

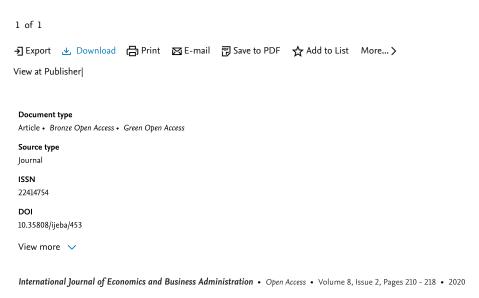
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### The administration of small-scale economies in the crossborder trade in Southeast Asia



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#### **Abstract**

Purpose: This research aims to reveal that the servitude for economic interest in cross border trade zone can be applied in Southeast Asian countries. This trade cooperation includes the right to carry out certain actions in a country's territory as a place of trade for their foreign citizens. Approach/Methodology/Design: This study was conducted by using the field research and analyzed with descriptive analysis regarding the establishment of inter-state trade zones in the border regions of Malaysia and Indonesia. Findings: The results showed that managing the border region it is required to be emphasized by using servitude for economic interest to establish special trade zone for the creation of social justice in the border region. The establishment of a Special Area of Cross Border Trade, as that in Serikin market in Serawak, Malaysia, can be administratively used an alternative in managing the socio-economic border relations between Indonesia and Malaysia. There are several issues that must be examined as the implications of the establishment of border trade zones. Practical Implications: It is necessary to make an agreement on a special cross-border trade area to complement BCA and the BTA, in form of the Border Area Agreement (BAA). Originality/value: The trade area in the Serawak border is part of the acculturation of border communities, which requires special consideration in terms of management, legal rights and national jurisdiction. In addition, this kind of trade area is not formed by the Border Cross Agreement (BCA) and the Border Trade Agreement (BTA). © 2020 International Strategic Management Association. All rights reserved.

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Cross-border trade; Indonesia-Malaysia; Servitude; Sovereign rights; Special trade zone

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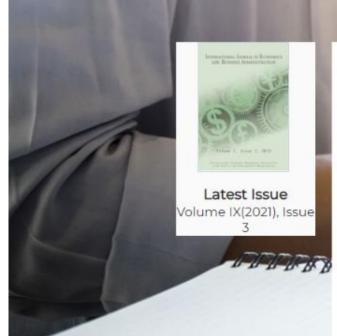
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### The Administration of Small-Scale Economies in the Cross-Border Trade in Southeast Asia

Submitted 13/02/20, 1st revision 01/03/20, 2nd revision 27/03/20, accepted 14/04/20

Hadi Suratman<sup>1</sup>, FX. Adji Samekto<sup>2</sup>, Nanik Trihastuti<sup>3</sup>

#### Abstract:

**Purpose:** This research aims to reveal that the servitude for economic interest in cross border trade zone can be applied in Southeast Asian countries. This trade cooperation includes the right to carry out certain actions in a country's territory as a place of trade for their foreign citizens.

Approach/Methodology/Design: This study was conducted by using the field research and analyzed with descriptive analysis regarding the establishment of inter-state trade zones in the border regions of Malaysia and Indonesia.

Findings: The results showed that managing the border region it is required to be emphasized by using servitude for economic interest to establish special trade zone for the creation of social justice in the border region. The establishment of a Special Area of Cross Border Trade, as that in Serikin market in Serawak, Malaysia, can be administratively used an alternative in managing the socio-economic border relations between Indonesia and Malaysia. There are several issues that must be examined as the implications of the establishment of border trade zones.

**Practical Implications:** It is necessary to make an agreement on a special cross-border trade area to complement BCA and the BTA, in form of the Border Area Agreement (BAA).

**Originality/value:** The trade area in the Serawak border is part of the acculturation of border communities, which requires special consideration in terms of management, legal rights and national jurisdiction. In addition, this kind of trade area is not formed by the Border Cross Agreement (BCA) and the Border Trade Agreement (BTA).

**Keywords:** Servitude, sovereign rights, special trade zone, cross-border trade, Indonesia-Malaysia.

JEL codes: F18.

Paper Type: Research article.

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### **Investment Security Management in Transition Economies: Legal and Organizational Aspects**

Submitted 07/02/20, 1st revision 01/03/20, 2nd revision 28/03/20, accepted 15/04/20

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#### Abstract:

Purpose: There are significant differences between countries in transition from socialism to market economy, and hence differences in investment flows. As a result, the level of economic growth, competitiveness, and integration into the world markets differs significantly. Different transformation strategies, economic policies, and the level of openness of the economy explain the differences between countries. It is revealed that the level of political rights, civil liberties and economic freedom significantly affect investment flows. The aim of this article is to highlight these differences and evaluate them.

**Design/Methodology/Approach:** Data from 18 countries in transition are used to analyze investment security management.

Findings: The study has found that countries in transition have a low level of investment flows and a low level of investment security. On average, net investment inflows account for 3.5% of GDP. There is a positive relationship between investment outflows and gross capital formation, gross savings, GDP growth, and the index of economic freedom, however, on the other hand there is negative relationship between capital outflows and the index of political rights and civil liberties.

Originality/Value: Investment security management depends on institutions and institutional infrastructure as well as the ability to stimulate investment in the country. Reducing trade barriers and opening up the economy also contributes to increase investment in the country. Over the past ten years, investments in countries in transition have declined considerably due to weak investment security management.

**Keywords:** Investment security, transition economy, investment flows, economic growth.

**JEL code:** A13, D74, E22, O10.

Paper Type: Research article.

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