

INDONESIAN CIVIL SOCIETY STATEMENT

Building an Alternative Idea:

“People Power, State Sovereignty, and Economy Solidarity”

Jakarta, Januari 22nd 2015. On this day, we, the Indonesian Civil Society has taken a firm position against the top passivating liberalization agenda occurring in the world and in Indonesia, due to the implementation of economic development models that only benefit a few groups (read: Corporations) and cheating with the State. So far, there has been a marginalization and deprivation of the rights of the people that should be met by the State. To that end, we asked the Indonesian people and all the people in the world to build the strength of the popular movement and formulate alternative ideas that favor economic development interests of many people. With the following rationale:

Global and National Economic Dinamic

Over accumulation crisis of capitalism increasingly lead to economic uncertainty. The decline in crude oil prices up to 55% in the seven months from a peak of US \$ 108 per barrel has given the economic contraction in several countries. IMF predicts drop in oil prices will reach its lowest point at a price of US \$ 30 per barrel.

Over accumulation crisis situation is then pushed changes in the mode of production of capitalism itself which led to passivating liberalization agenda through the establishment of free market embodied in the region regionalism and regional connectivity development. Some regionalism agenda that occurs leading to the formation of Mega Trading Block, namely: Regional Comprehensive Economic Partnership (RCEP) which is an extension of the ASEAN Economic Community (AEC), the Trans Pacific Partnership (TPP), up to a free trade agreement between the two giants of the world economy US and EU in Transatlantic Trade and Investment Partnership (TTIP).

Mega trading block is not just talking about the system of trade in goods, but about the expansion strategy of investment in developing countries to build infrastructure. This is based on the World Bank report entitled *Beyond Keynesianism: Global Infrastructure Investments in Times of Crisis* (2012), which states: "infrastructure agenda may be new hope for developed countries to be able to get out of the crisis because it has a *high return on investment* properties if done in a fairly long period of time and large-scale ". For example, the construction of ports, highways, airports, industrial areas, railroads, and other.

In the Era of SBY government, the establishment of the ASEAN regionalism and regional connectivity, adopted by the Government of Indonesia to the Master Plan for the Acceleration of Indonesian Economic Development (MP3EI) are estimated to absorb an investment of US \$ 4,934.8, equivalent to 4632 infrastructure projects. Jokowi-JK era, infrastructure development poured into the Vision and Mission Maritime shaft. Even Maritime infrastructure development cooperation in the region has been initiated between Indonesia and China through The Silk Track Scheme. This is included in RPJMN 2015-2019.

Large-scale infrastructure development and then have an impact on rural transformation. The result is a change to the land use impacts on land acquisition of farmers and indigenous peoples. And ultimately led to the takeover of access and control over natural resources and economic society that eventually led to conflict and acute poverty. In 2013, there were 18:48 million of poor in rural area.

Investment Protection Agreement Regime

Applicability of the free market, especially AEC to be faced by Indonesia, will further encourage the people to entering the market mechanism and come face to face with a giant businessman without any protection from the state. However, contrary state give higher protection to corporation amid this free competition. This gives rise to injustice against people who have been away from the protection of the state.

Corporate protection embodied in an investment agreement governing the common standards that provide investment protection and indemnity compensation space. Each issuance of government policies that interfere with the interests and cause harm to the corporation may be requested compensation to state that the

People VS Cooperation

Agriculture & Rural

The fight between farmers and seed companies continued since the advent of the Green Revolution agenda. The loss of local seeds and replaced with transgenic seeds produced by seed companies continue to occur. The struggle to limit the dominance of the seed company in Indonesia agricultural system and restore the rights of farmers on crop cultivation continues. Farmers victory over Lawsuit Judicial Review of Plant Cultivation System Law on the Constitutional Court in 2013 opened the hope for farmers to return to traditional farming systems. However, amid the sudden horticultural seed company then sued Horticulture Act requesting that the government abolish the market that restrict foreign ownership of seed companies is only 30%.

Mining

Mining sector is the most perfect crime. Because mine exploitation is done through coercive instruments (read: law and legislation) which cause widespread loss impact and structured, such as the eviction of community rights, using cheap labor, destruction of socio-cultural order, destruction of residents living space, which facilitated the use of force apparatus security state, and pemassifan corruption of rents based licensing system.

Newmont, major mining companies of the United States operating in Indonesia is able to represent how the evil practice of investment in the mining sector. For example, the case of environmental pollution that done by PT.Newmont Minahasa Raya that dump waste into the sea tailings in Buyat Bay, Manado, North Sulawesi. Or PT.Newmont Nusa Tenggara that many policy controversies such as the use of cheap labor, denial of divestiture, Senunu Bay Sekongkang-river pollution & Sejong, demolition of a protected area of 198.65 ha, and the latest sued the Government of Indonesia to the ICSID for refusing to build a smelter and renegotiate the contract. Of all the cases, never even Newmont judged for the crimes that they committed.

Labor

Workers suffering will be increasingly felt when in the ASEAN Economic Community (MEA) effect in December 2015. Application of labor liberalization in the MEA will only put the workers as

billions of dollars.

This universal standard is taken from the Bilateral Investment Treaty or Bilateral Investment Treaties (BITs), initiated by the developed countries, which was first signed in the world in 1959 between Germany and Pakistan. Indonesia itself has signed as many as 64 BITs. Some investment protection standards set out in BITs and international investment agreements such as, (1) equitable and fair treatment or no discrimination of any kind of investment both foreign and domestic; (2) promotion of investment and transparency; (3) the protection of the act of expropriation or nationalization; (4) and the dispute settlement mechanism, which is investor-to-state.

Along with the development of capital movement that infiltrated into the free market, BITs also undergone a transformation. BITs protection standards have been adopted by the developed countries in various multilateral agreements, free trade agreements (FTA) and even into the national regulations in the country in which to invest. The existence of the Investment Law No.25 / 2007 largely adopted the standard of protection of BITs and Multilateral Investment Agreement set out in the WTO. For example, protection and facilities set forth in the Capital Market Law as ease in any form of business licensing and taxation, land ownership, protection of nationalization measures and all forms of investor losses, the establishment of special economic zones, and the opening of business sectors that allow foreign ownership to a maximum of 95 percent.

The most effective BITs investor protection scheme is through the dispute settlement mechanism. This mechanism capable of holding the government to make policy. Violations of the provisions of BITs can affect the possibility of Indonesia sued in international dispute resolution institutions such as ICSID, UNCITRAL, as well as other international arbitration institutions. Nearly 75% of all cases of Indonesia which was brought to ICSID or UNCITRAL on the basis of BITs are in the natural resource sector, particularly mining and oil and gas. For example, the case of Newmont (2014) and Churchill Mining (2012).

This injustice has been aware them, until March 2014, the Indonesian government has said it wanted to immediately stop BITs and conduct a review of the investment agreement has been signed so far. Before Indonesia, countries that have been committing in advance to review the Investment Agreement are Bolivia, Venezuela, Ecuador, and South Africa.



The dispute settlement mechanism is set by BITs are not designed to punish transnational corporations who violate state losses and violate human rights community. Because in doing business, corporations often commit acts that violate the laws and regulations in force such as: land grabs, environmental destruction, criminalize farmers and fishermen, exploiting workers without a decent wage, tax fraud, and violating human rights .

cheap labor with stigma 'unskill'. Surrender the fate of workers to the Labour Market Flexibility System has eliminated the right of workers to the security and certainty of decent work as mandated by the Constitution in which the State is responsible for fulfilling it. Even freedom of association is deprived of workers'. Or association organized labor in Indonesia in particular, and generally in ASEAN is still very minimal. In Indonesia, trade union membership is only about 10%. This means that freedom of association is still a problem in ASEAN, cases of suppression of union (union busting) are still rampant. The practice of low wages as investment attractiveness is still a mainstay. This gives rise to discrimination and wage gap among ASEAN countries. Could wages of migrant workers in destination countries (such as Singapore and Malaysia) in all sectors will be equivalent to the local labor costs ?. Wages in Indonesia was still inferior to Myanmar and Laos. The highest wages in Malaysia is 275 and the lowest 244, the lowest wages in the Philippines 120 and the highest 273. The highest challenge for the movement of people in ASEAN is able to fight alongside the Government presses ASEAN to realize the protection and welfare of migrant workers who are currently marginalized.

Fisheries

The concept of the maritime shaft that proposed by Jokowi not ready to be faced by the fishermen. This is because the quality of the fishing resources that are not prepared that way. Impoverishment fishermen deliberately done. For example, in Jakarta Bay, poverty example of fishermen who accidentally left by the state. There are about 16,800 of household who depend life of Jakarta Bay to catch fish. However, pollution of Jakarta Bay happen and the people lost their livelihoods. There is no state efforts to impose sanctions strict penalties for companies that pollute the Bay of Jakarta. During this massive waste disposal is done from the industry around it. It also has not counted the number of factory waste stream flowing in the rivers that flow into there. Some companies that pollute the bay jakarta them, Boga Sari and Asahi Mas. The health problems often experienced by people in Jakarta Bay. But there is no protection provided by the State. It is a crime against humanity.

In fact, Jakarta Bay reclamation are increasingly making fisherman there increasingly squeezed. Making new islands like Ancol make many traditional fishermen who turned into his fishing boat workers who sew nets trolled for companies in Muara Baru, whereas net trol itself was banned. Mirisnya even evicted communities and state have offered their own high-rise apartments that are unable to pay the rent.

Small Business Sectors

Our micro-medium sector are the real industrialization that we have in Indonesia. From the data summarized 95% Indonesian unit relies on small and medium enterprise sector and has contributed to job creation by 60% and accounted for 50% of Indonesia's GDP.

Cooperation and People's Right Violations

Corporations un-touch by the law. But it is able to intervene in determining the direction of economic and political policies. In fact, often the state security apparatus used to keep the business interests of public fury that had been badly affected by the exercise of business practices.

Efforts to create a mechanism that can control the business activities of TNCs to set the sanctions have been conducted since 1970 in the United Nations Organization (UN). However, this struggle only ended in the formation Guidelines for TNCs to conduct its business in order not to violate human rights in 2003. But it is only voluntary. There are some standards of conduct are made to comply with the corporate human rights standards. Among them, the Voluntary Principles on Security and Human rights (2000) and the last is the UN Global Compact and the Guiding Principles on Bussiness and Human Rights (2011). Of course this is not quite fair to the people whose rights are violated.

In June 2014, the 26th meeting of the UNHRC in Geneva, agreed a resolution to initiate the formation of '**Treaty Binding**' which will regulate the business activities of corporations that violate the law and human rights. This resolution on the initiative of several countries of Latin America and South Africa. The resolution is expected to make an international instrument that is able to punish corporations over their crimes.

This is the backbone of the Indonesian economy.

Capitalistic economic development dominated by transnational corporations and industry multinational, so that the role of micro sector as a forerunner to the national industry increasingly marginalized. Very low government commitment to protect moreover improve the micro sector. Certification and standardization of products is often a problem for this business group. So that the development of these businesses tend to run in place and difficult to develop to the higher level, it is not possible to compete in the competition in the country's industrialization. Impartiality international economic forums highlighting this sector is not unreasonable given the potential economic threat to the pattern of consumption and distribution in the country.



Alternatif Idea & People Resistance Agenda

Of the basic thoughts above, then we need to assess the Indonesian civil society formulation of **an alternative idea of Indonesian civil society built between movements all together, both sectoral, multi-sectoral as well multi perspective**. Thus, the construction of the power of the people's movement to restore the sovereignty of the state into the hands of the people becomes an important prerequisite for building an alternative idea. Therefore, our Indonesian civil society formulate alternative idea as follows:

1. **Stop the Power of Capital and Corporate Dominance.** Requirements to realize this can only be done by canceling investment protection agreements detrimental to the interests of the people and replace them with agreements that provide protection to the people in the face of liberalization agenda. Necessary policy arrangement that was used to reinforce the dominance of capital and corporations in various sectors.
2. **Stop Corporate Impunity.** Crimes of the past must remain accountable. Eliminating the corporate impunity becomes the main thing. Restoration of rights of the people are not enough to recovery or replacement of losses. Because corporate crime is a crime against humanity. Enforcement of human rights to be one strategy to punish corporations. This can be done by encouraging the establishment of an international instrument that is universal, both at the regional level (eg ASEAN) or on a global level (eg UN).

3. **Build awareness of the people.** The change is in the hands of the people. However, duping and alienation of the people from the information that is actually done by the country and have alienated consciousness of the people to make changes. The high cost of education has resulted in widespread ignorance everywhere. Formal institutional education can no longer answer the intellectual needs of the people. Expropriation of the role of the intellectual level of the people by the people's movement itself becomes strategic. Development of alternative information centers become a fundamental need to build awareness of the people. Wider involvement of People's Organization in various forums of local, national and regional becomes important. Repositioning social movement also needs to be done to share the duties and roles of the organization of movement.
4. **Build a people investment.** Wealth of natural resources and human resources into the main capital in developing the concept of democratic development. The entire control, management, and distribution is returned to the hands of the people by making the workers, farmers, fishermen, women, and small traders become the frontline of development, instead of corporate capital investment. So that the protection of people's investment into the national policy priority, which reorganizes back production back to the basic human needs.
5. **System of Economic Democracy.** Building a Cooperative as an idea and as a challenge idea of the economic system of capitalism that concentrates capital in a group of people. However the concept is through the development of cooperative economic system based on the nature of the collective and solidarity rather than competition. With the cooperative as an economic institution of the people and the joint ownership of the people, have to restore the arrangement of the consumption, production, and distribution is done by placing the people as the subject of development, not an object. Empowerment is not only the economy, many other dimensions that can be touched, and finally how to create a village man who could have himself with dignity.
6. **Transformation of Rural Area.** A change from a state-paced contemporary unequal, unfair to the economic order, social, cultural, rural communities to achieve prosperity appropriate equitable constitutional mandate. This transformation is executed through direct participation of rural communities in organizing and managing agrarian resource, the fulfillment of basic rights of rural communities such as health, education, social protection, market access for the products of the village as well as the arrangement of the value chain.

Steps embodiment of alternative ideas that compiled and described into **People's Struggle Agenda** has been prepared as follows:

Stopping Power of Capital & Corporate Dominance	Stopping Corporate Impunity	Build awareness of the people	Build a people investment	Economic Democracy System
1. Build the People's Alliance Movement. 2. Reforming regulation through the mapping regulation in several sectors such as: labor, agriculture, fishing, mining Rural, water, infrastructure, agriculture, and micro sector. 3. Policy Advocacy, either through the Constitutional Court, Intervention Act in the Parlemen, and give recommendation to government. 4. Revision of Policy Advocacy Investment Protection Agreement that disadvantages the people (BITS, FTA (CEPA), and Investment Law).	1. A Comprehensive Research To Develop corporate crime reports in Indonesia (mining sector, agriculture, fisheries, farming, water, labor, infrastructure) 2. Advocacy of Human Rights Court Law revisions; 3. Law Advocacy through acts of corporate punishment, both at national and international levels. 4. Advocating the establishment of an international instrument on - UN Treaty Binding and the ASEAN Social Charter proposed by the civil society movement.	1. Building an Information Center (centralized information about the free trade issue, investment, and resistance of people cases) 2. Serial discussion on free trade issue, investment, and corporate crimes. 3. Establishment of "Sekolah Rakyat" to discuss free trade issue, investment, and corporate crimes. (formed in several regions of Indonesia).	1. Conduct a study on people's experience of economic success. It is a capital base of investment development of the people as an alternative bid. 2. Peoples Investment Summit , a national agenda to discuss the model of democratic development, including for rural development model as an alternative bid.	1. Serial discussion of cooperative institutional arrangement based on the arrangement of consumption, production, and distribution. 2. Develop idea of building an alternative economic system which is based on a spirit of solidarity. (comprehensive recommendation). 3. The arrangement of the model of rural development to support economic democracy.

We Are the Undersigns:

Indonesia for Global Justice (IGJ), SPI, KNTI, JATAM, KPRI, ASPPUK, Bina Desa, KPA, KRUHA, INFID, Migrant Care, WALHI, LSADI, SMI, IHCS, Hivos, FPBN, ECOSOC Institute, ICFP, Aliansi Kedaulatan Pangan, Transformasi untuk Keadilan Indonesia.