

Public Policy Evaluation on the Implementation of Free Trade Zone (FTZ) Using Enclave Model in Karimun Island

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Abstract

Implementation of Public Policies on the Establishment and Development of Free Trade Zones by Enclave Model on Karimun's Island according to Law No. 36 of 2000 aims to encourage international trade traffic activities that bring foreign exchange to the Country and able to provide great influence and benefits for Indonesia, to be able to open the widest possible employment opportunities, increase tourism and investment, both foreign and domestic, currently are over the age of ten years. Various problems have arisen in policy implementation so far which are closely related to the Policy itself, starting from the Formulation process to its implementation. Referring to these conditions, this research aims to analyze comprehensively how the policy formulation process and effectiveness in the implementation of the Free Trade Zone on Karimun Island as well as the Policy Evaluation as intended in order to formulate a more effective and targeted policy alternative model. This study uses a qualitative research method by evaluating policy implementation using a model developed by George C. Edwards III, that policy implementation is influenced by four variables, namely communication, attitudes, sources, and bureaucratic structures. The research results obtained that two models of application or implementation of the Free Trade Zone status, namely the Comprehensive Model which applied in Batam and the Enclave Model which applied in Bintan and Karimun. Especially the Enclave model which is applied at Karimun still not optimized in its implementation. The implementation of FTZ on Karimun Island for ten years has not been running perfectly and need of improvements in terms of legal regulations and the organizational structure of the implementing institution, namely the Region Concession Body. In terms of performance, the Policy Implementer, BP Kawasan Karimun in recent years has not been able to bring in new investors and the value of imports is only slightly lower than the value of exports so that the increase in foreign exchange from exports is insignificant. Answering this problem, the researcher proposes a Theoretical Model for the Application of the Status of the Free Trade Zone through the Multi Stages Plan where with this model the implementation of the policy will be more effective and right on target

Keywords: FTZ, Economic, Karimun, Enclave

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I. INTRODUCTION

Indonesian's Law Number 36 of 2000 states that a Free Trade Zone and Free port will able to encourage international trade traffic activities that bring foreign exchange to the country and will provide great influence and benefits for Indonesia to be able to open the widest possible employment opportunities, increase tourism and investment. both foreign and domestic.

Furthermore, in order to accelerate regional development in line with the realization of regional autonomy, several areas need to be designated as Free Trade Zones and Free Ports.

One of the areas declared to have met the criteria to be designated as a Free Trade Zone and Free Port is Karimun Regency based on the Government Regulation of the Republic of Indonesia Number 48 of year 2007.

Karimun Regency is one of the districts in the Riau Islands Province, Indonesia. The capital of Karimun Regency is located at Tanjung Balai Karimun. This district has an area of 7,984 km², with a land area of 1,524 km² and a sea area of 6,460 km². Karimun Regency consists of 198 islands with 67 of them inhabited. Karimun has a population of 174,784. Karimun Regency is bordered by Meranti Islands to the west, Pelalawan and Indragiri Hilir to the south, the Malacca Strait to the north, and Batam to the east.

Karimun Regency is included in a very strategic area for the development of economic activities. It is directly adjacent to two neighboring countries, namely Malaysia and Singapore, and is only united with the waters of the Singapore Strait (Philip channel). In addition, the administrative area of Karimun Regency is bordered by Batam City, parts of the Riau Islands and parts of Riau Province. Based on its geostrategic aspect, Karimun Regency is one of the four districts whose territory is partially designated as the Free Trade Zone and Free Port (KPBPB or Free Trade Zone / FTZ). The other three KPBPB areas are Sabang, Bintan, and Batam.

Implementation is one of the stages in the public policy process. Policy implementation is not just concerned with the mechanism of translating political decisions into routine procedures through

bureaucratic channels, but more than that, it concerns conflicts, decisions and who gets what from a policy (Grindle in Wahab, 1990:59).

From the policy formulation process to its implementation, it will be seen how the commitment of all related parties, starting from the Central Government through the National Council (led by the Coordinating Minister for the Economy), the Governor (Chair of the Regional Council), the Head of BP Karimun, the Head of the Customs Office Type B Tanjungbalai Karimun, Government Services and also the public (Stakeholders) in formulating policies and implementation of the Free Trade Zone in Karimun Regency. This research will describe whether the implementation process is in accordance with the basis of FTZ policy formulation and analyzes what problems are the challenges and obstacles in the implementation of FTZ regulations. Therefore, this research will examine more comprehensively how the policy formulation process & effectiveness in the implementation of the Free Trade Zone on Karimun Island. Inline with the above, it is necessary to evaluate the policies as intended in order to formulate an alternative policy model which is more effective and efficient in the implementation or application of policies for the establishment of the Karimun Free Trade Zone.

II. BASIC THEORY

Definition of Public Policy

Definition of public policy are decisions that are binding for the people at a strategic level (outline) made by public authorities. As a binding decision to the public, public policy must be made by political authorities, those who receive a mandate from the public, generally through an election process to act on behalf of the people.

Charles Lindblom is an academic who states that Public policy is closely related to making a decision. Because basically, they both choose between the available options. Meanwhile, this public terminology shows the complexity to be defined.

William N. Dunn (2000) also argues that policy analysis is an applied social science discipline that can use a variety of research methods and arguments to generate and transfer information relevant to policy, so that it can be used at the political level in order to solve a problem.

Weimer and Vining, (1998: 1): "The product of policy analysis is advice. Specifically, it is advice that informs some public policy decision". So public policy analysis is advice or material for consideration in public policy makers containing the problems at hand, the tasks that should be carried out by public organizations also related to these problems, and various policy alternatives that may be taken with various assessments based on policy objectives.

This public policy analysis aims to provide recommendations to assist policy makers in solving public problems.

Policy Implementation

In implementation practice, public policy is a very complex process, often of political convention and containing interventions of interest. Actions taken either by individuals or officials or government or private groups that are directed towards achieving the goals outlined in policy decisions (Van Meter and Van Horn, 1975).

Policy implementation usually refers to law. Policy policies can be in the form of important executive orders or decisions or decisions of research bodies (Mazmanian and Paul Sabatier, 1983: 61).

Based on the description of the two opinions on the meaning of implementation, we need to provide some limitations. Implementation is the implementation of what has been determined and receives all the consequences / impacts after being implemented.

There are at least three important elements in the implementation process, which are: a). The existence of a program or policy that is implemented, b). Target groups, meaning groups of people who are targeted, and are expected to receive benefits from the program, change or improvement. c). The implementing element (implementor), either organization or individual, is responsible for the management, implementation and supervision of the implementation process.

From the various views and opinions on the concept of implementation that have been mentioned earlier, to analyze how the policy implementation process takes place, there are various views on the theory of policy implementation which try to describe so that the policy implementation process can be carried out effectively.

Policy Implementation Model

This research will Evaluate the Policy implementation of Karimun's Free Trade Zone base on George C. Edward III's Policy Implementation Model. Policy implementation is a complex activity with so many factors that influence the success of a policy implementation. In examining the implementation of public

policies, Edward III began by asking two questions: What preconditions are required by the factors or variables that influence the Enclave Application of Free Trade Zone Status on Karimun Island, so that the implementation of the Enclave Free Trade Zone Status Application policy on the island of Karimun it can be successful and what are the main obstacles that cause an implementation to fail.

George C. Edward III tried to answer these two questions by examining four factors or variables of policy, namely bureaucratic structure, resources, communication, disposition.

1. Bureaucratic Structure. There are two main characteristics of the bureaucracy, namely: "Standard Operational Procedure (SOP) and Fragmentation".
2. Resources. Hodge (1996: 14) classifies resources into: "Human resources, Material resources, Financial resources and Information resources".
3. Disposition. According to Edward III in Wianrno (2005: 142-143) suggests "tendencies or dispositions are one of the factors that have important consequences for effective policy implementation".
4. Communication. According to Agustino (2006: 157); "Communication is one of the important variables that influence the implementation of public policies.

A public policy cannot just be let it goes. Policies must be monitored, and one such oversight mechanism is referred to as "Policy Evaluation".

Evaluation Model on Policy Implementation

Various models are used to evaluate the Policy. Even though they are different from one another, the intention is the same, namely to carry out data or information collection activities relating to the object being evaluated, the purpose of which is to provide material for decision makers in determining the follow-up of a policy.

Provus defines evaluation as a tool to make a judgment (judgment) on the advantages and disadvantages of an object based on standards and performance. This model is also considered to use a formative approach and is oriented towards systems analysis. Standards can be measured by answering the question of how the Policy works. While the achievement is more about what actually happened. Evaluators should only help by establishing and explaining the role of standards and achievements.

In this evaluation model, most of the information obtained is different and collected in several ways, namely (Azizi, 2008): a). Planning the form of assessment, determining the stability of a Policy. b). Input assessment, aims to assist the board by ensuring the necessary resources are sufficient. c). The assessment process, ensuring that the activities designed run smoothly and have the quality as expected and d). Assessment of results, judgment at the stage of achieving a planned result.

In each of the four stages of comparison the standard with the Outcomes of the Policy to determine if there is conflict. Using contradictory information always leads to one of four options:

- a. Continue to the next stage if there is no conflict.
- b. If there is a conflict, return to repeat the existing steps after changing the Policy standard.
- c. If stage 2 cannot be fulfilled, then recycle back to step 1 - Policy definition stage, to redraw the Policy, then start contention evaluation again at stage 1.
- d. If stage 3 cannot be fulfilled the choice is to end the Policy.

Theory / Concept of Free Trade Zone

The Free Trade Zone is the development of the Special Economic Zone (SEZ) concept, where SEZ (Special Economic Zone) is a macro terminology for a designated area to provide an internationally competitive environment free from various obstacles in order to spur an increase in national exports. This concept can be found in China, India and the Philippines.

The term Free Trade Zone as a form of the economic zone is thought to be the result of differences in the perspective or weight of the experts' views on the concept of the Free Trade Zone. While the economic zone (Economic Zone) according to Capela and Hatman (1996: 154) is "*The economic zone is designated regions in a country that operate under rules that provide special investment incentive, including Duty Free treatment for import and for manufacturing plants that reexport their product*".

Free trade is a theoretical concept which presupposes the application of an international trade system that is freed from barriers caused by the provisions of the government of a country, whether caused by the imposition of tariffs barriers or non-tariff barriers (Muliono, Heri. Op. Cit., Pages 117-118.)

The definition of free trade according to Charles W Thurston, is "*An Free Trade Zone is in essence, a taxfree enclave and not considers part of the country as far as import regulations are concerned. When an item leaves an free trade zone and is officially imported into the host country of the Free Trade Zone, all duties and regulation are imposed.*"

Many other definitions regarding FTZ can be found in various literature, free trade (FTZ), which are as follows:

1. Is an industrial area that specializes in manufacturing for export and offers companies on Free Trade conditions.
2. It is an industrial zone with special incentives established to attract foreign investors, where imported materials undergo several stages of processing before being re-exported (ILO, 1998).
3. Is an area that is clearly restricted and closed with a national customs area, often located in a favorable geographical location (Madani, 1999) with infrastructure suitable for trade and industrial operations and subject to the principles of customs and fiscal segregation.
4. And is an industrial area that is clearly described as a pocket of free trade in the customs and trade regime established by a country, where foreign manufacturing companies, especially those carrying out export-oriented industrial production, benefit from a number of fiscal and financial incentives (Kusago and Tzannatos, 1998).

In its development, FTZ implementation in Indonesia, especially in BBK, is based on 2 types of FTZ application Concept as described below:

Enclave Concept

The concept of Enclave (Partly or not at whole area) FTZ Implementation is an economic development strategy based on equal distribution. Where in one area or one (small) island there is economic inequality, in the sense that economic growth is only in the city and its surroundings. Meanwhile, areas that are far from cities are far behind and do not even show economic growth at all. Therefore, the theory of the Free Trade Zone with the Enclave system emerged, where areas that are far from cities or hinterlands which are considered to have geo-strategic and geo-economic advantages are made into the Free Trade Zone area with the aim that economic growth in the hinterland area will catch up with urban areas that are in the end, it will create equal distribution of economic growth in the region or on the small island.

FTZ enclave is also defined as an area which is part of a country but administratively separated and is part of another country (Vinokurov, 2007) or in other words a special area of a country that is independent of the influence of the parent country. The term Enclave itself has been used since the beginning of human civilization. According to Vinokurov, the first document containing the word Enclave was used in 1526 as part of the Madrid treaty. The word Enclave comes from the Latin *Inclavatus* which means silence, locked. Then the word enclave spread and was used in various languages. The word Enclave entered the English vocabulary around the 1800s.

The term "Enclave" is used to describe the FTZ in this study because the object of the research on the island of Karimun is indeed implementing the Enclave system in

the FTZ implementation on the island. Also, because the FTZ should be seen as an area that is outside the district, province or country, despite their physical presence in it.

In this study, the researcher will approach the subject with a detail interior gradation. In addition, although some experts argue that the FTZ Enclave is isolated from the city and the surrounding environment, as we will see in this case study on Karimun Island where a new city is being designed and built around the FTZ area as we can see on Sungai Raya Meral and PN Tebing area

Assemblage Concept

The concept of Assemblage can simply be understood as the theory of the application of the Free Trade Zone (FTZ) as a whole in an area or island. Even though this theory actually discusses the gathering or combination of several enclaved areas in an area, either district, province or state. In the discussion of this theory, it reflects an attempt to describe FTZ as a process rather than a series of physical entities. The process here includes several policy practices that can oppose the dominant influence that causes changes in spatial meaning and its use. The aim is to examine the relationships between enclaves, spaces and social movements within the FTZ area itself. Some scholars argue that this phenomenon can be approached using network theory rather than assemblages theory. But this is not true. The reason behind the choice of assemblage theory is because this theory is not like Network Theory where assemblage theory is considered to be able to present a different conceptualization of space in relation to other aspects such as social movements (McFarlane, 2006).

In addition, assemblage concept provides a critical basis for analyzing whether the social and economic constructs that emerge - in and in relation to - FTZ are new organizational forms or existing forms but have undergone a shift in formation.

III. RESEARCH METHODOLOGY

This research is descriptive qualitative. According to Lincoln and Guba in *Naturalistic Inquiry* (1985: 70-91) describes a qualitative research approach. First, ontologically qualitative research is characterized by the fact that the researcher constructs the reality he sees. Second, epistemologically, qualitative research is based on values and judgment values, not facts. In their general view of the field, they claim that the value of the researcher guides and forms research conclusions because the researcher constructs the reality of the research. Third, qualitative research is empirical and scientific like quantitative researchers, although the philosophical foundations of qualitative research both ontologism and pistemology are guided by subjective judgment of values. (Lincoln and Guba, 1985: 187-220).

The assessment approach used is descriptive qualitative research with an emphasis on the implementation of policies. The implementation of the Enclave Free Trade Zone status on Karimun Island for the 2009-2017 period for the Policy Implementer, in this case the Karimun Area Entrepreneurship Agency in the context of a study on public policy implementation. The selection of this case is supported by the objective condition that the policy implementation of the Enclave Free Trade Zone status on Karimun Island for the 2009-2017 period occurred. This is part of the implementation of the study being studied. Based on these limitations, the boundaries of the case studies in this study can be described as follow:

1. Research targets can be in the form of people, events, and documents, such as The Chief and staffs at the Karimun Zone Exploitation Body, The Chief and staffs of Type B Madya Customs Office at Karimun, Regional Government of Karimun Regency and others. In addition also to the extent of to the business actors (Investors) and communities on the island of Karimun.
2. These targets are studied in depth as a totality in accordance with the intention to understand the various links that exist between the focus and the focus description of the policy study Implementation of the Enclave Free Trade Zone status on Karimun Island for the 2009-2017 period

Location and Period of Research

The research was conducted at the Karimun Zone Concession Body to collect data on the extent to which the supporting factors and obstacles to the successful implementation of the policy implementation of the Enclave Free Trade Zone status on

Karimun Island for the 2009-2017 period. The research period was carried out from March 2017 to September 2019.

Data's Source

According to Cresswell (2012: 261), qualitative research data sources can be from various sources (Multiple sources of data). Qualitative researchers collect data from various sources, such as interviews, observations, and documentation. Then the researcher reviews, gives meaning and processes all the data into categories or themes that cross all data sources. As for what is used as a source / data collection in this study is the implementor of policy which is the Karimun Area Entrepreneurship Agency.

Data Collection and Analysis Method

To collect the data needed in this study, three different techniques were used, which are:

1. Documentation study. With this technique, researchers try to obtain data or information by digging and studying documents, archives and records related to the Free Trade Zone Implementation policy on the island of Karimun.
2. In-depth interview. With unstructured or in-depth interviewing techniques (indepth unstructured interviewing) the researchers conducted questions and answers and exchanged ideas without a list of interviews; researchers are only assisted by a number of general topics about the Free Trade Zone, research still has to be developed by interviewers based on informants' answers. In its implementation, an instrument in the form of an interview guide is not required.
3. Observation. With this observation technique, researchers try to obtain visual data or real information in the field by observing and capturing events related to the Free Trade Zone.

The data analysis technique used for the purpose of discussing the results of this research is qualitative data analysis, building patterns, categories, and themes from the bottom up (inductive), by processing the data into more abstract units of information (John Cresswell: 2012).

The method used to analyze in this research is descriptive qualitative method using an interactive model, which is a kind of cycle related to data collection activities, data simplification, data exposure, and drawing conclusions.

So data analysis is carried out simultaneously with data collection. This withdrawal uses a qualitative

descriptive approach which has the following steps:

- a. This research comes from a policy review of the Free Trade Zone Implementation Policy, after conducting various observations and interviews as well as documentation.
- b. Data collection, there are several techniques in data collection, but researchers can collect different data together.
- c. Data analysis, after the data is collected, the researcher can begin to aggregate, organize and classify the data into manageable units. Aggregation is the process of abstracting into a general way using general patterns of data.

Focus and Description of Research Focus

The description of this focus can be seen from the following perspectives:

- a. Policy standards and targets;
- b. Communication between Organizations and Strengthening Activities
- c. Implementing agent characteristics; and
- d. Social, Economic and Political Conditions
- e. Implementor disposition

Research Informants

Based on the description of the problem, the focus and description of the existing focus and the research approach used, this study determines the research informants as follows:

- a. Implementing institution, namely the Free Trade Zone Enterprenuership Body
- b. Another Implementing institution which is the Customs Office Type Madya Pabean BTanjungbalai Karimun.
- c. Regional Government of Karimun Regency
- d. Business Actors (Investor) and Communities on the island of Karimun.

IV. RESEARCH RESULTS AND DISCUSSION

One of public policy product in Indonesia is Government Regulation Of The Republic Of Indonesia Number 48 Year 2007 Concerning Karimun Free Trade And Free Port Zones.

President Susilo Bambang Yudhoyono (SBY) signed three new government regulations (PP) governing FTZ in Batam, Bintan, and Karimun, Monday, August 20, 2007 in which the Karimun area covers parts of Karimun Island and the entire KarimunAnak Island.

PP Number 48 of 2007 also uses the provisions of article 4 of Perpu Number 1 of 2007 concerning amendments to Law Number 36 of 2000 concerning the Establishment of Free Trade Zones and Free Ports that the establishment of Free Trade Zones and FreePorts is stipulated by a Government Regulation.

With the establishment of the FTZ in Karimun, all types of agreements, agreements, or cooperation as well as permits and facilities provided by the Karimin Regency Government are declared to remain valid until their validity period ends. This provision is regulated in article 3 both PP FTZ Bintan or PP FTZ Karimun.

Meanwhile regarding the establishment of the Free Trade Zone and Free Port Enterprenuership Body (BP Kawasan), as regulated in article 4 of PP FTZ Karimun, it will be formed not later than one year from the enactment of the Regulation (PP).

Research Findings

From the observations made by the researchers, the researchers classified the various problems that arise into 6 categories of problems which can be described as follows:

1. The implementation of FTZ in Karimun Island for ten years has not been running perfectly and is in dire need of improvements in terms of legal regulations and the organizational structure of the implementing institution, namely the Free Trade Zone Enterprenuership Body (BP Kawasan)
2. The Central Government and the Regional Council have not worked optimally in accommodating the interests of FTZ development in Karimun in terms of the slow completion of the revision of PP No. 02/2009 and the ratification of the rules / guidelines for implementation of PP 48 of 2007 as applicable in the country's legal system.
3. The central government and the Zone Council (DK) have not seriously sought a special budget allocation through the APBN for the operations of the Regional DK and BP. The operation of BP Karimun Region to date still depends on the grant budget from the local government.

4. Limited human resource capacity, both in quality and quantity. Most of the personnel of BP Karimun Region are still local government employees who are seconded to BP Karimun and are still in concurrent positions so that apart from being bureaucratic orientation, they also do not focus on tasks at BP Karimun.
5. Till today, the National Council has not optimized the issue of licensing and delegation of authority, especially licensing for investment, which should be entirely delegated to BP Karimun Region so that services to investors become more effective and efficient.
6. The imperfect implementation of Karimun's FTZ is caused by one main factor, namely the absence of a master plan or grand strategy for regional development in the next 10, 20, 30 years. So that what is happening now can be assumed as a trial and error.

While the results of this research on the Performance of Implementers of the Enclave Free Trade Zone Status on Karimun Island resulted in several important research findings as follows:

1. The Problem of inavailability of Facilities and Infrastructure
2. The increase in foreign exchange from exports is insignificant.
3. Legal certainty is still a concern
4. Industrial Concentration Is Uneven between coastal area and in the inboard lands.
5. There is no synchronization between regulations and implementation.

V. CONCLUSION

The conclusions of the research results as described in the previous Baba are as follows:

1. Two models of application or implementation of the status of the Free Trade Zone through government policies contained in Government Regulation no. 46, 47 and 48 of 2007, called the Whole area Model applied in Batam and the Enclave Model applied in Bintan and Karimun are still not maximal in their implementation. The implementation of FTZ on Karimun Island for ten years has not been running perfectly and is in dire need of improvements in terms of legal regulations and the organizational structure of the implementing institution, namely the Free Trade Zone and Free Port Entrepreneurship Body (BP Kawasan). The imperfect implementation of Karimun's FTZ is caused by one main factor, which is the absence of a master plan, or a grand strategy for regional development in the next 10, 20, 30 years. So that what is happening now can be assumed as a trial and error. Another reason is that the Central Government and the Regional Council have not worked optimally in accommodating the interests of FTZ development in Karimun in terms of the slow completion of the revision of PP No. 02/2009 and the ratification of the rules / guidelines for implementation of PP 48 of 2007 as applicable in the country's legal system. In addition, the central government and the Zone Council have not seriously sought a special budget allocation through the APBN for the operations of the Regional DK and BP. The operation of BP Karimun Region to date still depends on the grant budget from the local government. Besides that, until now the National Council has not optimized the issue of licensing and delegation of authority, especially licensing for investment, which should be entirely delegated to BP Karimun Region so that services to investors become more effective and efficient. The limited capacity of human resources both in quality and quantity is also another problem. Most of the personnel of BP Karimun Region are still regional government employees who are seconded to BP Karimun and are still in concurrent positions so that in addition to being bureaucratic orientation, they also do not focus on tasks at BP Karimun.
2. In terms of the Performance of Policy Implementers, BP Karimun Region in recent years has not been able to bring in new investors. One of the obstacles faced by Karimun in bringing in investors in the area is the lack of facilities and infrastructure such as electricity supply and clean water and road access. In addition, the implementation of the Free Trade Zone (FTZ) in Karimun is still considered far from the initial goal, because the import value is only slightly lower than the export value so that the increase in foreign exchange from exports is insignificant. Another thing that emerged from the journey of FTZ implementation in Karimun was that PMA and PMDN investments were still concentrated on the coast or along the coastline, while sub-areas outside the coastline were still devoid of enthusiasts. This is a valuable lesson for the Central Government through the National Council to formulate a Grand Strategy into a Revised Government Regulation so that investment can be evenly distributed throughout the Free Trade Zone without any imbalances as it is today.
3. Two models of application or implementation of the status of the Free Trade Zone through government policies contained in Government Regulation no. 46, 47 and 48 of 2007,

namely the Comprehensive Model applied in Batam and the Enclave Model applied in Bintan and Karimun are still not maximized in their implementation because they have not provided strategic direction to policy implementers. Therefore, the author proposes a policy model on the application or implementation of the Free Trade Zone status for an area that meets the terms and conditions to be granted the status as a Free Trade Zone and Free Port or Free Trade Zone which will facilitate policy implementers in implementing or implementing the Policy. so that it will provide maximum results within the specified time. In other words, the Policy Implementation Model in the Application of the Free Trade Zone status that the author proposes will be more Effective and Efficient. The theoretical model that the author proposes is called the Application of Free Trade Zone Status through Planning Stages.

VI. RECOMMENDATION

Based on the conclusions of the results of the research, the following recommendations can be formulated:

1. Institutional and structure of BP Karimun Region needs to be revamped to accommodate non-bureaucratic professional personnel, provide special education and training on certified customs for BP Karimun Region personnel, accelerate the use of IT System at BP, institutional audit / performance assessment mechanisms (key performance indicators) FTZ, formed a Technical Implementation Team to provide assistance in resolving obstacles at the institutional, port and customs levels. The Central Government through the National Council must have a Grand Strategy or Blueprint for the development of FTZ in the long term, reform of problematic regulations such as Government Regulation Number 02 Year 2009 concerning Customs Treatment, Taxation and Excise and Supervision of the Entry and Release of Goods to and from and in Areas that have been Designated as Free Trade Zone. Needs to prepare a preliminary study on the development of new business units that are relevant to the development of the Karimun FTZ area such as port management and industrial estates. In addition, they also formed a team to accelerate the development of the Karimun FTZ area which would urge the central government to allocate a special budget for the operations of the Free Trade Zone and Free Port Entrepreneurship Body (BP Kawasan).
2. The Central Government through the National Council needs to reformulate and push for the Revision of Government Regulation No. 48 of 2007 as amended into Government Regulation No. 40 of 2017, containing the Stages of Implementation or Implementation of the Karimun Free Trade Area and Free Port. This stage can be in the form of dividing Karimun Island into several Sub-regions along with the Implementation Date. Two models of application or implementation of the status of the Free Trade Zone through government policies as stipulated in Government Regulation No. 46, 47 and 48 of 2007, namely the Whole area Model applied in Batam and the Enclave Model applied in Bintan and Karimun are still not maximized in their implementation because they have not provided strategic direction to policy implementers. Therefore, the author proposes a policy model on the application or implementation of the Free Trade Zone status for an area that meets the terms and conditions to be granted the status as Free Trade Zone which will facilitate policy implementers in implementing the Policy. So that it will provide maximum results within the specified time. In other words, the Policy Implementation Model in the Application of Free Trade Zone status that the author proposes, namely the Free Trade Zone Status Application Model through this Planning Stages will be more Effective and Efficient.

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