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Asean Guidelines for Special Economic Zones (SEZs) Development and Collaboration: A Study of SEZ Arun Lhokseumawe, Aceh- Indonesia

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Abstract

The establishment of Special Economic Zones (SEZ) Lhokseumawe, Aceh province in 2017, has accelerated economic development in post-conflict situation in Aceh province, Indonesia. This area is supported by the existence of former Arun gas industry facilities which was ended in 2014. This paper investigates the meaning, the extent to which the Asean Guidelines for SEZ has been applied and contributed to accelerate investment in SEZ Arun Lhokseumawe, along with progresses and challenges ahead. This is essential for sustainable peace post peace agreement (MoU) Helsinki. Using doctrinal approach and secondary data, this paper found that SEZ Arun Lhokseumawe has partly adopted the Asean Guideline for SEZ, in terms of a clear development strategy, clarification and separation of roles and responsibility, delegation of authority, building strong institutional capacities, and increasing Asean SEZ cooperation. Therefore, little progress of this SEZ become questionable. Current constraint of asset ownership, the absence of independent management has advised to have Aceh Qanun on the Administrator Institution of the SEZ Arun Lhokseumawe. The Qanun is expected to become a legal umbrella and technical guidance in the effective management of the SEZ Arun Lhokseumawe.

Keywords: SEZ Arun Lhokseumawe, Asean Guideline for SEZ, Institutional development, human resources, foreign investment.

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INTRODUCTION

The Special Economic Zones (SEZ) aims to accelerate economic development in certain strategic areas for the development of the national economy, particularly to increase investment, to reduce operational barriers and facilitate investors to invest in SEZs areas, so that it can boost exports and create thousands of jobs and assist economic diversification (Maramis, 2013).

However, experiences of the existed SEZ also indicated to a tendency to be failed in terms of sustainability of innovation and competitiveness over time, with little technological development or new firm creation. Most of the opportunities created are low-skilled and concentrated in low-technology manufacturing operations. With few exceptions, zones tend to work in enclaves and generate few backward linkages with domestic companies (Sean, 2103).

Decentralised policymaking for developing SEZ tends to lead to excessive competition between provinces/districts and a misuse of resources and land when zones are only partially occupied. SEZ development needs to be firmly embedded in a wider development agenda, including appropriate connectivity to the rest of the economy and reduced barriers to investment to be able to generate stronger linkages with domestic firms. Thus some countries received benefits, but some countries experienced complex problems from the formation of SEZs (Pakdeenurit dkk, 2014)

In this context the SEZ Arun Lhokseumawe has been initiated since the post-earthquake and tsunami on December 2004 until formally declared in 2017. So far after two years (2017-2019) it seems little progress occurred. Therefore, this paper intends to investigate the development of SEZ Arun Lhokseumawe in view of the the Asean Guideline for SEZ as s paramater to measure such development. It is essential and relevant to assess the extend to which

the progress to the existed standard in Asean covered areas has been achieved?.

RESEARCH METHOD

This research is a legal research which uses doctrinal approach, and secondary data, which means a study by reviewing statutes, books, journal related to theme discussed. This approach aims to answer the extent to which the Asean Guidelines SEZ that has been applied and contributed to accelerate investment in SEZ Arun Lhokseumawe.

RESULT AND DISCUSSION

Overview of SEZ in Indonesia

In Indonesia SEZs initially are based on the development of industrial estates that existed in the era of the 1970s. This was preceded by the birth of PT Jakarta Industrial Estate Pulo Gadung (PT. JIEP) with an area of 570 ha in Special Region of Jakarta in 1973 (Brodjonegoro, 2018). This then stipulated in article 31 of the Law Number 25 of 2007 concerning Investment:

(1).To accelerate economic development in certain regions that are strategic for national economic development and to maintain the balance of the progress of a region, it can be determined and developed a special economic zone; (2) The government has the authority to stipulate separate investment policies in Special Economic Zones; (3) Provisions concerning Special Economic Zones as referred to in paragraph (1) are regulated by law.

To manifest this notion, the Indonesian government issued a Law No. 39 of 2009 concerning SEZ, as a commitment of the government to accelerate economic development in certain strategic areas for the development of the national economy. The government then established of the *National Council* based on Presidential Regulation Number

124 of 2012 concerning Amendments to Presidential Regulation No. 33 of 2010 concerning the National Council and Zone Councils.

The institutional structure in the development of SEZs consists of two levels, namely, the *National Council (Dewan Nasional)* at the central government and the *Zone Council (Dewan Kawasan)* in each province whose part of the territory is designated as SEZ. The *National Council* which is assigned among other, to compiling the SEZ national master plan. If a province has been determined to be the location of the SEZ, the province must form a *Zone Council* whose duties include supervising, evaluating the implementation of SEZ administrator duties. Meanwhile, SEZ Administrators provides various permits needed by businesses. The responsibility for business activities within the SEZ is the Management Business Entity formed specifically for this purpose (Rizal dkk, 2015). Article 1 point 5 of Law Number 39 Year 2009 concerning SEZ states that 'the Administrator is part of the Zone Council established for each SEZ to assist the Zone Council in the operation of the SEZ. Then, Article 18 of this Law confirms that in carrying out its duties, the National Council can:

- (a). request the explanation of the Zone Council and Administrator regarding the implementation of activities;
- (b). request input and / or assistance from Government agencies, regional governments, or experts as needed; and / or
- (c). cooperating with other parties as needed.

Furthermore, Article 21 letter (b) states that the *Zone Council* is assigned with forming the SEZ Administrator in each SEZ. Then in point (c) he *Zone Council* is also assign with supervising, controlling, evaluating, and coordinating the implementation of the SEZ Administrator

in providing a one-stop service system. In more detail, Article 23 of this Law states:

- (1) SEZ Administrator has the duty:
 - a. carry out the granting of business licenses and other permits needed for Business Actors who establish, run and develop businesses in SEZ;
 - b. supervise and control SEZ operations; and
 - c. submit periodic and incidental SEZ operational reports to the Zone Council.
- (2) The licensing as referred to in paragraph (1) letter a is carried out through a one-stop service.

Article 42 of Government Regulation Number 2 of 2011 concerning the Implementation of SEZ stated that the management of SEZs is carried out by: (a) Administrators; and (b) business managing entities. Article 77 paragraph (2) Government Regulation Number 96 Year 2015 Regarding Facilities in SEZ stated that Administrator is given authority by the Minister who organizes land affairs to provide services in the form of:

- a. serving requests for services in the field of agrarian, spatial planning and land affairs;
- b. providing information, facilities, recommendations in the field of agrarian, spatial planning and land affairs;
- c. coordinating with related institutions, both at central and regional levels; and
- d. helping to solve problems in the field of agrarian, spatial planning and land
- e. monitoring and oversee the implementation of the timeliness of completion of services in the field of agrarian, spatial planning, and land affairs
- f. coordinating and consulting to the land office, Regional Office of the

National Land Agency and the Ministry of Agrarian Affairs and Spatial Planning / National Land Agency to accelerate the service process in the field of agrarian, spatial planning and land affairs

Then, Article 79 states that:

- (1) SEZ Administrator has the authority to issue Principle Licenses, Amendment Principle Permits, Expansion Principle Licenses, Principle Licenses for Corporate Mergers, cancellations, and revocation based on the delegation of authority from the head of the institution conducting government affairs in the field of investment coordination.
- (2) The exercise of authority as referred to in paragraph (1) shall be carried out through One Stop Services.

Article 28 of Presidential Regulation Number 33 Year 2010 concerning the National Council for SEZ states that:

- (1) In each region designated as KEK, the Zone Council shall form an Administrator.
- (2) The administrator as referred to in paragraph (1), reports to the Chair of the Zone Council.

Administrators established as referred to in Article 28 paragraph (1), are designated as Regional Apparatuses by the Governor in the case that the SEZ is located across regencies / cities, or the Regent / Mayor in the case that the SEZ is located in the regency / city. SEZs can be proposed by Business Entities, District / City Governments, and Regional Governments. The proposal was submitted to the National Council for approval (Prakoso, 2017). The main requirements for the proposed SEZ are: the Regional Spatial Plan and not potentially disturbing the Protected Areas, located in a position close to international trade / shipping lines, having clear boundaries, and Provincial / Regency / City Governments support (Sezarun, 2019).

SEZs are developed through the preparation of areas that have geo-economic and geo-strategic advantages and function to accommodate industrial

activities, exports, imports and other economic activities that have high economic value and international competitiveness (Hidayat, 2010). It is to attract foreign investors who seek to facilities provided in the concessions associated with taxation and licensing as well as other investment facilities that can provide added value to the national and regional economy (Rondinelli, 1987).

The Origin of SEZ Arun Lhokseumawe, Aceh Province

Aceh is a special province which given an authority to regulate and manage the affairs of the local government and the interests of the local people in accordance with the laws and regulations of the Republic of Indonesia. SEZ Arun Lhokseumawe was established based on a Government Regulation No. 5/ 2017 based on a proposal from three state-owned consortia: *PT Pertamina*, *PT Pupuk Iskandar Muda* and *PT Pelindo I*. SEZ relies on the geographical location of Aceh province which is crossed by Sea Lane of Communication (SLoC), the strait of Malacca and has a comparative advantage to be part of global production network or global value chain.

Arun natural gas was first discovered in Arun Village, North Aceh by the *Socony-Vacuum Oil Company* on November 18, 1971 with reserves reaching 17.1 trillion cubic feet. To operate the gas liquefaction refinery into LNG, *PT Arun LNG* was established, which shares are owned by *Pertamina* as a Government representative of 55%, *ExxonMobil* as the owner of gas by 30%, and *Japan Indonesia LNG Co.Ltd* as a consortium of LNG buyers by 15%. Arun LNG Plant operates since October 14, 1978 until October 15, 2014 with a total export of 4,269 times.

According to Article 2 of Government Regulation Number 5/ 2017, SEZ Arun Lhokseumawe covered an area of 2,622.48 ha (two thousand six hundred twenty two point forty eight hectares) located within

the Arun Refinery Area of Lhokseumawe City, and Dewantara Area, North Aceh Regency. This SEZ Arun Lhokseumawe is divided into 5 zones, namely the Export Management, Logistics, Industry, Energy, and Tourism Zones. Business activities in SEZs is carried out by a business entity that has been determined. SEZ Arun Lhokseumawe is supported by the existence of former Arun gas industry facilities, such as the port of Lhokseumawe, Malikussaleh airport, and other industries (The industrial facilities of the liquefied natural gas (LNG) industry found in North Aceh on August 24, 1971). However some challenges still reflected of the lack of knowledge and technology transferred during LNG Arun, centralistic system and asset ownership (ibid).

Challenges

Lack of Coordination

The formation of various councils at the Provincial and Regency / City levels is expected to solve the problem where coordination can be improved the formation of the *Zone Council* can provide more active participation of regional governments, there are still various potential problems in the implementation of the SEZ program. The magnitude of the role of local governments in determining policies in SEZ has potential to hamper business development in the region, given that there are still many regions that implement regulations is less support to business.

Even in the case of district / city where SEZ are located are able to provide business facilities for investors, it is questionable whether such facilities will also be provided by the surrounding district / city government. For example, the case of SEZs in North Sumatra Province where coordination problems have been seen in the period of regional development. The problem of coordination between

institutions will be a major problem in the operation of SEZs, because even at the central level there are still many government institutions that have lack of support to SEZs. This includes the provision of fiscal incentives and other facilities.

Development is not only borne by the Central Government, but also is the responsibility of the region according to the authority attached to it based on a "decentralized" system. Decentralization concerns the legal system and legal order in relation to the state. The decentralized legal order shows that there are various legal methods that apply validly in different parts of the region. From the concept of decentralization above it appears that the Regional Government has the authority in the affairs of development in an effort to realize the welfare of the people (Jalil, 2010).

In the context of the implementation of decentralization, the government is given the authority to establish regional and other regulations to implement regional autonomy. Article 18 paragraph (6) of the 1945 Constitution stipulates that the regional government has the right to stipulate regional regulations and other regulations to carry out regional autonomy and assistance tasks. The tention of coordination appear between central and Aceh government, as well as Aceh provincial government and Aceh utara/Lhokseumawe city. Moslty it is related to the authority, the owner of asset and unclar line among stakeholders.

The Establishment of Administrator Institution.

The existence of SEZ Arun Lhokseumawe administrator is very much needed in order to accelerate the investment licensing so as to accelerate the economic development of the people in the area. Article 2 paragraph (2) of the Aceh

Governor Regulation Number 60 of 2017 concerning the Formation of Organizational Structure and Administration of SEZ Arun Lhokseumawe, states that the administrator of the SEZ Arun Lhokseumawe is a temporary as it is carried out by a work unit of Aceh that manages government affairs in the field of investment and integrated licensing services.

Current administrator remains attached under the Agency of Investment of Provincial Level. The distance of the provincial agency of investment and over burden job has made the duty of administrator is not fully effective, so the new independent structure is needed. For this the provincial regulation umbrella (Qanun) would be necessary as it will develop another working unit under the provincial budget (FGD on KEK Arun at Faculty of Law, SYiah Kuala University, Banda Aceh, 8 March 2019).

The draft Qanun on the establishment of Institutional Administrators of the SEZ Arun Lhokseumawe has been initiated since the end of 2018 and now under the priority list of Aceh parliament for legislative process. It is expected to become a legal umbrella and technical guideline in the management of the SEZ Arun Lhokseumawe management so that it can be carried out effectively. The Qanun is expected to be the basis for the formation of the SEZ Arun Lhokseumawe Administrator which was formed through the establishment of the Aceh Work Unit to assist the Governor as Chair of the Zone Council in the administration of the SEZ Arun Lhokseumawe.

Asset Ownership

Arun LNG Plant is a State-Owned Property located in Lhokseumawe City, Aceh with an area of 1,840 ha, was built and inaugurated in 1978. The LNG processing operation ended in 2014 after the depletion of gas reserves in Arun, so that it was no longer economically viable for

processing into LNG. Arun LNG Plant Area consists of 3 zones, namely plant site, buffer zone and community site.

In 2016 Arun LNG Plant as one of the assets of the State Asset Management Institute (LMAN) was handed over based on the Decree of the Director General of State Assets Number KEP-114 / KN / 2016 dated February 22, 2016. Arun LNG Plant itself has been established as State Own Property (BMN) since 2008 through the Decree of the Minister of Finance Number 92 / KMK.6 / 2008 dated May 2, 2008 concerning the Determination of the Ex-Pertamina Asset Status as a State-Owned Item. And when SEZ Arun Lhokseumawe declared in 2017, the management of the Arun refinery is subject to the BMN management, and also carried out by the Business Development and Management Agency (BUPP), namely *PT Patriot Nusantara* in Aceh. (Report of a Coordination Meeting, 2019).

Based on Government Regulation No. 5 of 2017, the central government establishes the Arun LNG Plant Area as a SEZ based on proposals from a consortium of PT Pertamina (Persero), PT Pupuk Iskandar Muda, PT Pelabuhan Indonesia I (Persero), and the Aceh Regional Development Company (PDPA). According to Presidential Decree No. 26 of 2017, the SEZ Area Council in Aceh has been appointed with the Governor of Aceh as Chairman and the PT Patriot Aceh Nusantara (PATNA) has been established as the Entrepreneurial Development and Management Agency.

In February 2018, State Asset Management Institute (LMAN) and PATNA signed an Agreement in managing the area as both State Owned Property and a SEZ. Since then PATNA has made efforts to attract investors from both domestic and foreign countries to invest. LMAN also supports PATNA's efforts especially in optimizing the assets of the Arang refinery by investors. However, these efforts have not been effective to attract investors as it

assumes there are unclear role between LMAN and PATNA, unclear business plan and other issues.

To develop business certainty for investors, collaboration is needed from various parties in accordance with their respective authority and integration of business plans between LMAN, Regional Government and PATNA. The pattern of cooperation in the utilization of assets between PATNA and LMAN can be strengthened in the utilization agreement. With regard to permits issued by administrators to investors who are constrained due to the lack of effectiveness in determining the lease of land and land rental prices from LMAN, it is expected that LMAN and PT PATNA can make Standard Operational Procedures (SOPs) for welcoming investors. PT PATNA must be able to make a master plan as one of the requirements requested by the administrator (Regional Council) and LMAN.

With regard to the acceleration of PT PATNA's operational implementation, the consortium needs to assist in capital injection to PT PATNA (a gradual alternative). It is assumed that the rental price of the existing facilities of the Arun LNG Plant assets are too expensive, so that LMAN in determining the rental costs should take into account the purchasing power of surrounding communities. The number of ineffective costs (such as the cost of security and maintenance that are not included in the lease), also a burden for investors. This has basically been calculated by the assessment team when determining the fair value according to data submitted by Partners / LMAN. For this reason, coordination needs to be improved between LMAN and the assessment team at the time of the assessment to support the provision of all the necessary data.

Currently the State Asset Management Institute (LMAN) as the

Public Service Agency (BLU) is mandated to manage the Arun LNG Plant assets. The management of the Arun LNG Refinery asset is very closely related to the development of SEZ Arun Lhokseumawe. This is reflected in the number of regulations that must be considered and the many other stakeholders involved. The management of SEZ Arun Lhokseumawe should consider how to be friendly to investors, understanding the potentiality of SEZ Arun Lhokseumawe, and synchronization of regulations and policies. (Report of A Coordination Meeting, FGD on SEZ Arun Lhokseumawe Development, 2019).

Regarding the dualism of the authority of the management of the Arun LNG Plant between LMAN and PATNA, LMAN can renew the agreement with PATNA and redefine the cooperation scheme that is wanted and agreed by both parties. LMAN needs an internal and external consolidation, as the Aceh region and its surroundings are a meeting place for downstream and upstream oil and gas activities that involved the use of BMN. LMAN is expected to be the example for the management of modern ex-refinery assets, especially in supporting the development and development of SEZ Arun Lhokseumawe (Report of a Coordination Meeting, FGD on SEZ Arun Lhokseumawe Development, 2019).

There needs to be a master plan in the development of the Arun Area by PT PATNA as manager of the SEZ, looking for integrated solutions among stakeholders, and stimulating the synergy of related parties to accelerate the development of SEZ Arun Lhokseumawe. To create a conducive environment for investors, at least 4 (four) things are needed, namely the ease of licensing, the acceleration of the process of approving the utilization of assets, the construction of facilities and rental rates, the support of local wisdom of the surrounding communities.

There has been a new regulation which change the sharing authority of Aceh province accordance with the peace agreement (MoU Helsinki) and Law on Aceh Government (UUPA 11/ 2006). This law mandated to re-sharing authority of the land administration agency from the central government to the Aceh government authority. Article 253 (1 and 2) of the LAG confirmed the transfer of the land administration authority of the National based Land Agency (BPN) to the provincial authority. This transfer is regulated under the Presidential Decree (Perppres) 23/2015 on the transfer of the National- based Land Agency into Aceh Agency for Land (BPA). This Perppres was contested for about nine years as to whether the whole, or some of authority, must be transferred to the Aceh Government. This Perppres covered the right of the Governor to propose the head of the land body (Aceh and district) and approved by the Ministry of Agrarian (Article 6 and 9 of the Presidential Decree(Keppres) number 23/2015).

Following this institutional transfer was the transfer of the whole assets and documents of the National Land Agency to the Aceh Agency for Land (See Article 11 (1, 2) of the Keppres 23/2015 on the Aceh Land Body). Furthermore, there is an optional transfer of employees from the central into the provincial administration (See Article 10 (1-4) of the Keppres 23/2015 on the Aceh Land Body). Under the MoU Helsinki and the LAG, the Aceh government should have the whole authority of the National Land Agency, but the central government retains hold of much of it (Article 12 (1-5), 17-18 of the Keppres 23/2015). The Government Regulation 3/ 2015 on the National Authority in Aceh confirmed that land was considered beyond the authority of the central government, but in the Perppres 23/2015, the central government resisted such regulation, including the authority of the Aceh Governor to propose the head of the Aceh/District Land Agency subject to

the approval of the Ministry of Agrarian/ National Land Agency (See Article 6 and 9 of the Keppres 23/2015 on the Aceh Land Body).

Under the Government Regulation 38/2007 on sharing power between central, provincial and district governments, all decentralisation provinces in Indonesia now have 9 authorities, while Aceh currently has 11 authorities with the addition of licensing businesses (Hak Guna Usaha, HGU) and those for the right of building on land (Hak Guna Bangunan, HGB) (Fauzi, 2014).

Initially, the Aceh Government requested all 21 authorities of the National Land Agency (Muchsin dkk., 2008), but eventually Aceh had to agree to only 11 authorities for Aceh, while 10 others remained under the control of the central government (Keppres number 34/2003).

This Perppres has been criticized by the Aceh legislature as not in accordance with the LAG 2006 and the MoU Helsinki (tribunnews, 2015). The inconsistent and confusing administration between central and Aceh Governments, with different policies, makes the transfer of power symbolic and without any substantial power given to the Aceh government (Prang, 2015). Commission 1 of the Aceh legislature has returned the Government Regulation (PP) 3/2015 and Presidential Decree (Keppres) 23/2015 to the Ministry of Agrarian, as a violation of the last agreement between both parties. This contest has contributed to the remaining issue of asset ownership in SEZ Arun, in which central government under LMAN remain hold it.

Reflecting 2016 Asean Guideline for SEZ Arun Lhokseumawe

The development of SEZ should provide a role in economic development with the presence of several elements (Suparji, 2008): *First*, prediction (Predictibility), so that the law can create certainty. Investors can predict the

consequences of the actions they will take and have certainty about how the other party will act. *Second*, Stability, the role of the state empowered through law in order to maintain a balance to achieve a goal. This balance includes the interests of individuals, groups, and general interests associated with the challenges being faced both at home and abroad. Investment will usually come to a country and develop its business if the country concerned is built political stability and constitutional democratic process.

Through the Investment Law it is expected to be able to anticipate all challenges and obstacles that occur around investment law enforcement. *Third*, justice (fairness), namely the law must be able to create justice for the community and prevent unjust and administrative practices. The aspect of justice such as due process, equality of treatment and standards of government behavior is a need to maintain market mechanisms and prevent the negative effects of excessive bureaucratic actions. The absence of a standard of justice, is said to be the biggest problem faced by developing countries. In the long run the absence of these standards of justice can result in the loss of government legitimacy.

To help policy makers address these challenges, the 2016 Guidelines outline good policy practices for SEZ policies in ASEAN, which has simplified into 5 categories. *Firstly*, "Promotion of clear development strategy", focuses on the importance of a clear strategic direction, firmly ensconced within the broader economic development strategy of the country and the region and tied to quantifiable targets. The SEZ Arun Lhokseumawe has not designed the strategic route since the early of its proposal, particularly the operating agency of PT PATNA seems does not show any substantial progress. In early proposal it is

planned to attract investment of USD 3.8 million and open 40,000 jobs.

Secondly, "Clarification and separation of roles and responsibilities of institutions", outlines how to align institutional incentives while minimising potential conflict of interest or corruption risk. In this context several agencies involved such as LMAN, Regional government, Central Government, PT PATNA, Administrator, Existed Investors has not had a clear separation of roles and power. So the potential conflict of role remains potential to hinder the further progresses.

Thirdly, "Delegation of authority and ensure co-ordination between SEZs and other institutions", addresses the importance of coordination between investing SEZ institutions and institutions in providing high-quality infrastructure, administrative services, and utilities. *Fourthly*, "Provision of necessary resources and build strong institutional capacities", advises on how to ensure sufficient, predictable budget resources for the zone programme, as well as how to build up and sustain the capacities of its staff. *Fifthly*, "Increase ASEAN SEZ co-operation", contains guidance on areas for joint action at the ASEAN level (See "ASEAN Guidelines for Special Economic Zones (SEZs) Development and Collaboration). It is stated that SEZ The Arun Lhokseumawe will develop along with the development of the territory of several countries in the South Asia region through the revitalization of the Maritime Silk Road economy, located in the trade markets of ASEAN and South Asia. However, this ideal plan has been clear and more visible in the ground.

Tabel 1:frameworks and SEZ Arun Lhokseumawe

Chapter	Guidelines	SEZ Arun Lhokseumawe
1.Promotion of Clear Development Strategy.	<ol style="list-style-type: none"> 1. Specify in detail the problems that the zone programme should address; 2. Set measurable and time-bound objectives; 3. Consider SEZs as a framework for testing and catalysing economic reforms in the economy as a whole; 4. Ensure coherence between SEZs and the overall economic policy framework of the country and the region; 5. Plan concrete measures to promote linkages between SEZ tenants and the domestic economy 6. Ensure coherence and cost-efficiency, of incentives; 7. Engage anchor investors and other stakeholders early in the design phase; 	<ol style="list-style-type: none"> 1. Yes 2. No 3. Yes 4. No 5. No 6. No 7. No
2.Clarification and Separation of Roles and Responsibilities of Institutions.	<ol style="list-style-type: none"> 8. Ensure that legislation covers all relevant aspects including the establishment of necessary institutions and regulations; 9. Identify institutions responsible for zone regulation and zone operation; 10.Ensure compliance of infrastructure investors in SEZS -with each Asean member state domestic regulation; 11.Ensure measurable and sustainable monitoring and evaluation of the zone programme; 	<ol style="list-style-type: none"> 8. Ongoing 9. Yes 10. Yes 11.No
3.Delegation of Authority and Ensure Co-Ordination Between SEZs and Other Institutions.	<ol style="list-style-type: none"> 12. Provide clear delegation of authority; 13. Provide efficient and professional administrative services; 14. Set up properly designed one-stop shops; 	<ol style="list-style-type: none"> 12.No 13.Ongoing 14. Yes
4.Provision of Necessary Resources and Building Strong Institutional Capacities.	<ol style="list-style-type: none"> 15. Ensure professional human resource management and accessibility for SEZ. 16. Promote good governance; 	<ol style="list-style-type: none"> 15. Not Really Clear 16. Yes
5.To ncrease ASEAN SEZ Co-Operation	<ol style="list-style-type: none"> 17. Supporting SEZ co-operation and promotion across Asean through policy and experience dialogues/ sharing; 18. Explore Asean co-operation on zone connectivity, particularly for zones in border regions engaged in intra-regional trade. 19. Explore co-branding and co-marketing SEZs in the Asean region. 	<ol style="list-style-type: none"> 17. Not Available 18.No 19.No

Sumber Tabel: ASEAN Guidelines for Special Economic Zones (SEZs) Development and Collaboration

CONCLUSION

Since the peace agreement Helsinki (MoU) 2005 the idea to develop SEZ in Aceh has been initiated. The Reconstruction and Rehabilitation Agency for Aceh-Nias has played a pivotal role for this initiative, until then the Aceh Provincial Government and several business entities formally proposed SEZ Arun Lhokseumawe to National Council of SEZ, and approved through the Government Regulation No. 5 of 2017 concerning the SEZ Arun Lhokseumawe. Since then the Governor assigned the operation of this SEZ temporarily into Aceh Investment Department. The overloud jobs of this department has led to ineffectiveness of SEZ Arun Lhokseumawe. So a permanent and independent administrator is required, but it would need a provincial regulation (Qanun) or Government regulation.

The implementation of the SEZ Arun Lhokseumawe since 2017 was realized as a form of management constellation of many parties in the area of Lhokseumawe City Aceh province. It is a contest of several stakeholders involved in the management at their respective levels, including State Asset Management Institution (LMAN) as the property owner who plays the executor of the provisions and regulations for the management of State Property in the Arun LNG Plant Area. Therefore, there is an urgency to harmonize and synchronize existing regulatory instruments related to SEZ Arun Lhokseumawe operationalization. LMAN can initiate the preparation of special regulatory studies on State Property in the SEZ Arun Lhokseumawe, which regulates the special regulatory authority of BMN management originating from other legitimate acquisition. Also there is a need to be an understanding / agreement on the implementation of sharing

operational and maintenance costs over the joint use as a form of fair compensation.

The Asean Guideline for SEZ can be a mirror for SEZ Arun Lhokseumawe to be evaluated. Unfortunately many guideline has not been fulfilled yet, as there is a little progress since its establishment in 2017. Hence the role of the Government, both the central and regional governments in the success of the development of a SEZ Arun Lhokseumawe is very important. For example how the Arun LNG Plant Assets, which are State Property, can be managed optimally, how local governments can provide a flexibility of regulation and build community enthusiasm to participate in supporting SEZ Arun Lhokseumawe, and how the government can make policies that can bring in investors but still apply the principle of prudence to these investments, remain environmentally friendly, pay attention to security, and benefit the community to create a sustainable economy.

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