



THE IMPORTANCE OF CUSTOMS HARMONIZATION BETWEEN ASEAN COUNTRIES TO ENHANCE REGIONAL TRADE FLOW

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Dwi Tiara Kurnilasari¹

¹Business and Management Department,
State Polytechnic of Batam

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Corresponding Author:

Dwi Tiara Kurnilasari

dwitiara@polibatam.ac.id



ABSTRACT

This article explores the critical role of customs harmonization in advancing regional economic integration within the ASEAN framework. Despite significant progress in tariff liberalization, ASEAN continues to face operational and legal fragmentation in customs administration, which undermines intra-regional trade and supply chain efficiency. Through a normative comparative analysis with other regional blocs, such as the European Union, MERCOSUR, and SACU, this study identifies structural gaps, institutional asymmetries, and policy inconsistencies that hinder effective integration. It proposes a multi-dimensional strategy involving modernization, regulatory reform, cross-border cooperation, and legal alignment with international standards such as the Revised Kyoto Convention and WTO Trade Facilitation Agreement. The study emphasizes that harmonized customs procedures reduce transaction costs, improve clearance times, and foster mutual trust and institutional cohesion among member states. It concludes that achieving a fully integrated customs environment is fundamental for ASEAN to transition from a free trade area to a customs union and to ensure the long-term resilience of the ASEAN Economic Community.

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1. Introduction

International trade is a commercial activity between two countries, commonly involving exports and imports. Global trade has always been a hot topic in the international league, from a commodity's price to political issues affecting countries' trade flow. Many regulations govern international trade activity, namely international trade law, environmental law, and labor law. One of the consequences of the trade liberalization initiated by the World Trade Organization (WTO) is a shift in trade policy orientation — including in Indonesia — where policy is no longer focused solely on domestic trade (inward-looking) but also aims to engage in international trade (outward-looking).¹

One of the most important regulation related to international trade is customs regulation. According to Cambridge Dictionary, customs is the government department that deals with taxes on goods coming into and leaving a country.² On the other hand, 2006 Indonesia National Law Number 17 On Customs stated that Customs is everything related to the supervision of good's traffic that is entering or exiting a custom area and the act of customs duties collection by the Government.³

The important role of customs regulation has prompted each country to reform its national customs law in order to increase its trade flow, thereby stimulating the country's economic growth. Theoretically, every country can create and ratify the law in its legal territory. This statement is also known as the non-intervention principle, which holds that a country must not interfere with other countries' domestic affairs.⁴ The state's right of control is a foundational legal principle that empowers the government to regulate, manage, and use resources within its territory for the public good. It affirms the state's authority to set policies, issue licenses or concessions, and supervise resource exploitation so those resources contribute to national development objectives.⁵ This authority is exercised under legal limits and must be balanced with private property rights, environmental protections, and international commitments. In practice, the doctrine shapes decisions on resource allocation, land use, and state intervention to support economic growth, social welfare, and long-term sustainability.

Consequently, every ASEAN country has its own customs clearance and duties regulations. The disharmonizing between every country's customs regulations has become one of the ASEAN Economic Community's most significant barriers. According to its website, the AEC's grand goal is to integrate the Southeast Asian Economy by creating an ASEAN Single Market.⁶ The members should work together to fulfill the AEC Blueprint 2025 agenda. One of those efforts is harmonizing every member's national customs regulation, thus creating a harmonized and integrated legal framework in the ASEAN region.

Countless efforts had been made in order to facilitate and enhance regional trade flows in ASEAN. This also took the form of regional initiatives between Members to harmonize customs regulations amongst countries. A few of these initiatives are ASEAN Customs Transit System (ACTS), ASEAN Single Window (ASW), and ASEAN Framework Agreement on the

¹ Sekar, P.M., *et.al.*, "Analisis Pengenaan Pajak Digital Berdasarkan General Agreement On Trade In Services", *Jurnal Hukum De' Rechtsstaat* 20, No. 2 (2024): 2.

² "Customs," Cambridge Online Dictionary, accessed March 20, 2025, <https://dictionary.cambridge.org/dictionary/english/customs>.

³ Republik Indonesia, *Undang-Undang Nomor 17 Tahun 2006 tentang Kepabeanan*, Pasal 1 Ayat 1.

⁴ Sugiarto Pramono, *Buku Ajar Studi Rezim Internasional* (Wahid Hasyim University Press: 2023), 127.

⁵ Mufrina and Martin Roestamy, "Analisis Yuridis Hak Menguasai Negara dalam Konteks Pengembangan Industri Kolaka di Sulawesi Tenggara", *Jurnal Hukum De' Rechtsstaat* 10, No. 2 (2024): 172.

⁶ "ASEAN Economic Community," ASEAN Secretariat, accessed March 25, 2025, <https://asean.org/our-communities/economic-community/>

Facilitation of Goods in Transit (AFAFGIT). ACTS is implemented to modernize the Customs transit management system so it could facilitate cross-border movements of goods by land and reduce transit times usually spent in customs border post. ASW is a policy aimed at creating a single submission of data and achieving region-wide data synchronization. Consequently, its implementation could reduce the time typically required for Customs inspection, release, and clearance. Meanwhile, AFAFGIT is a regulatory framework aimed at simplifying and harmonizing transport, trade, and customs regulations between ASEAN Members.⁷ Every initiative has its own goals. However, one common thing between those is their aim to facilitate and harmonize customs regulations and the clearance process in ASEAN.

Previous research had been done in order to prove the importance of customs cooperation in facilitating trade. According to Nguyen Nhu Ha and Dan Minh Phuong (2025), ASEAN's customs cooperation between members had significantly streamlined cross border trade procedures, reduced transaction costs and improving regional economic integration.⁸ On the other hand, Candra Irawan (2018) stated that executing a complete harmonization of economic law between ASEAN countries is indeed a difficult job due to many factors. Hence, the most suitable model to be implemented in this region is using a construction model (complex law), which can be used for specific economic fields where all ASEAN countries are prepared.⁹

However, there is no prior research concerning customs harmonization between ASEAN countries. Harmonizing this law is crucial for escalating regional trade flow. Countless unsuccessful efforts to harmonize regional customs' regulations and overlapping rules between members are among the obstacles ASEAN faces in achieving regional economic integration. Hence, further research, specifically on this topic, is urgently needed as additional references for regional policy development.

A few issues will be discussed in this article according to the previously explained background, which are:

1. How important is the harmonization of customs regulations between ASEAN Members through the international regime?
2. How does another trade bloc do customs harmonization?

2. Methods

This article uses a normative research method and primary and secondary data as the source of information. According to Bambang Sunggono in Muhaimin (2023), normative legal research is a study on legal principles, systems, synchronization, history, and comparison in law.¹⁰ Taking from this elaboration, this study will focus on law comparison research, which will compare the harmonization between the three most significant regional trade bloc in the world. Furthermore, the primary data used in the research are Indonesian Law No. 17 of 2006 on Customs and a few related regional trade agreements, such as ASEAN Customs

⁷ Salvador Buban et al., eds., *Follow-up ASEAN Seamless Trade Facilitation Indicators*, 1st ed. (Jakarta: Economic Research Institute for ASEAN and East Asia (ERIA), 2023), 197.

⁸ Nguyen Nhu Ha and Dang Minh Phuong, "Trade Facilitation in Asean Through Customs Cooperation - Advancing Towards Sustainable Development Goals 8, 9 and 17," *Journal of Lifestyle and SDGs Review* 5, no. 4 (2025): 1, <https://doi.org/10.47172/2965-730x.sdgsreview.v5.n04.pe05642>.

⁹ Candra Irawan, "Legal Harmonization in ASEAN Economic Communities (Looking for the Best Legal Harmonization Model)," *UBELAJ* 3, no. 2 (2018): 140, <https://doi.org/10.1017/S2044251316000229>.

¹⁰ Muhaimin, *Metode Penelitian Hukum*, vol. 1 (Mataram University Press, 2020), 40.

Transit Systems (ACTS). Secondary data used to elaborate on the prior one are books, scientific articles, journals, and more.

3. Results and Discussion

3.1. Results

3.1.1 The importance of custom regulations harmonization between ASEAN Members through the international regime

According to Gandhi, legal Harmonization involves aligning various legal sources—such as legislation, government and judicial decisions, legal principles, and legal systems—to enhance legal unity, certainty, justice, utility, and clarity without undermining legal pluralism.¹¹ Three main reasons for the necessity of legal Harmonization include overlapping and inconsistent regulations, vague legal formulations, and hindered law implementation due to derivative regulations.¹² The main benefit of doing legal Harmonization is to prevent overlapping regulation internationally nor nationally. Hence, by doing legal Harmonization, it will decrease the possible clashes between regulations both horizontally and vertically.¹³

Harmonization also refers to the alignment of standards, technical regulations, and conformity assessment procedures among states, either bilaterally, multilaterally, or with international standard-setting organizations.¹⁴ Generally, legal Harmonization aims to ensure that legal relations governed by a country are consistent or not significantly different from those in other countries. Historically, its primary goal is integration and the reduction of trade barriers. At the same time, it enhances market access, reduces costs, increases productivity through specialization based on comparative advantage, and promotes overall economic growth.¹⁵

ASEAN is a regional organization that prioritizes economic integration and the enhancement of intra-regional trade flows. However, unlike the European Union, ASEAN faces significant challenges in establishing legal Harmonization, particularly in customs, due to the heterogeneity of its member states and differing national sovereignty interests. For instance, discrepancies in customs regulations between Thailand and Laos have caused operational barriers to cross-border trade. Thailand aligns its customs regulations with ASEAN agreements such as the ASEAN Customs Transit System (ACTS) and the ASEAN Framework Agreement on the Facilitation of Goods in Transit (AFAGIT), while Laos emphasizes alignment with international agreements like GATT, which diverges from ASEAN-centric integration efforts.¹⁶

Such regulatory inconsistencies have a direct impact on regional logistics efficiency. The 2023 Logistics Performance Index (LPI) highlights a substantial gap in customs and logistics infrastructure performance among ASEAN member states, with Singapore ranked

¹¹ Endrik Safudin, *Harmonisasi Hukum dalam Antinomi Hukum: Telaah Kritis atas Penerapannya oleh Mahkamah Agung* (Deepublish: 2021), 39.

¹² Endrik, 40.

¹³ Alfarisi Hamdani and Saleh Seff, "Harmonisasi Pengaturan Bidang Usaha Penanaman Modal (UU No . 11 Tahun 2020 Dan Perpres No . 49 Tahun 2021)", *Jurnal Hukum De'Rechstaat*, Vol. 10, no. 12 (2024): 3.

¹⁴ Wagiman and Anasthasya S.M, *Terminologi Hukum Internasional: Panduan Lengkap bagi Mahasiswa, Praktisi, dan Penegak Hukum dalam Memahami Peristilahan Hukum Internasional*, (Sinar Grafika: 2016), 161.

¹⁵ Wagiman, 161.

¹⁶ Acharaporn Seehawattana, Paramaporn Weeraphan, and Damorn Kumtrai, "Bridging the Divide: Legal and Practical Issues in Rail Goods Transit Between Thailand and Laos," *Journal of Ecohumanism* 3, no. 8 (2024): 244, <https://doi.org/10.62754/joe.v3i8.5742>.

first globally and Laos at 121st.¹⁷ These disparities indicate uneven capabilities and varying process times across countries, hindering the smooth flow of regional supply chains.

No	Negara	Peringkat
1.	Singapura	1
2.	Malaysia	32
3.	Thailand	38
4.	Filipina	48
5.	Vietnam	51
6.	Indonesia	64
7.	Kamboja	117
8.	Laos	121

Table 1. ASEAN Countries Logistic Performance Index

Beyond overlapping regulations, differing governmental perspectives, and skepticism toward ASEAN programs further obstruct Harmonization. Initiatives such as the self-certification mechanism under ATIGA have received mixed responses: while countries like Brunei, Malaysia, Singapore, and Thailand have embraced the initiative, others—including Indonesia—have rejected its implementation.¹⁸

This lack of harmony has even led to trade disputes between the Philippines and Thailand. The Thai customs authority was found to have violated provisions of the WTO Customs Valuation Agreement by applying discriminatory treatment to imports from the Philippines.¹⁹ This case underscored the failure of ASEAN member states to consistently enforce regional commitments and the limited confidence in ASEAN's capacity to resolve internal conflicts.

Therefore, legal Harmonization in customs is imperative to ensure the effectiveness of ASEAN regional agreements and the fair, consistent regulation of intra-regional trade. Without such Harmonization, these agreements risk becoming merely symbolic documents rather than enforceable legal frameworks governing ASEAN's economic integration. According to Uridiya, the customs legal system is a structured combination of legal and economic elements, instruments, and norms enforced through national policy. It governs the volume and structure of export-import activities. It provides a legal framework for cross-border trade and transit.²⁰ A country's customs regulations significantly influence the efficiency of its trade flows.

Furthermore, customs harmonization enhances synergy between customs and tax authorities across member states, facilitating early fraud detection through cross-border information exchange.²¹ This process strengthens inter-agency cooperation and broadens the role of national tax administrations.

Singapore serves as a benchmark for successful customs harmonization. Ranked first in the World Bank's Logistics Performance Index, Singapore has implemented a highly

¹⁷ "Logistics Performance Indicator Report 2023", World Bank, Available on website: https://lpi-worldbank-org/international/scorecard/radar/C/IDN/2023?_x_tr_sl=en&_x_tr_tl=id&_x_tr_hl=id&_x_tr_pto=tc, Accessed on April 3rd 2025.

¹⁸ Diane A. Desierto and David Cohen, eds., *ASEAN Law and Regional Integration: Governance and The Rule of Law in Southeast Asia's Single Market*, 1st ed. (Routledge: 2021), 83.

¹⁹ Diane, 87 – 88.

²⁰ George Abuselidze and Aleko Meladze, "Innovative Customs System and Its Impact on the Sustainability of the Transit Potential," *European Journal of Sustainable Development* 13, no. 1 (2024): 229, <https://doi.org/10.14207/ejsd.2024.v13n1p229>.

²¹ Lisa Mery et al., "Indonesia's Strategic Role in the Development of," *Tirtayasa Journal of International Law* 3, no. 1 (2024): 33–69.

digitalized *National Trading Platform*, connecting exporters and importers within and beyond its borders. This system is designed to position Singapore as a global hub for international trade, supply chains, and trade finance. The integrated system allows stakeholders to access data across sectors and optimize operational and shipping costs through analysis and informed decision-making.²²

If Harmonization is pursued among ASEAN countries, such innovation could be adopted regionally. Aligning national customs systems with those of fellow member states may lead to the digital integration of customs platforms across ASEAN. This integration would provide exporters and importers with critical data, thereby enhancing intra-regional trade volumes and supply chain efficiency by enabling market players to optimize business processes using the shared platform.

Considering these benefits, harmonizing customs regulations in the ASEAN region is essential. Beyond fostering trade stability, Harmonization ensures legal certainty for exporters and importers, enhances the competitiveness of enterprises, and strengthens regional supply chain resilience. Most notably, it supports deeper regional economic integration and stimulates economic growth in each member state. Therefore, harmonizing customs regulations among ASEAN countries is a critical step toward advancing further economic integration within the region.

3.1.2 Customs Regulation Harmonization By Other Trade Blocs In The World

3.1.2.1 European Union (EU)

When discussing international trade zones, the European Union (EU) is frequently brought up as a key point of reference. The EU, one of the oldest and most well-established trading blocs, has set many standards that serve as models for other countries developing similar policies. The EU manages regional trade policy as a single unit, functioning as a customs union. As a result, any country that is not a member of the Union is regarded as an outside party or third country.

The European Union, known for its high degree of economic integration, offers valuable lessons for ASEAN. According to the *Modernised Customs Code*, simplified and harmonized customs rules within a trade region serve several key objectives:²³

- 1) Ensuring streamlined and efficient customs procedures across all member states;
- 2) Enhancing the competitiveness of economic operators;
- 3) Safeguarding national borders from external threats;
- 4) Promoting regional supply chain participation, from monitoring to management;
- 5) Acting as an efficient catalyst for domestic businesses and state interests;
- 6) Reflecting the economic conditions, vision, and mission of the trade bloc.

Regional integration within the European Union has been a protracted and intricate process. Within the European Union, member states are forbidden from levying import or export tariffs on commodities originating from other member states. An internal tariff is a forbidden regulation that must not be enacted within the region. The Union established a regulation termed the 'Union's Common Commercial Policy' to govern and supervise its

²² Marinich Yana Nikolaevna and Chislova Elizaveta Vadimovna, "Automated Customs Clearance Systems Using the EAEU, EU, ASEAN and MERCOSUR as Examples," *Innovative Technologies in International Trade* (Belarus, 2022).

²³ Tom Walsh, "Putting More Union in European Customs," *World Customs Journal* 16, no. 2 (2022): 57–80, <https://doi.org/10.55596/001c.116321>.

execution.²⁴ The consequence of these initiatives is that EU member states have effectively standardized their customs technical requirements.

A unified commercial policy significantly enhances trade liberalization within the EU and with external partners collaborating with the Union. The standard commercial policy facilitates the EU's formulation of additional policies that align with and bolster the Union's vision and mission, including development cooperation, partial or complete tariff exemptions for middle-low-income countries, tariff reductions to promote sustainable development, and analogous initiatives. An illustration is the collaboration between the EU and Turkey, which has demonstrated significant economic advantages. This cooperation agreement streamlines the exchange of commodities between the two parties by waiving the requirement to demonstrate rules of origin, except agriculture, services, and government procurement sectors.²⁵

3.1.2.2 *Mercado Común del Sur* (MERCOSUR)

In 1991, Brazil, Argentina, Paraguay, and Uruguay accepted the Treaty of Asunción, which subsequently established the Southern Common Market, known as Mercosur. Mercosur was founded to facilitate regional trade integration across Latin America, as stated by its founders. This regional trade pact aims to enhance political stature and bargaining might globally (Mercosur Nd). To achieve this goal, Mercosur seeks to facilitate the unimpeded flow of goods, services, and other production factors by eliminating tariffs, aligning macroeconomic policies, implementing a standard external tariff (CET), and standardizing regulations and rules among member states (Treaty of Asunción 1991, Article 1).²⁶ Few policies that could be enacted within ASEAN include:²⁷

- 1) The member countries have extended preferential treatment to one another, akin to the characteristics of a free trade area.
- 2) A de-dollarization policy where member nations agreed to conduct transactions in their respective indigenous currencies. This strategy exemplifies a customs union. However, within two years of its enactment, each member nation reverted to utilizing its national currency for transactions, indicating that this policy was not the best practice for everyone.
- 3) At the third level of economic integration, known as the common market. The participating nations also consented to create collaborative customs facilities in the border regions of each nation. Nevertheless, in practice, each nation persists in upholding its boundaries and establishes varying national standards for countries classified as developing. Consequently, the progression of MERCOSUR reached an impasse at this juncture.

MERCOSUR is officially designated as a customs union region. In practice, no policy embodies a customs union established in the region. The lack of a unified customs territory, with each member nation maintaining its own customs authority and standards, is a significant issue. The regulation concerning the uniform customs code was approved in 1994

²⁴ Holger P. Hestermeyer, "European Trade" (London, 2020), 10-11.

²⁵ Holger, 13.

²⁶ Lis Lima, "Mercosur : A Common Market or an Incomplete Customs Union ?," *FLUX: International Relations Review*, 2022.

²⁷ Alexandra Gennadyevna Koval and Ekaterina Konstantinovna Andrianova, "MERCOSUR in Trade Policy Clusters: Challenges and Prospects," *Brazilian Journal of Political Economy* 42, no. 3 (2022): 718–37, <https://doi.org/10.1590/0101-31572022-3288>.

and has yet to be implemented. The most recent analogous pact in 2010 encountered the identical problem of postponed national ratification.²⁸ Furthermore, Argentina's withdrawal from MERCOSUR membership indicates that the trajectory of development within this international trading bloc is becoming further ambiguous.

3.1.2.3 South African Customs Union (SACU)

SACU is the world's oldest trading region, created in 1889, predating the conception of customs union philosophy. The British colony originally established SACU at the Cape of Good Hope and the Dutch colony in the Orange Free State.²⁹ SACU, being one of the oldest customs unions, has enacted numerous international trade regulations that have influenced the volume of intra-regional commerce. Several of these old policies were extremely useful and still could be implemented in ASEAN.³⁰

- 1) Harmonization of industrial and fiscal strategies among member nations. Nevertheless, certain member countries continue to vie for foreign investment by offering incentives or tax reductions. South Africa and Namibia are both competing in the textile and apparel industry.
- 2) SACU has established a unified standard external tariff (CET) for all imported commodities from outside the SACU territory, with no particular regulations governing intra-regional trade. The import and export charges levied on each item are aggregated into a singular SACU revenue source, subsequently allocated to member countries in proportional shares.
- 3) The "preferred trader" program was established and executed in the SACU region for medium and large enterprises. The objective is to reduce the customs processing duration for enterprises within this category. This program will enhance regional integration and supply chain connectivity, hence improving intra-regional trade flows.

Despite Africa's reputation for having the lowest amount of international commerce among continents, SACU has demonstrated its efficacy by formulating trade policies that enhance intra-regional trade dynamics. During the 2022-2023 period, the nations within the SACU region saw a revenue rise of 21.8% relative to the preceding year. The revenue growth of SACU is advantageous for fostering the general economic development of the member nations.

3.2. Discussion

The harmonization of customs regulations is a crucial effort necessary for a trade area to improve economic integration among its member nations. The harmonization of customs regulations yields numerous advantageous spillover effects. The enhanced efficiency of the customs process in the trade sector, characterized by reduced processing time and streamlined documentation, is one such improvement. The harmonization of customs regulations results in enhanced regional economic integration and higher intra-regional

²⁸ Koval and Andrianova.

²⁹ Sandor Gyula Nagy (Ed.), *Routledge Advances in Regional Economics, Science, and Policy: The Economics of Regional Integration* (Routledge: 2025), 268.

³⁰ Sandor, 273 – 276.

trade volume, which fortifies the regional supply chain within a trading area. To achieve this harmonization, ASEAN member countries might pursue many initiatives:

3.2.1 *Cross-Border Harmonization*

Cross-border harmonization is a critical policy for ASEAN nations to adopt. The necessity for cross-border harmonization arises from the nature of international commercial transactions, which inherently traverse national boundaries. Cross-border harmonization is crucial, particularly for landlocked nations, as their international trade relies significantly on the performance of adjacent countries. Key areas for harmonizing customs legislation include necessary data, customs procedures, delegation of authority, synchronization of working hours, collaborative inspection programs, shared facilities (co-located offices, one-stop border checkpoints), and regional single windows.³¹

This cross-border harmonization necessitates each member country to amend and modify the methods and procedures established by their own customs departments. The potential issue is the authority and interference of other nations in a country's internal matters. This is because each member country may possess its technical regulations about customs protocols. Harmonization will necessitate that each nation modify its customs legislation, especially the technical standards, to achieve alignment. If each member country possesses its own ICT system, discussions and modifications must occur concerning the installation of a regional single window and the selection of the system to be used for its execution.³²

Consequently, international legal instruments serve as critical parameters in this harmonization. These international legal instruments vary from formal agreements, such as WTO accords, to recommendations and guidelines. International legal instruments typically emerge from negotiations among many nations with divergent interests, resulting in text that is often convincing and imbued with significant political commitments. The harmonization conducted by international legal instruments will elucidate the aims of enacting reforms and policy alignment. Typically, each international legal instrument is accompanied by instructions that assist countries in making requisite revisions to ensure their national legal frameworks align with international norms.³³

Recommendations for ASEAN to pursue in harmonizing cross-border and customs regulations among member states include:³⁴

- 1) A collective accord among all member nations to adopt or adhere to specific international legal documents that will serve as benchmarks in harmonization.
- 2) Translate the legislative instruments into the official ASEAN languages to facilitate their application within the national legal frameworks of each member state.
- 3) Engage in talks with pertinent stakeholders to mitigate tensions and augment synergy.
- 4) Performing a situational analysis, gap analysis, and budgeting to attain those objectives.
- 5) Formulating a reform package that delineates the organization or entity accountable for executing harmonization, explicit objectives, a timeline, an

³¹ Sandor, 76.

³² Sandor, 176.

³³ Sandor.

³⁴ Sandor, 180.

enumeration of participating parties, a project management agency, and key performance indicators explicitly defined as measures of project success.

- 6) Assessing the advancement after the initiation of harmonization activities. The objective is to ensure the sustainability of this project's implementation.
- 7) Input from international organizations accredited in customs, such as the World Customs Organization, or other pertinent international entities. To ensure the seamless execution of harmonization efforts in line with international standards, input from prominent international organizations is crucial for evaluating the progress and outcomes of the harmonization.

Cross-border harmonization is a crucial policy that is frequently neglected in implementation. Cross-border harmonization will significantly boost regional integration within a trade area. Consequently, the national government must adopt a holistic and comprehensive strategy in its collaboration with foreign governments.

3.2.2 *Modernization of Customs Policies and Procedures*

In discussions on modernization, the progression of technology and the caliber of human resources in a nation emerge as critical factors in its execution. Numerous ASEAN member states have enhanced their customs procedures to establish practical, efficient, and integrated operations. The countries comprise Singapore, Malaysia, and Indonesia. Nevertheless, many member nations, like Cambodia, Laos, Vietnam, and Myanmar, remain significantly behind in the modernization of customs operations.

To implement the equal modernization of customs procedures among all member countries, it is essential to harmonize the legislative regulations and protocols employed in each nation. International legal norms, exemplified by the Revised Kyoto Convention, represent optimal practices applicable to all nations globally. By employing uniform standards across all nations, ASEAN member states can modify their customs policies and processes to align with the requisite legal, political, and socio-cultural criteria. The adoption of a uniform Customs Code by the Kyoto Convention will enhance procedural clarity by reducing complex and superfluous stages that frequently result in delays during customs clearance.³⁵

A pragmatic measure to achieve the modernization of the customs system in the ASEAN region is to facilitate regular consultations and dialogues among member countries through an authoritative "council."³⁶ This council should comprise representatives from member nations with expertise in the pertinent field and established modern and efficient national customs systems. The regulations outlined in the Kyoto Convention might function as a checklist and framework for establishing standards to be adopted within the ASEAN region. Each member country needs to examine the customs legislation of every nation to discover the legal deficiencies within each national customs framework.

Following the successful identification of the gaps and conditions of each member country, the established standards must be customized to meet the specific demands of each member nation. For these new standards to operate effectively, their regulations must correspond with and be compatible with the local culture and the national legal framework of each member state. The new regulatory standards must be supported and provide

³⁵ Luc De Wulf and José B. Sokol, eds., *Customs Modernization Handbook, Customs Modernization Handbook* (World Bank: 2005), 64.

³⁶ Wulf and Sokol.

sufficient legal authority to address possible customs concerns that may develop in the future. The standardization of customs regulations in the ASEAN region must be an exact amalgamation of theoretical customs regulations and guidelines that guarantee their practical execution.³⁷

An illustrative example is Turkey's customs reform and modernization. Turkey aligns its national laws with the customs regulatory standards established by the European Union (EU) through modifications to its customs rules. The EU is Turkey's principal commercial partner and has formed numerous trade agreements with the country. Furthermore, Turkey initiated an autonomous project known as the Modernization Project Unit. This project enjoys comprehensive political and managerial backing from both the Turkish Government and the European Union.

3.2.3 *Improvement of Regional Integration*

Regional integration is a crucial endeavor that each member nation within a trade zone must pursue. Regional integration frequently serves as the primary objective of forming a trading region. Regrettably, numerous countries continue to neglect this potential for border management. Most nations within a trading area primarily concentrate on facilitating the cross-border movement of products, rather than implementing regional integration of border control.

A primary purpose for establishing a trading area through a Regional Trading Agreement (RTA) is to foster harmonization and collaboration in trade policies within a region. In actuality, ASEAN's economic integration remains much below the level of Customs Unions. Economic activity in ASEAN remains limited to the phase of Free Trade Agreements. The multitude of accords binding ASEAN member states has resulted in complexity rather than simplicity, frequently compared to a dish of spaghetti. Consequently, it is imperative for ASEAN member states to deepen regional integration and progress towards a Customs union, akin to the operational model of the European Union. Several variables to consider for strengthening regional integration include the following:³⁸

- 1) The primary aims and framework of the forthcoming Free Trade Agreement or union.
- 2) To what degree are each member nation prepared to relinquish its national sovereignty and permit international intervention?
- 3) The benefits and drawbacks associated with membership in a Free Trade Agreement or union.
- 4) The necessity to uphold national control for economic, fiscal, or national security purposes.
- 5) Institutional trust between member states.

The optimal suggestion for improving regional integration is to simplify and modernize all procedures significantly. A customs union tends to harmonize customs procedures, trade rules, openness, and information exchange. The inclination to harmonize will enhance the sense of trust among each member nation. The procedures commonly employed in customs unions are among the recommendations that can be utilized to strengthen ASEAN regional integration. Implementing a unified customs declaration system across all ASEAN countries would standardize the clearing process regionally.

³⁷ Wulf and Sokol, 66.

³⁸ Wulf and Sokol, 235.

A standardized legal framework must be established to facilitate ASEAN regional integration. All policies, principles, and procedures must be established within a defined legal framework. The primary objective to be attained, akin to a customs union, is the assurance of uniform and consistent legal certainty. A regional legal framework is essential to accomplish this objective. The customs code will underpin the competency criteria for customs officers in the ASEAN region, improve the consistency of customs procedures, and increase the transparency of customs operations within the ASEAN region.³⁹ Numerous customs unions globally have adopted this one customs code approach, including the EU in 1992, the West African Economic and Monetary Union in 2003, and the Gulf Cooperation Council in 2003. The establishment of a unified legal framework will catalyze regional harmonization and integration.

ASEAN, as a regional entity, can establish a regional fund to finance capacity-building initiatives undertaken by each member state. In theory, these regional funds may be derived from CET revenue; however, as ASEAN has yet to adopt CET, additional conversations are required concerning the financing contributions from each member nation. The amount must adhere to specific rules to ensure that contributions are commensurate with the benefits received by member countries.

4. Conclusion

Harmonizing customs regulation across ASEAN is essential to unlock deeper economic integration. Few key points from this research such are:

- 1) Customs harmonization in ASEAN is critical for lowering transaction costs, shortening clearance times, improving legal certainty, strengthening enforcement cooperation, and enabling deeper economic integration.
- 2) Achieving customs harmonization requires learning from other blocs: the EU shows the power of a unified customs code and centralized rules (but demands strong institutions and sovereignty tradeoffs), MERCOSUR demonstrates the risks of paper commitments without implementation, and SACU illustrates benefits from a common external tariff and trusted-trader schemes.
- 3) Few policies that fit best for ASEAN are; (1) adopts international standards (e.g., the WTO TFA/Revised Kyoto Convention) as benchmarks, (2) prioritizes digital interoperability through national single windows and the ASEAN Single Window, (3) rolls out regionally recognized AEO/preferred-trader programs and one-stop border management pilots, (4) establishes capacity-building and financing mechanisms for lower-capacity members, and (5) creates a coordinating ASEAN customs body and a harmonized customs code for procedural matters—with selective, binding commitments only where members are ready—balancing deeper integration with political diversity and differing capacities.

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³⁹ Wulf and Sokol, 241.

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