



Asean Regional free Trade Agreement and the Achievement of WTO Objectives

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Abstract

The implementation of the ASEAN Free Trade Area (AFTA) agreement and the ASEAN Economic Community (AEC) violates the Most-Favored-Nation (MFN) principle of the World Trade Organization (WTO). However, the establishment of AFTA and AEC was not prohibited under Article XXIV of the General Agreement on Tariffs and Trade (GATT) 1994. This research analyzes the contradiction between the WTO's MFN principle and Article XXIV of GATT, which arose from the establishment of AFTA and AEC in relation to the achievement of the WTO's objectives. The study employed a normative legal approach, with data collected through library research, and analyzed using qualitative and comparative methods. The analysis indicates that although the establishment of AFTA and AEC violates the MFN principle, their implementation would not hinder the achievement of WTO objectives if the agreements do not lead ASEAN to become an exclusive free trade area. Instead, they are intended as steps toward implementing free trade principles within the global trading system through regional agreements.

Keywords: ASEAN, Free trade area, MFN principle, WTO objectives.

1. Introduction

One of the objectives of the establishment of the Association of Southeast Asian Nations (ASEAN) in 1967 was to establish economic cooperation to accelerate the economic growth of its member countries. ASEAN economic cooperation began to be realized at the first ASEAN Summit Meeting in Bali in 1976 through the establishment of the ASEAN Economic Ministers' Meeting Forum. To intensify ASEAN cooperation in the economic sector, in 1976, the ASEAN Declaration was adopted, which set out ASEAN's policy guidelines and action programs in the economic sector, with priorities in the fields of food commodities, energy, industry and trade. Then in 1977, the Agreement on ASEAN Preferential Trading Arrangement (ASEAN-PTA) was established, namely a trade agreement on reducing tariffs on commodities traded between ASEAN member countries, which came into force on January 1, 1978 (Director General of ASEAN Cooperation, 2010).

The ASEAN-PTA failed due to its voluntary and non-binding nature. Therefore, other ways to enhance ASEAN economic cooperation were sought. In the 1990s, the idea of establishing an ASEAN Free Trade Area (AFTA) was proposed. This idea was subsequently adopted, and at the 1991 ASEAN Ministerial Meeting in Kuala Lumpur was agreed to establish AFTA within 15 years.

At the 1992 ASEAN Summit Meeting in Singapore, the AFTA agreement was signed, namely the "Agreement on the Common Effective Preferential Tariff Scheme Towards the AFTA" (CEPT towards the AFTA). The objectives of AFTA are: 1) To establish the ASEAN region as a competitive production base, enabling ASEAN products to be highly competitive in the global market; 2) To attract more foreign direct investment to ASEAN; and 3) To increase trade among ASEAN member countries. To achieve AFTA, the CEPT is used as a vehicle for effective tariff reductions for all and is mandatory (Khaldun, 2022). A product can enjoy tariff and non-tariff concessions based on CEPT if the product is included in the Inclusion List in both the country of origin and the country of export destination, based on the principle of reciprocity, and the product meets the requirements of origin of goods, namely a cumulative ASEAN content of at least 40%.

At the 9th ASEAN Summit Meeting in Bali on October 7 - 8, 2003, the six countries that signed the CEPT, namely Indonesia, the Philippines, Malaysia, Thailand, Brunei Darussalam and Singapore, agreed to achieve the target of 0% import duties at a minimum of 60% of the 2003 Inclusion List, 0% tariff (import duties) at a minimum of 80% of the 2007 Inclusion List, and 0% tariff at 100% of the Inclusion List by 2010. For ASEAN members who are not CEPT signatories, the liberalization schedule is as follows: 1). 0% tariff rate in 2006 for Vietnam, 2). 0% tariff rate in 2008 for Laos and Myanmar, 3). 0% tariff rate in 2010 for Cambodia. Thus, trade liberalization within the framework of AFTA has been achieved comprehensively for all ASEAN members by 2010.

Following the successful implementation of AFTA, in 2015 ASEAN also increased its regional economic cooperation through the establishment of the ASEAN Economic Community (AEC) (Velasco, 2023). In general, the objectives of the AEC are to implement ASEAN free trade and increase integrated development, eradicate poverty

among ASEAN peoples, and achieve equitable and sustainable ASEAN economic growth (Isabela, 2022). In principle, the AFTA and AEC agreements are binding only on ASEAN member countries and do not apply to non-ASEAN member countries. Therefore, the AFTA agreement only grants rights and imposes obligations on ASEAN member countries. Tariff reductions and the elimination of other trade barriers in the implementation of the AFTA agreement are only enjoyed by ASEAN members and not by non-ASEAN member countries.

In addition to being parties to AFTA, all ASEAN members are also members of the World Trade Organization (WTO). The WTO is a multilateral trade organization that formulates international trade policy. One of the WTO's goals is to create free global trade by eliminating barriers to international trade.

One of the basic principles used by the WTO to achieve its goals is the "Most Favored Nations" (MFN) principle. Based on the MFN principle, favorable treatment granted by one WTO member to another WTO member must also apply to all WTO members. A WTO member must provide equal treatment to all other WTO members (Son & Vang-Phu, 2023). Therefore, WTO members are prohibited from providing concessions to only certain countries regarding tariffs and other trade policies (Fuady, 2004).

The AFTA and AEC agreements, which apply only to ASEAN member states, could be considered a violation of the MFN principle. All tariff and non-tariff concessions regulated by AFTA apply only to ASEAN members and are not enjoyed by other WTO members. Because of this inconsistency, it can be argued that the AFTA and AEC agreements violate the MFN principle of WTO agreements, thus hampering the achievement of WTO objectives.

On the other hand, ASEAN consistently strives to contribute to all international relations, including global economic and trade relations. One of the declarations adopted by ASEAN leaders is the "ASEAN Community in a Global Community of Nations." Therefore, ASEAN's existence cannot be separated from global international relations. The ASEAN is obligated to play a role in creating better, more balanced, and fairer international relations for all countries, including global economic and trade relations. Therefore, ASEAN economic cooperation is also expected to contribute to global economic development.

This research examines the problem of "how is the relevance of the implementation of the ASEAN free trade agreement to the achievement of WTO objectives, namely the creation of a global free trade based on WTO principles?" The results of the research show that the implementation of AFTA and AEC will be able to contribute to the creation of a global free trade in accordance with WTO objectives. The establishment of AFTA and the AEC was not intended to create trade barriers between non-ASEAN member countries and ASEAN member countries. ASEAN has expanded the implementation of AFTA free trade agreements with several countries outside ASEAN, so that ASEAN's free trade principles are also applied to non-ASEAN member countries through special agreements.

2. Research Method

This research is a normative or doctrinal legal research. Data were collected through a literature study. A literature review was conducted by studying primary and secondary legal materials. Primary legal materials include all kinds of legal regulations, especially international agreements on AFTA, AEC, and WTO, as well as other legal regulations related to the research topic. Secondary legal materials include all theories and expert views on the research topic, whether found in books, journals, papers, magazines, newspapers, or websites. Data were analyzed using comparative and qualitative legal methods. The conclusion is done deductively using a thought pattern called a syllogism which is composed of two statements (major premise and minor premise) and a conclusion.

3. Results and Discussion

3.1. ASEAN Free Trade Agreement

On August 8, 1967, the Joint Declaration, which was later known as the Bangkok Declaration of 1967, was signed by the foreign ministers of Indonesia, Thailand, Malaysia, the Philippines and Singapore, marking the birth of ASEAN. The ASEAN now has ten member countries in the Southeast Asian region, namely the five founding countries plus Brunei Darussalam, Vietnam, Laos, Myanmar and Cambodia. The aims and objectives of the establishment of ASEAN as stated in the Bangkok Declaration of 1967 include: 1). accelerate economic growth, social progress and cultural development in the ASEAN region; 2). improve regional peace and stability in Southeast Asia; 3). increase active cooperation and mutual assistance in the economic, social, technical, scientific and administrative fields; 4). maintain close and useful cooperation with various international and regional organizations that have similar goals (Yohanes, 2022).

At the beginning of its establishment, ASEAN faced many weaknesses as an international organization, including the lack of a permanent secretariat and organizational regulations as operational guidelines. The ASEAN Secretariat was established after the first ASEAN Summit Meeting in Bali in 1976, with its headquarters in Jakarta. At the first ASEAN Summit in Bali in 1976, ASEAN also established organs, such as the ASEAN Summit Meeting, the ASEAN Foreign Ministers' Meeting, the ASEAN Economic Ministers' Meeting, the ASEAN Sectoral Ministers' Meeting, the ASEAN Ministerial Meetings, and other ASEAN Ministerial Meetings. ASEAN's organizational regulations were only established at the 13th ASEAN Summit Meeting in Singapore on November 20, 2007, where the ASEAN Charter was signed by the 10 ASEAN leaders. The ASEAN Charter came into force after being ratified by all ASEAN member states in October 2008.

By the establishment of a Secretariat, organs, and a Charter as basic regulations, ASEAN's status as an international organization with international legal capacity has become stronger and more widely accepted within the international community. Going forward, ASEAN is expected to play a greater role in international relations. In addition to establishing itself formally, ASEAN, as an international organization, is also fulfilling its presence by progressively developing various international collaborations.

One of the collaborations developed by ASEAN is economic cooperation, which was one of the objectives of its establishment. ASEAN economic cooperation began to be realized after the ASEAN Summit Meeting in Bali in 1976 through the establishment of the ASEAN Economic Ministers' Forum (Yohanes, 2022). Furthermore, the first ASEAN Summit Meeting also adopted the ASEAN Declaration of Agreement, which established ASEAN's

policy guidelines and action programs for economic cooperation, with priorities in food, energy, industry, and trade.

As a realization of ASEAN economic cooperation, in 1977, the ASEAN-PTA was agreed upon, a trade agreement on tariff reductions for commodities traded between ASEAN member countries. The ASEAN-PTA failed because it was voluntary and non-binding. Furthermore, the ASEAN-PTA did not cover commodities actually traded between ASEAN member countries and still adhered to an inward-looking import substitution policy, thus undermining efforts to develop intra-ASEAN trade.

At the Third ASEAN Summit Meeting in Manila in 1987, ASEAN leaders agreed to enhance ASEAN trade and investment cooperation by adopting new initiatives and directions. This decision was made in response to fundamental changes in the global economic order, as indicated by economic globalization, the expanding market economy, including in Eastern European countries, and the emergence of various regional economic groups, which were feared to lead to the formation of closed economic blocs. These initiatives included the Philippines' proposal for an ASEAN cooperation framework, the "ASEAN Treaty of Economic Cooperation." This proposal was submitted at the 23rd ASEAN Foreign Ministers' Meeting in Jakarta in 1990. Indonesia proposed a Common Effective Preferential Tariff as a means of reducing tariffs in trade among ASEAN member countries.

The Philippines' proposal and Indonesia's idea of a "Common Effective Preferential Tariff" (CEPT) were approved at the 22nd ASEAN Economic Ministers' Meeting in Bali in October 1990. At the 22nd AEM meeting, Singapore also proposed the idea of a Growth Triangle. In the lead-up to the 24th AMM in Kuala Lumpur on June 24, 1991, Thailand proposed the idea of establishing a Free Trade Area by the end of the 20th century.

The idea of establishing AFTA and Indonesia's proposal for the CEPT were responded positively by ASEAN member countries, particularly in response to the ongoing global economic liberalization. At the fourth ASEAN Summit in Singapore, January 27-28, 1992, two ASEAN economic and trade cooperation documents were agreed upon: 1) "The Framework Agreement on Enhancing ASEAN Economic Cooperation", which serves as an umbrella for ASEAN cooperation in various economic fields; and 2) "The Agreement on the Common Effective Preferential Tariff (CEPT) Scheme Toward the ASEAN Free Trade Area" (AFTA). The CEPT agreement toward the AFTA is a cooperation agreement to realize ASEAN free trade within 15 years, starting January 1, 1993, using the CEPT as its main tool. The CEPT is an effective tariff reduction for all ASEAN members and is mandatory.

Based on the considerations of the CEPT agreement toward the AFTA, several AFTA objectives can be identified as follows: 1). making ASEAN a competitive production area, so that ASEAN products have strong competitiveness in the world market, 2). attracting more Foreign Direct Investment to ASEAN countries, and 3). increasing trade between ASEAN member countries. Through the CEPT agreement toward the AFTA, trade liberalization between ASEAN member countries is carried out by eliminating all trade barriers, both in the form of tariffs and non-tariff barriers, for products traded between ASEAN member countries. A product can enjoy tariff and non-tariff concessions based on CEPT if the product is included in the Inclusion List both in the country of origin and the country of export destination, based on the principle of reciprocity, and the product meets the provisions of origin of goods, namely a cumulative ASEAN content of at least 40%.

The CEPT scheme covers all manufactured products, including capital goods and processed agricultural products. The implementation of trade liberalization within the framework of AFTA also includes various flexibilities, especially for sensitive products and those vital to ASEAN member countries. Therefore, not all ASEAN products are included in the Inclusion List. ASEAN products within the framework of AFTA implementation are grouped as follows: Inclusion List, Temporary Inclusion List, Sensitive List, and General Exception List. The Inclusion List includes products whose tariffs were reduced to a level between 0 and 5% in 2003. The Temporary Inclusion List includes products whose tariff reductions were postponed, but must begin to be reduced to 0 and 5% by 2000 at the latest. The Sensitive List is agricultural products that are considered very sensitive, so that their tariff reductions were extended until 2010, some of which were only reduced in 2020. The General Exception List is products for which it was agreed that tariffs would not be reduced.

In the implementation of the CEPT Scheme, tariff reductions were implemented through two programs, namely the Fast Track Program and the Normal Track. Based on the Fast Track Program, products with tariffs above 20% or below 20% will be reduced to 0-5% in 2003. Through the normal track, there are two tariff reduction schedules as follows: 1) Products with tariffs above 20% will be reduced to 20% in 2001 and then reduced again to 0-5% in 2008; 2) Products with tariffs at or below 20% will be reduced to 0-5% in 2003 (Directorate General of ASEAN Cooperation, 2010).

In response to the liberalization of the global economy following the establishment of the WTO, ASEAN member countries have made efforts to accelerate the implementation of ASEAN free trade through AFTA. Therefore, in various meetings of ASEAN Economic Ministers and in ASEAN Summits, agendas were agreed to accelerate the implementation of AFTA. These agreements were reached, for example, at the 26th ASEAN Economic Ministers' Meeting in Chiang Mai, Thailand, in September 1994, at the 27th ASEAN Economic Ministers' Meeting in Bandar Seri Begawan, in September 1995, through the 5th ASEAN Summit in Bangkok in December 1995 and the 9th ASEAN Summit in Bali in 2003.

In relation to the implementation of AFTA, in the 26th ASEAN Economic Ministers meeting, decisions were adopted to determine a new schedule in order to accelerate AFTA, the transfer of products from the Temporary Inclusion List to the Inclusion List was carried out gradually over a period of five years by 20% each year, starting from January 1, 1995. The first stage of transfer of 20% of the total number of products had to be carried out on January 1, 1996. Gradually, all products from the agricultural sector had to be included in the CEPT Scheme. The entry of non-processed agricultural products into the CEPT Scheme had to go through a separate mechanism, because the impact was so big on the income and welfare of farmers as well as industrialization in several ASEAN countries.

The acceleration of AFTA was also agreed upon through the ASEAN Summit. In the 9th ASEAN Summit on October 7-8, 2003 in Bali, where the six ASEAN member countries that signed the agreement on CEPT towards the AFTA, namely Brunei Darussalam, Indonesia, Thailand, Malaysia, and Singapore agreed to achieve a target of 0% tariff rates for at least 60% of the inclusion list in 2003; 0% tariffs for at least 80% of the inclusion list in 2007;

and by 2010 all 0% tariff rates must have reached 100%. For new ASEAN members, 0% tariffs in 2006 for Vietnam, 2008 for Laos and Myanmar and 2010 for Cambodia.

In addition to these agreements, Article 7 of the CEPT towards the AFTA Agreement also establishes a body to oversee and implement the AFTA Agreement. At the regional level, the implementation of the CEPT towards the AFTA Agreement is monitored, coordinated, and reviewed by the AFTA Council, whose members consist of ASEAN trade ministers, assisted by the ASEAN Senior Economic Officials (SEOMs). The AFTA Council is also tasked with helping to find solutions to various trade disputes that arise among ASEAN member countries.

Trade liberalization within the framework of AFTA has been achieved comprehensively for all ASEAN members in 2010. After the success of the establishment of a free trade area, ASEAN took a more progressive step with the ideal of establishing an "ASEAN Economic Community (AEC)" following the "European Community" model. The blueprint for the establishment of the AEC was signed in 2007. The establishment of the AEC is expected to further integrate the ASEAN economy starting in 2015 (Ma'arif et al., 2023). The achievement of the AEC was carried out through the freedom of movement of goods, services, investment, skilled labor, and capital among ASEAN member countries.

Through the establishment of the AEC, ASEAN will be established as a single market and production base (Velasco, 2023). ASEAN needs to form a strong, mutually protective, and reciprocal economic pact because this region is a very large market and investment destination. The ASEAN Vision 2025 presents an ambitious and integrative framework that aims to foster regional cooperation, identity, and cohesion (Matondang et al., 2024). With its large economic potential and through strong economic integration, it is predicted that ASEAN will be able to become one of the 10 largest economic powers in the World. The AEC is also expected to increase economic prosperity that is fair and equitable among ASEAN member countries. Therefore, to create economic justice, ASEAN member countries also agreed to reduce the gap in economic growth among them.

3.2. The Objectives of the WTO

The WTO Agreement is the result of the GATT Uruguay Round negotiations that took place from 1986 to 1994. The objectives of the Uruguay Round Negotiations include creating global free trade that will benefit developing countries and developing national and international economic cooperation, among others, through improving the international financial system and investment in developing countries (FX Soedijana, 2008). The Uruguay Round resulted 'the Agreement on the Establishment of the WTO' and its annexes. Important annexes include Annex I, which consists of: 1). Annex IA: Multilateral Agreements on Trade in Goods, Annex IB: General Agreement on Trade in Services and its annexes, 3). Annex IC: Agreement on Trade-Related Aspects of Intellectual Property Rights. Annex II is an Understanding on Rules and Procedures Governing the Settlement of Disputes.

The WTO is one of the main international trade organizations today. As a universal international organization with open membership, the WTO currently has 166 members and 23 observers (Organization, 2024). As previously mentioned, the WTO was established through the 1994 Agreement on the Establishment of the WTO, which entered into force on January 1, 1995. As a public international organization, the WTO has a Secretariat and various organs such as the Ministerial Conference, the General Council, the Council for Trade in Goods, the Council for Trade in Intellectual Property Rights, the Council for Trade in Services, and a Dispute Settlement Body.

The objectives of the WTO and the WTO agreements are to assist producers of goods and services, exporters, and importers in carrying out their business activities. The objectives of the WTO are essentially similar to those of its predecessor, the GATT. The objectives of the GATT 1947, as stated in the Preamble to the GATT 1947, were to improve the standard of living of the world's population, increase employment, enhance the utilization of the world's natural resources, and increase the production and exchange of goods between countries.

Peter Van den Bossche stated that the ultimate goal of the WTO is to improve living standards, achieve full employment, grow real incomes and effective demand, and expand trade in goods and services (Van den Bossche & Zdouc, 2021). To achieve these goals, the WTO implements global trade liberalization by eliminating trade barriers, both tariff and non-tariff barriers (Hasyim et al., 2023).

The WTO Agreement is the successor to the GATT 1947. Under the WTO agreement, the modified GATT 1947 and the agreements on the interpretation of certain GATT articles that have been made are still maintained as the main rules in the field of trade in goods, called GATT 1994. The GATT principles are also used as the principles of trade in other fields, such as trade in aspects of Intellectual Property Rights and trade in services. Therefore, international trade regulations under the WTO are generally still based on the GATT principles.

Some of the basic principles of international trade regulation under the WTO are the MFN principle, the principle of reciprocity, the principle of protection through tariffs, the principle of national treatment, the principle of transparency, and the principle of prohibition of quantitative restrictions. The MFN principle states that preferential treatment given by one GATT (WTO) member to another member, such treatment must also be enjoyed by all WTO members. The MFN principle is regulated in Article I of GATT 1994. The principle of reciprocity requires equal treatment between WTO members reciprocally in conducting trade relations. The principle of protection through tariffs and tariff binding. In principle, the WTO agreement allows protection of domestic products through tariffs (import duties), although gradually these tariff barriers will also be eliminated in accordance with the negotiated tariff reduction schedule. Article II of GATT regulates the tariff reduction schedule. The agreed tariff reduction schedule is included in the Annex Schedule, which is an integral part of GATT. Each member may not apply a higher tariff than that stated in the tariff reduction schedule.

The principle of National Treatment requires each member to give the same treatment to imported products and its domestic products marketed in its domestic market. The National Treatment principle is regulated under Article III of the GATT 1994 (Ananda & Ramlan, 2021). Article X of the 1994 GATT regulates the principle of transparency, regarding the publication and administration of trade policy and regulations. All regulations and policies of a WTO member country regarding classification or assessment for customs purposes must be published so that they can be known by traders from other member countries. The principle of prohibition of quantitative

restrictions is regulated in Article XI of the 1994 GATT. The prohibition of quantitative restrictions is in the form of prohibitions or protection for domestic products through quantitative restrictions such as the imposition of import and export quotas, restrictions on import or export licenses and other tools that can affect the amount of exports or imports.

3.3. The Relevance of the ASEAN Free Trade Agreement and the Objectives of the WTO

The establishment of AFTA and AEC violates the principles of the WTO agreement, particularly the MFN principle. The MFN principle is a form of the non-discrimination principle that states that each WTO member must provide equal treatment to all WTO members in terms of its international trade policies. The principle of non-discrimination is one of the WTO's basic principles, which is used to achieve its goals, namely improving global economic welfare (Valencia, 2024). The AFTA and AEC agreements are regional multilateral international agreements. These agreements only bind ASEAN member countries, so all tariff concessions and various non-tariff trade facilities within the framework of AFTA and AEC are only enjoyed by ASEAN member countries and do not apply to non-ASEAN member countries.

Although violating the MFN principle, deviations in the framework of establishing a free trade area or other special economic cooperation are permitted as exceptions based on Article XXIV paragraph 5 of the GATT. A free trade area can be defined as a group of two or more customs areas, where in trade relations between members, obligations or provisions restricting trade are substantially eliminated on all or some of the trade items for products originating from the area. Article XXIV paragraph 5 of the GATT states: "Accordingly, the provisions of this Agreement shall not prevent, as between the territories of contracting parties, the formation of a customs union or of a free-trade area or the adoption of an interim agreement necessary for the formation of a customs union or of a free-trade area". In the case of the formation of a Custom Union, it is determined that the temporary agreement leading to the formation of the custom union, duties and other trade regulations imposed at the time of the establishment of the custom union with parties who are not parties to the custom union may not be overall higher or stricter than before the establishment of the custom union. Then with regard to free trade areas, duties and other trade regulations that apply to each party remain in effect, import duties and terms of trade with non-member parties may not be higher or stricter than before the establishment of the free trade area.

The establishment of free trade areas or special economic agreements that deviate from the principles of the GATT/WTO is permitted with the following rationale. First, the WTO members recognize that increasing world free trade can be achieved through the development of voluntary agreements in order to develop closer integrity between the economic entities that are part of the agreement. Second, the WTO members also recognize that the purpose of a "free trade area" and a Customs Union is to encourage trade among WTO members and not to hinder trade between other WTO members.

Such rationality must certainly be fulfilled by ASEAN member countries in the implementation of AFTA and the AEC. If this rationality is adhered to in the implementation of ASEAN free trade within the framework of AFTA and AEC, it will not hinder the achievement of WTO objectives and will actually facilitate the achievement of the objectives of the WTO agreement.

Comparing the objectives of AFTA and AEC with those of the WTO, there appears to be no contradiction; in fact, there is synchronization. In principle, both AFTA, AEC, and the WTO aim to improve economic prosperity by increasing international production and trade through the elimination of international trade barriers, both tariffs and non-tariff barriers. Both the ASEAN free trade agreement and the WTO agreement apply the principles of free trade. However, the ASEAN free trade agreement and the WTO agreement differ in their scope, namely at the regional and global levels.

To ensure that the implementation of the AFTA and AEC agreements does not hinder the achievement of WTO objectives, but instead facilitates their achievement, their implementation must be expanded to include countries outside ASEAN. AFTA and AEC should not become a free trade area exclusively for ASEAN member countries. It is hoped that ASEAN will also realize economic cooperation with other trade bloc organizations around the world, such as the North American Free Trade Area, the Single European Market, and so on, so that there will be harmonization of the principles of global free trade in accordance with WTO principles.

In practice, ASEAN has developed economic cooperation with non-ASEAN member countries. For example, ASEAN's economic cooperation with Dialogue Partner countries such as Australia, the United States, China, India, Japan, Canada, South Korea, Russia, New Zealand, and the European Union (Isabela, 2022).

In implementing broader regional economic cooperation leading to the establishment of a free trade area, ASEAN also plays a significant role in economic cooperation among Asia-Pacific countries within the Asia-Pacific Economic Cooperation framework. ASEAN also plays a core role in several regional economic forums with other important economic dimensions. A high-level forum, the ASEAN+3 Summit Meeting (China, Japan, and South Korea), has also been initiated as a platform for more effective East Asian cooperation. This East Asia forum aligns with the aspirations of establishing an East Asia Economic Caucus, previously discussed by ASEAN member countries.

The implementation of the ASEAN free trade agreement was then expanded beyond ASEAN member countries to include non-ASEAN member countries as well. Since January 1, 2010, ASEAN has implemented its free trade agreement with China under the ASEAN-China Free Trade Agreement (Hartana & Saputra, 2022).

In implementing AFTA and AEC, ASEAN is also committed to contributing to global economic development (Matondang et al., 2024). One of the statements adopted by ASEAN leaders in 2011 was about "The ASEAN Community in the Global Community of Nations." This statement is based on the awareness that ASEAN's existence cannot be separated from global international relations. Therefore, ASEAN is obliged to play a role in creating better, more balanced, and fairer international relations for all countries.

To date, ASEAN has also expanded partnerships with a number of countries outside the region, as reflected in the ASEAN+3 Summit and the East Asia Summit, which involved 18 countries, including the United States, Russia, Australia, New Zealand, and India. Bali Concord III, resulting from the 19th ASEAN Summit Meeting in Bali in 2011, is intended to contribute to the realization of a more peaceful, just, democratic, and prosperous world.

These facts demonstrate that ASEAN economic cooperation, particularly through the establishment of AFTA and AEC, does not lead to regional exclusivity. Instead, ASEAN seeks to develop economic cooperation with non-member countries and to bring AFTA's free trade principles to broader forums, involving non-ASEAN member countries. Therefore, ASEAN's free trade agreements through AFTA and the AEC are relevant and in line with the objectives of the WTO agreement.

4. Conclusion

In principle, there is no conflict between the objectives of the ASEAN Free Trade Agreement and the objectives of the WTO. Both the ASEAN Free Trade Agreement and the WTO aim to improve economic prosperity by increasing production and global trade based on the principles of free trade. There is a difference in scope between the ASEAN Free Trade Agreement and the WTO. AFTA covers only Southeast Asia for ASEAN member countries, while the WTO agreement covers the entire world for all countries.

Although deviating from the MFN principle adopted by the GATT/WTO, the implementation of the AFTA and AEC agreements will support efforts to achieve the WTO's objectives if they are not based on a spirit of exclusivism among ASEAN member countries, but rather on the rationality of forming a free trade bloc under Article XXIV of the GATT and ASEAN's commitment to contributing to the creation of a better, fairer, more democratic, and more prosperous global economy. Therefore, ASEAN must develop economic and trade cooperation with non-ASEAN member countries and expand the implementation of ASEAN free trade principles in trade relations with non-ASEAN member countries.

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