

## **AFTA-China Regional Trade Arrangement Model through Local Wisdom in North Sumatra**

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### **Abstract**

This study aims to examine the application of the AFTA-China regional trade arrangement model through strengthening local wisdom as well as the existence of local potential in North Sumatra, so that it can apply the principle of justice in the implementation of AFTA-China regional trade by realizing potential conservation and strengthening local wisdom, especially in North Sumatra. The long-term target is the local strengthening of North Sumatra after the entry into force of regional trade in Indonesia. To achieve these long-term goals and targets, the analytical methods used in this research are normative juridical and empirical juridical with descriptive-analytical research with secondary data covering primary, secondary, and tertiary legal materials as well as legal studies through library studies and field data collection with analyzed by inductive qualitative data and interviews to optimize the existence of strengthening the local wisdom of North Sumatra which of course competes universally

**Keywords:** Arrangement, regional trade, local wisdom, AFTA-China

### **Introduction:**

The progressively more multifaceted development of trade demands the existence of a rule or law known in another term as “trade law”, which is in written form and applies to a certain extent universally. The presence of globalization has made it easier for everyone to travel from one country to another, and in this study unquestionably business travel (Situmorang, 2020). Law is a rule as well as a reference that must be obeyed by the international community in terms of carrying out economic activities (trade) to develop and strengthen the structure and competitiveness of industry, especially in business to business, both bilaterally and regionally to the international level. ASEAN, which is a form of regional cooperation, is a new form of power for the Asian world, because it is one of the regions with the largest market potential in the world, joining and making cooperation with China and the State of Indonesia in the agreement regarding legal policy (Syahrin, 2018), particularly North Sumatra. Therefore, the theme of this

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research is about “regulating regional trade policies through strengthening local wisdom that is ready with local potential, especially North Sumatra” which is expected to be able to compete on a global scale.

### **State of the Art:**

Structuring development in the trade sector is focused on creating a trade base whose target is to support the implementation of sustainable national development, as an order for policy formulation (Lubis, 2010). The role of development trade can be seen from how much it contributes to development by supporting economic growth and stability as well as equitable distribution of development and its results. The success of this trade sector can increase exports, which is very important for achieving overall national development, so from this aspect, there is a close relationship between exports and economic development, including the economic development of North Sumatra through increasing potential as well as strengthening local wisdom in structuring regional trade, as well as market control (Muthiah, 2016), especially in North Sumatra. One of the terms used in the study is “potential” which means ability and strength. Meanwhile, “local wisdom” is a community culture that cannot be separated from the language of the community itself, undeniably, areas, territories, and legal community units that have certain regional boundaries. So, the regional potential is “quality and quality and regional advantages. reliable and is the availability of resources that can be utilized and can contribute to regional revenues and community welfare which can be assessed from several aspects such as financial institutions, economic facilities, educational facilities, health facilities, transportation and communication facilities, tourism facilities, employment and so on (Roisah, 2015). In North Sumatra, for example, there is a mainstay area that is part of cultivation, both from land and sea to encourage economic growth in North Sumatra Province (Benuf & Azhar, 2020).

### **Research Methods:**

Two methods were used for this research. The first method of this research is more focused on normative juridical research (Ibrahim, 2018) where this research is carried out by focusing on examining the application of positive legal rules or norms related to legal regulations (laws) and the second method is through the juridical empirical method, i.e., direct research to the location of the research conducted, as well as by the nature of the research. The research is descriptive-analytical. In this case, the authors seek to systematically examine and describe positive law. These two approaches were combined, resulting in more accurate legal materials.

### **Analysis and Discussion Results:**

#### **AFTA-China Regional Trade Arrangement Model through Strengthening Local Wisdom in North Sumatra:**

The characteristics (signs of identity) and uniqueness found in the variety of Indonesian local wisdom in general and North Sumatra in particular certainly make it an impetus (motivation) and strength in itself to introduce and attract foreign tourists both domestic and foreign tourists. This is because the local wisdom of North Sumatra has a broad scope to be developed as a forte (Muhaimin, 2018).

### Definition of Model and Arrangement:

The model is a plan, representation, as well as a description that explains what objects, concepts, and systems are often referred to as simplifications (idealization) which will be applied as a reference model to denote the development to be addressed, for example, image models such as drawings, designs, formulas and others such as the physical model in the table below.

**Table 1: Model Classification<sup>2</sup>**

S No.	Criteria for Understanding Model	Classification Type
1.	The fundamental phenomenon	Mechanistic
2.	Based on input-output data (experimental)	Empirical
3.	As an element that is probabilistic	<i>Stochastic</i>
4.	Based on causal analysis	Deterministic
5.	The concept of the same/linear superposition that applies	Linear
6.	On the other hand, non-linear superposition is not valid	Non- Linear
7.	The dependent variable is not from a specific position	Lamp Parameter
8.	Distribution bound by spatial position	Variable Parameter
9.	Contain the meaning of continuous behavior	<i>Hybrid</i>
10.	Continuous condition of space and time	Continuous
11.	Defining the values of time and space	Discrete

Furthermore, what is meant by “arrangement” is a process of planning the object to be carried out to improve order, security, and order with the concept of good governance. Structuring also certainly becomes part of a government administration to ensure the realization of national development goals. Literally in Bahasa Indonesia, “*penataan* (arrangements)” comes from the word “*tata*” which means “process, method, arrange, an act of arranging.” The arrangement is an adjective that can be used to do something that has a form and can produce something so that it can be seen clearly by the eyes / five senses, for example, moving something or objects from one place to another or arranging neatly planting trees, tidily arranging books or folding clothes, and so on.

### Regional Trade Arrangement Model:

#### 1. Through regulation/policy

There are several arrangements related to the implementation of regional trade agreements, including regulatory/policy arrangements. Policies that apply to regional trade activities are the same as policies that are generally accepted in international trade, including the application of tariffs, export subsidies and import restrictions, local content requirements, government control (national procurement), and obstacles that exist in the region bureaucracy (red tape barriers).

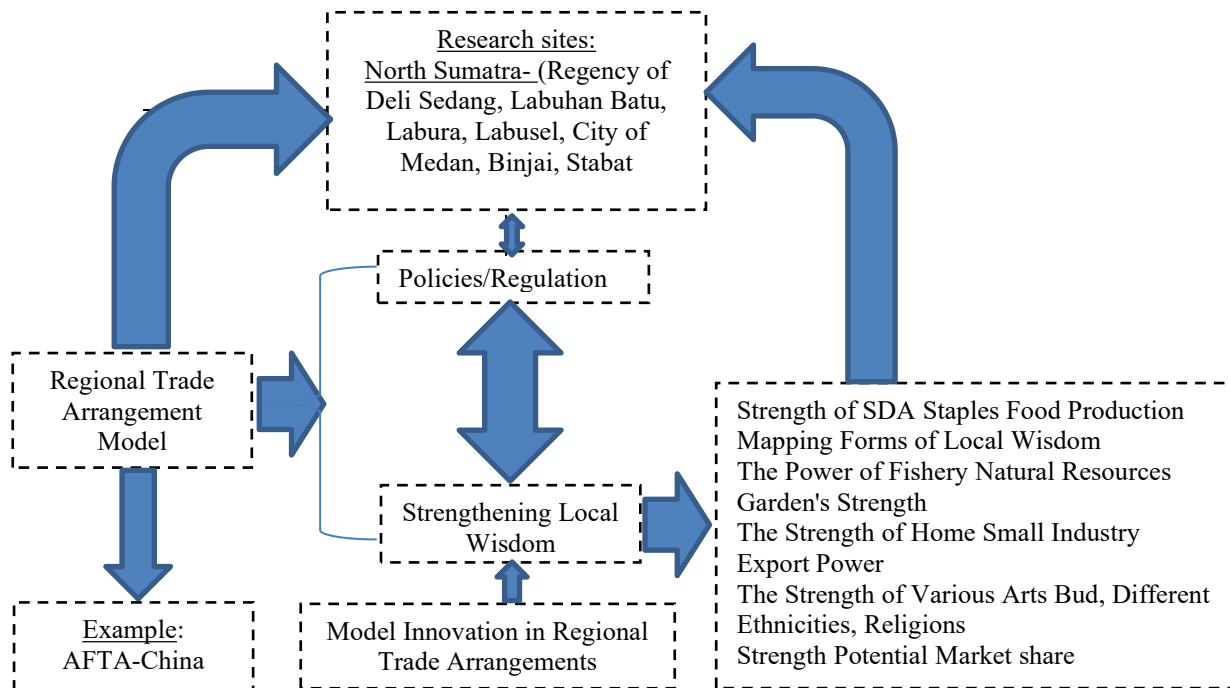
In addition, standardization is a milestone in the course of cooperation in globalization, especially in the economic field with a free world trade system to expand the flow of goods/services transactions that cross defined regional boundaries within a country. So that the national market, especially the local market in North Sumatra, will be open (transparent) to all imported goods (products) and services. Therefore, in supporting the process of running the national market, careful preparation is needed in managing regional trade for example AFTA-

<sup>2</sup> Definition, types, and classification of model feeding, processed and developed

China through the preparation of national legal instruments (regulations/policies) as blueprint standardization in regional trade (Susanty, 2014).

The cooperation that is fostered in regional trade is known as two main concepts, namely the concept of regional cooperation and the concept of regional integration. The reason for a country to carry out regional trade activities with other countries is to gain profits from the products/services produced. Therefore regulation/policy is important particularly related to regulation when globalization becomes a bond of one market which of course results in the interdependence between one country and another country that both have national sovereignty to maintain political balance, economic activities, and others in the context of fulfilling the interests of their respective countries. Globalization is also a new manifestation of the development of capitalism as an international economic system that has an impact on the field of law (Sefriani, 2016). Such a situation is known as the creation of ease of doing business, so it is necessary to strengthen the role of law through regulations/policies. By regulation, there are many kinds of structuring models including regulatory mapping, regulatory impact assessment, rule opportunity communication capacity interest process, and integrative regulatory mapping (Muhlizi, 2017). Because in principle the governance/simplification program in Indonesia, the people must participate, monitor, and utilize the category of democracy, among others, to bind the Indonesian people, rules are made following basic norms and agreements, and one of them in the presentation of this research is the AFTA-China agreement in Indonesia.

## 2. Regional Trade Model Finding Innovations through Strengthening Local Wisdom:



**Fig 1: Regional Trade Model through Strengthening Local Wisdom**

Based on Figure 1, there are two models of regional trade structuring, namely regulated by good “regulations” (policies) and regulated by “strengthening local wisdom”. The innovations found to organize regional trade, especially in the implementation of AFTA-China in Indonesia,

are managed through “strengthening local wisdom”. Thus, the strength of local wisdom in North Sumatra can be detailed as follows;

- i. **Preservation of Local Wisdom Sources of Staple Food:** North Sumatra is classified as an area that produces a lot of staple foods, one of which is rice, with a land area for rice plants of around 413,141 hectares which produces a rice harvest of approximately 1,192,665 tons of rice. Apart from rice, corn is also a staple food that is easily available in Indonesia, especially in North Sumatra. Other sources include potato, pumpkin, banana, cassava/yam, sago, breadfruit, and taro. All of these foods can be a staple food other than rice.
- ii. **Mapping forms of local wisdom:** Based on the regulation of the Minister of Trade and Domestic Industry (*Permendagri*) No. 9 of 2014 concerning guidelines for developing regional superior products which stipulate that there are 12 (twelve) criteria for regional superior products that can stimulate regional economic growth, namely, employment, contribution to the economy, socio-culture, flexible and renewable nature, availability raw materials, market availability, production facilities and infrastructure, sufficient capital, business management, innovation and technology to be used, as well as product prices to be marketed.
- iii. **The Power of Tourism and Fishery Resources:** Tourist attractions in North Sumatra are very important to be introduced to the international community as one of the strengths of local wisdom so that they can influence economic development that has the opportunity and is internationally competitive. The tourist destinations in North Sumatra are listed in the following and illustrated in the table below:

**Table 2: Illustration of North Sumatra Local Tourist Attractions<sup>3</sup>**

S No.	Tourist Place Name	Locations
1.	Batu Gantung	Parapat
2.	Pelabuhan Tomok	Tomok Parapat
3.	Pemandian air soda	Tarutung
4.	Sibe-bea	Tarutung
5.	Sigale-gale	Samosir
6.	Pantai Pasir Putih	
7.	Makam Raja Batak	
8.	Danau Sidihoni	
9.	Hot Springs	
10.	Lake Toba	Parapat
11.	Bukit Tarabunga	Balige

<sup>3</sup> Source: processed and developed by the team, 20 August 2022

**Table 3: Name of Tourism at the 2022 Research Site**

Names of Tourist Attractions at the Research Site				
Deli Serdang	Labuhan Batu, Utara, Selatan	City of Medan	Binjai	Stabat
Pulau Siba (Siba Island)	Pemandian Aek Buru	Gedung London Sumtera	Taman Merdeka Binjai	Pantai Bemi (Asrin Park)
Danau Linting	Puncak Penatapan	Kampung Ladang	Taman Edukasi	Danau Cinta
Sampuren Putih Waterfalls	Water Park	Merci Barm	Taman Bunga Celosia	Dendang Tirta Swimming Pool
Lembah Loknya Waterfalls	Family Hill Swimming Pool	The Le Hu Garden, Mikie Holiday,	Sawah Lukis	Lapangan Tengku Amir Hamzah
Pelangi Waterfalls	Taman Wisata Batu Ajo	Menara pandang Tele	Taman Selfie	Mesjid Raya Stabat, Mesjid Azizi
Green Hill City	Pandayanan	Maimoon Palace	Taman Merdeka Binjai	
Taman Pramuka Sibolangit, , Mount Sibayak, Bukit Indah Simarjarunjung	Sampuran River	Mesjid Raya		
Kampung Ladang Outbond, sinabung Hill Resort	Lumpatan Tali-Tali	Sipiso-piso Waterfalls, Bah Damanik, Vihara setia Budi,		

- iv. **Plants and Small Home Industry Linkages:** The population of plant sources related to strengthening local wisdom is quite large in North Sumatra as an opportunity as well as a challenge for the people of North Sumatra to introduce local wisdom throughout the world, at least with certain parts (regional), and there are several types of plants as traditional herbal medicines that are classified as traditional herbal medicines in local wisdom (Pradana, 2013) that can be seen in the following table:

**Table 4: Types of Local Wisdom Plants<sup>4</sup>**

S No.	Names of Plants		The Advantages
1.	Foliage	Soursop leaf	Healing All Diseases/herbal medicine
		Moringa Leaves	
		Breadfruit Leaves	
		God's Crown Leaf	
		Bitter Leaf	
		Betel Leaf	
		Tapak Dara Leaves	
		Papaya Leaf	
2.	Life Pharmacy	Ginger/Red Ginger	Spices and herbal medicines
		Galangal	
		Lemongrass	
		Turmeric	
		Aromatic ginger	
		Curcuma	
		Others	
3.	Herbs and spices	Clove	For spices
		Nutmeg	

In addition to plants, small home industries are also the strength of local communities to introduce their home industry products, both nationally and internationally, so that this home industry becomes a force for local communities to be ready to compete internationally.

**Table 5: North Sumatra home industry example in 2020 and 2021<sup>5</sup>**

No	Locations	Names of Home Industry	Type of Home Industry	Category
1	Medan	A'A Air Adi Water	Gallon refill drinking water	Small
2	Medan	Aisyah	Dimsum, Nugget	Small
3	Medan	Anugrah Cipta	<i>Tahu</i> (Tofu)	Small
4	Medan	Bina Karya	Frames, doors, windows	Small
5	Medan	CV. Cempaka	Paving Block	Small
6	Medan	Dapur Asila	Bread and Cake Products	Small
7	Medan	Dapur Medan	Crackers	Small
8	Medan	Neko-Neko Bakery	Bread and Cake	Small

- v. **The Strength of Different Arts, Cultures, Ethnicities, and Religions:** Modernization in the world is a formidable challenge for local people who live in areas to maintain their local wisdom. As a result, sometimes it is difficult to socialize with the wider community regionally and internationally what is owned in the regions as local wisdom is the strength of an area to regulate the entry of

<sup>4</sup> Source: Indra Pratama et al, Magic Leaves-Healer of All Diseases, processed and developed by researchers

<sup>5</sup> Source: Medan industry office, in <https://disperin.pemkomedan.go.id>.

regional trade so that the expectations of the people in the region can compete in the national and even international order.

Not only that, the diversity of different customs, cultures, ethnicities, languages, arts, and religions is a conductor for the development and progress of the nation. So that it remains with a good development perspective that is oriented to local communities, is familiar with the environment, and is in line with cultural patterns. Ethics or tribes and customs that exist in North Sumatra are Batak, Javanese, Mandailing, Angkola, Karo, Pak-pak, Simalungun, Minangkabau, Malay, and others. Likewise, with religion, the religions found in North Sumatra are also different, there are Muslims, Catholic Christians, Protestant Christians, Buddhists, and Hindus. Differences like this are the strength for the people of North Sumatra to be ready to be competitive nationally and regionally.

Indonesia is part of the AFTA-China regional agreement which is affected by the impact of globalization on economic and legal dynamics (Rusyianta, 2017), including local wisdom owned by each region. Thus, the potential of local wisdom and the advantages of an area needs to be increased by preserving and mapping what local wisdom is geared up to compete in the international world.

### **Conclusion:**

This study concludes that the model is a plan, representation, as well as a description that explains what objects, concepts, and systems are often referred to as simplifications (idealization) which will be applied as a reference model to refer to the development of being addressed. For example, image models such as drawings, designs, formulations, physical models, and others as a reference for giving something and following what applies to the provisions that have been given. About this regional trade, the AFTA-China regional trade arrangement which has participated in the regional agreement is neatly managed through strengthening local wisdom, especially local wisdom in North Sumatra such as the Strength of SDA producing staple foods, mapping forms, the form of local wisdom, the strength of fishery natural resources, the strength of various plants, the strength of small home industries, the strength of exports, the strength of various arts and cultures, ethnicities, different religions, the strength of potential market share as a regional competitive power which inevitably must be implemented.

### **Acknowledgment:**

Heartfelt and infinite gratitude goes to the parties involved in the contribution related to the implementation of this research so that the output of this research can be published in an international journal. The first appreciation was said to Mr. Hardi Mulyono as the Chancellor of the Muslim Nusantara University who has given full support to the implementation of this research through the Research and Community Service Institute (LP2M) UMN Al Washliyah. In particular to those who funded this research activity, namely those sourced from the DIPA of the Directorate of Research, technology, and community service, the Directorate General of Higher Education, Research and Technology of the Ministry of Education and culture, research and technology for the fiscal year of 2022, the research team as well, and all who were involved in this research activity, whose names cannot be mentioned yet. All being well, this output can be valuable.



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