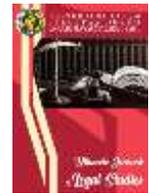




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# The Principle of Mutual Recognition in Association of Southeast Asian Nations Free Trade

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### ABSTRACT

Various provisions that support the implementation and facilitate free trade under the ASEAN organization are increasingly being carried out, especially in realizing the AEC 2025 vision to make ASEAN the Epicentrum of Growth. One of them is the Mutual Recognition Arrangement (MRA) framework which requires ASEAN Member States to apply the principle of mutual recognition in cross-border trade. But in reality, MRA has not been able to run as expected due to various things including differences in legal systems and gaps in product standardization. This research will examine the essence of MRA, namely the principle of mutual recognition in supporting broad market access. Research is a normative juridical research that is descriptive analytical. In reality, the enactment of MRAs is intended to bring about trade liberalization. The provisions of the Principle of Mutual Recognition stipulated in the MRA refer to the provisions set by the WTO, but their implementation in ASEAN Free Trade is specifically regulated in the "ASEAN Framework on Mutual Recognition Arrangement" and "Guidelines for the Development of Mutual Recognition Arrangements". The principle of recognition is carried out on the equivalence of inspections, certifications, certification systems, technical regulations or product conformity assessment results in the framework of harmonization based on the beliefs established through the use of international standards and guidance on conformity assessment practices.

**Keyword: ASEAN; Principle of Mutual Recognition; MRA.**

### ABSTRAK

Berbagai ketentuan yang mendukung pelaksanaan dan memfasilitasi perdagangan bebas di bawah organisasi ASEAN semakin gencar dilakukan, terutama dalam mewujudkan visi MEA 2025 untuk menjadikan ASEAN sebagai Epicentrum of Growth. Salah satunya adalah kerangka kerja Mutual Recognition Arrangement (MRA) yang mewajibkan negara anggota ASEAN untuk menerapkan prinsip saling pengakuan dalam perdagangan lintas batas. Namun pada kenyataannya, MRA belum dapat berjalan sesuai dengan yang diharapkan karena berbagai hal diantaranya perbedaan sistem hukum dan kesenjangan dalam standarisasi produk. Penelitian ini akan mengkaji esensi dari MRA yaitu prinsip saling pengakuan dalam mendukung akses pasar yang luas. Penelitian merupakan penelitian yuridis normatif yang bersifat deskriptif analitis. Pada hakikatnya, pemberlakuan MRA dimaksudkan untuk mewujudkan liberalisasi perdagangan. Ketentuan Prinsip Saling Pengakuan yang diatur dalam MRA mengacu pada ketentuan yang ditetapkan oleh WTO, namun implementasinya dalam Perdagangan Bebas ASEAN diatur secara khusus dalam "ASEAN Framework on Mutual Recognition Arrangement" dan "Guidelines for the Development of Mutual Recognition Arrangements". Prinsip pengakuan dilakukan atas kesetaraan inspeksi, sertifikasi, sistem sertifikasi, peraturan teknis atau hasil penilaian kesesuaian produk dalam rangka harmonisasi berdasarkan keyakinan yang dibangun melalui penggunaan standar internasional dan panduan praktik penilaian kesesuaian.

**Kata kunci: ASEAN; Prinsip Saling Pengakuan; MRA.**



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## **1. Introduction**

The Association of Southeast Asian Nations (ASEAN) was established in 1967 and consists of ten member countries namely Brunei Darussalam, Indonesia, Laos, Cambodia, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam. ASEAN was established not only to maintain regional stability, but also to carry out economic integrity and improve regional competitiveness. In this regard, ASEAN has established a free trade area called the ASEAN Free Trade Area (AFTA). ASEAN Free Trade Area or AFTA is an economic and trade cooperation between countries in Southeast Asia in the form of an agreement to create a balanced and fair trade situation.

ASEAN trade cooperation activities by implementing the ASEAN Free Trade Area (AFTA) apply through liberalization and free markets in the ASEAN region, apparently also apply freely without tariff or non-tariff constraints. This has to do with efforts to have an impact on the implementation of the ASEAN Free Trade Agreement (AFTA) (Kompas, 2022), which came into effect on January 1, 1993, stated that each ASEAN member state should be able to implement the various AFTA agreements gradually and expected to increase trade activities. In this regard, liberalism is the basis for economic activities in the ASEAN region in building regional cooperation continuously and striving to improve welfare based on agreement with gradual implementation. Some of the objectives of the establishment of AFTA are as follows: "(1) Increase international economic competitiveness by making ASEAN the production base of the world market; (2) Increase trade among ASEAN countries and attract many foreign investors; and (3) Waive any entry or import fees for all AFTA countries (Kumaran, 2023).

ASEAN economic activity requires harmonious changes in the interaction of organizations in the interests of international cooperative relations. This is reinforced by the results of a study from Bennet and Oliver which formulates that, "these changes force states and international organizations to adjust their policies and operations in order to maintain their relevance in international relations" (Rahim, 2015). In this context, the ASEAN region can form a production network as part of the world provider or supplier network.

The ASEAN Concord II Declaration (Bali Concord II) of 7 October 2003 stated, "An ASEAN Community shall be established comprising three pillars, namely political and security cooperation, economic cooperation, and socio-cultural cooperation that are closely intertwined and mutually reinforcing for the purpose of ensuring durable peace, stability and shared prosperity in the region". In accordance with prevailing developments, based on the implementation of economic liberalization policies are economic interests that then develop into political interests and so on, this is a policy to strengthen regional integration. This reality is as well as the shared desire to create security and harmonization and strengthen integration in the Southeast Asian region. Faisal's study stated that international economic and political activities have caused world development to occur with uncertainty, as well as increasingly fierce market competition which naturally and in response to market dynamics, so, every actor involved in the global competition arena always strives to make adjustments and improvements (Faisal, 1995).

In carrying out the process of ASEAN economic integration towards the ASEAN Economic Community (AEC) in accordance with the ASEAN Charter, an ASEAN institutional structure was formed consisting of the ASEAN Summit, ASEAN Coordinating Council, ASEAN Community Council, ASEAN Economic Ministers, ASEAN Free Trade Area Council, ASEAN Investment Area Council, Senior Economic Officials Meeting, and Coordinating Committee. The first step in ASEAN's readiness to carry out its economic integration after the enactment of the ASEAN Charter is the establishment of the ASEAN Secretary General for the ASEAN Economic Community / AEC with the task of overseeing the implementation of the AEC Blueprint, monitoring and facilitating the

region's readiness process to face the global economy, and supporting the implementation of other initiatives in the framework of ASEAN economic integration (Bustami, 2015).

Economic integration in the Southeast Asian region cannot be separated from the participation of ASEAN member countries. For developing countries, being a member of an international organization is very beneficial because it will help in the negotiation process and related international developments. Along with the enactment of the ASEAN Economic Community, Indonesia will face tougher competition within the liberal ASEAN market because the characteristics of each ASEAN country are almost the same in terms of products, natural resources, geographical and cultural conditions. The ASEAN Economic Community (AEC) aims to create a peaceful, stable, prosperous region with partnerships established in a democratic and harmonious environment. AEC is inspired to create a highly competitive economic area, an area with economic development that is able to integrate with the global economy.

AEC is a manifestation of the economic pillar of ASEAN cooperation in the form of economic integration between Indonesia and other ASEAN member countries. This opens up various opportunities as well as a stepping stone for Indonesia to have a strong bargaining position in the global political constellation. AEC has five main pillars, namely free flow of goods, free flow of services, free flow of investment, free flow of skilled labour, and free flow of capital.

The AEC entered into force in 2015 and was formed based on the four pillars of the ASEAN Economic Community. The AEC pillar is a form of cooperation to deepen and expand economic integration in the ASEAN region and with regions outside ASEAN. The four pillars of AEC are: "(1) Single market and production base; (2) Highly competitive economic zones; (3) Areas with equitable and equitable economic development; and (4) Regions integrated with the global economy." The four pillars are contained in the Blueprint document agreed at the 38th ASEAN Economic Ministers Meeting (AEM) in Kuala Lumpur in August 2006. In 2015, ASEAN member states approved the ASEAN Economic Community Blueprint 2025. The AEC Blueprint 2025 built on the AEC Blueprint 2015 consists of five interrelated and mutually reinforcing characteristics, namely: (a) an integrated and fully integrated economy; (b) a competitive, innovative and dynamic ASEAN; (c) Increased connectivity and sectoral cooperation; (d) a resilient, inclusive, people-oriented and people-centered ASEAN; and (e) a global ASEAN. AEC 2025 is a continuation of AEC 2015, and aims to make ASEAN economies more integrated and cohesive; competitive and dynamic; increased connectivity and sectoral cooperation; resilient, inclusive, community-oriented and centered; and global ASEAN (Indonesia, 2023).

The sustainability of integrated economic cooperation within the ASEAN framework requires each member country to continue to improve national competitiveness so as to realize ASEAN's vision as the Epicentrum of Growth. This situation also brings each member country to continue to open tariff and non-tariff barriers including standards, accreditation and conformity assessment of the flow of goods, services, investment, skilled labour and capital for the sustainability of AFTA. Various facilities in the implementation of ASEAN economic integration for the reduction of barriers to free trade continue to be developed, one of which is the Mutual Recognition Arrangement (MRA). MRA is an absolute thing to do to support the liberalization of various trade sectors based on justice (Rika Isnarti, 2021).

MRA is an agreement of mutual recognition of certain products between two or more countries to facilitate import and export activities without going through too complicated testing (Kementerian Perdagangan Republik Indonesia, 2018). MRA aims to facilitate trade and stimulate economic activity between various parties through acceptance in terms of one standard, one test, one certification and where appropriate, one funding (Fauzi, 2020).

MRA is an innovation to facilitate cross-border economic relations. When referring to trade markets in the European Union (EU), they have been helped by the MRA in overcoming regulatory barriers between member states. The idea then expanded to other regions to the WTO. But MRA does not always run smoothly, in fact over time it begins to see the consequences that must be accepted due to MRA. Pelksman revealed that the Confederation of European Industry once protested the idea of MRA because of the difficulty of obtaining mutual recognition and its application (Pelkmans, 2005).

Pelksman explained that there are fees that must be received by member states to obtain an MRA. Among them, first MRA is not visible. Because MRAs are abstract, they are different from national rules that are easy to verify. Second, there is no book on the exact rules of mutual recognition. What is seen is that countries that are in the mutual recognition section are very active in the formation of MRA. Third, there is a gap between principle and application in everyday business, due to a lack of clarity of equivalence of effects. Fourth, the high cost of monitoring each MRA case. Fifth, European Court of Justice (ECJ) reviews tend to be slow due to the large number of proposals given, not even uncommon for MRA cases. Sixth, the application of MRA turns out to be more complex. The more complicated the interpretation, the more "grey areas". In fact, MRAs have a habit of being well-informed economic agents regarding the right to trade. Then trust between member states concerned Certification bodies will be specifications and incentives for national bodies directly or indirectly.

Through the findings of the MRA problem, it is necessary to examine more deeply the applicability of MRA, especially in ASEAN and the principles applied in implementing MRA within the AFTA framework, moreover Indonesia has ratified the ASEAN Framework on Mutual Recognition Arrangements through Presidential Decree of the Republic of Indonesia Number 82 of 2002 concerning the Ratification of the ASEAN Framework on Mutual Recognition Arrangements.

## **2. Method**

This research is a normative juridical research conducted through literature studies to qualitatively analyze the formulation of the problem in this study. Secondary sources were used as the primary source of information for the study. Laws and regulations, agreements, documents and scientific publications from libraries become sources of data in conducting objective analysis (Muhaimin, *Metode Penelitian Hukum*, 2020). To answer the problem, the main source used is the ASEAN Framework on Mutual Recognition Arrangements which will be elaborated with analytical descriptive. Through these sources, the principle of mutual recognition will be analyze systematically.

## **3. Discussion/Result**

### **a. Applicability of Mutual Recognition Arrangement in ASEAN Free Trade**

The term Mutual Recognition Arrangement has been around since the 1980s, and the WTO was the first to formalize the terminology of this Mutual Recognition Arrangement. The forerunner of the Mutual Recognition Arrangement has actually been seen since the Tokyo WTO round of negotiations in the period 1973-1979. After a long negotiation process, at the end of the round of negotiations, in 1979, the so-called "The Plurilateral Agreement on Technical Barriers to Trade" was produced. This agreement is also called The Standards Code, which contains rules for the preparation and implementation of technical regulations, standards, and conformity assessment procedures. Then in the next round of negotiations, namely the Uruguay Round of Negotiations, "The New Technical Barriers to Trade Agreement" was produced which is also called the TBT Agreement. "The New Trade Barriers to Trade Agreement" reinforces the previous "Trade Barriers to Trade Agreement", namely The Standards Code. The new agreement entered into force for WTO member states in 1995, and its purpose is to ensure that regulations, standards, testing and certification procedures do not

become barriers to trade. This Technical Barriers to Trade Agreement is the basis or beginning of the emergence of Mutual Recognition Arrangements both on goods and services (World Trade Organization, 2010).

Since its introduction by the WTO, mutual recognition arrangements, standards, technical regulations, and conformity assessment have become frequently used in international trade, both bilaterally and multilaterally. Mutual Recognition Arrangement, for example, many countries use this Mutual Recognition Arrangement in bilateral trade. Among them is the Mutual Recognition Arrangement between Australia and New Zealand. In addition, the Mutual Recognition Arrangement is also widely adopted at the multilateral level. Its use in ASEAN can be used as an example. The concept of mutual recognition is used by ASEAN to support the AFTA free trade regime. This regime was formed to realize the liberalization of trade between ASEAN countries. This is in accordance with one of the pillars of the ASEAN Vision 2020 (which accelerated its achievement target to 2015), namely the ASEAN Economic Community which aims to (Direktorat Jenderal Kerjasama Perdagangan Internasional Kementerian Perdagangan Republik Indonesia, 2010) :

- a. creating a stable, prosperous and highly competitive ASEAN economic region characterized by free flow of goods, services and investment, freer capital traffic, equitable economic development and reducing poverty and economic inequality;
- b. accelerate trade liberalization in services;
- c. increase the free movement of professionals and other services in the region.

To realize the ASEAN Economic Community, ASEAN member countries liberalize trade in goods, services, investment, and labour. And the role of the Mutual Recognition Arrangement is here to facilitate the liberalization of trade. Since 2002 several Mutual Recognition Arrangements have been established for trade in goods, services, and labour.

### **Mutual Recognition Arrangement on Trade in Goods**

In the trade of goods, for example, in order to facilitate the free flow of goods, one of them needs to harmonize standards and conformity. Therefore, ASEAN through the "ASEAN Consultative Committee on Standards & Quality" (ACCSQ) strives to harmonize national standards with international standards and implement the Mutual Recognition Arrangement to achieve the ultimate goal of "One Standard, One Test, Accepted Everywhere" (ASEAN, 2010). ACCSQ consists of several working groups and committees, namely:

- a. Working Group on Standards and Mutual Recognition Arrangements;
- b. Working Group Accreditation and Conformity Assessment;
- c. Working Group on Legal Metrology;
- d. Joint Sectoral Committee for ASEAN Sectoral MRA for Electrical & Electronic Equipment;
- e. ASEAN Cosmetic Committee;
- f. Pharmaceutical Product Working Group;
- g. Prepared Foodstuff Product Working Group;
- h. Automotive Product Working Group;
- i. Traditional Medicines & Health Supplement Product Working Group

The ASEAN Mutual Recognition Arrangement for goods was first established on 5 April 2002 for goods products, namely the "Mutual Recognition Arrangement for Electrical and Electronic Equipment". This was followed by the "Mutual Recognition Arrangement of Product Registration Approvals for Cosmetics" for cosmetic products on September 2, 2003. This "Mutual Recognition Arrangement of Product Registration Approvals for Cosmetics" is part of "The Agreement on ASEAN Harmonized Cosmetic Regulatory Scheme". As for the drug sector, ASEAN's efforts to develop a harmonization scheme for drug standards and regulations to facilitate drug trade are still ongoing. Technical requirements have been jointly developed marked by the existence of "ASEAN Common Technical Requirements" (ACTR).

## **Mutual Recognition Arrangement on Trade in Services**

As is the case with trade in goods, liberalization also occurs in trade in services. In liberalizing trade in services, barriers to trade in services associated with opening market access and implementing national treatment for all four modes of service provision should be removed. Barriers affecting market access include:

1. restrictions on the number of service providers;
2. restrictions in the number of transaction volumes;
3. restrictions in the number of operators;
4. restrictions in the number of labour;
5. restrictions in legal forms and foreign ownership

Meanwhile, obstacles related to the implementation of national treatment include:

1. discriminatory regulations for tax requirements;
2. discriminatory regulations in citizenship;
3. discriminatory regulations in the period of stay or length of employment;
4. discriminatory regulations in licensing;
5. discriminatory regulations in standardization and qualification;
6. discriminatory regulations within property and land ownership limits

Liberalization of trade in services in ASEAN is carried out through the mechanism of the "ASEAN Framework Agreement on Services" (AFAS). AFAS was signed by the Economic Ministers of ASEAN countries on December 15, 1995 at the 5th ASEAN Summit in Bangkok. The implementation of AFAS is carried out in the form of a schedule of commitments achieved at each round of negotiations. To date, 7 commitment packages have been signed by ASEAN Economic Ministers resulting from 5 rounds of negotiations starting from January 1, 1996.

This commitment schedule contains the commitments of ASEAN countries in service sectors or sub-sectors. These service sectors include the air transportation service sector, sea transportation service sector, business services sector, construction services sector, telecommunications services sector, tourism services sector, financial services sector, health services sector and logistics services sector. To facilitate the liberalization of trade in services in the ASEAN region, one of the efforts is to harmonize standards and conformity as well as those in trade in goods. The standards referred to here are related to the qualifications of workers working in the service sector. It should also be emphasized here that the free flow of labor is indeed related to the free flow of services, because it is included in the AFAS cooperation framework. Furthermore, recognition of these standards mutually agreed upon by ASEAN member states can be categorized as a Mutual Recognition Arrangement in the field of Services (Rizqi, 2010).

The ASEAN Mutual Recognition Services Arrangement was first established on 9 December 2005 for the engineering services sector. So far, eight types of ASEAN Services Mutual Recognition Arrangements have been established, namely (Directorate General of Higher Education Ministry of Education and Culture Republic of Indonesia, 2012):

1. ASEAN Mutual Recognition Arrangement on Engineering Services was made on December 9, 2005 in Kuala Lumpur, Malaysia;
2. ASEAN Mutual Recognition Arrangement on Nursing Services was made on December 8, 2006 in Cebu, Philippines;
3. ASEAN Mutual Recognition Arrangement on Architectural Services was made on November 19, 2007 in Singapore;
4. ASEAN Mutual Recognition Arrangement on Surveying Qualifications was made on 19 November 2007 in Singapore;

5. ASEAN Mutual Recognition Arrangement on Accountancy Services was made on February 26, 2009 in Cha-am, Thailand;
6. ASEAN Mutual Recognition Arrangement on Medical Practitioners was made on February 26, 2009 in Cha-am, Thailand;
7. ASEAN Mutual Recognition Arrangement on Dental Practitioners was made on February 26, 2009 in Cha-am, Thailand;
8. ASEAN Mutual Recognition Arrangement on Tourism Professionals was made on 9 November 2012 in Bangkok, Thailand.

Basically, these eight Mutual Recognition Arrangements have similar goals to each other. Such as exchanging information and facilitating the mobility of experts of the profession concerned. This has been stated directly in the Mutual Recognition Arrangement. This agreement is included in international agreements, where international agreements are agreements made and entered into by one State with another State to determine mutually agreed legal decisions.

#### **b. Provisions of the Principle of Mutual Recognition set forth in the Mutual Recognition Arrangement**

Before discussing the principle of mutual recognition stipulated in the Mutual Recognition Arrangement, it is necessary to know the terminology related to MRA, namely the Standard; Technical Regulation; Conformity Assessment; Harmonization; Convergence; and Equivalence. This terminology needs to be known to distinguish it from MRA.

1. Standard: a document established by consensus, and approved by a recognized body. This document contains regulations, product characteristics, such as size, shape, design, appearance, or other matters related to the production process of the product, and these standards are not mandatory to comply with (FAO, 2004).
2. Technical Regulation: a document containing specific characteristics of products, methods of production. But what distinguishes it from the standard is on the compliance side. Standards are more voluntary to comply with while technical regulations are mandatory to comply with. In addition, the two also have different implications for international trade. If a product does not meet the requirements of technical regulations, it cannot be marketed. While if a product does not meet the requirements of the standard, the product is still allowed to be marketed but their market share may be affected if consumers prefer products that comply with local standards (FAO, 2004).
3. Conformity Assessment: procedures used to meet the requirements of technical regulations and standards (FAO, 2004). Forms of conformity assessment include testing, sampling, evaluation, and verification.
4. Harmonization: the process by which standards with the same theme are approved by different standardization boards, which establish the exchange of products and services (FAO, 2004). There is actually no specific definition of harmonization in the context of international trade and standardization. The above definition only follows the definition of the "International Organization for Standardization" (ISO).
5. Convergence and Equivalence: more or less have the same meaning as harmonization, as explained by the "International Organization for Standardization" (ISO).

Mutual Recognition Arrangement (MRA) is also a terminology related to trade harmonization. Similar to some of the terminology discussed above, there is actually no specific definition of Mutual Recognition Arrangement given specifically by the World Trade Organization (WTO) or the International Organization for Standardization (ISO). The World Trade Organization (WTO) in the explanation of the Technical Barriers to Trade Agreement only states that mutual recognition is a mechanism to facilitate the acceptance of conformity assessment results (testing, evaluation, and

verification). Therefore, we start the discussion about the meaning of Mutual Recognition, starting from discussing what is meant by recognition.

Recognition is required in trade in goods and services to facilitate trade in those goods and services. The recognition referred to here is the recognition of qualification requirements and technical standards, which have been mutually agreed upon by FTA member states. In the service sector that requires professionals, such qualification requirements and technical standards have often been used to limit the number of foreign professionals entering a country's service market. These qualification requirements and technical standards actually arise from the government's desire to improve or reduce the likelihood of market failure from the imperfect information received by consumers when they consume the service.

Referring to WTO provisions, provisions regarding the principle of recognition in free trade are regulated in Article VII of the WTO's "General Agreement on Trade in Services" (GATS). This article provides that in order to meet in part or all the standards or criteria for authorizing, licensing or certifying service providers, Member States may grant recognition of their education or experience, requirements met or certificates or licenses granted by a particular State to the service providers. Such recognition, whether obtained through a harmonization process or by other means, may be granted on the basis of a particular agreement or arrangement with the State concerned or by granting it unilaterally. The granting of recognition to other Member States should be based on multilaterally agreed criteria, to the extent possible. Under certain conditions, Member States should cooperate with relevant intergovernmental and nongovernmental organizations to establish and agree on common international standards and criteria concerning the recognition of, and establishment of internationally common standards and criteria concerning relevant trade practices in services and professions.

Meanwhile, when referring to the ASEAN Framework on Mutual Recognition Arrangements, it is stated that MRA is an arrangement that establishes agreements for mutual recognition of equality inspections, certifications, certification systems, technical regulations or conformity assessment results (ASEAN, 1998). Looking at the "Guidelines for the Development of Mutual Recognition Arrangements", it is stated that MRA is an agreement between Member States that provides mutual recognition of the results of conformity assessments carried out in one Member State by authorities in other ASEAN Member States. MRAs typically authorize the exporting party to test, inspect and/or certify the product, against the importing party's regulatory requirements, in its own territory and prior to export. This agreement facilitates trade and by enabling suppliers to confirm compliance with the requirements of the importing country in connection with the mandatory inspection, testing or certification of products prior to import and sale (ACCSQ, 2016).

The MRA provisions contain obligations for the recognition of inspections, tests, certifications and approvals, issued by qualified conformity assessment bodies of the exporting Member State by the importing Member State. The establishment of MRAs does not depend on initiatives undertaken to harmonize technical standards and regulations. The implementation of an MRA depends on a conformity assessment carried out in the exporting Member State to assess the conformity of a product to the requirements of the importing Member State, which may differ from its own.

Since MRAs generally do not specify harmonization of the technical requirements of ASEAN Member States or recognition of their equality, each Member State is free to set its own rules and standards. However, the parties to the MRA mutually recognize the equivalence and results of the conformity assessment procedure. Member States shall thus have confidence in the conformity assessment bodies of other Member States. Recognition is usually based on beliefs established through the use of international standards and guidance on conformity assessment practices. These standards provide uniform criteria with respect to the minimum qualifications and training requirements of personnel involved in the assessment of conformity, impartiality, independence from personal interests, technical competence to carry out certification and testing. Each Member State

shall thus establish a comparable and mutually acceptable certification system and technical infrastructure. Accreditation of conformity assessment bodies of the exporting Member State to the standards of the importing Member State is the main method adopted to confirm the competence of conformity assessment bodies in assessing or certifying products on behalf of the importing Member State (ACCSQ, 2016).

In implementing the recognition principle, ASEAN also guides the general principles used in the process of standardization, certification and conformity assessment systems in trade in services, namely (Sekretariat Negara Republik Indonesia, 2023):

1. Sovereign, under which Member States respect the unique structure and quality assurance procedures of each State;
2. Comparability: Member States use benchmarks to assess the comparability of quality assurance systems;
3. Better quality assurance systems must be more flexible and adaptable to national and international developments, and they must be more consistent in how they use time as a benchmark for comparison and trust-building rather than seeking or taking over existing quality assurance structures and processes;
4. Transparency, where Member States encourage openness of their quality standards, benchmarking and reference process findings;
5. Accountability, which involves Member States assessing and disclosing the performance of eligible organizations compared to internationally recognized benchmarks. Consultation with partners and stakeholders who make public reports is part of the evaluation process;
6. Continuous improvement, where Member States take into account how well a State has implemented its quality assurance system when that system is built on a philosophy of continuous improvement.

In this regard, ASEAN has established a number of guidelines to ensure that ASEAN member states carry out the process of recognizing the competency certification system efficiently, transparently, and uniformly. The guidelines are:

1. The competency bodies of each participating member State agree on standards for assessing the competency certification system of each member State;
2. Based on established benchmarks, a framework of competency certification systems in each member country is offered;
3. The basis and legal duties of each competent body are determined. If a State has several competent bodies, it should describe how those bodies are related;
4. To obtain relevant findings, the scheme of the relevant competency bodies is given descriptively in line with the competency certification system of the participating Member State;
5. To develop a quality assurance strategy, each competent institution sets benchmarks according to predetermined criteria. Activities will be based on established criteria in accordance with established benchmarks;
6. Independent participants who have experience in quality assurance through competency certification schemes participate in this activity collectively;
7. One report will be generated by the activity procedure. It consists of establishing the techniques used, finding recognition activities, figuring out the level of comparability, and determining the agreed level of recognition. Then steps are documented and mutually agreed upon to promote comparability between the competency certification systems of participating member States. Each competence body also agrees to publicly recognize any high level of comparability arising from the act of recognition;
8. Recognition reports are distributed to each participating member state.

The ASEAN Framework Agreement on Mutual Recognition provides a common basis for developing and implementing MRAs. This Agreement establishes the general principles for developing sectoral

MRAs among Member States and the general conditions under which each Member State shall accept or recognize the results of conformity assessment procedures from other conformity assessment bodies. The MRA Framework Agreement does not provide for harmonization of technical regulations in ASEAN or acceptance of other Member States' technical regulations as equivalent. Each Member State Regulator retains its full authority to grant approvals based on its own domestic regulations and standards. While harmonization of regional standards is encouraged in the MRA, it is by no means mandatory.

Furthermore, when studied etymologically, the word "mutual" in front of the word "recognition", then the word mutual here indicates something reciprocal or reciprocal. Mutual Recognition can be interpreted as a process where qualifications or standards for a product, both goods and services in one country (home country), are also recognized in another country (host country). So there is equal recognition among these countries of the qualifications or standards of a product. It can be said that mutual recognition aims to facilitate the learning of the reciprocal principle for FTA member countries so that they can understand the differences in their respective economic regulations that must be harmonized. In addition to the objectives mentioned above, mutual recognition also aims to encourage the creation of a trade in services based on patterns of mutual trust and comparative advantage. Furthermore, the existence of mutual recognition will help improve quality and create uniformity in domestic regulations so that national products have equality that is recognized as quality equal to other ASEAN countries.

#### 4. Conclusion

The enactment of the Mutual Recognition Arrangement is intended to realize the "ASEAN Economic Community", ASEAN member countries liberalize trade in goods, services, investment, and labor. And the role of the Mutual Recognition Arrangement is here to facilitate the liberalization of trade. The provisions of the Principle of Mutual Recognition Arrangement set out in the Mutual Recognition Arrangement refer to the GATS provisions set by the WTO, but the implementation of ASEAN Free Trade is specifically regulated in the "ASEAN Framework on Mutual Recognition Arrangement" and Guidelines for the Development of Mutual Recognition Arrangements. The principle of recognition is carried out on the equivalence of inspections, certifications, certification systems, technical regulations or product conformity assessment results in the framework of harmonization based on the beliefs established through the use of international standards and guidance on conformity assessment practices.

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