025 comparisons. Using qualitative methods with inductive logical thinking, and constructivism as the analysis framework, the result shows that AEC 2025 is believed to be the integration of the regional economy with a dynamic and sustainable process. Thus, Indonesia can strengthen its position in AEC 2025, using a constructivism approach to reform Indonesian identity into the structure.*

**Keywords:** *ASEAN, economic community, Indonesia*

## INTRODUCTION

The Association of Southeast Asian Nations (ASEAN) was formalized through the Bangkok Declaration, August 8<sup>th</sup>, 1967. ASEAN as regionalism is socially constructed and politically contested (Söderbaum, 2013). Since its establishment, ASEAN began to develop economic cooperation towards regional economic integration. This was marked by the Common Effective Preferential Tariff (CEPT) in 1992. CEPT was the forerunner to the formation of the ASEAN Free Trade Area (AFTA). However, the free trade area was only the first step towards economic integration. Economic integration, according to Balassa (1961), is

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divided into five stages. These stages include free trade area, customs union, common market, economic union, and total integration.

To achieve regional economic integration, ASEAN has made several agreements. There are five agreements made by ASEAN for this (ASEAN, 2018c). In 1995 the ASEAN Framework Agreement on Services (AFAS) was created which aims to create a free flow of trade in services in the region. In 2009 the ASEAN Trade in Goods Agreement (ATIGA) was created which aims to reduce trade barriers and deepen economic relations between ASEAN member countries. In 2012 the ASEAN Comprehensive Investment Agreement (ACIA) was made, which became the main instrument in achieving a free and open investment regime. In 2012, the ASEAN Agreement on the Movement of Natural Persons (AAMNP) was formed, which aims to make immigration procedures uniform and transparent to natural persons. Furthermore, ASEAN made Mutual Recognition Arrangements (MRAs) as an agreed framework for liberalizing trade in services and facilitating the mobility of skilled workers in ASEAN, such as engineers in 2005, nurses in 2006, architects in 2007, surveyors in 2007, dentists in 2009, practitioners health in 2009, accountants in 2009, tourism in 2012.

Broadly speaking, the agreements aim to include: 1) facilitating the movement of goods, services, investment, capital and skills; 2) increase trade (goods - services) and investment; 3) increasing and expanding the distribution and production network of the region; 4) increase transparency and predictions. To support the agreement, several other related agreements were made in the field of transportation such as ASEAN Framework Agreement on the Facilitation of Foods in Transit (AFAFGIT), ASEAN Framework Agreement on Multimodal Transport (AFAMT), and ASEAN Framework Agreement on Facilitation of Inter-State Transport (AFAFIST) (ASEAN, 2018b).

In addition to making these agreements, ASEAN also made agreements. In 2003, he signed the ASEAN Charter, which ratified it as a subject of international law. In that year, the ASEAN Community agreement was also signed. In the ASEAN Community, three ASEAN pillars are developed, including ASEAN Political-Security Community (APSC), ASEAN Economic Community (AEC), ASEAN Sociocultural Community (ASC). In 2007 ASEAN adopted one of these pillars, namely the 2015 AEC Blueprint and the ASEAN Vision 2020. Therefore, since 2015 AEC was officially formed in ASEAN.

Since the formation of the AEC in 2015, with a population of around 630 million, ASEAN has had a GDP above the US \$ 2.6 trillion. ASEAN accounts for 7% of global GDP. In the same year, the AEC Blueprint 2025 and ASEAN Vision 2025 were adopted. Through this framework of cooperation, it is expected that all ASEAN member countries can further integrate and improve their economies. Thus, through the AEC ASEAN and its member countries can become major players in the global market.

## **LITERATURE REVIEW**

### **AEC Potential and Challenges**

The international economic system is increasingly interdependent with globalization. In a very dynamic and increasingly uncertain international situation, the role of the region is greater (Hettne & Soderbaum, 1998). ASEAN, as one of the regions that has great economic potential, is aware of playing an active role in the international economic system. ASEAN seeks to maximize the benefits that can be drawn from the system. The system should be able to benefit the economic development of ASEAN member countries and deepen the integration of the ASEAN region.

ASEAN is located between two continents and two oceans. This makes ASEAN a crossing of the international trade channel. Geographically, ASEAN is in a tropical climate that is very suitable for agricultural development. Coupled with the vast ocean area, this area is very suitable for fisheries development. ASEAN member countries also have different cultures as well as their own uniqueness so that the tourism sector is also very suitable to be developed.

However, ASEAN also has a history of integration failures that occurred up to three times. These projects include The Southeast Asia Association (ASA), the Southeast Asia Treaty Organization (SEATO), Malaysia, Philippines, Indonesia (MAPHILINDO). ASEAN member countries have different historical and political differences. The border issue is still a dispute that has not been resolved by several ASEAN member countries. ASEAN also has the ASEAN Way principle which minimizes interventions to other countries, making it vulnerable to regional instability. ASEAN member countries also have quite large differences in economic levels.

The presence of the AEC is one of the significant steps in maintaining regional stability and responding to the challenges of the developing international system. The challenges of globalization are increasingly increasing the mobility of goods, services, and factors of production. Added to this is the challenge of interdependence that is increasingly binding on each other so that if one country is in crisis, other countries will be affected as well. In addition, the AEC is at the same time a step by ASEAN member countries to achieve economic improvement and equity. As such, the AEC is very relevant to improving the ASEAN economy so that it can play an active role in the global arena, as well as maintaining regional stability or reducing the potential for crisis.

AEC in ideational and implementation has potential and challenges. The AEC was first proclaimed in 2003 on an ideational level. At the ideational level, the AEC is the realization of the ultimate goal of regional economic integration. This realization is characterized by the free movement of goods, services, and investments, including facilitating the flow of capital and skills. These goals will be achieved through harmonizing trade and investment laws. As such, ASEAN as a regulation-based organization will increasingly become stronger to be an attractive single investment destination.

At the implementation level, several policies were made to support the realization of the regulatory framework that had been made. The policies include: 1) ASEAN Investment Website to increase investment; 2) ASEAN Single Window to increase trade; 3) ASEAN Integrated Food Security (AIFS) to encourage the development of sustainable food production, bearing in mind one of ASEAN's advantages in agriculture; 4) Building long-term infrastructure to develop capital markets and ASEAN capital liberalization in achieving financial integration; 5) Increasing the region's physical connectivity through the ASEAN Highway Network, the Singapore-Kunming Railway Link, and the ASEAN Power Grid. In addition, ASEAN initiates IPR and consumer protection, promotion of tourism and public-private cooperation, as well as minimizing development differences in the region. As such, ASEAN is believed to become one of the most competitive economic blocs in the world.

In both levels, several challenges have arisen, which can limit the achievement of ASEAN potential. The challenge from the ideational side is the implementation of policies and agreements that have been made. Implementation is flexible according to the country's readiness due to the ASEAN Way principles. The next challenge is the impact of implementation itself which must be overcome, both for domestic and international conditions. Domestic pressures include legal standardization, product standardization and efficiency, trade competition, equal treatment by domestic and foreign investors, losing competitiveness of the domestic industry from foreign industries.

The impact of implementation from the international side is that several new threats arise. First, ASEAN will become an economic bloc that increasingly divides the world. Second, the ease of mobility of production factors is directly proportional to the ease of mobility of transnational threats. Third, ASEAN must create regulations to deal with transnational threats such as financial crises, human trafficking, terrorism, drug trafficking, and others. Fourth, ASEAN must adjust its agenda according to a sustainable global development agenda. Fifth, ASEAN must deal with the dominance of other powerful countries or regions in the international system.

Based on these potentials and challenges, ASEAN can be better understood as developmental regionalism (Nesadurai, 2003). That is because ASEAN has an anomaly if it is called open regionalism or resistant regionalism as open regionalism ASEAN should treat investors from countries in the region the same as investors from outside the region. However, ASEAN imposed different treatment of investors.

If it is called as resistant regionalism to globalization, ASEAN has the ultimate goal of regional integration in the global market which is in sharp contrast to resistant regionalism. Hence dealing with the AEC are the potentials and challenges of ASEAN as a developmental regionalism, especially in the economic sector.

## RESEARCH METHOD

Chronologically, this research includes how to prepare materials research, design of the study and research procedures (in the form of an algorithm, pseudocode or other). Minimum research method consists of research type, type and source of data, data collection techniques, and data analysis techniques.

Qualitative methods with inductive logical thinking is adopted to this research. Qualitative method is used to understand and describe (Neuman, 2014) Indonesia in ASEAN Economic Community by emphasizing the words (Creswell, 2009). This research uses secondary data from journals, books, official documents, and websites related to Indonesia and ASEAN Economic Community. Data collection techniques is done through literature review looking up at various references to both scientific journals, books, and other relevant information sources. Afterwards, the technique of analysis data is descriptive analysis using constructivism framework to interpret Indonesia's position in ASEAN Economic Community. Finally, validating data means by triangulation.

This research uses constructivism as analysis framework. Researcher believes in the argument that interest based on identities (Wendt, 1992) and material resources will be meaningful through the structure in which societies are embedded (Wendt, 1995). This research reflects Christian Reus-Smit (Burchill et al., 2005) pointing out there are three arguments of constructivism. First, emphasizing the importance both of normative and material structures, on the role of identity in shaping political action and on the mutually constitutive relationship between agents and structures. Second, understanding how non-material structures condition actors identities is important because identities inform interests and, in turn, actions. Third, contending that agents and structures are mutually constituted. Based on arguments above, this research focuses on describe the role of identity for Indonesia in dealing with AEC.

## ANALYSIS

### Comparison of AEC 2015 and 2025

The 2015 AEC blueprint document contains information on declarations, content, and strategies that are close with the annex (ASEAN Secretariat, 2008). In its declaration, it was emphasized that the AEC as part of achieving the ASEAN Community in 2020 according to the Bali Concord II Declaration, October 7, 2003. The AEC was also a pillar which was accelerated in 2015 in accordance with the ASEAN Summit, January 13, 2007. Thus, the 2015 AEC blueprint must be implemented by all ASEAN member countries. AEC Blueprint will transform ASEAN into a single market and production base, an increasingly competitive economic region, an area with equitable economic development, and a region that is fully integrated into the global economy. In its strategy, the AEC regulates implementation whose progress must be reported regularly to the Council of the ASEAN Economic Community.

AEC 2015 was set in Singapore on November 20, 2007 in English. AEC blueprint contains an introduction that explains the purpose of ASEAN transformation according to the ASEAN Vision 2020. ASEAN Vision 2020, which was set in 1997. It aims to transform ASEAN into a stable, prosperous, highly competitive region with equitable economic development, reducing poverty and socioeconomic differences as well as emphasizing the AEC to support the achievement of the ASEAN Community 2020. It was coupled with the affirmation of the acceleration of the implementation of the 2015 AEC as a form of strong commitment to achieving targets by accommodating the interests of ASEAN member countries.

The characteristics and elements of AEC 2015 uphold the principle of openness, outward-looking, inclusive, market-driven economy that is consistent with multilateral regulations complete with effective compliance and implementation. The first step is to realize the AEC by implementing the High-Level Task Force (HLTF) recommendations from ASEAN economic integration. The AEC is also developing different acceleration integrations in Cambodia, Lao PDR, Myanmar and Vietnam (CLMV). In its implementation, AEC is divided into four main characteristics. These characteristics include: 1) a single market and production base, 2) a highly competitive economic region, 3) a region of equitable economic development, and 4) a region fully integrated into the global economy. These characteristics are interrelated and reinforce one another.

The first characteristic, the ASEAN single market and production base consists of five main elements: 1) free flow of goods (elimination tariffs and non-barriers, ROOs, trade facilitation, customs integration, ASEAN single window, standards and technical barriers to trade); 2) free flow of services; 3) free flow of investment; 4) freer flow of capital; and 5) free flow of skilled labor. In addition, the single market and production base also includes two important components, namely, the priority integration sectors, and food, agriculture and forestry. The second characteristic, ASEAN, as a competitive economic region, consists of: 1) Competition Policy; 2) ASEAN Consumer Protection; 3) Intellectual Property Rights (IPR); 4) Infrastructure Development; 5) Taxation and 6) E-Commerce. Being an equitable economic development is the third characteristic of ASEAN, which consists of SME development and Initiative for ASEAN Integration (IAI). The fourth characteristic, ASEAN integration into the Global Economy, consists of Coherent Approach towards External Economic Relations, Enhanced participation in global supply networks.

The AEC 2025 Blueprint (ASEAN Secretariat, 2015) is a replacement for the roadmap towards the ASEAN community (2009-2015) which ends on December 31, 2015. This document explains the strategic implementation of the ASEAN Community in the next ten years. New elements are added to ensure that ASEAN 2025 is relevant to face the challenges of the times. This document consists of the declaration, vision of the ASEAN 2025 community, and the AEC 2025. The Kuala Lumpur Declaration, November 22, 2015, concerning ASEAN 2025: Moving Forward Together is a form of continued commitment after the 2015 ASEAN community was formally formed. The vision of the ASEAN Community 2025 are known to be: 1) continuing the positive development of the 2009 ASEAN community roadmap, 2) articulating aspirations and consolidating the community in

realizing an ASEAN that is based on regulations, 3) people-oriented and people-centered, and 4) building efforts to improve people's living standards in ASEAN member countries according to the UN 2030 agenda for sustainable development.

AEC 2025 is integrated and cohesive, competitive, innovative and dynamic. They have improved sectoral connectivity and cooperation. Their society is more resilient, inclusive, oriented, and people-centered, integrated with the global economy. The AEC 2025 Blueprint consists of five interrelated and mutually reinforcing characteristics, namely: 1) A fully integrated economy consisting of the previous elements added to financial integration, financial inclusion, financial stability, facilitating the movement of skilled workers and visits of business actors, and increasing participation in global value chains; 2) ASEAN which is competitive, innovative and dynamic consists of previous elements, added with: a) the effectiveness of the competition policy, b) productivity, innovation, research and development-driven growth, c) technology commercialization, d) good governance, e) effective, efficient, coherent and responsive regulations, and good regulatory practices, f) sustainable economic development, g) global megatrends and emerging trade related issues; 3) The enhanced connectivity and sectoral cooperation consisting of transportation elements, ICT, e-commerce, energy, food, agriculture and forestry, tourism, health, mineral, science and technology; 4) A tough, inclusive and people-oriented ASEAN that is people-centered and consisting of elements to strengthen MSMEs and the private sector, public-private partnership, reducing growth gaps, and stakeholder contributions in regional integration efforts; and 5) ASEAN globally through FTAs and Comprehensive Economic Partnership (CEP) agreements, such as with China, Japan, the Republic of Korea, India, Australia and New Zealand—coupled with efforts to complete the Regional Comprehensive Economic Partnership (RCEP) and ASEAN-Hong Kong FTA (AHKFTA). The FTA/CEP has strengthened ASEAN's position as an open and inclusive economic region and has become the basis for ASEAN to maintain its centrality in global and regional involvement. ASEAN member countries are also involved in the FTA and CEP with their respective strategic trading partners to complement the regional FTA/CEP. In its strategy, the AEC 2025 regulates implementation whose progress must be reported periodically for no more than three years at the Council of the ASEAN Economic Community.

Based on these data, the two blueprints are not significantly different. The second blueprint is more comprehensive and complements the first blueprint. In the second blueprint, ASEAN's coordination and work processes are better, more effective, and efficient by strengthening the community and ASEAN institutional involvement at the national, regional and international level. The economic sector that is regulated is increasingly comprehensive and relevant to the current industrial revolution. Assign the ASEAN Community Council to fully and effectively implement the commitments contained in ASEAN 2025, which are moving forward together, and submitting reports to the ASEAN Summit, in accordance with applicable procedures. Realizing that ASEAN is based on rules, oriented and people-centered with one vision, one identity and one community.

### **Indonesia's Position in AEC 2025**

The implementation of the AEC 2015 has been substantially achieved including eliminating tariffs and trade facilitation, the promotion of the liberalization of services trade, investment liberalization and facilitation, simplification and harmonization of the capital market regulatory framework, facilitate the movement of skilled workers, development of competition policy frameworks in the region, consumer protection and intellectual property rights; promoting connectivity, efforts to reduce development gaps, and strengthening ASEAN relations with (external parties/stakeholders). Nominally, ASEAN GDP also increased by 1200 trillion US Dollars in 2007, to 2400 trillion US Dollars in 2015, to 2559 trillion US Dollars in 2016, or 3.4% of total world GDP and 5.2% or 3.0 trillion US Dollars in 2018 (ASEAN Secretariat, 2019b). Thus, AEC 2025 has a greater level of realization.

Since the AEC 2015 was inaugurated, Indonesia has not shown significant economic growth (ASEAN, 2018a). Indonesia has a population of 40.8% of the total of 650 million ASEAN population in 2019 (ASEAN Secretariat, 2019c). Although ASEAN GDP has increased, Indonesia's GDP has decreased, from 6.3% in 2007 to 5% in 2016. However, Indonesia's GDP per capita has experienced an increase from 1,300 US Dollars in 2007 to 3,600 US Dollars in 2016 despite being far behind Singapore and Brunei Darussalam. This was followed by a significant increase in food and transportation prices. In extra-ASEAN investment, Indonesia is under Singapore and Vietnam. However, in intra-ASEAN investment, Indonesia is the largest recipient of investment in the region.

Based on these data, Indonesia's position in dealing with AEC 2025 is quite good. Indonesia can learn from the experience of AEC 2015 to further improve its position in AEC 2025 to potentially maximize its benefits. ASEAN, as a regional group of countries, is often seen as a response to economic and cultural pressures from the globalization of market forces. Therefore, ASEAN eliminates obstacles to the movement of factors of production, but also remains protective of global urgency and protects cultural identity (Molchanov, 2005). Even so, regional integration was understood as a regional governance project by domestic actors and their coalition (Jayasuriya, 2003). It is considered that Indonesia must build identity to achieve its goals.

State identity basically forms state preferences and actions (Wendt, 1992). State identity is built within the international and domestic socio-political environment (Katzenstein, 1996). Identity is the interest to the state to construct it in the structure. How to construct identity can be through statements in various media both directly and indirectly, the formation of institutions, and others. Thus, the phenomenon of international relations is the reality of social interaction through structures that give meaning to the material (Adler, 1997). Therefore, constructivism appears to discuss human awareness and its role in international life (Ruggie, 1998).

AEC 2025 affects Indonesia through cognitive dissonance, feedback effects and transnational persuasion. Indonesia, then, participated in the AEC 2025 for the achievement of Indonesia's interests. Thus, this policy is born from within Indonesia itself for wanting to

change its identity, not because of mere material impulse (Sohn, 2008). Indonesia defines AEC 2025 by focusing on social roles that are of national importance (Finnemore & Sikkink, 2001). Cooperation in international politics is difficult, but the international economic policy is needed to get optimal results from international markets (Keohane, 1984). Cooperation is considered possible on constructivism in the absence of great power which is replaced with the leadership of ASEAN countries (Acharya, 2014). It is believed that Indonesia is able to strengthen its position in AEC 2025 by using role of identity, which are: 1) The positive meaning of AEC 2025, 2) Indonesia has reconstructed it in structure through various media, and 3) It forms the role of Indonesia and the AEC 2025, which are mutually reinforcing.

The positive meaning of AEC is deepening the economic integration areas which focus on sustainable development in such good regulatory practice, and global value chains included emerging trade-related issues. The existing norms in ASEAN economic integration are one of the important things emphasized in constructivism, which the role of identity can play in (Burchill et al., 2005). By having AEC as a positive structure, Indonesia can form and play a constitutive relationship to increase Indonesia's economic capacity. This region grows as the sixth-largest economy in the world, even the third most populous market in the world by almost 630 million people (ASEAN Secretariat, n.d.). Based on OECD, ASEAN percentage on real GDP growth 2020-2024 lower than in 2013-2017 (OECD, 2019). This situation has been experienced by all regions of the world influenced by the international recession from increasing tension of international trade competition. Even so, luckily ASEAN can bear up in lower GDP only 0.1%. It demonstrates a great ASEAN resilience as a robust multilateralism in advancing regional development. Furthermore, it started to develop new technology innovation and application as the Fourth Industrial Revolution (ASEAN Secretariat, 2019a).

Unlike the region that is declining economic growth, Indonesia has grown from the contribution of private consumption, government spending, agricultural production, and the service sector (OECD, 2019). On the contrary, Indonesia's condition on investment and trade slowly grow to be strong since largely supported by education and health, transportation, business services, and real estate (OECD, 2019). This condition is solved from the ASEAN Solutions for Investment, Services and Trade (ASSIST) (ASEAN Secretariat, 2019a), the finalization of ASEAN Trade in Services Agreement (ATISA) and Fourth Protocol to Amend the ASEAN Comprehensive Investment Agreement (ACIA) (ASEAN Secretariat, 2019b). Moreover, there is also regional comprehensive economic partnership (RCEP) committing on trade through free trade agreement (FTA), services, investment, and movement of a natural person. In the end, Indonesia's understanding of the ASEAN structure has conditioned the establishment of Indonesian identity in interacting within it. Indonesia has also acted by seeking conducive interactions within these various structures (Burchill et al., 2005) in increasing Indonesia's investment and trade. Thus, Indonesia also constructs itself in these various media structures. This can be seen from Indonesia's attitude as an active discussant and initiator within the framework of the ASEAN initiative.

ASEAN is vital geostrategic importance to the world, trade valued 5.3 trillion US Dollars, 15 million bpd of oil transportation, the fourth largest exporting region in the world

(ASEAN Secretariat, 2019c). Moreover, Lee Hsien Loong, Singapore's Prime Minister predicted that ASEAN become the fourth-largest economy in the world in 2030, led by USA, China, and The EU (ASEAN Secretariat, 2019c). Based on this view, AEC 2025 perform characteristics: 1) Highly Integrated and Cohesive Economy, 2) Competitive, Innovative, and Dynamic ASEAN, 3) Enhanced Connectivity and Sectoral Cooperation, 4) Resilient, Inclusive and People-Oriented, People-Centered ASEAN, 5) Global ASEAN (ASEAN Secretariat, 2019b). The characteristics reflected in all ASEAN commitments result in the raising level of FDI flow into ASEAN from 123 billion US Dollars to 137 billion US Dollars in 2016-2017 (ASEAN Secretariat, 2019c).

Since 2017, digital economies rose as substantial investment in ASEAN. It made significant development in e-commerce, financial technology, the development of data centers and ICT infrastructure (ASEAN Secretariat, 2019c). Thus, it makes wide-open opportunity for business of the industry and commercial sectors, such as financial services, telecoms and transportation, medical services and equipment, consumer goods, and automotive (ASEAN Secretariat, 2019c). Indonesia should take the occasions by intensifying small-medium enterprises and welcoming start-up to nurture as a new competitive industry in consumer good and automotive, like Vietnam that finally build their own automotive industry called VinFast in 2018 (Reed, 2018). Indonesia also must support digital economies environment in a conducive manner to nurture Indonesian start-up and ensure 4IR in ASEAN at a time. Indonesia has rapidly become the digital nation by now since it has more than 100 million internet users (ASEAN Secretariat, 2019c). Hence, Indonesia both structured AEC domestically and play actively in actualizes AEC, which allows deepening and widening economy of ASEAN member state, well said its reciprocal reinforcing.

Indonesia as an agent and AEC as a mutually reinforcing structure are proof that the agent and structure are inseparable or formed together (Burchill et al., 2005). This is illustrated in two ways: 1) Indonesia has constructed itself in a number of MEA media structures, including through the intensification of Small and Medium Enterprises and Start-ups, especially in developing an increasingly digital economy; and 2) the AEC provides opportunities for its member countries as socially constructed structures so that they can encourage their respective economic improvements, both widening and deepening. The widening factors were powered by a free trade agreement with seven main trading partners, such as Australia, New Zealand, China, India, South Korea, Japan and Hong Kong, added with the comprehensive and progressive agreement for Trans-Pacific Partnership (CPTPP) that bring in Canada, Chile, Mexico, Peru (ASEAN Secretariat, 2019c). This factors are not only opportunities but also pressing regional and national actions that would rise synergy among ASEAN member states (Maria, Urata, & Intal Jr, 2017). Besides, the ASEAN consuming class makes it the largest source of market growth in future (Maria, Urata, & Intal Jr, 2017) so AEC become a means for increasing the economy of ASEAN itself.

## CONCLUSIONS

AEC 2025 is the integration of the regional economy with a dynamic and sustainable process. This happens because the economy along with the domestic and external environment continues to develop. Indonesia can utilize this institution to improve its economy. The methods that can be used by Indonesia, one of which is explained by constructivism. By positively interpreting AEC 2025, Indonesia is believed to create or establish identity which will be reconstructed into the structure.

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