

ANALYSIS OF FREE TRADE ZONE (FTZ) POLICY IMPLEMENTATION ON ECONOMIC GROWTH IN BATAM CITY

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ANALYSIS OF FREE TRADE ZONE (FTZ) POLICY IMPLEMENTATION ON ECONOMIC GROWTH IN BATAM CITY

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ABSTRACT: In this study, researchers used qualitative descriptive methods to see how the implementation of the Free Trade Zone (FTZ) policies in Batam to economic growth in 2015-2018 with the case study of economic growth in Investment in Batam. The data collection techniques used by researchers are in observation, interviews and library studies. The objectives of the study are: 1) Knowing how to implement the FTZ policy in Batam towards economic growth. 2) Know the efforts made by the local government in the implementation of FTZ policy in Batam to economic growth. The results obtained by researchers in this research based on the theory of Donald S. Van Meter and Horn are: 1) Implementation of FTZ policy in Batam to economic growth its implementation is still not optimal in policy or basis Laws that are executed, based on indicators that researchers use among others a) standards and objectives of the policy, B) Resources C) Relationship between organizations D) characteristics of the implementing agency e) social, political, and economic conditions f) attitude of the Implementing 2) The commitment and the context of the implementing agency and the apparatus to the objectives are still not maximal because it is not appropriate and organized according to policy or rule of law still not maximized.

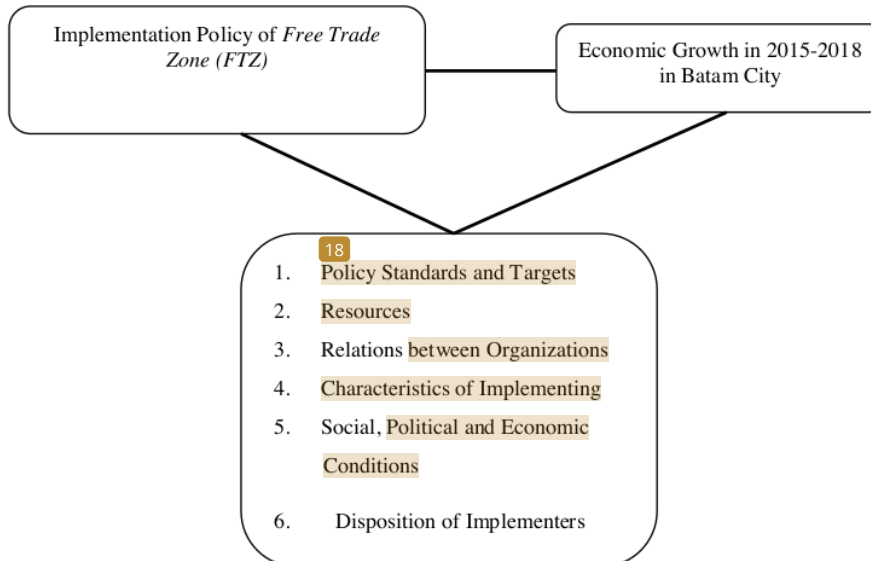
KEYWORDS: Implementation, Policy, Free Trade Zone, Economic Growth

I. INTRODUCTION

Indonesia is the largest country in Southeast Asia with economic growth which reached 5.02% in 2016. Indonesia has a stable growth in the field of medium technology exports which reflects the strong performance of the palm oil industry, rubber tires (low and medium technology), industry car assembly, automotive parts and network cables (high and medium). The economic progress of a nation can be felt from the size of the contribution of the industrial sector to economic growth, it can even be said that in a economy the industrial sector is considered as a sector capable of being the leader of other sectors because the industry is identical with added value, technology transfer and employment as a prerequisite for economic growth. The most felt challenges of globalization and economic liberalization have made competition in the industrial sector more intense this requires an increase in investment through the preparation of industrial estates that have advantages because of their strategic location.

There are several indicators that can be seen in terms of achieving economic growth, this can be seen from the investment coming into the city of Batam near the signing date of the FTZ. As happened on August 2, 2007, as many as 20 companies signed an investment agreement witnessed by Vice President Jusuf Kalla. Under the agreement, there are at least six projects to be undertaken by investors with a value of US \$ 668.3 million. All of them are divided into several business sectors, ranging from logistics, iron pipe industry, oil and gas supporting industries, electrical equipment, electronic manufacturing, shipyards, to tourist areas. In addition to improving the economy, the policy taken by the government is also expected to reduce the unemployment rate which until 2006 recorded 35,768 people and recorded employment of 515,585 workers.

Figure 1: The Mindset



The term Free Trade Zone as one form of economic zone (Economic Zone) in general has a fairly diverse understanding. This is thought to be a result of differences in the point of view or weight of the expert's own review of the Free Trade Zone concept. And free trade (free trade) is a theoretical concept that presupposes the entry into force of an international trade system that is freed from obstacles caused by the provisions of a country's government, whether caused by the imposition of tariffs (tariff barriers) or non-tariffs (not tariffs / non-tariff barriers).

3 **OBJECTIVE RESEARCH**

The objective of this study is the specific objective of why this study is to be carried out and the overall journey in this study is solely based on and attributed to these specific objectives.

1. Knowing how the Free Trade Zone (FTZ) Policy Implementation in Batam City Against Economic Growth in 2015-2018.
2. Knowing the efforts made by local governments in the Implementation of the Free Trade Zone (FTZ) Policy in Batam City on Economic Growth in 2015-2018.

II. METHODOLOGY

The method is something that is very important in this life when we want to achieve something that is aspired. As the understanding of the method contained in the large Indonesian dictionary is an orderly method used to carry out a job in order to achieve something desired, or a systematic way of working to facilitate the implementation of an activity to achieve the specified goals. Research methods will be better if adjusted to the subject / object of research. Inappropriate methodology in conducting research will lead to confusion, which in turn will lead to invalid and irresponsible research results. While the research approach that will be used to obtain accuracy with this descriptive method is qualitative.

The Research Design

As mentioned above, this research uses a qualitative approach. Qualitative research is a humanistic research and can explain the naturalistic perspective and interpretive perspective of human experience. Bogdan and Taylor, as quoted by Basrowi and Sukidin said that: "Qualitative research is one of the research procedures that produces descriptive data in the form of speech or writing and the behavior of the people observed. Through qualitative search, researchers can recognize subjects and feel what they experience in everyday life. Qualitative research is expected to be able to produce an in-depth description of speech, writing, and / or behavior that can be observed from an individual, group, community, and / or a particular organization in a particular context setting which is examined from the perspective of a whole, comprehensive, and holistic.

17 a Collecting Methods

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Data collection techniques are a way to collect data needed to answer the research problem statement. In this study the authors used data collection techniques as observation, interview, and documentation.

5

Population and Sample

Population is a generalization area consisting of objects, subjects, which have certain qualities and characteristics determined by researchers to be studied and then drawn conclusions. The population in this study was 2752 Civil Servants and 488 Honorary Employees at BP (Business Entity) Batam, 1 Secretary of the Batam

14 y One-Stop Investment Office and 1 Employee of the Citra Buana Batam Center Management Area.

Sample is part of the number and characteristics possessed by the population. The sampling in this study is to use the purposive sampling method. Purposive sampling is a sampling technique with certain considerations. For example, when conducting food research, the person being researched is a food expert. In conducting this research, the respondents were those who knew about the implementation of the FTZ policy, amounting to 8 (eight) employees / officials.

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Data Analysis Technique

Data analysis techniques used for the purpose of discussing the results of this study used qualitative analysis techniques with an analytical approach. How to implement FTZ on economic growth in Batam, especially in the investment sector. The process of data analysis in this study had begun before the researchers plunged into spaciousness by analyzing secondary data obtained from preliminary studies from the library with the aim of determining the focus of research. When the researcher is in the field at the time of the interview the researcher also analyzes data on the results of the answers being interviewed. If the answers after the analysis have not been satisfactory then the researcher will continue the question again until the data is considered credible. The research activities of this data analysis are: data reduction, data presentation and drawing conclusions.

III. DISCUSSION

The implementation of the Free Trade Zone (FTZ) Policy in the City of Batam Towards Economic Growth in 2015-2018 will be described thoroughly based on each variable which will ultimately explain the research objectives.

Implementation of Free Trade Zone (FTZ) Policy in Batam City on Economic Growth 2015-2018

Free Trade Areas and Free Ports Batam, Bintan, Karimun is one of the National Strategic Areas and candidates for Special Economic Zones in the form of Free Trade Areas and Free Ports. In connection with the development of this area, there has been a process of signing an economic cooperation agreement between the Government of Indonesia and the Government of Singapore. The cooperation agreement was then followed up with the establishment of a development location for the Free Trade Zone and Free Port through Government Regulation No.46 / 2007 for the Free Trade Zone and Batam Free Port. In explaining the Implementation of the Free Trade Zone (FTZ) Policy in Batam City on Economic Growth in 2015-2018, in accordance with the literature review and conducting studies and research directly with reference to the following implementation models according to Donald S. Van Meter and Horn Sabatier, from the results of the analysis of researchers will be elaborated on the points of the Implementation of the Free Trade Zone (FTZ) Policy in Batam City on Economic Growth in 2015-2018 which have been carried out with several factors as follows:

A. Policy Standards and Targets

Batam has become one of the areas expected to attract investors to invest capital in the region. In the midst of regional decentralization policies, Batam's strategic geographical location and Batam's special status as the Free Trade Zone Area, are expected to increase investment for economic growth. Policy standards and objectives must be clear and measurable so that they can be realized. If the standards and policy objectives are blurred, there will be multiple interpretations and can easily lead to conflicts between implementation agents. To measure the performance of policy implementation certainly confirms certain standards and targets that must be achieved by the implementers of the policy, the performance of the policy is basically an assessment of the level of achievement of these standards and targets. Understanding the general purpose of a standard and policy objective is important. Successful policy implementation, can be frustrated when officials (officials), are not fully aware of the standards and objectives of the policy.

B. Resource

The implementation of policies needs to be supported by both human resources and non-human resources. From the interview answers, researchers can understand the company or investors happy with the Public Service Mall. With the presence of service quality, MPP Batam can move the joints of the community's economy and turn on the urban development. With the ultimate goal of building progress for society. In line with efforts to accelerate

national development, a strong foundation for national economic stability is needed. For this reason, the economic pillars in each region must also be strong. It relies on the entry of investment into Indonesia and a healthy economic climate, as well as ease of business or Ease of Doing Business (EODB).

11 Relations Between Organizations

In many programs, the implementation of a program needs support and coordination with other agencies. For this reason, coordination and cooperation between agencies is needed for the success of a program. From the expert's opinion, BP Kawasan should conduct regulations on the traffic of goods at the port, because the definition of supervision according to Customs and Excise should not obstruct and or reduce the authority of BP Kawasan. But unfortunately, BP Kawasan has not yet enacted the regulation on the traffic of goods in question, and besides, the basis for considering the Law 36/2000 is that there is not a single article referring to the Customs Law, and there is no mention of the Customs Law. So that PP No.2 / 2009 should only regulate the traffic of goods to and from the Customs Area to the Region, not from regulating the traffic of goods from outside customs, and vice versa. So, whenever the arrangement follows the customs mindset, so long as the activities in the region will not run according to the concept of free trade and free port.

Whereas in Law No. 36/2000 in article 8 it has been firmly stipulated that "those who have the duty and authority to determine general policies, foster, supervise and coordinate the activities of the Zone Management Agency are the Zone Councils". Whereas the Regional Exploitation Agency has the authority to make provisions, as well as Article 15 of Law No. 36/2000 expressly states that the Regional Exploitation Agency with the approval of the Zone Council can enact regulations in the field of shipping and aviation regulations, traffic of goods at ports and providing port facilities, and so on.

However, where the problem is that the Regional Exploitation Agency is still hesitant to implement the intended regulations, even though its authority is clear, whether it's because of a "safety player", or it doesn't know, or is waiting for a budget. The fact is that the Regional Exploitation Agency is always waiting for regulations from (the Minister or from the Center) even though the Law has given him the authority to make regulations. This is what hinders the implementation of activities in the Region, until when it has been poco-poco ria, it seems like many parties enjoy this ongoing public relation. There is even a tendency to even maintain and manage the confusion and obstacles that are happening. If the budget does not go down it needs warranty in the current era that should not need to be covered up again, to find a solution.

D. Characteristics of Service Agents

What is meant by the characteristics of the implementing agent is that it covers the bureaucratic structure, norms, and patterns of relationships that occur within the bureaucracy, all of which will affect the implementation of a program. In principle, Batam is an Industrial City, but the concept seems to be set aside, but it enlarges the field of tourism, Batam City is an FTZ region that is still confused about where it wants to go, FTZ is not ripe, it wants to be proposed as a Special Economic Zone (KEK).

The problem of overlapping public service authority, especially for foreign investors, which occurs in Batam, is a common symptom that occurs after the enactment of the Regional Autonomy Law, especially in areas with high economic potential. The overlapping of authority as occurred because the legal basis or land use is still issued by BP Batam, while the Building Construction Permit (IMB) is issued by Batam Government. In the process of planning, utilization, and spatial supervision of the Batam city government does not have the authority in spatial supervision in the city area because it overlaps with the authority to issue land use permits that are still held by BP Batam. Some other examples, for example in environmental control are related to rules that require investors to carry out environmental impact analysis due to development that is planned to be attached to the licensing of principles / fatwa planologi issued by BP Batam.

Problems arise when there is environmental damage and other hazards to the community (externalities) where the Payakumbuh Government does not have enough authority to control and restore it. Especially when externalities occur City governments often lack sufficient authority to control let alone overcome them so that their role in protecting the community is less effective. The authority mandated by law when applied is often biased and causes friction among stakeholders. The frictions that occur among these stakeholders are caused by the attitude of prioritizing interests by referring to the legal basis and other siding grounds such as historical and economic aspects to strengthen the bargaining power. This problem does not need to occur if the applicable law is strictly adhered to and enforced by prioritizing the principle of providing the best public services for the community.

E. Social, Political and Economic Conditions

This variable includes environmental economic resources that can support successful policy implementation. The problem of dualism between BP Batam and the City Government is often complained of by investors. Also related to the problem of uncertainty in regulation with frequent changes and labor problems, related to the UMR that is too fast and high-rise, lack of adequate skills, and contradictory industrial relations. Since Batam was made an autonomous region, many problems began to emerge. One of them is the overlapping authority between the Batam City Government and the Batam Business Entity. The overlapping authority referred to in this study is the existence of government affairs of the same type carried out by two government institutions, so as to result in the failure of good governance, particularly in Batam.

A number of obstacles facing Batam today are part of the natural dynamics of a policy implementation process. A policy naturally adjusts to the situation and conditions that exist when the policy starts to be applied to its implementation. The existence of various problems above certainly requires a solution so that the problems caused do not continue to drag on. On the one hand, we see BP Batam as an extension of the central government which does not seem to want to just let Batam go so that it is fully managed by the Batam Government. On the other hand, Batam Government also has the authority as a city government to manage the city. The pretext of the central government may be because Batam is a special area so the treatment is also special. In addition, Batam provides income that flows to the center of investment invested in Batam by the government and experts to be able to provide input to the government, because Batam is the point of view of Indonesia with other countries.

F. Disposition of Implementers or Attitudes of Implementers

The attitude of the implementers is influenced by his views on a policy and how to see the influence of the policy on the interests of his organization and personal interests. disposition of policy implementation begins filtering (befiltered) in advance through the perception of implementers (implementors) within the limits where the policy was implemented. There are three types of response elements that can affect the ability and willingness to implement a policy, including the first, knowledge (cognition), understanding and understanding (comprehension and understanding) of the policy. second, the direction of their response whether to accept, neutral or reject (acceptance, neutrality, and rejection), and third, the intensity of the policy.

The results of expert interviews can be known by researchers that shows the legal uncertainty in investing in Batam and will frighten foreign investors which will affect their interest in investing in Batam, because basically the initial principles of Batam City are far from before the Industrial City, we can now see settlements-settlements have started to develop a lot even though the status of land cannot be owned but the property business is increasingly rampant in the city of Batam, it does not cover the indeed the field adds to the Regional Original Revenue, but without ignoring its main purpose.

IV. CONCLUSION

Based on the description and discussion put forward by researchers in previous chapters, the conclusions can be drawn as follows: The results of the study show that the regulations and / or policies that can be implemented related to Batam City FTZ have not been running as it should, there are still obstacles in the regulation between the laws and regulations with the FTZ regulations themselves. The results of the study also found that things that could hamper the implementation of FTZ processes and procedures in the city of Batam also had not yet received a real picture as a suggestion to be addressed; The results of the study found that the things that had been prepared by the government for bureaucratic services to support the processes and procedures for the implementation of FTZ in Batam had been running. This can be concluded from the results of the study that the bureaucratic services to support the processes and procedures for the implementation of FTZ have been running as they should. The results of the study also found that the facilities and guarantees provided by the Government in attracting investors to invest in Batam City were sufficient.

The results obtained from the study showed that the socialization action that had a policy governing FTZ in Batam had been carried out. This is in accordance with the rules of the regulation between BP Batam and Batam Government. The results obtained from the study also show that in increasing investment in Batam City, the strategy carried out by the government in implementing the policy regarding FTZ in Batam City has been running. Based on the results of research that shows this has been realized; The results of the study showed that the Implementation of Batam City FTZ was not in accordance with applicable rules and procedures and there were still interventions from other parties. This is obtained from the rules that have been enacted. The results of the study also showed that the obstacles contained in the implementation of the FTZ Batam City could not be addressed only a small part and could be corrected with clear rules ahead.

The results of the study show that the things done in the implementation of FTZ in Batam related to the rules that have been set in the implementation of FTZ has been running as it should. The results of the study of leadership dualism in the implementation of FTZ in Batam City indicated that the matter had not been running properly and was not in accordance with what the public listened to as it should have; The results obtained from the study indicate that participatory actions taken by the Government in implementing FTZ in Batam City have started to run as they should. The results of the study relating to the Legal Foundation or the basis for regulating and protecting investors / entrepreneurs in investing / investing in the City of Batam have been carried out.

It can be concluded that of the six indicators above that are already running, namely Resources, Inter-Organizational Relations and Disposition of Implementors, but they still need to be improved so that they can continue to develop and run according to regulations, the rest does not work because most of the uncertainties about regulations, overlapping regulations and the rapid economic growth of Batam City from 2012 to 2018 has decreased.

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