Financial Regionalism in East Asia: Indonesian Perspective

Abstract.

East Asian financial regionalism has been producing much progress compared to other issues. The collaboration works among East Asian countries toward the regionalism have been resulting in many concrete financial initiatives. The Indonesian political and economic dynamics toward the regionalism, that are relatively distinct to the other countries, is interesting to explore. This paper attempts to examine the Indonesian perspective on the development of East Asian financial regionalism. The three major regional institutions of East Asian region (ASEAN, APEC and ASEAN Plus Three) are particularly discussed focusing on surveillance process, regional financing arrangement, capital market development, and financial service liberalisation. These areas are selected among other financial initiatives as they have become major issues across the major East Asia regional institutions. The Indonesian perspectives are gained from financial related authorities as well as non-governmental organisations. The initial findings have shown that Indonesia has positively supported the arrangements in the ASEAN Plus Three (APT) financial cooperation while nurturing the ASEAN’s financial cooperation. In addition, the APEC financial cooperation has been put in low priority due to lack of cohesiveness among the members and less concrete result.

Keywords: East Asia, Financial regionalism, ASEAN, ASEAN Plus Three

Introduction

In general, the study of East Asian regionalism almost brings the issues of ASEAN, APEC (Asia-Pacific Economic Cooperation) and the APT into discussion. The activities of the three regional institutions have been contributing to the dynamic of regional economic regionalism. However, the contribution of APEC in financial regionalism is somewhat less important since this institution has not been producing clear output and inactive in developing networks among regional finance ministers (Amyx 2008, p. 117). Therefore, the East Asian financial regionalism is mostly influenced by the dynamic of ASEAN and APT.

Financial cooperation has received less attention from regional integration scholars. Most of them have explored extensively on economic cooperation with trade cooperation as particular focus. Only few of scholars (Amyx 2008; De Brouwer 1999; W.Amer, Lejot & Wang 2010; Wang 2004) have worked on
financial-monetary cooperation in East Asia. This phenomenon is plausible since trade cooperation has been promoted in the region immediately just after the establishment of ASEAN, while financial cooperation has attracted intellectuals in the midst of Asian crisis at the end of 1990s.

This paper encompasses the evolution of regionalism in financial sector. The history of three major regional institutions of East Asian region (ASEAN, APEC and APT) are discussed particularly focusing on surveillance process, regional financing arrangement, capital market development, and financial service liberalisation. These four focuses are selected among other financial initiatives as they have become major issues across the major East Asia regional institutions.

**Historical and Institutional overview on regional financial cooperation**

**The Association of Southeast Asian Nations (ASEAN)**

The formation of ASEAN is believed as the first step toward the idea of regionalism in Asia (Davis 2010; He, B & Inoguchi 2011; Murray 2010; Ravenhill 2002). ASEAN was initially formed as a means to stabilize the Southeast Asia region. The organisation sought to build peace and secure its members from military threats as well as regional conflicts (Murray 2010, p. 599). Operationally, ASEAN’s scope of cooperation covers cultural, agricultural, defence, economic and technical issues (Davis 2010, p. 38). ASEAN is well-known as regional organisation that maintains consensus mechanism, non-interference approach, and respecting national sovereignty. In this case, although the ASEAN is categorised as regional cooperation, it was set to serve and strengthen national interests (Acharya 2011, pp. 8-9). This setting has been continually maintained and immersed into ASEAN-dialogue partners' cooperation.

Especially on economic issue, ASEAN was inspired and developed its economic cooperation based on research study conducted by Prof. G. Kansu and Prof. E.A.G. Robinson in 1970, who provided report in June 1970 (Anwar, D.F. 1994, p. 65). They recommended ASEAN to begin with trade liberalisation through tariff negotiations, package deal arrangements, and financial cooperation (Hill & Menon 2010, p. 3). Therefore, in most ASEAN economic cooperation activities, trade has become centre issue overrunning finance and monetary issues. Hill and Menon (2010) note that in early 1971s, trade fairs and cooperation, trade liberalisation, harmonisation of trade statistics, and industrial complementation projects were explored by ASEAN committee on commerce and industry.

Several economic initiatives have been inaugurated in 1977 during the 3rd ASEAN Economic Ministers Meeting, in Manila. Most importantly was ASEAN Preferential Tariff Arrangements (APTA). This agreement was claimed as a stimulus for strengthening national and regional economic resilient and development (ASEAN 1977a). This arrangement indicated the commencement of regional integration development in the region. At the same time, ASEAN created the first attempt to explore the possibility to have industrial projects that was expected to contribute to the acceleration of regional economic growth.

The issue financial-monetary cooperation was practically excluded from ASEAN economic discussion, until the Memorandum of Understanding (MoU) on the ASEAN Swap Arrangements (ASA) has been released in August 1977. The development of ASA will be discussed further.
In the midst of Asian Financial Crisis (1997-1999)

The development of ASEAN financial cooperation had been further enhanced in the inception of Asian financial crisis. In 1997, at the first time in the ASEAN history, the ASEAN finance ministers gathered in Phuket, Thailand, and realised the importance to conduct concrete and pragmatic cooperation in the area of finance including banking sector, capital market, customs, insurance, taxation and human resource development (ASEAN 1997c). The first ASEAN finance was held to follow the mandate of 1995 ASEAN leader summit that expected to have closer economic cooperation that previously underlined the importance to capital market cooperation. There was no a reason due to Asian financial crisis yet. This foremost meeting might be incidentally conducted in the early of Asian financial crisis since the documents resulted from the meeting haven’t mentioned about crisis, even in the one word. However, in the latter development, the financial crisis had much contributed to shape the path of financial regionalism in East Asia, particularly through financial swap arrangement.

The first formal response of ASEAN finance ministers toward Asian financial crisis was at the special ASEAN finance ministers’ meeting in Kuala Lumpur, 1st of December 1997. Following the deterioration of Thai baht that led to the rise of current account deficit in May 1997 (De Brouwer 1999, p. 8), the ASEAN finance ministers acknowledged the need of sound macroeconomic and financial policies (ASEAN 1997b). One of the finance ministers’ responses in regard to the crisis was the implementation of Manila Framework, a framework that was constructed by APEC finance ministers, to promote financial stability in the region. The urgent implementation of Manila Framework was reiterated at the joint statement of ASEAN finance ministers and their colleagues from Australia, China, Hong Kong, Japan, Korea, and US, just a day after ASEAN finance ministers’ special meeting.

In order to cope with Asian Financial Crisis, ASEAN finance ministers were initially concerned on three points. The first concern was financial arrangement. In this regard, there was an idea to develop a cooperative financial arrangement as a supplement to IMF financial assistance. However, the idea was somewhat unclear whether it would be a new arrangement or just further developing current arrangement such as ASA. Unfortunately, there was no deeper discussion to utilize ASA as an instrument to deal with the crisis. At the end, ASA was not activated by any ASEAN member countries during Asian crisis (Henning 2002, p. 14). The second was regional surveillance. The ministers considered that economic interdependence in the region had been predicted to potentially trigger the contagion effect of such crisis. Therefore, the exchange information of timely and comprehensive economic development was necessary to avoid the spread of risks of the crisis to other countries (ASEAN 1997b). To achieve an effective impact, this project demanded an open and honest discussion from member countries that led to better surveillance mechanism. The third point was the involvement of the IMF. Regarding this point, there was a tendency that ASEAN finance ministers seemed to give the IMF a special mandate to lead the crisis mitigation process and let the Fund processed its formula as crisis remedy by emphasizing the implementation of the Manila Framework into ASEAN countries.

Each point of ASEAN finance ministers’ concerns will be explored more
Post Asian Crisis (From year 2000)

The ASEAN financial cooperation has been further developed after Asian financial crisis. The year 2000 marked the healing process of regional economic condition after financial shock. At the early recovery stage, while continuing the various financial cooperation activities, ASEAN finance ministers recognized two critical points toward the financial cooperation. The first was concerning on domestic demand to sustain economic growth, and the second was embracing major Asian dialogue partners. The former was realised by conducting financial structural reforms as well as restructuring financial governance in order to re-build market confidence in the region. Meanwhile, the latter was actualised by enhancing cooperation with China, Japan, and Korea that provided sympathetic actions during economic turbulence hit ASEAN member countries. This also inaugurated the ASEAN+3 cooperation in financial sector.

ASEAN has been abundant by a range of financial cooperation. However, there are two ASEAN financial cooperation that relatively have strong relations to the APEC and the APT financial initiatives. These initiatives – ASEAN surveillance process and Roadmap for Monetary and Financial Integration of ASEAN – are discussed in this paper in order to draw the common framework across the regional institutions.

**The several paragraphs will describe the progress of the initiatives starting from year 2000 when ASEAN financial cooperation as a whole received greater attention than during Asian crisis, covering several issues such as:**

- ASEAN Surveillance Process (ASP)
- Roadmap for Monetary and Financial Integration of ASEAN (RIA-Fin)
  - Capital Market Development
  - Financial Service Liberalisation
  - Capital Account Liberalisation

Asia-Pacific Economic Cooperation (APEC)

Established in 1989 as informal dialogue group, APEC becomes an important organisation in East Asian regionalism context. As an economic cooperation, it divides its focuses into three key areas including trade and investment liberalisation; business facilitation; and economic and technical cooperation (APEC 2010). APEC had become a stepping stone toward economic regionalism in Asia Pacific mainly driven by trade cooperation. APEC was claimed as a new type of regionalism namely “open regionalism” that may avoid trade discrimination among member countries (Kawai 2005). Open regionalism aims to ensure that regional agreements will not inhibit the development of global liberalisation (Bergsten 1997). Therefore, any trading agreements made by APEC have to be extended to World Trade Organization (WTO) member countries (Park, S-H & Lee 2009). The 2010 Yokohama APEC Leaders’ Declaration re-stressed this objective by continually exercise maximum restraint in implementing measure to be consistent with WTO provision (APEC 2011).

Despite its capability to facilitate open dialogue in trade issue, APEC’s development on economic cooperation has gained many critiques. According to Ravenhill (2002), APEC lost its momentum to
make progress on trade liberalisation agenda during 1995 summit in Japan. The organisation has even failed in facilitating trans-regional economic integration after stagnation of WTO processes (Aggarwal & Koo 2007, p. 366). Moreover, APEC has put wrong priority agenda during 1997 Asian economic crisis that weakened Asian intention toward APEC agenda. At that time, rather than putting attention to deal with economic crisis, APEC Western members were merely concerned on trade liberalisation issue (Ravenhill 2002, p. 178). The Asian agenda has been singled out from the discussion. Eventually, APEC has been able to provide limited political legitimacy for wider regional liberal economic project (Dieter & Higgott 2003). This situation has been disappointed APEC Asian members that clearly expected assistance from their colleagues in APEC.

Finance formally became a part of APEC concern since 1994 when the APEC Finance Ministers met in Honolulu. At that moment, they primarily conveyed three main issues: sustaining growth with low inflation, financing investment and infrastructure development, and promoting capital market development (APEC 1994). These concerns broadened the APEC’s vision that merely focusing on facilitating free and open trade as mentioned in Bogor Goals. In line with the general APEC principle, the implementation of such APEC financial initiatives have been based on voluntarily basis considering various economic developments of member countries. However, this arrangement seemed to lessen the commitment of APEC member countries to implement the initiative.

APEC started to put financial and capital market development since the 2nd finance ministers’ meeting, 1995. Following the decision, a working group was created to carry out initiatives on financial and capital markets, mobilising resource for infrastructure development, and exchange rate movements. Since then, these three issues had been predominantly discussed within APEC financial cooperation.

Further explanation on the three issues in APEC that are related to financial sector will be discussed later

**ASEAN Plus Three (APT) Forum**

It could be said that APT is the newest regional institutions compared to two previous institutions (ASEAN and APEC). Some scholars (Beeson 2007; Ravenhill 2006; Sheng 2009; Yue & Pangestu 2006) even argue that the dynamic in ASEAN and APEC, particularly during Asian financial crisis, has contributed to shape the character of APT forum. The birth of APT forum was a reaction of the absence of collective action and sense of solidarity of ASEAN and APEC during financial shock. During the economic turbulence, ASEAN seemed had no enough resource to protect their members from the crisis, while APEC that consisting of major world economies was likely unwilling to provide cure for the crisis’ victims.

The seed of APT forum came up during the Second Informal ASEAN summit in Kuala Lumpur, December 1997. The presence of three major countries in East Asia (Japan, Korea, and China) in the meeting resulted in mutual recognition toward closer cooperation among ASEAN and Plus Three countries in the 21st century. The commitment of Japan and China to provide financial packages to the region sent strong signal for ASEAN member countries to build up new regional architecture. In 1998, the ASEAN and Plus Three leaders gathered again in Hanoi to share some views on strengthening
cooperation. At this stage, the leaders discussed many issues including financial crisis, maintain peace as well as regional stability and development. They also came to the agreement to have regular meeting as a medium to enhance dialogue process. Furthermore, in order to develop ideas and formulate agendas for APT forum, The East Asian Vision Group (EAVG) was created in October 1999. The creation of the group became evidence that APT forum sought a clear guidance and path to achieve their vision.

In November 1999, APT forum was formalised by releasing Joint Statement in East Asian Cooperation. In general, the leaders’ statement covered two major issues, economy and politics, along with their derivative fields. Based on this statement, several ministers of APT member countries started to hold their departmental process under APT framework (Suzuki 2004, p. 7). Particularly in monetary and financial cooperation, the leaders agreed to collaborate in risk management, corporate governance, monitoring capital flows, strengthening banking and financial system, reforming international financial architecture, and enhancing self-help mechanism (ASEAN Plus Three 1999). This is the first time that the terms of “self-help mechanism” was introduced to emphasize the type of APT cooperation that more relied on regional-owned strength and resources rather than international ones. This moment also pronounced the East Asian dissatisfaction toward international financial architecture and showed their demand to reform the global and regional financial governance.

The development of the APT financial cooperation, surveillance process, liquidity support arrangement, and bond market development will be reviewed

The Indonesian perspective towards East Asian financial regionalism

Indonesia has played actively in building regionalism in East Asia. Indonesian current situation and condition build it as important country in East Asia. The Indonesian large population promises large market and strong consumption that are significant for regional demand. The country is also abundant with raw materials and energy that are essential for production process in East Asian industries.

Particularly in APT financial cooperation, the depth of collapse experience of Asian Financial Crisis 1997 has driven Indonesia to work closely with its counterpart in East Asia. Former Indonesian Finance Minister who is currently Indonesian Vice President, Boediono, argues that if Indonesia desires to secure its growth, it must secure regional cooperation (Bisnis Indonesia, 2003). The following paragraph will discuss Indonesian contribution or engagement in the dynamic of East Asian economic regionalism focusing financial issue.

Nurturing ASEAN collectiveness

In terms of economic integration, the ASEAN Economic Community (AEC) Blueprint is the main driving force that leads ASEAN member states into single market and production base and fully integrated by 2015 (ASEAN 2007a). The AEC provides larger opportunity for goods and labours movement in the region. Indonesian financial sectors have supported financial activities under AEC blueprint, particularly through financial services liberalisation and capital market development. For Indonesia, AEC is also expected to increase the amount of the Foreign Direct Investment (FDI) inflows to Indonesia (Firdausy 2010). The AEC is in line with Indonesian national agenda to attract broader investment through
liberalisation policy. However, the AEC may also threaten Indonesia since the nation has to struggle with the issue of human resource competitiveness that potentially hampers the employment opportunity for Indonesian when skilled labours from other ASEAN states start to seek jobs in Indonesia.

The first attempt to follow ASEAN initiatives in financial sector was in 1977 when Indonesia joined ASEAN Swap Arrangement (ASA) along with 4 other ASEAN member countries. Two years later, Indonesia activated the swap amounting USD 20 million as prevention measure toward slower economic performance (Henning 2002, p. 14). After that, Indonesia has never been activating ASA anymore, even during Asian financial crisis. Following ASA, Indonesia also has been committing in the negotiation of financial issues under AFAS. During Soeharto administration, the commitment could be seen from the promptness of the government in adopting AFAS into Indonesian regulation framework. At that time, the government only needed 15 days to legalise the agreement as part of Indonesian regulation since the signing of the agreement, 15th December 1995 in Bangkok. On 30th December 1995, Presidential decree No. 88 on AFAS was released by former president Soeharto. This regulation gave a legal basis for related authorities in Indonesia to work with their counterparts in ASEAN in regard to services including financial sector.

As mentioned in the previous paragraph, the financial issue became a part of AFAS negotiation process since the second package was started in 1998. In November 2002, President Megawati Soekarnoputri, the successor of Abdurrahman Wahid, signed the presidential degree no. 81 ratifying the second package commitments on financial services. The trauma of Asian financial crisis seemed to become strong consideration for Indonesian financial authorities to pose prudent position for the commitment. Rajan and Sen (2002) even argue that Indonesia basically did not make any specific commitment in financial services and only mentioning general condition for banking sector. Cautiously, Indonesia also stated in its schedule of specific commitment to maintain a right to withdraw, modify, and make technical changes to the offer. A statement that was not provided by other ASEAN member countries.

In 2005, the next administration, under SBY, Indonesia has offered commitments in the areas of commercial banking business such as acceptance of deposits, lending, mortgage, money transmission services, and foreign exchange for the third package of financial services under AFAS. The offers showed the higher degree of Indonesian confidence toward liberalisation in financial service, compared to the initial commitment since the economy was getting better. However, the commitment was just legalised by the presidential decree no. 51/2008, three years after the signing of the commitment. This commitment was merely in banking sector that basically had been liberalised since the inception of the Government Regulation No.29/1999 that offered foreign ownerships until 99% of total shares on such Indonesian private banks. Habibie, the successor of Soeharto, signed the regulation in order to attract foreign capital as a source for re-building Indonesian economy post Asian crisis. Therefore, it could be said that the Indonesian commitment in the third package of AFAS was just emphasizing the existing condition.

The further Indonesian commitment toward liberalisation in financial services under AFAS was marked by the release of the presidential decree No.6/2009 on the implementation of the fourth package of
commitments on financial services. In its specific commitment of this package, Indonesia only provided very limited offer in factoring services. In 2011, a progressive offer has been made by Indonesian government in the fifth package in which the government allow foreign service provider to hold up to 49 percent of capital share in the form of joint venture company. In addition, foreign investors are also eligible to hold up to 100 percent shares of non-bank financial companies listed in stock exchange. This offer reflects the degree of Indonesian liberalisation in financial sectors, not only in banking sector but also in non-banking sector. However, despite the growing trend of financial service liberalisation in Indonesia, the contribution of this sector toward economic growth was limited. A study conducted by Indonesian capital market and financial institution supervisory agency (Bapepam-LK) reveals that the financial services have not provided significant impact toward economic growth (Bapepam 2008).

In response to the ASEAN surveillance process, Indonesia established a national surveillance unit (NSU). The Indonesian surveillance unit consists of two entities. For monetary and banking sector developments, Bank Indonesia (the central bank) has been in charge, while the Ministry of Finance has been dealing with fiscal and real sector developments (Anas & Atje 2005, p. 16). Particularly for latter entity, it was set up in 2003, which was quite slowly since ASP was inaugurated in 1998. The lack of human resource capacity and infrastructure were the major reasons for the delay. Therefore, along with several ASEAN member countries, Indonesia sought ADB to support the newly Indonesian NSU. The delay might also correlate with the previous autocratic regime of New Order that tended to be reluctant with economic data. Therefore, the newly democratic governance facilitated the establishment of the NSU. In later development, the Indonesian NSU has been providing economic analysis not only related to ASP but also for ERPD of the APT.

Despite its capacity in providing timely data and analysis for decision-making process, the Indonesian NSU has been experiencing several constraints. The first is regarding human resource capability. Economic surveillance needs high skilled staffs who are able to cope with larger data and providing specific analysis. Several Indonesian NSU report shown similarity with other national institution reports, especially from academic institutions. Even the NSU’s report often refers to public information which is easily access and not timely relevant anymore. The second is the high turnover of staffs who are in charge in the Indonesia NSU due to promotion or organisation restructuring. This situation affected the outcome of the NSU since the successors of the previous staffs need adjustment period to meet the expected products. Even, there was a case in which a staff who had just finished surveillance training in the ADB, was appointed to another division which was not incorporate with surveillance issue.

**APEC and intangible outcomes**

In the early of APEC development, Indonesia has contributed to formulate the important milestone in the APEC history namely Bogor Declaration at 1994 Leader’s meeting. Not only as the host country of the declaration, but Indonesia was also keen to support the core message of the declaration to build a free and open trade and investment in the region (Soesastro 2004, p. 16). Soesastro adds that the Indonesian Government even realized some points of Bogor Declaration by deregulating trade policies in 1995 and 1996. Former Indonesian president, Soeharto, recognized that globalisation and trade liberalisation were inevitable and should be faced. The president frequently stated that like or dislike, ready or not ready, Indonesia has to face globalisation. At this point, APEC notions on economic
globalisation and liberalisation somehow helped the government to encounter strong domestic opinion that rejected the open market development.

The Indonesian expression toward APEC has been likely dropped especially due to lack of support during Asian financial crisis. As one of the crisis victims, Indonesia felt that APEC was not responsive and less effective to help the nation from the economic turbulence (Kuncoro 2007). APEC even recommended to strengthen the IMF roles in tackling the crisis, a proposal that was found not suitable for Indonesian case. Although Indonesia is still considering APEC as an important forum for trade and investment consultation, the Indonesia Government under SBY has shifted its first priority into G-20 forum as multilateral media to discuss economic issue while keeping ASEAN as its traditional regional forum (SBY 2010).

Reaping more benefits from APT

Indonesian engagement toward East Asia region was stipulated by the disappointment about Western involvement during financial crisis. The US has relatively done nothing for helping Indonesian economy, and the IMF has even worsened the Indonesian shrank economy. In response to this situation, Abdurrahman Wahid shifted Indonesian foreign policy into Asia-oriented in order to balance the West (He, K 2008, p. 64). This policy option was quite distinctive compared to previous administration led by Habibie who were strong proponent for the West. Although Wahid did not reach a significant result from his Asian direction, the former president at least has placed a cornerstone for Indonesia foreign policy to broader regional engagement, not only focusing on ASEAN. Recently, Indonesia pushes ASEAN block to work closely toward regionalism. In the latest ASEAN Finance Minister Meeting (15th AFMM), on April 2011, Indonesian President urges ASEAN states to unify and more competitive to be a driving force for East Asian regionalism (Theo 2011). This appeal is plausible since ASEAN member states could not stand alone to compete with their Plus Three colleagues that have higher economic development.

For Indonesia, deeper regional cooperation and integration offer potential benefits and opportunities. Especially on finance, Indrawati (2007) underlines that APT has proven to an important forum that responded the financial crisis as well as globalisation. This perspective gave confidence for Indonesia to support all APT initiatives. In concrete support, Indonesia had joined CMI in 2000 as the initial initiative of APT toward liquidity support arrangement. Under the CMI scheme, despite its contribution on the ASA amounting USD 200 million in 2000, Indonesia further proceed the CMI mechanism by signing several BSA agreement with Plus three countries. With Japan, the agreement was signed in February 2003 with total amount up to USD 3 billion (MoF Japan 2011). The BSA has been renewed and increased twice; in 2005, it was increased in the maximum of USD 6 billion and in 2009, the amount was doubled up to USD 12 billion. In the same scheme, Indonesia also maintained BSA with China. The first BSA was signed in December 2003 with the amount up to USD 1 billion. In December 2006, the agreement was expanded up to USD 2 billion.
In further engagement with the APT initiatives, Indonesia has signed the Article of Agreement of CMIM as well as the Article of Agreement of CGIF in 2010. The signing was relatively quickly despite complex administration and bureaucratic processes including coordination with Bank Indonesia. The CMIM was seen by Indonesian Government as an alternative source for liquidity support as well as correction for the IMF as existing international support fund (Rahmi 2009). As a victim of the IMF mis-formula during Asian financial crisis, Indonesia perceived CMIM as balancing mechanism in the world financial architecture that too much relied on IMF programs. To further respond the CMIM Agreement, Indonesian Ministry of Finance and Bank of Indonesia have also been jointly working in Crisis Management Protocol that is expected to be in line with the procedures in the regional initiative, although there is no such obligation to adopt the mechanism. The alignment was expected to create better crisis mitigation process between national and regional arrangements that lead to systematic and simultaneous measures.

In ABMI, particularly CGIF, Indonesia also contributed in developing credit enhancement for regional bond issuance through CGIF. Following the signing of CGIF agreement in Tashkent, May 2010, Indonesia contributed USD 12.6 billion to the scheme (Suharmoko 2010). The contribution that was disbursed in July 2011, was claimed as minimal guarantee needed by Indonesian corporate bonds that are eligible to access the credit enhancement of the CGIF. The eligibility of Indonesia to access CGIF could be larger since Indonesia has just enjoyed the new higher credit rating of investment grade. The upgrade would potentially enhance the Indonesian corporate bond eligibility since ADB, as the trust fund of CGIF, uses the sovereign rating as one of its assessment. Regarding CGIF, Anggito Abimanyu, a well-respected Indonesian economist, encouraged Bank Indonesia to use Indonesian reserve to further contribute in CGIF as long-term investment (Antique & Latif 2011). Positive response was also shown by Indonesian private sector that perceived CGIF as stimulant to boost investors' confidence and decrease level of risks (Darmawan 2011). Although there is no such Indonesian corporate bond issuers that have utilized CGF, this arrangement looks gain positive feedback from market players.

Conclusion

Indonesia has been joining numerous initiatives in the East Asian frameworks. Among the initiatives, Indonesia has put its concern on financial issue due particularly since Asian financial crisis occurred. The financial initiatives of ASEAN, APEC, and APT have been embraced by Indonesia expecting greater national economic sustainability.

The initial findings show that ASEAN and APT financial cooperation have received greater attention from Indonesian government than APEC ones. Especially in the regional liquidity support arrangement, surveillance process, and financial liberalisation, the Indonesian government has been positively engaging with the development of these initiatives. In regulatory issue, Indonesia has ratified several ASEAN financial liberalisation protocols starting from autocratic regime of Soeharto to democratic regime of SBY. This phenomenon has proven that Indonesia continually maintained its involvement toward ASEAN economic strategy to build a regional community, beside the pessimistic views toward ASEAN benefits for Indonesia. The democratic wave in has positively encouraged Indonesian financial
authorities to be more transparent in dealing with surveillance activities that involving timely and apparent information.

In broader level, the APT forum has attracted Indonesian government to further cooperate with Plus Three countries in financial sector. For Indonesia, APT financial cooperation has provided alternative resource not only for crisis prevention measures such as through BSA or CMIM, but also for market development such as CGIF and ABMF. Concrete and tangible results of APT financial initiatives have become strong incentives for Indonesia to further engage with the APT forum. Therefore, the cooperation has gained positive response not only from financial authorities but also non-state actors. Compared to the ASEAN financial service liberalisation for instance, APT financial initiatives have relatively gained limited critiques from the public. Public opinion is less suspicious toward APT financial initiatives since the initiatives entail less binding commitment as ASEAN financial liberalisation for instance. Considering stable economic and political condition, it is predicted that Indonesia democratic regime will continually try to reap more from in APT financial cooperation.
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