



Compability of Regional Comprehensive Economic Partnership (RCEP) Agreement on Trade in Services (GATS) and the Impact of Special Safeguard Measures (SSM) on the Balance of Trade in Service Liberalization in Indonesia

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Abstract. On November 15, 2020, the RCEP was signed by the Ministers of Economy and Trade of the 15 RCEP member countries and witnessed by each Head of State and Government. The fifteen RCEP member countries are 10 ASEAN member countries (Indonesia, Malaysia, Singapore, Philippines, Thailand, Vietnam, Myanmar, Lao People’s Democratic Republic, Cambodia, and Brunei Darussalam), and 5 (five) ASEAN FTA Dialogue Partners (People’s Republic of Indonesia, China, South Korea, Japan, Australia, and New Zealand). This research is entitled “Analysis of the Impact of Service Liberalization in Indonesia on the Regional Compherensive Economic Partnership (RCEP),” and is reviewed through a normative legal research method that uses a legal approach and a conceptual approach. The problem formulations of this research are: (1) How does GATS influence the liberalization of services at RCEP according to WTO legal principles? and (2) how does the RCEP agreement have an impact on Indonesia’s services trade balance in ASEAN? From the formulation of the first problem, it can be concluded that the liberalization of RCEP services must be in line with GATS and WTO legal principles. Meanwhile, regarding the second formulation of the problem, it can be concluded that Indonesia is still experiencing a deficit in the services trade balance with the European Union and that RCEP is expected to change the constellation of the Indonesian services trade balance for the better in the future.

Keywords: WTO · GATS · RCEP · Services Trade Balance

1 Introduction

On December 15th 1995, the ASEAN Framework Agreement on Services (AFAS) was established in Bangkok, Thailand by ASEAN economy ministers to enhance the service trade cooperation between ASEAN Member States (AMS). The liberalization of services trade under AFAS was implemented through rounds of negotiation every two years

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until 2015. From the round of negotiations within the framework of AFAS, a specific commitment schedule is produced and attached to the framework of the agreement. This schedule is often referred to as a service commitment package.

According to the PSI (Product Specialization Index) research, Indonesia has the tendency to be the importer. On the other hand, in the sector of manufacturing, Indonesia has the tendency to be an exporter. Thus, this data indicates that Indonesia is still in the developing stage. And in order to reduce the trade barriers and promote investment to help developing countries progress even further, the Regional Comprehensive Economic Partnership (RCEP) was formed. Indonesia had an important role in the establishment of RCEP that was first initiated in 2011 during the ASEAN Summit in Bali. At that time, Indonesia had the honor of being the appointed ASEAN negotiator. RCEP is predicted to benefit both Indonesia and in terms of labor absorption, and regional integration improvement, especially in economic integration.

RCEP Agreement itself, was signed by the Minister of Economy/Trade from 15 RCEP countries member on November 15, 2020, which was witnessed by each Head of State/Government. 10 (ten) out of the 15 (fifteen) RCEP countries member are the members of ASEAN, which consist of: Indonesia, Malaysia, Singapore, Philippines, Thailand, Vietnam, Myanmar, Laos People's Democratic Republic, Cambodia, and Brunei Darussalam, and the rest of the 5 (five) members are the ASEAN FTA Speech Partners which are: People's Republic of China, South Korea, Japan, Australia, and New Zealand. Unfortunately, due to the global pandemic, the signing of the RCEP agreement was held virtually, but even then, the impact of the signing has surely echoed globally. Thus, this only shows that, in the midst of the COVID-19 pandemic that pushed the world economy into recession, these 15 (fifteen) countries were able to embodied their commitment to completing the RCEP negotiations that have been occurring for eight years.

There are three reasons why the international agreement that Indonesia wants to ratify must first be ensured of its alignment with the Indonesian Constitution. First, we must reckon that the 1945 Constitution ranked as the highest norm in the hierarchy of Indonesian laws and regulations. Second, ensuring harmony between international treaties and the constitution is important to ensure the common perception and goals of the government and the people. Lastly, to avoid any kind of intervention from other countries that disguise themselves with international treatie in which to harm the sovereignty of Indonesia including its law. On February 11, 2014, Indonesia finally have its own law that regulates trade with the enactment of Law No. 7 of 2014 on Trade by the government. So far, the equivalent legal product of the Law in the sector of trade is the Law that was made by the Dutch colonial, known as *Bedrijfsreglementerings Ordonnantie* in 1934. In which where most of the contents are the regulations regarding business licensing. Other than that, Indonesia has also adopted WTO regulations and is currently active as one of the WTO countries members based on the ratification of Law No. 7 of 1994. Given that, in article 4 paragraphs (1) and (2) concerning the scope of the regulation of trade in goods and services, it is explained that there are 12 services regulated in the WTO. These 12 regulated services include business services, distribution, communication, education, environment, finance, construction, and engineering related to health, social, recreation, culture, sports, tourism, transportation, and others. The arrangements regarding the trade of such services can be done by both inside and outside of the country.

Some of the service markets available within the framework of ASEAN only encourage or favor most of the Indonesian human resources. Especially those who are university graduates both graduated from any university domestically or abroad, and those who have obtained certain certifications, these human resources are the human resources who are able and capable to fill this competitive labor market within the ASEAN trade framework. The lack of critical knowledge within university graduates is due to the lack of integration within the social and industrial realities, thus causing a far distance between the theory and the practice done in the field. Matter of fact, this has been a serious concern not only for university graduates in Indonesia, but also in ASEAN in order to establish the best quality and capability of human resources that are ready to be the actors in the liberalization of service trade in ASEAN. Therefore, this is a big challenge for the generations to come in Indonesia.

2 Legal Materials and Methods

To precisely conduct this study, the author will use variant data that is available within the framework of the research. In conducting a research, data is mainly divided into two kinds, which are primary data and secondary data. In this research, the authors will use normative research. Because the author will review the written legal material from various aspects. These are aspects of theory, history, philosophy, comparison, structure and composition, scope and material, consistency, general explanation, and article by article. The approach used in a normative study, allows a researcher to utilize the findings of empirical law and other sciences for the benefit of analysis and explanation of law without changing the character of legal science as normative science. In order to answer the issues raised in this thesis, the author uses a statute approach to review the prevailing regulations and laws, and a conceptual approach to analyze the issues at hand. In this thesis, the author uses this descriptive analysis technique to provide the exposure used by Indonesia in applying RCEP foreign partnership market access into the Negative Investment List (DNI) that maintains the interests and sovereignty of the Indonesian and Indonesian countries in preparing the qualifications of Indonesian workers in order to maximize RCEP cross-border supply.

3 Results and Discussion

3.1 The Effect of GATS on the Liberalization of Services in the RCEP According to WTO Legal Principles

Basically, some principles of free trade are the basic principles of the WTO. The first principle is the non-discrimination principle or known as most favored nations, and the second principle is the principle of National Treatment. Most Favored Nations, is a basic principle of WTO regulation. This principle is a basic component of any WTO agreement, namely GATT 1994, GATS, and TRIPS (Trade Related of Intellectual Property Rights). The WTO is one example, where the unification of international trade rules or laws is applied to its member states.

Article XVI of the Establishment of WTO Agreement states: “Each member shall ensure the conformity of its laws, regulations and administrative procedures with its obligations as provided in the annexed Agreements.” (Article XVI paragraph 4 of the Establishing the World Trade Organization Agreement). The provisions of the article are an important indicator of how the WTO requires its member states to conform their rules or trade laws to the rules contained in the WTO Treaty Annex. Even the provisions of article XVI also require member states to adjust their administrative procedures (bureaucracy) in accordance with the WTO administrative procedure.

The central position of the WTO is based on the fact that the MFN provision can only be changed through a unanimous agreement. The MFN clause in an agreement between two countries usually requires that each country treat the other party equally compared to a third party. MFN is a principle in which a WTO member state must give equal treatment to all WTO member states without exception. There are two forms of MFN concept, namely the unconditional MFN concept. If country A is obliged not to discriminate against country B then everything that country A does to country C should also be enjoyed by country B. This obligation is unconditional. The second MFN concept is conditional MFN where two countries have an agreement using conditional MFN. If country A provides favorable treatment to country C under an agreement, then country A must also offer the same treatment to country B but country B itself must meet the requirements stated in the agreement of country A and C first. Therefore the MFN right of country B is determined on condition. Country B obtains special treatment (advantage) only if country B is willing to meet the requirements specified in the agreement.

RCEP also applies the principle of Most Favored Nation, meaning that every provision in RCEP related to services must apply to each member country. This principle is embodied in Article 8.6 of the RCEP. However, MFN only applies to RCEP member states that are committed to the provisions of the special commitment list, committed to non-conforming measures. Similarly, ASEAN developing countries are not obliged to implement MFN because this principle (MFN) is voluntary in nature for them.

Then there is the principle of national treatment (NT), which is equal treatment and does not distinguish the origin of the country in an investment activity, be it investors from within the country or foreign investors. According to this principle, products from a country that are imported into a country should be treated the same as domestic products. The applicability of the national treatment principle is broad and it applies to laws, regulations, and requirements (laws) that affect the sale, purchase, transportation of distribution, or use of products in the domestic market, as well as provide protection against protectionism as a result of efforts or administrative or legislative policies. Thus, the NT principle emphasizes the same treatment for foreign entrepreneurs who export goods to Indonesia as well as local entrepreneurs in the country (Indonesia). In RCEP, member states have the right to apply or not apply such principles. Countries included in the list of specific commitments must apply the principle of national treatment. As countries committed to article 8.8 of the RCEP on non-conforming measures.

Meanwhile, in the ASEAN regional scope, in the service area, on December 15th 1995, with the declaration of the Bangkok Convention has agreed to enhance cooperation and freedom of trade in the field of services through the realization of the ASEAN Framework Agreement on Service (AFAS). This agreement in particular seeks to increase the

efficiency and competitive level of ASEAN members as service providers, particularly in eliminating trade restrictions in the field of services between ASEAN members, and liberalizing the trade of services by expanding the level and scope of liberalization beyond those already in the GATS (General Agreement Trade in Service) with the aim of a free trade area in the field of services and Indonesia has ratified by Presidential Decree No. 88 in 1995.

Where AFAS among others contains an agreement to improve cooperation in the field of services between ASEAN countries in order to increase efficiency and competitiveness, diversify production capacity and supply and distribution of services, both with ASEAN and outside ASEAN, remove trade barriers in the field of services substantially between ASEAN countries, liberalize trade in the field of services by deepening and expanding the scope of liberalization that has been done by countries within the framework of GATS/WTO, with the aim of realizing free trade in the field of services.

The freedom granted by the WTO in forming regional trade agreements is an acknowledgement that the potential for success in a regional framework is more potent than multilateral. Because, if the arrangements on the establishment of regional trade agreements are strictly carried out, then the failure to create free markets and competition will actually occur. RTA such as TPP and RCEP are considered to be used as a tiered training event for economically unsettled countries such as Indonesia to free up its domestic market multilaterally. The position of free trade agreements such as RCEP is an integral part of the WTO. Basically, the existence of trade relations between countries including Indonesia and other countries that form free trade agreements both at the regional level such as AFTA, TPP and RCEP as well as at the multilateral level such as the WTO is a result of interdependence between countries.

To further boost the economic balance, especially in the field of services, ASEAN countries formed RCEP. RCEP was formed after passing various negotiations that began in 2012, and was finally signed on November 15, 2020. RCEP is an agreement that is aimed at strengthening the free market between ASEAN countries and three partner countries, namely the People's Republic of China, Japan, Australia, and New Zealand. In fact, India had a chance to enter the negotiations, but didn't pursue their decision because India felt this agreement would not affect India significantly.

RCEP is part of a series of ASEAN efforts to increase economic stimulus and trade in goods and services, as well as capital and investment between ASEAN countries and their partners. These efforts began with AFTA in 1992, AEC in 2003, which was finally agreed in December 2015. The spirit of AEC that encourages the turnaround of goods, services, and capital more effectively produces several agreements such as the ASEAN Free Trade Agreement (FTA). ASEAN then proposed an agreement now known as ASEAN RCEP.

At the 19th ASEAN Summit, ASEAN proposed a mega free trade project led by ASEAN, RCEP. Along with the extension of other cooperation, namely CEPEA and EAFTA, also ASEAN +1 FTA, then new ASEAN RCEP. RCEP then was formed as an effort by ASEAN to harmonize a number of trade mechanisms with six ASEAN trading partners.

This agreement is expected to generate high expectations of both partners. ASEAN has committed to implementing 5 free trade agreements (FTA) namely, ASEAN with

China, ASEAN with Japan, ASEAN with Korea, ASEAN Australia New Zealand, and ASEAN India. This cooperation is carried out to provide services and convenience for partner countries, especially in terms of export and import. However, the problem that arises in the five FTA in ASEAN is the different trade rules of each FTA. The difference in the rules eventually makes it difficult for businesses to use various approved facilities such as import-export process, import duty waiver and others. Therefore, a new agreement is needed that can summarize the five agreements.

RCEP essentially aims to progressively eliminate non-tariff tariffs and barriers and facilitate and increase transparency among member states. The main principle adopted by RCEP is a more comprehensive economic integration that is in line with the provisions of the World Trade Organization (WTO) and a better commitment of existing ASEAN (ATIGA) and ASEAN+1 free trade cooperation (AANZFTA, ACFTA, AIFTA, AJCEP, AKFTA). Similarly, the Single Schedule Commitment for each RCEP member state, RCEP approval elements can refer to ASEAN and ASEAN+1 free trade agreements and consider the level of development of each member state (special and differential treatment).

RCEP is an idea to integrate ASEAN member cooperation with its trading partner countries, namely China, Japan, South Korea, India, New Zealand, and Australia. ASEAN has established cooperation with the six countries, namely ASEAN-China Free Trade Area (AC-FTA), ASEAN-Japan Economic Partnership Agreement, ASEAN Korea FTA, ASEAN- Australia New Zealand FTA, and ASEAN-India FTA. However, there are often problems due to the different trading rules of each FTA. The difference in the rules finally makes it difficult for businesses to use the facilities, such as the waiver of import duties (BM), which has been agreed in the FTA. RCEP was formulated with a view to simplifying these different rules. RCEP is scheduled to begin in 2016, heads of state and government of 10 ASEAN countries and six partner countries support the RCEP plan.

The establishment of RCEP block is expected to have a wider potential of trade transactions than just trade in goods, namely trade transactions of services. Much of the content of the agreement will give developed countries and companies an alternative to address issues other than trade agreements but it will also have broad implications for various sectors in society. If the RCEP agreement takes effect, more than 30% of the world's GDP or its market potential of USD21.6 trillion will be in the region. About 50% of the world's population is also in this RCEP region. This means the potential of consumers or markets is very promising. It is estimated that nearly 30% of world trade will be in the region.

As a form of economic agreement, RCEP is inseparable from the provisions of international law. In the field of RCEP services through its official guidance states:

The RCEP will be comprehensive, of high quality and substantially eliminate restrictions and/or discriminatory measures with respect to trade in services between the RCEP participating countries (emphasis added). The rules and obligations on trade in services under the RCEP will be consistent with the General Agreement on Trade in Services ("GATS") and will be directed towards achieving liberalization commitments building on the RCEP participating countries' commitments under the GATS and the ASEAN+1 FTAs. All sectors and modes of supply will be subject to negotiations (emphasis added).

This means that RCEP will not make any provisions that will conflict with GATS. While upholding the spirit of non-discrimination and anti-restriction trade in services, RCEP will always be guided by GATS and ASEAN +1 FTA. The GATS Agreement covers all types of services in all sectors, as well as almost all multilateral agreements, GATS is merely a framework or guide for its members to draw up multilateral agreements related to services. Therefore, it is not surprising that GATS member states such as ASEAN use the guidelines in GATS to develop RCEP.

Opening the market as wide as possible can be a good thing, because it can attract foreign investment but on the other hand it requires a lot of rule of law. However, GATS is flexible, it opens up opportunities for member states to develop their own agreements by following GATS rules. In fact, GATS contains only general rules and does not place too many restriction on member states. The principles can still be applied without any excessive restrictions, member states should not be afraid of sanctions because GATS is so flexible. The flexibility here means that each member is free to choose what areas of service can be subject to liberation.

There are 4 models in categorizing the delivery of “services” contained in GATS that can be used as RCEP models. Four delivery of GATS services are: Cross-border supply, when the service provider remains in his home country and provides services to consumers who are abroad (example: remote IT Workers). Some examples of RCEP member countries as the main market users of this service are India, Philippines, China, Malaysia and Vietnam. Australia and Japan as service providers will be affected.

Consumption abroad is when the consumer of a service visits the country of the service provider (example: Foreign Tourists). Tourism is also no less important to regulate, considering the turnaround of tourists between RCEP member countries and the potential of each RCEP member state which should not be doubted.

Commercial Presence is when a service provider establishes a company in a country (e.g. a foreign company). This model is so important to be accommodated by RCEP because of the large number of foreign companies established in RCEP member countries that affect the economic growth of each country.

Presence of Natural Person, when foreign workers are present in countries that need their services (e.g. Foreign Workers). This model will be useful if applied in RCEP for countries that are accustomed to supplying professional, technical, and laborers such as China, Philippines, India, Malaysia, and Indonesia. In addition, this model will intersect with the model 3 because of the large number of foreign companies that also employ foreign workers.

Some trade in Services RCEP that has legal products in Indonesia, among others in financial services or financial services, Indonesia has Law No. 4 of 2018 on Ratification of Protocol To Implement The Sixth Package Of Commitment On Financial Services Under The ASEAN Framework Agreement On Services. In the explanation of the background of trade cooperation in the financial services sector International financial services trade cooperation is one form of international cooperation, both in bilateral, regional, and multilateral forums established by the government to develop the financial services sector in Indonesia. Through this agreement, Indonesia and all partner countries bind themselves in the agreement to facilitate the international financial services trade and maximize efforts to ensure fairness.

With the ratification of this protocol, Indonesia is expected to benefit in the form of increasing the availability of affordable and quality financial services products in the country and Indonesian financial service providers can operate in the financial markets of ASEAN member countries. Law No. 13 of 2020 on Ratification of Protocol to Implement the Sixth Package Of Commitment On Financial Services Under The ASEAN Framework Agreement On Services through the seventh protocol commitment, affirms that Indonesia allows service providers from ASEAN countries to partner with local service providers and establish insurance companies that provide general insurance services (non-life insurance) both conventional and sharia.

In telecommunication services, Indonesia has Law No. 36 of 1999 on Telecommunications, Implementation of telecommunication networks and or the implementation of telecommunication services must provide telecommunication services based on the principle of equal treatment and the best service for all users, improved efficiency in the implementation of telecommunications and fulfillment of service standards and standards of provision of facilities and infrastructure as well is explained in article 17 of Law No. 36 of 1999.

Law on Professional services is stipulated in Law No. 39 of 2004 concerning placement and protection of Indonesian workers abroad as stipulated in article 77 which states that every prospective migrant worker has the right to obtain protection in accordance with the laws and regulations, protection as referred to in paragraph (1) shall be implemented starting from pre placement, placement period, up to after placement, and article 78 which states “Representatives of the Republic of Indonesia provide protection to migrant workers abroad in accordance with the laws, regulations, international laws and customs”, in the framework of protection of migrant workers abroad, the government can establish the position of Employment Attaché to certain Representatives of the Republic of Indonesia, and the assignment of the Employment Attaché as referred to in paragraph (2) shall be carried out in accordance with the laws and regulations.

On December 3rd 2019, with consideration to implementing the provisions of Article 20 paragraph (3) of Law No. 7 of 2014 on Trade, President Joko Widodo signed Government Regulation (PP) Number 83 of 2019 concerning the Provision of Competent Technical Personnel in the Field of Trade in Services. According to this PP, services that can be traded in trade services include business services, distribution services, communication services, education services, environmental services, financial services, construction and related engineering services, health and social services, recreational services, culture, and sports, tourism services, transportation services, and other services. “Service providers engaged in the trade of services must be supported by competent technical personnel,” said Article 4 paragraph (1) of this PP.

The legal umbrella of several services including professional services such as construction services, is regulated under Law No. 28 of 2000 concerning Business and Role of Construction Services Community and Law No. 29 of 2000 on The Implementation of Construction Services, for health workers services are regulated in Law No. 36 of 2014 on Health Workers, then in the field of architect services regulated in Law No. 6 of 2017 on Architects. The author’s analysis outlines the services listed in Chapter 8 RCEP on the trade of services in annex 8A on financial services, annex 8B on telecommunications services, and annex 8c on professional services, which on average has a

national legal umbrella in Indonesia that provides legal protection to the workforce and the implementation of such services both domestically and abroad.

According to the author's analysis, the national law that applies in Indonesia that serves as the protection of labor and the implementation of trade in services is inseparable in supporting the implementation of WTO principles such as Most Favored Nations (MFN) and National Treatment (NT). Services listed in the first GATS mode of supply (Cross Border) for example, legal considerations provided by lawyers abroad by mail or phone, second (Consumption abroad) for example Indonesian patients treated to hospitals in Malaysia, third (Commercial Presence) example of the establishment of a Chinese-owned hospital in Indonesia, fourth (Presence of natural persons), for example such as doctors from Singapore opening a practice in Indonesia.

3.2 The Impact of RCEP in Indonesia's Service Trade Balance in ASEAN Region

Relations with Southeast Asian countries, especially in the context of ASEAN, are likely to continue to be Indonesia's main concern in the coming years. Indonesia's relations with other countries in the region outside the association, especially Indo-Chinese countries are likely to be built with ASEAN as a starting point, especially if some kind of sub-regional grouping develops among Indo-Chinese countries.

Such an arrangement does not necessarily reduce the possibility of bilateral relations between ASEAN member states and Indo-Chinese countries, on the other hand where the relationship is considered mutually beneficial to the country concerned. The sustainability of ASEAN will depend on how successfully its member states can solve their own internal problems, especially from side factors, no matter how important these factors are. Not only the well-being, progress, and security of the people in the Region, but also recognition and respect on the part of outside powers for ASEAN depends largely on its own successful performance in achieving goals on the basis of confidence, independence, and mutual respect among its members.

From the two perspectives above, there is a tug of interest between developed and developing countries. For developing countries, they can easily set barriers by enacting national legislation. As for developed countries, they are thinking how to eliminate the various barriers embraced by developing countries. It is certain that developed countries are unlikely to order developing countries to remove these barriers like the relationship between colonial countries and colonial countries. The most likely alternative is to make deals that are then outlined in international treaties. This is intended for developing countries to be bound by an agreement that in turn will remove any barriers to goods and services from abroad.

Based on the six Tables 1, 2, 3, 4, 5 and 6, the authors see that Indonesia's Service Trade Balance from 2017–2019 in ASEAN is still in deficit. The data is seen from the above statistics explaining that Indonesia in 2017 export data amounted to 25,327.7 and import data of 32,706.8. Meanwhile, in 2018, export data amounted to 31,206.9 and import data amounted to 37,691.9. Then in 2019 export data amounted to 31,644.8 and import data amounted to 39,398.3. Therefore, based on these three data, it shows that throughout 2017–2019, Indonesia experienced a deficit in the service trade balance in ASEAN. However, when viewed in terms of travel services, Indonesia experienced a considerable surplus of these services, as evidenced in 2017 Indonesia exported 13,139.4 and

Table 1. Table ASEAN Exports of Services 2017–2019

Service Heading	2017	2018	2019
Brunei Darussalam	551.4	570.6	617.9
Cambodia	4,608.2	5,451.2	6,086.3
Indonesia	25,327.7	31,206.9	31,644.8
Lao PDR	780.5	921.4	1,179.2
Malaysia	37,057.4	40,240.5	40,988.1
Myanmar	3,817.8	4,653.5	6,662.8
Philippines	34,831.6	38,396.8	40,973.6
Singapore	169,713.2	202,583.4	204,307.4
Thailand	70,964.2	77,473.6	81,994.2
Vietnam	22,826.3	27,040.0	29,824.9
Total	370,478.3	428,537.9	444,779.1

Table 2. Table ASEAN Import of Services 2017–2019

Service Heading	2017	2018	2019
Brunei Darussalam	1,248.1	1,578.5	1,807.0
Cambodia	2,745.1	3,056.1	3,273.9
Indonesia	32,706.8	37,691.9	39,398.3
Lao PDR	1,116.4	1,154.1	1,252.6
Malaysia	42,372.2	44,581.2	43,624.3
Myanmar	2,880.8	3,457.1	3,653.8
Philippines	26,138.5	26,789.0	27,928.1
Singapore	180,276.1	200,491.7	199,043.7
Thailand	46,668.3	54,939.1	58,669.2
Vietnam	18,707.9	20,374.0	21,138.0
Total	354,860.1	394,112.7	399,788.9

imported 8,288.9, in 2018 export data amounted to 16,425.8 and import data amounted to 12,429.9, then in 2019 export data amounted to 16,912.1 and import data amounted to 11,321.0. From the data, it can be concluded that Indonesia excelled in travel services in ASEAN throughout 2017–2019. On the other hand, Indonesia's large deficit is in transport services where in 2017 export data amounted to 3,472. and import data was 10,335.9, then in 2018 export data was 3,592.3 and import data was 12,429.9, then in 2019 export data was 3,923.9 and import data was 11,608.2. While in manufacturing service services in 2017–2019 Indonesia does not conduct import activities at all.

Table 3. Table ASEAN Exports of Services by Service Heading, 2017–2019

Service Heading	2017	2018	2019
Manufacturing service on physical inputs owned by others	14,853.4	17,893.9	19,470.9
Maintenance and repair n.i.e.	6,648.7	8,138.8	9,125.6
Transport	68,640.4	85,294.3	83,672.5
Travel	126,076.5	138,086.1	147,342.1
Construction	2,909.3	3,239.2	3,138.8
Insurance and pension	5,503.4	7,126.6	7,522.0
Financial	27,731.7	31,008.1	31,631.8
Charges for the use of intellectual property n.i.e.	8,188.1	8,908.3	9,127.5
Telecommunications, Computer, and information	22,983.3	26,076.1	26,795.9
Other Business	83,431.7	98,889.1	102,918.7
Personal, cultural, and recreational	1,448.6	1,806.3	1,845.2
Government goods and services, n.i.e.	1,863.2	2,071.3	2,188.1
Total	370,478.3	428,537.9	444,779.1

The establishment of RCEP block is expected to have a wider potential of trade transactions than just trade in goods, namely trade transactions of services. Much of the content of the agreement will give developed countries and companies an alternative to address issues other than trade deals but also have broad implications for various sectors of society. The establishment of RCEP forum will certainly have consequences for the emergence of positive effects and opportunities and threats of RCEP formation that need to be watched is ASEAN, especially Indonesia because of the decrease in Indonesia's product preferences in ASEAN partner countries (export preferential erosion). The establishment of RCEP forum will certainly have consequences for the positive and negative effects for its members. For Indonesia, some of the negative effects must be resolved immediately in order to make optimal use of the RCEP forum. One of Indonesia's concepts and views and expectations towards the unification of 16 countries in the RCEP is to reduce the noodle bowl effect caused by the many free trade cooperations followed by a country, because RCEP does not eliminate existing regional free trade cooperation, RCEP tends to add one new noodle chain again.

RCEP will cause a preference that has been enjoyed by ASEAN as a one-member country. The change will show the preference of ASEAN products in China obtained through ACFTA cooperation will be reduced because other ASEAN partner countries will also get preferences in China through RCEP cooperation. Indonesian export products that previously enjoyed preferential tariffs in China will compete with products from Australia, India, Japan, Korea, and New Zealand in the Chinese market with the same

Table 4. Table ASEAN Import of Services by Service Heading 2017–2019

Service Heading	2017	2018	2019
Manufacturing service on physical inputs owned by others	5,991.5	5,635.3	5,474.4
Maintenance and repair n.i.e.	1,784.4	2,217.1	2,446.3
Transport	105,074.5	121,857.9	119,562.3
Travel	73,865.7	81,006.5	85,446.9
Construction	5,562.2	4,942.6	3,922.4
Insurance and pension	11,202.9	12,915.1	13,272.6
Financial	8,997.7	10,078.7	11,417.9
Charges for the use of intellectual property n.i.e.	24,775.0	27,180.0	27,026.0
Telecommunications, Computer, and information	22,570.0	22,984.1	24,307.7
Other Business	91,886.9	101,848.2	103,427.8
Personal, cultural, and recreational	1,535.4	1,753.1	1,712.8
Government goods and services, n.i.e.	1,614.0	1,694.4	1,751.8
Total	354,860.1	394,112.7	399,788.9

Table 5. Table Indonesia Exports of Services 2017–2019

Service Heading	2017	2018	2019
Manufacturing service on physical inputs owned by others	354.2	381.9	392.2
Maintenance and repair services n.i.e.	169.4	247.5	305.9
Transport	3,472.1	3,592.3	3,923.9
Travel	13,139.4	16,425.8	16,912.1
Construction	369.0	404.8	487.0
Insurance and pension services	82.7	161.3	166.8
Financial services	639.8	659.5	420.3
Charges for the use of intellectual property n.i.e.	49.8	61.2	173.9
Telecommunications, Computer, and information services	996.7	1,225.7	1,320.6
Other Business services	5,260.9	6,962.6	6,593.9
Personal, cultural, and recreational services	131.1	367.0	217.4
Government goods and services, n.i.e.	662.6	717.3	730.8
Total	25,327.7	31,206.9	31,644.8

Table 6. Table Indonesia Imports of Services 2017–2019

Service Heading	2017	2018	2019
Manufacturing service on physical inputs owned by others	-	-	-
Maintenance and repair services n.i.e.	347.8	442.3	535.5
Transport	10,335.9	12,429.9	11,608.2
Travel	8,288.9	10,313.5	11,321.0
Construction	186.3	143.3	496.6
Insurance and pension services	653.1	727.9	874.4
Financial services	1,081.6	1,118.0	887.4
Charges for the use of intellectual property n.i.e.	1,900.6	1,470.1	1,804.8
Telecommunications, Computer, and information services	2,533.1	2,876.6	3,133.4
Other Business services	7,207.5	8,032.7	8,571.5
Personal, cultural, and recreational services	56.8	89.1	101.7
Government goods and services, n.i.e.	115.1	48.7	63.7
Total	32,706.8	37,691.9	39,398.3

level of preference. Thus, in order to maximize Indonesia's exports to other partner countries, negotiations are needed to increase market expansion through a decrease in product preferences as well. RCEP's other threats and concerns are strictly governing the liberalization of trade in goods, services, government spending, e-commerce, intellectual property rights protection, patents on medicines, copyrights, geographical indicators, genetic resources, seeds, and others including regulating the protection and resolution of disputes in investment.

The RCEP proposal is the first proposal in ASEAN history to discuss comprehensive economic cooperation. RCEP's presence in various discussions saw that RCEP is an ASEAN step to match the presence of the Trans-Pacific Partnership (TPP) initiated by the United States through President Obama's policy of "Pivot to Asia" which increases the U.S. presence in the Asian region. The purpose of the RCEP formation is to expand the scope and deepen the degree of cooperation between ASEAN and its economic partners in the form of a Free Trade Agreement (FTA). RCEP's collective scheme that seeks to reduce tariff barriers and non-tariffs to expand global integration is predicted to improve the efficiency of the service trade balance in Indonesia.

However, Indonesia and other ASEAN countries should be careful not to let RCEP become a double-edged knife. In the RCEP context, ASEAN centrality looks weak on the necessity part. Some RCEP agreements or treaty clauses are controlled by Japan, China and South Korea from the beginning. Thus, the centrality of ASEAN leadership is highly

questionable. Even in other arenas such as the ASEAN Free Trade Area and ASEAN Economic Community, it still fails to formulate more specific trade agreement commitments. ASEAN leadership in RCEP further highlights the convener aspect. ASEAN is more focused on providing dialogue and negotiation forums than on centralistic and authoritative decision-makers. This can be anticipated by strengthening the joint commitment between ASEAN countries. Regional rule-making and bilateral treaty-making under the previously agreed RCEP.

4 Conclusion

Based on the discussion, two conclusions can be drawn, namely:

1. The influence of GATS on the liberalization of services in RCEP according to WTO legal principles is that GATS provides general rules that RCEP can use in drafting policies. The rules are used such as interpreting what includes services and how service distribution models for RCEP member states ultimately determine what areas of service are calibrated or excluded. RCEP has also implemented WTO legal principles namely Most Favored Nation and National Treatment. However, due to the flexible nature of GATS, making the provisions of the RCEP not common to each member state, RCEP still opens up opportunities for its member states to choose what type of service liberation they can promise. This makes it possible for one country and another country to have different objects of service liberation.
2. The RCEP Agreement has not had a significant impact on Indonesia's service trade flow in ASEAN because the agreement is still too early, but it is estimated that RCEP collective schemes that seek to reduce tariff barriers and non-tariffs to expand global integration as well as the liberation of various service trade sectors will improve the efficiency of the service trade balance in ASEAN including Indonesia.

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