PROCEEDING
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IPGSC 2018

International Relations in the Age of Disruption:
Power Shift, Power Diffusion and New Complexities

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International Relations in the Age of Disruption: Power Shift, Power Diffusion and New Complexities

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Postgraduate Program
International Relations Department
Faculty of Social and Political Sciences
Universitas Indonesia
On the 14th and 15th of November 2018, Masters’ Programme in International Relations, Department of International Relations, Faculty of Social and Political Sciences, Universitas Indonesia successfully held an International Postgraduate Student Conference (IPGSC) titled “International Relations in the Era of Disruptions”. This event was an international conference intended for postgraduate students from within and outside the country who studied International Relations. Faculty members of the department had agreed that the chosen theme encapsulated the spirit of explaining causes and implications of the signs of global political changes in the wake of Britain’s separation from the European Union, the rise of Donald Trump to presidency and the rising tension in the South China Sea.

While the conference itself served Universitas Indonesia’s IR Department with an opportunity for its masters’ students to write and present their most recent academic works in an international forum, the department also gained the much-needed international exposure to facilitate more publications of its academia. Students also gained much-needed opportunity to publish their works as a prerequisite of their degree. Finally, the benefit of this conference is for the department, instead of its individual teaching staffs, to gain international exposure as an institution.

This foreword is therefore dedicated to express the deepest gratitude towards individuals who have made the conference happen smoothly and productively. They are Department of International Relations Chair Dr. Nurul Isnaeni as supervisor of the steering committee, Postgraduate Programme Chair Dr. Asra Virgianita as the executive director of the steering committee, members of the steering committee Dr. Ali Wibisono, Dr. Chengqiu Wu, Dr. Rachel Silvey and Dr. Shofwan Al-Banna, and – last but not least – Dr. Broto Wardoyo as co-organizer of the organizing committee who made sure that the conference went smoothly in its execution.

In addition, a special gratitude on behalf of International Relations Postgraduate Programme is also conveyed to the invited speakers who have presented their outstanding academic works to students who participated in the seminar. They are Mr. Darang Chandra, Ms. Aisyah Rasyidila, Mr. Rakhmat Syarip from Universitas Indonesia; Mr. Tangguh Chairil from Universitas Bina Nusantara; Mr. Wishnu Mahendra and Wiwiek Rukmi from Universitas Brawijaya; Ms. Fitria Nugrahani and Ms. Dwi Astuti from PNJ; Ms. Adinda Tenriangke Muchtar from The Indonesia Institute; Ms. Amira Waworuntu from INADIS; Dr. Fitriani from CSIS Jakarta; and Mr. Andi Kurniawan and Ms. Sindy Yulia Putri from Universitas Pembangunan Nasional “Veteran” Jakarta.

Furthermore, we convey special gratitude to the moderators who not only performed as time-keepers but also lead-discussants in the sessions of the conference. They are Dr. Ali Wibisono, Ms. Avyanti Azis, Dr. Beginda Pakpahan, Ms. Aisyah Rasyidila, Mr. Rakhmat Syarip and Mr. Agung Nurwijoyo from Universitas Indonesia; Mr. Tangguh Chairil from Universitas Bina Nusantara; Ms. Wiwiek Rukmi from Universitas Brawijaya; Ms. Amira Waworuntu from INADIS; Dr. Fitriani from CSIS Jakarta; and Ms. Sindy Yulia Putri from Universitas Pembangunan Nasional “Veteran” Jakarta.

Finally, we convey special gratitude to postgraduate students of International Relations Department Universitas Indonesia who not only have tirelessly volunteered as members of the organizing committee but also contributed papers and presentations to the conference. They are Impiani, Indra Pujianto, Nanda Kartika Ayu, Roman Walber Hutasoit, Tulfah Hafiyer, Achmad Ismail, Maria Elsa Karina, Nisrina Nur’Aathif, Rudi Saeputra, Zulhajnie W. Limpas, Anri Ette Michelle Mulia, Mega Prastika, Nurul Minchah, Samuel Mangara Sianturi, Victoriana Melati, Calista Laurinne Nugroho, Muhammad Fadhli, Rachmat Yudi Santoso, Sara Gabriella, Zainab Assegaff, Darynaufal Mulyaman, Muhammad Yassin Fathinsyah, Ramdan Lamato, Setyo Ndaru Wicakseno, Stephanus E. M. Marbun, Musfiroh, Rahmat Ansari, and Stephanus E. M. Marbun. To all these brilliant students, we convey our thanks and hope that the conference provides you with long-lasting positive memories and lessons for your future academic endeavors.

We hope that the 2018 IPGSC will not be the last and be followed by better student conferences in terms of impact as well as diversity of participants.
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Introduction

This proceeding unfolds in four main parts. The first part following this introduction is a collection of introductory remarks from faculty members, including Dean of Social and Political Sciences Dr. Arie Soesilo, Head of IR Department. Dr. Nurul Isnaeni and Head of Postgraduate Programme in IR Dr. Asra Virgianita who also led the IPGSC committee.

The second part is a collection of papers discussing Disruption in Transnational Relations: New Complexities and Diffused Authority. Disruptions in transnational relations stem from the growing anti-establishment, populism, local ethnic identities and cultural values which have paradoxically risen on account of an interconnected world. In such an environment, political leaders find appeals to identity useful for mobilizing supporters and consolidating political control and religious influence might become increasingly consequential. This latter development has led to the strong-state trend of national politics, which is indicated by state leaders’ policies of rejuvenating nationalism and mobilizes the sources of power within firm control of the state. Governments of the world’s major powers are pursuing nationalist agendas and external projection of a strong state possibly to seek redress of perceived international humiliations, past or present.

In return, nationalist and strong-state narratives or policies create risks for domestic as well as international realms. Domestically, they impact on the deterioration of the state of democracy, fulfilment of human rights, and the interests of non-state actors. Governments’ emphasis on the protection and projection of state power might well result in the erosion of the rights or protections enjoyed by individuals, businesses and civil society groups. The latter become more contingent on the perceptions of the state leaders on whether the protection of rights of the society are in line with their interest and consolidation of their own personal power. Extreme examples show that when governments mobilize nationalist sentiments for purposes of safe-guarding their hold and projection of power, human rights violations take place on a massive scale.

Clearly, for scholars and activists of transnational civil society organizations, democracy can no longer be taken for granted. They need to think about how to develop democratic norms when leaders who shape norms nationally and globally are lacking in both numbers and willingness. Another element undermining democracy is “post-truth” or “false news” driven political debate. Here the “fragmentation, antagonism and mistrust” of the media, coupled with the rise of social media, which also serves as an echo chamber for reinforcing biases, prevent the possibility of an open debate and genuine efforts to resolve differences. This in turn is leading to greater polarization both at the domestic and global levels.

Therefore, in this part this proceeding provides a collection of papers that discuss the complexity of democracy, human rights, identity and information politics, migration and environment. Included here are papers discussing how migration of individuals impact on states’ behaviour written by: Anindita on the Emerging Diplomacies between India and Bangladesh which is contextualized by the two countries’ migration; Angela Krista Anastasia on Non-State Actors’ Roles in Transit Countries, Refugee Governance in the Case of Jordan and Indonesia; Nugroho Bangun on Indonesian Foreign Policy in ASEAN Committee on Migrant Workers (ACMW) in the context of protecting Indonesian migrant workers in Malaysia in 2010-2014, Baiduri Agung Putra on British Government Effort under David Cameron Leadership to Integrate Immigrants (2010-2015); Asep Setiawan, Endang Sulastri, and Sumarno on Indonesian Pro-People Foreign Policy in Protection Migrant Workers in Malaysia. Secondly, there are papers on democracy written by: Muhammad Zainal Mustaqin on Western Ideology and the Failure of Democratization in the Middle East; Rayhana Fajria on the Role of Asia Foundation In Building Cooperation With Myanmar’s New Regime as Part of Consolidation of Democracy; Farida Budiarti on the Protest of Kendeng Peasants as a Resistance against Capitalism; Ardhi Rahmani on the New Normal for Democracies in an Age of Social Media in a Free Internet; Andi Cahyadi Kusuma on the Cooperation between the Government of Indonesia and Internet.org., and Yusnan Hadi Mochtar on Eradicating Gender Based Violence in Indonesia Through Global Governance Perspective. Last but not least, in this part are included papers on environmental protection management, including those written by Meidy Amanda on United States Ratification of Paris Agreement 2016; and Roman Walber Hutsoit on Transnational Diplomacy In Green Building As A Plan to Decrease Global Warming.
The third part of the proceeding discusses Disruption in Political and Security: The Impact of Power Shifts to Global and Regional Politics. The oldest and most important form of disruption in international security is military aggression of one sovereign power against another. State-to-state military aggression has not gone down in history; in fact, it resulted in stronger reprisals and more bloody conflict in recent years as non-state groups, most notably transnational terrorist organizations, are increasingly present in combat with regular forces. Transnational terrorist organizations have so far exploited their own network as well as relations with patron-states to counter another power’s intervention. There are also a growing number of incidences of states projecting their power in ways that directly encourage or exacerbate problems inside other countries’ borders. This kind of interference may foment instability within the “target” state, including violent reprisals or the eruption of civil conflict.

The second source of disruption falling firmly within the international security realm is the changing relations between major powers, mostly for the worse. Partly as consequence of strong-state politics taking place in major states, each of these states becomes increasingly assertive of its own interests, and as a result they lack consensus on the rules that govern their interactions and the directions in which the world might converge. As a result, there is evidence of a general breakdown in trust and an erosion of respect for global norms designed to govern peaceful international interactions.

An important question facing international security scholars today is how to manage the global order in the midst of “unipolar withdrawal” where the United States has become less willing to act as enforcer of global norms. While such withdrawal partly results from divisions within the United States itself over whether the benefits of performing the role of global enforcer are sufficient to justify its costs, its consequences are real for international peace: rising powers calculate that actions that may violate international laws such as the UN Charter, the law of the sea (UNCLOS) or international humanitarian law (Geneva Conventions) can achieve objectives without consequences of unacceptable costs in terms of opposition or punishment. More to the point, the emergence of cyberspace as an unregulated battlefield - as laws of war for cyber-warfare is missing - has also created new ways to advance state interests, allowing interference in domestic political or economic affairs that might be considered acts of aggression if pursued by other means.

In the face of the increasing possibilities for international conflicts, what could be the balancers of rising and resurgent actors? Attempts at answering this question are conducted by the following authors: Abhiram Singh Yadav on the Political and Military Dimensions of the Origins of Indo-Pacific; Xia Menghu & Elaine Tan on New Diplomatic Challenges Facing ASEAN; Siti Kemalasari Assiffa Salim on Defense Industry And WTO Policy Space In Indonesia; Sashri Adhyasti Putri on Comparison of Indonesian and South Korean Anti Corruption Regime: Trends and the Development of Anti Corruption Policy; Wishnu Mahendra Wiswayana & Fitria Nugrahani on World Maritime Axis & Integration Visibility of Indonesian Defense System based Revolution 4.0; Chika Dewi & Siti Nurhasanah on Trade War as a Form of the United States Hedging Strategy against China's Economic Power; Marshal Timoteus on ASEAN's Responsibility to Protect in handling the Rohingya Crisis; Galby Rifqi Samhudi on the Impact of Indonesia’s Sinking of Illegal Fishing Ships On Southeast Asia; Dian Naren Budi Prastiti on the Relevance of ASEAN’s Non-Intervention Policy; Arimadona on RPOA Norm Localization and Indonesia’s Handling of IUU Fishing; Gita Ardi Lestari on the Making of FPDA and ASEAN as the Prodigy of Collaboration in the Southeast Asia Region; Yulinar Amalia Masufah & Henny Saptatia Drajati Nugrahani on Defense and Security Manufacturing Industry as the Manifestation of National Identity in Southeastern European Countries (Study of Bulgaria, Slovenia and Romania); Rio Wicaksono & Henny Saptatia Drajati Nugrahani on BRICS as Russia’s Foreign Policy Strategy for Promoting Multipolarity;

The final and largest part of this proceeding is a collection of papers that discuss Disruption in International Political Economy: New Faces of Capitalism. The source of disruption that we can identify to be associated with economic interactions between states stems from the trend of protectionism and economic corridors. States have always used tools of economic policy and diplomacy to pursue their geopolitical goals. With the intensifying strong-state policies and geopolitical unpredictability, the risks of economic connectivity as well as protectionism also increase. The latter is particularly true among Western countries, where the strongest geo-economic trend of recent years has been the erosion of support for globalization and growing support for protectionist policies. It is notable that two of the states that have traditionally been among the firmest advocates of global economic integration, the United Kingdom and the United States, have seen the most dramatic uncertainties emerge around their trade-related policies.
Meanwhile, economic connectivity ventures are pursued by Asian states through plans to extend and deepen networks of economic corridors that are spurring huge investments in infrastructure. By far the most ambitious is China’s Belt and Road Initiative (BRI): launched in 2013, it spans more than 60 countries and involves investment plans totalling a reported US$900 billion. However, there are numerous other such corridors, most of which connect Asia and Europe. They include the China Pakistan Economic Corridor (CPEC); the Bangladesh-China-India-Myanmar Economic Corridor (BCIM-EC); the International North-South Transport Corridor (INSTC), which links India, Iran and Russia; and the Asia-Africa Growth Corridor (AAGC), a joint initiative by India and Japan.

The question is posed to political-economic thinkers here is to what extent economic connectivity or corridors and infrastructure plans foster peaceful relations? What can be done to the existing and new links and patterns of cooperation to help nurture international peace? In their works, these authors illuminate different dimensions of economic disruptions: Calista Laurinne Nugraha on the Reinforcement of China’s Economic Diplomacy towards ASEAN through ACFTA Upgrading Protocol; Sindy Yulia Putri; The Role of Indonesian Government in the Implementation of Halal Tourism through Multi-Track Diplomacy; Bondan Priyambodo on the Motive of Indonesian Government in Establishing Indonesia Australia Comprehensive Economic Partnership Agreement (IA-CEPA); Ulya Amaliya on the Implementation of the World Bank Knowledge Economy Concept to Liberalize Higher Education Sector In Developing Countries; Darynaufal M and Muhammad Fikri Robbani on the Globalization and Specialization: How South Korean Company Win in Disruption Era; Farandy Nurmeiga on the New Faces of Capitalism in Russia (Study of Climate Change and Its Impact toward Russia’s Economy); Yunita Permatasari on the Indonesia Space Technology in International Political Economy; Yiyin Yogia Izzah on the Debate of Educational Sector Liberalization Policies in GATS; Riksa Pramatatya on Indonesia’s Policy on Tackling The Fly Ban Problem: Reinventing Garuda Indonesia on Expanding into the European Union; Arya on the Bilateral Diplomacy of Indonesia and Malaysia In Securing The Export of Oil Palm Commodities to Europe; Arditya Laksono & Henny Saptatia on Tourism as New Face of Capitalism in the City of Venice; Hanvitra on The Political Economy of Indonesia in the Post Post Reformation: Between Liberalization and Protectionism; Laila Anggita Nurcahyani on Comparison of Shinzo Abe And Xi Jinping’s Diplomacy towards Myanmar; Muhamad Yassin on Veto Player Analysis of Canadian Government on Global Crisis 2008; Ridha & Henny Saptatia Drajati Nugrahani on the Helcom (Helsinki Commission) Strategy on Shipping Industries In Baltic Sea Region; Achmad Ismail on Power Relations between Indonesia – United States of America In Family Smoking Prevention and Tobacco Control Act; Tsuroyya Salsabil on The Role of Non-State Actors in Promoting Sustainable Banking towards an Integrated Global Environmental Governance; Miftahur Rahman, Riksa Pramatatya and Gema Ramadhan Bastari on Globalization, Neoliberalism and Transnational Advocacy, A Case Study on the Implementation of MP3EI in Indonesia; Afini Clara Shinta on the Increasing the Role of Indonesia in the South-South and Triangular Cooperation: interest and benefits; Remeliza Fitri on Saudi Aramco’s Expansion Out of The Region through Oil Energy Cooperation with South Korea; Afgan Fadillah, Mujahid Widian Saragih on Agrarian Reform under Joko Widodo’s Administration, and Rosmelini Desriati Purba on the Balance of Bargaining Power between Indonesian Government and PT Freeport Indonesia Regarding The Divestment of 51% of shares.

This proceeding will end with a closing remark from Secretary of Masters’ Programme Dr. Ali Wibisono. He concludes with some notes on how to manage the global order in the midst of “unipolar withdrawal” where the United States has become less willing to act as enforcer of global norms, what the future holds for economic globalization after the West seems to turn its back on it, and what aspects of transnational relations that are capable of promoting democracy and human rights in the face of strong-state politics trend.

Editors

Dr. Ali Wibisono
Dr. Asra Virgianita
Part I
Introductory Remarks

Welcoming Speech by Dean of Faculty of Social and Political Sciences Dr. Arie Soesilo on 14 November 2018

Welcoming Remarks by Head of International Relations Department, Dr. Nurul Isnaeni on 14 November 2018

Conference Report by Head of Postgraduate Programme, International Relations Department, Dr. Asra Virgianita, on 14 November 2018
Distinguished speakers, honorable guests, and esteemed participants. To all our foreign delegates and participants, a warm welcome to the Universitas Indonesia. On behalf of UI, I would like to welcome all participants to the International Postgraduate Students Conference (IPGSC), the first international postgraduate students conference held by Department of International Relations. It is truly an honor, and a privilege for FISIP UI to host this international seminar.

I have no doubt in my mind, that this seminar will be a worthwhile experience. We have, an opportunity before us to learn from some of the best experts in this field and I hope, we will all walk away from this seminar, enriched with a better understanding of contemporary issues in international relations.

As you know, today’s international relations are instilled by unpredictability of the future of international governance and global power competition. All of the papers presented in this seminar represent three forces of international change, including geopolitical great power competition and cooperation, the movement and transformation of capital, and transnational relations. As Indonesia builds-up its capacity to compete with other nations and attract capital from international markets, it becomes critical to continue to assess how well the society has engaged with globalization, how sustainable the existing global governance of environmental protection, trade and security is and will be in the future, and in what ways global power competition may impact on Indonesia and the region. Hence, the launching of the IPGSC has come at timely moment where Indonesia is at critical juncture of reinventing itself as an archipelagic outward-looking nation amongst stronger competition for resources and market share. The task is not made easier by the growth of nationalist fervor that accompanies strong-state tendency that we are seeing in the Western Hemisphere as well as East Asia.

I also believe that the IPGSC seminar is a forum that facilitates Indonesian university scholars and students to communicate their studies to the world, hence pushing them to write and present their studies in ways that are systematic and easily understood by others. Alongside the IPGSC, Department of International Relations also has a nationally accredited journal, Global: Journal of International Politics, which also facilitates international engagement of scholars.

I would like to express my sincere gratitude and appreciation to Department of IR who has made this seminar happen. I would also like to extend a special thank you to the teaching staff and students for their support to organize this event successfully. I hope this seminar will serve to broaden your perspective, on the role of the contemporary international relations, its sources of disruptions or changes and the future of global governance. May we all have a good seminar. Thank you.

Depok, 14 November 2018
Dr. Arie Setiabudi Soesilo
Dean of Faculty of Social and Political Sciences,
Universitas Indonesia
Distinguished speakers, honorable guests, and esteemed participants.

On behalf our colleagues, staffs, and students, I would like to extend our warmest welcome and highest appreciation for all your participation in this International Postgraduate Students Conference (IPGSC). At its heart, this conference is purposely organized to develop an academic forum that can facilitate an exchange of scholarly views, thoughts, and ideas among those who are interested in studying international relations, foreign policy, and global affairs, particularly among university students at postgraduate level.

In recent years, we all have witnessed that the contemporary world today has been colored by various challenges in many dimensions as a result of an intensifying economic globalization, environmental degradation, and multi-polarization of political forces, among others. All these challenges have certainly brought about the uncertainties and complexities in the global community, regardless of their countries, professional sectors, and other social groups in society. How could we accurately grasp with these current development trends in the international situation and global affairs that recently renowned as “the disruptive era”, perhaps is one of the major questions we can pose in this two days-conference.

Against this backdrop, as an academic institution, we do hope that the organization of IPGSC would provide a platform for postgraduate students in this country and region to consistently develop their strong motivation for studying international relations, strengthen their capacities in doing research, and present their opinions, perspectives, and concerns on the current global challenges in an open public forum. By this process, we believe that postgraduate students can be part of a wider academic community that have significant contributions, not just for the advancement of knowledge but also for the development of global consciousness about the future they want for a better life.

Finally, I would like to express my sincere gratitude for all parties that have displayed their roles, supports, and contributions so that this conference successfully held, especially for the participants, speakers, and guests of this conference, and certainly for our students who have dedicated their time and energy as the organizing committee. Enjoy this conference, enjoy the togetherness and the discussions.

Depok, 14 November 2018
Nurul Isnaeni, Ph.D.
Head of Department of International Relations,
Universitas Indonesia
Distinguished speakers, honorable guests, and esteemed participants.

On behalf of the Organizing Committee, I am delighted to welcome all the speakers, guests, and participants to the 1st International Postgraduate Students Conference organized by Postgraduate Program, Department of International Relations, Faculty of Social and Political Sciences, Universitas Indonesia. The conference will be held from 14 to 15 November 2018. Bearing the theme of “International Relations in the Age of Disruption: Power Shifts, Power Diffusion and New Complexities”, this conference will discuss the sources of the world’s disruptions under three sub-themes, with respect to three major loci of studies that International Relations Department, Universitas Indonesia, has focused on: international security, international political economy, and transnationalism. Based on these sub-themes, we invite scholars who are expected to discuss in detail what the nation-states and their system of relations should do to anticipate the impacts of the so-called “disruptive era”.

The Organizing Committee is grateful to have a very well-known speakers consisting of experts who agree to explain several key issues that shape our world today. Various programs have been assembled in this conference. They include Keynote Speech that will be delivered by Dr. Siswo Pramono from the Ministry of Foreign Affairs, Republic of Indonesia; Plenary Sessions presenting academics from Canada, China, Australia, Sweden, Malaysia, and Indonesia. The conference’s committee also organizes a special parallel session that presents several alumni of Department of International Relations with various professional backgrounds to share their thoughts and perspectives on the issue. As the main activity of this event, several parallel sessions are arranged to present the postgraduate students’ research projects under three sub-themes as mentioned above. Participants include those who come from India, Malaysia, and Indonesia.

We do hope, this conference will offer the participants a great opportunity to exchange ideas, meet new friends and broaden their knowledge. Finally, I would like to express my deep gratitude to the all of my colleagues and students for the work and support they have offered for the success of this conference.

May you all have a very enjoyable and memorable academic event!

Depok, 14 November 2018

Asra Virgianita, Ph. D
Head of Postgraduate Program,
Department of International Relations,
Universitas Indonesia
Part II
Papers from Invited Speakers

1. Balancing between the State and Market: Asian Economic Model in a Deglobalization Wave; Chengqiu Wu
2. Global-Regional Security Cooperation in a 'Multiplex' World; Kilian Spandler
3. Disruption Era: the Opportunities and Challenges of Indonesian Economic Diplomacy; Fredy B. L. Tobing
Balancing between the State and Market: Asian Economic Model in a Deglobalization Wave

Chengqiu Wu
Fudan University

At the writing of this paper, the United States and China, the two largest economies in the world are still locked in a “trade war” of an unprecedented scale. The U.S. has applied massive tariffs, and threatened to apply more, on goods from China. The US has also targeted China’s “Made in China 2025” program, demanding the latter to abolish all subsidies. The current frictions between the United States and China make people recall the economic competition between the United States and Japan in the 1980s. The protectionism prevailing in the US Congress in the mid-1980s made the U.S. and four other major economies including Japan to sign the Plaza Accord, which required their central banks to intervene in the market to allow the US dollars to depreciate against other currencies so as to cut back the US.’ trade deficits. The current protectionism advanced by President Donald Trump has gathered attention to the challenges the U.S. economy has faced from Asian economies, Japan in the 1980s and China in recent years. It is noteworthy that China in the 2010s and Japan in the 1980s have many commonalities in their economic models, both having the state play important role in promoting economic development and both valuing industrial policy. The Washington Consensus that emerged from the ruins of Latin American Financial Crisis in the late 1980s has survived the challenges of the Asian economic model mainly due to the outburst of Japan’s real estate bubbles and the Asian Financial Crisis. Yet, the contest between two economic models has never concluded, and both the Asian economic model and the US economic model have suffered misreading and misinterpretations. This paper places the US-China trade frictions and the rise of protectionism and deglobalization in the background of debates about what is a healthy economic model and the right balance between the state and market. Against this backdrop, we will examine the role of Asian economic model plays in the future global economy.

The rest of the paper will be organized as follows. Section II explores China’s economic model that has been the target of the recent US-China trade frictions and partly the cause of rising protectionism and criticisms on globalization in the United States. Section III further broadens China’s economic model to the Asian economic model and reviews similar standoff between the United States and Japan up until 1990s. Section IV explores the contestation between the Asian economic model and US economic model and its implications for globalization and deglobalization. Section V concludes. It is argued in this paper that that a balanced relationship between the state and market is the crucial to maintaining competitiveness and maintaining inclusiveness, both being imperative to a sustainable globalization.

II. US-China Trade War and China’s Economic Model

On 22 March 2018, the Trump administration accused China of unfair trade practices including stealing intellectual properties and forcing foreign companies to transfer technologies and threatened to apply tariffs on US$50 billion worth of imports of Chinese goods, besides restricting Chinese companies from investing in US high-tech industries.1 Despite some negotiations between the two countries and agreements reached by them, the Trump administration imposed tariffs on Chinese goods on July 6, and China responded in a tit-for-tat approach by applying similar tariffs to US goods. On September 17, the Trump administration launched a new round of tariffs on $200 billion worth of Chinese goods, and China also announced tariffs on $60 billion

worth of US goods. President Donald Trump has threatened to apply tariffs on another $267 billion of Chinese imports if the Chinese side does not comply with his demands. Actually tariffs are only a tip of the iceberg between China and the United States in economic arena. As the bilateral negotiations have revealed, the biggest concern of the United States is its counterpart’s “Made in China 2025” program, and the most important demand from the U.S. is that China abolish all its government subsidies. Underlying the trade frictions are the U.S. growing fear and self-victimization of China’s growing economy and its efforts to either force China’s economic system—which has created four decades’ economic growth—to be transformed or disengage the two interdependent economies to redress the distribution of labor deemed to be unfair in the eyes of U.S. elites and populace. During his 2016 presidential campaign, Donald Trump on the one hand labeled the United States as “a third-world country” in comparing its infrastructure to China’s and on the other hand accused China of “raping” his country and committing the “greatest theft in the history of the world.” Thus, China’s economic model has been the thorn in the U.S.’s flesh: it has partly caused the resentment, fear, and self-victimization of the working class in rust belt states who brought Donald Trump into the White House, and it has been the target that the Trump administration has been trying all means to attack.

Nonetheless, from a Chinese perspective, China’s economic model has been its choice after years’ experimentations and suitable to its own “national conditions” (guoqing). It is based on the official ideology of “Socialism with Chinese Characteristics for a New Era,” and has been regarded as the approach to achieving greater economic and social developments. It is part of its sovereignty. In a recent meeting with Henry Kissinger, President Xi Jinping “called on the United States to respect China’s rights to develop according to the path chosen by itself and respect China’s legitimate rights and interests,” which would indicated that China would not yield to US pressure to change its economic model, notwithstanding it is willing to compromise on reducing trade deficit.

So what is China’s economic model? I outline a few features of the model. First, China's economic model is formed in the process of China's economic transition from a centrally centrally-planned economy to a market economy and from an economy dominated by state-owned enterprises to one of multiple ownerships. Compared with other countries, the government plays a more active role, assuming more comprehensive responsibilities of managing the macro-economy and promoting development. The government formulates and implements active industrial policies, directs financial and natural resources to certain sectors deemed to be of strategic importance, and provides strong initiatives for infrastructure investment. China has a large state-owned economic sector. In 2017, there were 1082 state-owned enterprises listed in the stock market, and 395 of them were central-level enterprises. Among the central-level enterprises, 292 were listed in Shanghai and Shenzhen stock markets, taking up 10% in number of enterprises and 20% in value. This enables the government to guide the economy to achieve some fundamental restructuring programs—true examples are the supply-side reform in recent years which has reduced supply capacities of certain industries and to implement some national strategies such as “going out” and “Belt & Road Initiative.” Second, the Chinese economic model was formed in the process of China’s active participation in international trade and international division of labor as a result of globalization and regional integration. It is highly open to long-

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4 Amanda Erickson, “China has a new message for the U.S.: Don’t be alarmed, we are not that great,” The Washington Post, August 16, 2008, https://www.washingtonpost.com/world/asia_pacific/china-has-a-new-message-for-the-us-dont-be-alarmed-were-not-that-great/2018/08/15/bc51cde2-9fe4-11e8-b562-1db4209bd992_story.html?utm_term=36b9a79a9bcc.


term foreign capital, but has maintained barriers to short-term capital flows. Since the mid-1990s, a regional cross-border network of production combining overseas Chinese and Western capital, Western technology, China’s labor force and resources has emerged in East Asia, resulting in an export-oriented Chinese economy. Compared with other countries, foreign companies have been playing a more important role in China’s economic development. Foreign companies contributed over 50% of China’s export between 2001 and 2011. On the other hand, the strict control of short-term foreign capital flows has largely prevented the Chinese economy from being devastated by international financial turmoil. Third, as a result of China’s revolution and land reform, China’s rural land are collectively-owned, and all rural residents have their own land for agricultural production and housing, which lowers the living costs for rural residents and provides some degree of social security for peasant workers who migrate to the cities. Eventually, this provides social stability during China’s industrialization and lowers China’s labor cost, which makes China become the “world factory”. Fourth, China’s strict management of international migration, gradual process of managed urbanization, and heavy investment in education enable it to avoid serious social disruptions and instabilities.

As a whole, the success of China’s economic model lies in better balances between state and market and between national control and globalization. That said, China’s economic model is complex and dynamic, and we cannot reduce it into a few features and take them as fixed. Instead, we should always value openness and dynamism. Whereas Donald Trump accused China of stealing US intellectual properties and forcing foreign companies to transfer technology, by no means have they been the main thrust of China’s economic success.

The biggest challenge to the U.S.’s economic relations with China has been China’s economic model that has rendered remarkable industrial competitiveness that outplays the U.S. manufacturing sector.

III. The Asian Economic Model and the US-Japanese Contest

The trade frictions and harsh competition between the United States and its Asian trade partners are by no means a new thing. In the 1980s, when scholars were amazed at Japan’s rapid economic growth and praised Japan as No. 1, the tensions between it and the United States were not less than those between the U.S. and China. Moreover, Japan’s economic challenge to the U.S. can also be attributed to its economic model, which shared some commonalities with the current Chinese economic model. Japan’s economic model was most famously captured by Chalmers Johnson as “developmental state” in his 1982 book *MITI and the Japanese Miracle*. Johnson described four features of the model as: 1) “the existence of a small, inexpensive, but elite bureaucracy staffed by the best managerial talent available in the system;” 2) “a political system in which the bureaucracy is given sufficient scope to take initiative and operate effectively;” 3) “the perfection of market-conforming methods of state intervention in the economy;” and 4) “a pilot organization like Ministry of International Trade and Industry (MITI).” For Johnson, Japan’s economic success rested on an active developmental state that adopted market-conforming methods to make industrial policies to enhance industrial structure, which made Japan’s economic model distinctive from both the U.S. economy and the Soviet Union one. He label Japan’s economic model as plan-rational, as compared to a market-rational U.S. economy and a plan-ideological Soviet economy.

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7 Nicholas Lardy
10 Ezra Vogel, Japan as No. 1: Lessons for America, Cambridge, MA: Harvard University Press, 1979.)
13 Ibid., Chapter 1.
After Johnson’s seminal work, other scholars also studied such Asian economies as South Korea, Taiwan, and Singapore and viewed them as cases of the East Asian developmental state model. Some scholars also argue that Indonesia built a developmental state structure after Suharto gained power in mid-1960s. As Shigeko Hayashi summarizes, “The core element of the developmental state is state-led industrialization and the government’s targeting of particular sectors.”

Based on the four features of the developmental state model provided by Johnson, it is reasonable to believe that China is a developmental state. China has a large bureaucracy of capable staff, a political system that gave the bureaucracy “sufficient scope,” state intervention generally based on market principles, and a MITI-like bureaucratic organ the National Development and Reform Commission (NDRC). Distinctive from other East Asian economies, China’s developmental state resulted from a series of major market-conforming reforms of a centrally-planned command economy. Consequently, it still retains a large number of state-owned enterprises, and its state has much more discretion to intervene into the economy. Despite some variations, there have been many commonalities among East Asian economies: they mostly value a development-centered state and close relationship between the government and business. And the economic thoughts sustaining developmental state economies can be traced by German political economist Friedrich List, who argued for the roles of the state and protectionism in industrialization.

Thus, there have been continuities between the U.S. economic confrontation with Japan and its current confrontation with China. In both cases, the U.S. so-called laissez-faire economic model faced the challenges from the developmental state economic model. In both cases, the United States relied on the State to press its rivals to compromise. From late 1950s to mid-1990s, the United States launched trade frictions against Japan for 6 times: trade friction on textiles (1957-1972), trade friction on steel (1968-1978), trade friction on color TV sets (1970-1980), trade friction on automobile (1979-1987), trade friction on semi-conductor products (1987-1991), and trade friction on telecommunication (1980-1995). In all these trade frictions, Japan has compromised, either voluntarily restricting its export to the US, or building factories in the United States, or opening its own market to the US. In 1985, the United States pressed four other major economies including Japan, Germany, the UK, and France to agree to intervene in the exchange market so that the U.S. dollars would depreciate against other currencies, which was referred to as the Plaza Accord. Following the accord, Japan mismanaged its macro-economy and generated a large amount of economic bubbles, which led to Japan’s loss of a decade.

Reviewing the US-Japanese relations, we can conclude: 1) trade frictions have characterized the economic relations between the two countries, and the contest between their economic models was no less tense than the current contest between the U.S. and China; and 2) the United States have relied on the asymmetric political relations between the two countries to press Japan to compromise, rather than relying on the efficiency of its laissez-faire economic model to outplay Japan’s.

IV. Contest between Asian Economic Model and U.S. Economic Model

The Washington Consensus which upheld neoliberalism and was regarded a general formula for developing countries emerged in the late 1980s, not as the result of the victory of laissez-faire economic model in its competition against other models including Asian economies’ developmental state model, but as a result of reflecting on the Latin-American debt crisis. Despite Japan’s economic setbacks in early 1990s, the developmental state model continued to receive attention, which was symbolized by the publication of the

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17 Friedrich List, National System of Political Economy.
World Bank’ report *The East Asian Miracle*. Nonetheless, the Asian economic model failed to render a challenge to the Washington Consensus mainly due to the Asian Financial Crisis. After the crisis, there emerged many criticisms on the Asian economic model for its non-transparent government-business relations and corruptions. For example, David Kang shows that money politics including corruption has been extensive in South Korea, both before and after the democratization, and corruption is inherent to the developmental state model. Though scholars such as Robert Wade argues that the Asian Financial Crisis was not caused by the Asian economic model, but by the international capital markets: the post-Bretton Woods system allowed the U.S. to use government bonds to finance its external deficits, which led to the rise of foreign reserves of Japan and other East Asian countries and in turn the credit booms and large capital inflows from developed countries to East Asian developing countries. However, such analyses did not save the Asian economic model from the blame. It was not until the Global Financial Crisis that hurts Western economies seriously but Asian economies like China generally unscathed that the legitimacy of Washington Consensus was increasingly challenged.

On the other hand, with China’s economic development receiving more and more commend, many people have moved to the other end of the spectrum to over hype the role of the state against the market. As a matter of fact, there has been a big debate on the “China model” inside China in the first decade of this century and since the 2008 Global Financial Crisis. The debate mainly involved such questions as whether there is a China model, what is the China model, the political conditions of China’s economic model, the relationship between the Chinese political system and the economic system, the experiences of economic and political developments in the past 40 years of reform and opening up, and the direction of China’s future reforms, etc. The focus of the debate is whether the institutional characteristics of the Chinese economic model are China’s advantages for a particular stage or the long-term characteristics of China and whether these characteristics should be consolidated or transformed. The debate was hot after the global financial crisis in 2008, and turned calm after 2012, but it has not concluded. Figure 1 shows the number of articles containing “China models” in their titles published in the journals of philosophy, humanities, social sciences, and economics and management sciences every year. Figure 1 shows that the number of papers on the “China Model” has increased gradually since 2003, risen rapidly since 2008, and dropped sharply after 2012.

**Figure 1: Number of Articles in China’s Journals of Humanities, Social Sciences, and Economics and Management Sciences with "China Model" in Their Titles**

![Article Graph](source: www.cnki.net)

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19 David Kang, “Bad Loans to Good Friends: Money Politi 13i3c13s13 13a13n13d13 13t13h13e13 13D13e13v13e13l13o13p13m13e13n13t13a13l13 13S13t13a13t13e13 13i13n13 13S13o13u13t13h13 13K13o13r13e13a13, 13 13I13n13t13e13r13n13a13 13t13l13o13n13a13l13 13O13r13g13a13n13i13z13a13t13i13o13n13, 13 13V13o13l13 13S13613, 13 13N13o13, 13 131113 13(13213013013213)13, 13 13p13p13 13 131313713713 13213013713, 13 132013 13R13o13b13e13r13t13 13W13a13d13e13, 13 13E13a13s13t13 13A13s13i13a13 s13
Actually, the debate mattered mainly because many scholars attributed China’s economic success totally to the role of an authoritarian state, disregarding the fact that China’s reforms and opening-up was a process of a centrally-planned economy being transformed into a market-oriented economy in which the state played a less and less role and the market played a more and more fundamental role. Although the debate cooled down since 2012, voices of upholding the state against market continued to grow, which led to a recent reflection on the negative impact of such a trend and the Chinese government’s policies and statements to reassure the private sector.

Reviewing on scholarly debate about the Asian economic model that value the role of state in promoting development, the Washington Consensus as well as the debate on “China model” inside China, it is crucial to maintain the balance between the state and market.

In recent years, with Great Britain’s referendum to exit the European Union and the rise of Donald Trump in 2016, we are facing a wave of deglobalization. As a result of Donald Trump’s efforts to renegotiate for a larger share of American interest through tariffs and threat of tariffs, protectionism has become a prominent trend for the United States. Nonetheless, we should look at this trend from the perspective of economic model contest. The rise of Donald Trump resulted from the growing dissatisfaction among American populace with the US economy facing the competition of Asian economies such as China. They resort to the state’s radical actions such as tariffs to resist the competition and to redress the so-called unfair practices. However, the U.S.-China trade war can lead to three effects. First, given the special state-business relationship that characterizes the Asian economic model, the trade confrontation of the United States can at most lead to the reallocation of manufacturing capacities within East Asia’s cross-border network of production (for example, foreign companies that have invested in China’s manufacturing may relocate their factories from mainland China to other East Asian economies such as Taiwan, Vietnam, and the Philippines), it would hardly lead to the resurgence of manufacturing in the United States. Second, with the tariffs imposed and with the manufacturing reallocation, which were against the market principles prevailing in globalization, the U.S. companies might incur more costs, and the American consumers might lose more consumer benefits, which is contradictory to market rationale and in the long run undermine the US’s competitiveness. Third, the U.S. economy has suffered imbalances and structural problems that need to be redressed and reformed. However, obsession with trade wars and partners’ concessions might lead to the lack of readjustment and reforms on the U.S. economy, which would not be conducive to the U.S.’s long term wellbeing.

V. Conclusion

This paper places the US-China trade frictions and the rise of protectionism in the background of a long-term contest between Asian economic model and U.S. economic model and the debate about state-market relationship. It is argue that a balance between the state and the market is crucial to maintain the competivity of an economic model. It is argue that the trade-friction and the rise of protectionism have been a U.S. response to Asia’s competivity, and that in the long run, trade war might further undermine the U.S. economic model. As such, a more positive way for the U.S. economy to deal with the challenge of the Asian economic model might be to have the state to play a more active role and undergo voluntary reforms on its economy.
Global-Regional Security Cooperation in a 'Multiplex' World

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A central trend in the evolution of international security governance - broadly understood as including traditional peacekeeping, but also post-conflict peacebuilding and humanitarian crisis response - since the end of the Cold War has been the pluralization of security actors and mechanisms across scales. Today, the United Nations (UN), regional and sub-regional organizations, as well as ad hoc multinational coalitions are active in various conflict and post-conflict settings, often alongside each other.

In a way, the entanglement of global and regional approaches to peace and security is nothing new. In fact, the very foundation of the UN was accompanied by a lively debate about the respective benefits of 'universalism' versus 'regionalism' (Schreuer 1995). While the UN Charter signed by the founding members in 1945 eventually ascribed global primacy to the UN, Chapter VIII also foresaw an important role for regional mechanisms. In the following decades, a deeply ambivalent relationship evolved. Despite the high legitimacy many actors accorded to the UN in principle, the subsequent proliferation of regional organizations clearly showed a limited trust that it would serve its purpose in practice. Especially governments of newly independent states felt that they needed to take matters into their own hands. The Association of Southeast Asian Nations (ASEAN), for example, was born out of a desire to keep the major powers out of regional security affairs (Acharya 2014). Yet, a majority of its member states maintained security cooperation with the West. In the 1980s, the Vietnamese occupation of Cambodia became a litmus test for ASEAN’s unity on regional security issues. While it fared reasonably well, its preferred strategy was to 'globalize' the conflict by bringing it on the agenda of the Security Council and trying to represent a single ASEAN voice there.

This cursory outline demonstrates that the intertwining of global and regional dimensions of security governance has a long history. What is new and transformative about the current state of security governance is the high level of organizational interaction and linkages, due mostly to the increased actorness (in the sense of capacities and political aspiration) of regional organizations in the field of security. In Africa, the transformation of the Organization of African Unity (OAU) into the African Union (AU) and the creation of security governance mechanisms under the African Peace and Security Architecture (APSA) have greatly enhanced the ability of regional organizations to intervene in conflict settings. In Europe, the European Union (EU) has gone at great lengths to create a more unified Common Foreign and Security Policy (CFSP). In Asia, security cooperation in ASEAN and related institutions like the ASEAN Regional Forum (ARF) has intensified mainly regarding non-traditional security threats, as well as humanitarian assistance and disaster response.

The UN has gradually acknowledged and reacted to this enhanced regional actorness. At first, it took a mainly hierarchical approach of delegating security tasks to regional actors. For example, in the 1990s, the UN Security Council authorized the pioneering missions by the Economic Community of West African States (ECOWAS) in Liberia, Sierra Leone and Guinea-Bissau. When it became clear that regional organizations' ability to deliver effective security governance on their own was limited by the lack of resources of regional organizations especially in Africa, the UN and its partners looked for ways to intensify their cooperation (Graham and Felicio 2006; Williams 2008).

The result is a complex array of inter-organizational cooperation in peace and security across the globe (Balas 2011; Wallensteen and Bjurner 2015; Williams 2013). A brief comparative overview shows a striking variation...
of institutional forms both across and within different regions. In Africa, a main focal point of cooperation is peacekeeping. The UN’s peace and security partnership with the African Union (AU) and the various sub-regional organizations like ECOWAS manifests in successive, parallel and hybrid missions. An example for the first is the conflict response in the Central African Republic, where the Bangui peace agreements were initially supervised by a multinational African peace operation established by the AU, which was later replaced by the United Nations’ MINURCA operation. In parallel deployments, the UN works alongside regional organizations in a certain division of labour, as in the case of UN missions to support ECOWAS observer missions in Liberia and Sierra Leone. The most far-reaching experiment in joint peacekeeping is the ‘hybrid’ UNAMID mission in the Darfur region in Sudan, which has an integrated command structure and a leadership that is jointly appointed by the AU and the UN.

In Europe, inter-organizational cooperation was a main feature of the military interventions and subsequent civilian peacebuilding missions in the Balkans. Apart from the UN, the EU, NATO and the Organization for Security and Cooperation in Europe (OSCE) have been important security actors in Bosnia and Herzegovina, Croatia, Kosovo and Macedonia. Kosovo saw one of the most complex instances of codeployment. Within a loosely coordinated framework, different international organizations have assumed the lead responsibility for specific peacebuilding tasks, such as the development of the police and judiciary, civil administration, democratic institution-building and economic development. The EU is a special case because it is the only regional organization (except NATO, whose status as a regional organization is debatable) that has engaged in peacekeeping alongside the UN and other regional organizations outside of its own continent, for example in Afghanistan, the Democratic Republic of Congo and Somalia.

In Asia, global-regional security cooperation is less institutionalized, especially when it comes to conventional peacekeeping, but still an important factor in fields like humanitarian assistance and disaster relief. One of the most visible examples were the joint efforts of ASEAN and the UN in delivering aid to the disaster-affected areas of Myanmar after Cyclone Nargis had hit the country in 2008. On a more technical level, the UN’s Office for the Coordination of Humanitarian Assistance (OCHA) conducts joint disaster preparedness exercises with ASEAN’s Coordinating Center for Humanitarian Assistance (AHA Center), and the two agencies have cooperated in concrete emergencies, most recently in the Sulawesi earthquake and tsunami in September 2018. A vast network of NGOs is also involved in these activities.

While this cross-regional comparison is by no means exhaustive, it shows that there is no unified model of cooperation emerging. Rather, global-regional partnerships mostly take the form of ad-hoc arrangements. This complexity has made it hard for observers from the policy-making and the academic world to grapple with the implications of global-regional cooperation for the effectiveness and legitimacy of security governance. In fact, a review of the literature reveals a mix of welcoming and cautioning interpretations.

Positive readings of global-regional security cooperation argue that it enhances effectiveness through burden-sharing according to comparative advantages and ‘legitimacy brokerage’. When an organization acts as a legitimacy broker, it uses the trust and credibility it enjoys by certain stakeholders to increase the legitimacy of its cooperation partner (Wajner and Kacowicz 2018; see also Gelot 2012). For example, a regional organization can facilitate a UN presence, as in the case of ASEAN in post-Nargis Myanmar or the AU in Darfur, where the regional actors leveraged the trust they enjoyed by the respective host governments to overcome skepticism towards external intervention. This stance is reflected by the then UN Secretary-General Kofi Annan’s argument in 2005 that by cooperating with regional organizations, the UN was “increasingly drawing on the [...] legitimacy of a network of multilateral mechanisms - regional and global - to provide collective responses to the peace and security challenges of today” (UN Security Council 2005). Conversely, the UN can also broker for regional actors, as in the case of Kosovo, where the Serbian and Russian government opposed the deployment of the EU’s EULEX mission until it was brought under the umbrella of UNMIK.

Skeptics, meanwhile, warn that the more complex configuration of actors and stakeholders increases the potential for duplication and conflict. In the case of the UNAMID operation, UN staff complained that the requirements of the hybrid structure made the mission less effective and more expensive than conventional ones led by a single organization (Prinsloo and Van Niekerk 2017). Instead of mutual legitimation and brokering, the joint presence of the UN and regional actors may also give rise to mutual de-legitimation, as
both sides compete over authority (Wallensteen 2015). There is also a danger that the UN might instrumentalize its regional partners to either become overly invasive (Weiss 1997) or to abdicate its own responsibilities (Graham and Felicio 2006; Williams 2008).

There is obviously a lot of debate and uncertainty over what global-regional cooperation means for security governance. Most policy analysts and many researchers argue that more dialogue and institutionalized coordination mechanisms are a simple way to reap the benefits of joint action and avoid the pitfalls of duplication and competition (Bah and Jones 2008; Boutellis and Williams 2013; Darkwa 2018). However, global-regional cooperation does not simply follow a market-logic in which cost-benefit oriented actors will eventually agree on the most efficient institutional arrangement. The complexity of the relations needs to be contextualized in the development of what Amitav Acharya (2017) has called a ‘multiplex’ world. The term highlights the transition from a world order centered on the liberal principles and rules of the West to a situation in which different actors promote competing and partially incompatible visions about international order. In Acharya’s view, the idea of a global consensus on appropriate forms of governance had always been an illusion that gained its real power only through the material and ideational force of Western hegemony. With the gradual decline of the West and the rise of emerging powers, no single actor has the ability to impose its ideas on another anymore, and uncontested agreement on joint principles for action becomes elusive.

What does this mean for the way in which we research global-regional security cooperation? First, it cautions against a managerial policy approach to security governance. A multiplex world will inevitably frustrate the notion that dialogue can ensure smooth cooperation between the UN and its regional and sub-regional partners. While communication can certainly inspire change in perceptions and norms, it will not lead to uniform ideas about appropriate forms of action. This does not mean that cooperation is doomed to fail, but it is much more likely to continue in the ad hoc and flexible way of the recent years. The second, and related, lesson is that we cannot study the implications for effective and legitimate security governance through abstract theorizing. Instead, we need more empirical work, both comparative and case study-based, of the way in which different actors and stakeholders assert, contest and negotiate understandings of security in concrete conflict or emergency settings. Only by empirically grounding the assessments will researchers deepen their understanding of whether the global-regional relation will lead to complementarity or competition (Williams 2013).

Take the case of UN-ASEAN cooperation on humanitarian affairs as an example. Ever since the devastating tsunami in Indonesia in December 2004, the ASEAN member states have built up their organization’s capacities for delivering aid in emergency situations through the ASEAN Agreement on Disaster Management and Emergency Response (AADMER) and the establishment of the AHA Center. Does ASEAN humanitarian actorness challenge the authority and expertise of the UN and its various humanitarian agencies such as the UNDP, UNICEF and UNHCR? Or does it in fact provide a welcome addition to the global humanitarian architecture? The answer depends not just on who you ask - different agents and stakeholders have different perceptions on the emerging relation - but also on the nature of the problem. Cooperation approximates a productive division of labour when it comes to natural catastrophes that require urgent disaster response like in Sulawesi. Here, the AHA Center can use its trust among ASEAN governments to enhance the capacities of the national disaster management office of the affected state, while UN OCHA can leverage its experience and international reputation to coordinate the deployment of international governmental and non-governmental aid agencies. In politically more sensitive areas of humanitarian assistance, such as the situation of the Rohingya population in Rhakine state, the relation is much more conflictive. Due to its emphasis on national sovereignty and internal divisions among its member state governments, ASEAN has limited its response to the delivery of humanitarian aid through the AHA Center while leaving underlying political and social conflict dimensions like the systematic human rights violations unaddressed. This approach has raised concerns in the UN, for which principled humanitarian action cannot be separated from human rights issues.21

The insights of the case are unique to Southeast Asia, but the main lesson applies to security governance in general: the relation between global and regional approaches is messy rather than clear-cut. Still, untangling them is crucial given the real-world consequences of organizational practices for those affected by military
conflicts, political prosecution, socio-economic insecurity and environmental dangers. The Rohingya's fate, for example, hinges on immediate access by humanitarian actors, but also on whether the root causes of their plight can be tackled in a long-term political process (Puspitaningtyas 2017). Global-regional security cooperation therefore deserves continued critical analysis.

References


Disruption Era: the Opportunities and Challenges of Indonesian Economic Diplomacy

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Abstract

The Fourth Industrial Revolution has started to give opportunities and challenges to the life of many stakeholders. Governments increasingly formulate policies to enter the disruption era, including Indonesia with its Making Indonesia 4.0 policy. In this case, the fear of unemployment and knowledge insufficiency towards the advancement of technology bother Indonesian government, private sectors and individuals. Consequently, cooperation between actors could be the way to prepare the inevitable development of technology. This writing use multi level diplomacy as an option between stakeholders to confront the volatile, uncertain, complex and ambiguous situation of industry 4.0.

Keywords: Industry 4.0, Making Indonesia 4.0, multi level diplomacy, technology disruption,

Introduction

Industry 4.0 or Fourth Industrial Revolution has become the new challenge for states, business and society. The term industry 4.0 first occurred in Germany around 2011. It refers to a further developmental stage in the organisation and management of the entire value chain process involved in manufacturing industries which embraced modern information technology (Deloitte, 2015). The essence of Industry 4.0 lies in little human intervention on production systems, large extent on a seamless interconnectivity and huge amounts of available information data (Bauernhansl and Hirsch-Kreinsen in Bonekamp and Sure, 2017). Industry 4.0 not only transforms manufacture from traditional to virtual marketplace, but also the life of humankind. Its scale, scope and complexity has been reshaping the economic, social and human context of our lives (Schwab, 2016). It then stimulates government around the world to formulate public policies, for instance China’s Made in China 2025, US’s Advanced Manufacturing Partnership, India’s Make in India, and Malaysia with Eleventh Malaysia Plan (Liao et al, 2018).

The innovation might give chances for emerging countries, small enterprises and individuals to participate more in global level (McKinsey, 2016), the so-called digital globalization has tendency to become threat for the workforce and trigger resistance because of the demographic and social changes (Drath and Horch, 2014). McKinsey (2016) predicted 60% of workplace would adopt automatic system and 52.6% of workers would be replaced by machine for the next five years. According to Ford (2009), the result of Industry 4.0 might become structural unemployment problem which effecting workforce at all levels, from workers without high school diplomas to those who hold graduate degrees. Bowles (2014), Brynjolfsson and McAfee (2014) explained the competition between technological innovation and educational progress of the worker. In their opinion, technological advancements would eliminate both routine jobs and high-skilled jobs defined by pattern recognition and cognitive non-routine tasks. The impact of this revolution towards workforce frequently called as technology disruption within VUCA (Volatility, Uncertainty, Complexity and Ambiguity) situation (Mulyani, 2018).
Indonesia, with over 1,700 start-ups and 52% of its population are internet users, is anticipating the Fourth Industrial Revolution. Its goal is to be one of greatest competitors in advancing technology, at least in Southeast Asia. In reality, the case between Go-Jek—a technology start-up specialising in transportation—and conventional transportation showed the disruptive side of an innovation for those who are insufficient towards technological knowledge. For some people, Go-Jek has positively enforced jobs with more promising income and flexible working hours; some other, like the conventional drivers, consider the competition as unfair and harmful to their jobs. Minister of Manpower of the Republic of Indonesia, M. Hanif Dhakiri, affirmed that jobs for conventional driver, toll gate keeper, cashier, shopkeeper, industrial labour, administrative manager, postman, accounting staff, etc. more likely to decline during disruption. On the other hand, job opportunities in mainenance and installation, mediation, data analyst, information system manager, vocational counselor, ecological impact analyst, visual designer, artificial intelligence programmer, automatic machine designer and maintainer, software and game online designer considerably incline within the Industry 4.0 era (ITSNews, 2018).

The case and the statement imply that Indonesia’s main concern towards the technological disruption mostly lies in the human resources’ knowledge of the new technology and the possibility of unemployment for both low-skilled and high-skilled worker. However, the effects of industry 4.0 could be anticipated and supported by economic diplomacy in order not only to obtain partnership among stakeholders to gain profits but also to develop human resources’ capabilities. This essay aims to discuss how economic diplomacy with its new face might work as recommendation to confront the technological disruption in Indonesia.

Multi Level Diplomacy: the New Face of Economic Diplomacy

Multi level economic diplomacy is governments’ interaction in multiple levels with specific policy issues. The levels consist of: 1) bilateral: informal and formal dealings between two countries; 2) regional: level of diplomacy which give access to international competition or to larger market; 3) plurilateral: level that provides forum for like-minded national governments to reconcile domestic and international economic objectives; 4) multilateral: one of the classics level where all countries might involve for rule-making. The existence of these levels reassures governments to seek the most encouraging progress for their economic agenda (Bayne and Woolcock, 2011).

Since industry 4.0 has opened wider participation and interconnection of states, private sectors and individuals, this paper identifies new economic diplomacy as alternative insight. With the new face of diplomacy, decision-making and negotiation in international economic relations could be done beyond government relations. This writing also demonstrates how governments and private sectors ally to overcome international objective, which in this case is public policy towards digital age.

Making Indonesia 4.0: What Indonesia Has Done with Economic Diplomacy

Following global trends on industry 4.0 policy, Ministry of Industry of the Republic of Indonesia formulated a strategic roadmap known as Making Indonesia 4.0 towards 2030. Food and beverage, textile and apparel, automotive, electronics and chemical are five potential sectors of Indonesia. This initiative engages governments, industrial associations, entrepreneurs, technology providers, research institutions and universities (Ministry of Industry of the Republic of Indonesia, 2018). Up until now, the Ministry has signed Memorandum of Understanding (MoU) with the Fraunhofer IPK of Berlin, National Research Council for Economic, Humanities and Social Sciences of South Korea, and Institute of Technical Education of Singapore. Those cooperation considerably focus on knowledge sharing, investment, vocational education, research and development (Bisnis Indonesia, 2018; Ministry of Industry of the Republic of Indonesia, 2018). The cooperation indicates multi level diplomacy when international economic relations are no longer government to government interaction, but also wider stakeholders.

In other occasion, Minister of Finance of the Republic of Indonesia, Sri Mulyani Indrawati revealed the urgency of optimising Indonesia’s potential on digital economy by using N-Helix approach. N-Helix is an approach that unify government, universities, private sectors, society, philanthropists and other organisations
both national and international. She also mentioned *Pathway for Prosperity* as an example for N-Helix cooperation (Mulyani, 2018). *Pathway for Prosperity* is a digital platform founded by Sri Mulyani, Melinda Gates (Gates Foundation) and Strive Masiyiwa (Econet Group) and supported by Stefan Dercon (University of Oxford), Benno Ndulu (Central Bank of Tanzania), Nadim Makarim (*Go-Jek* Indonesia), Sigrid Kaag (Minister of Foreign Trade and Development Cooperation of Netherlands), etc. This grouping provides evidence to help developing country governments earn latest big data that might help them in formulating public policy on technology (Pathways for Prosperity Commission, 2018). Conceptually, this cooperation implies plurilateral relations when individuals with various business or governmental backgrounds constitute institutions with like-minded objective (Bayne and Woolcock, 2011).

On the regional level, as Indonesia’s intergovernmental organisation, ASEAN has not discuss much about the industry 4.0 in their agenda. Although two of its member countries, Singapore and Thailand, has been identified as early stage implementation. Instead, the member countries seem to be more active doing cooperation outside ASEAN as an institution or prefer bilateral relations on this issue. In fact, Indonesia specifically collaborate with Singapore to upgrade its industrial capability. Weak rural infrastructure development, unready workforce and privacy/security concern are the major obstacles for ASEAN (AT Kearney, n.d).

Recently this month, Indonesia became the host country for *Regional Conference on Industrial Development (RCID): Unlocking the Potential of Industrial 4.0 for Developing Countries* in Bali. The conference was held by the Ministry of Industry and the Ministry of Foreign Affairs in collaboration with United Nations Industrial Development Organization (UNIDO). It aimed to be a forum where experiences, views, knowledge and methods exchanged in order to implement industry 4.0. Not only focus on business and infrastructure per se, Vice Minister of Foreign Affairs and Director General of Multilateral Cooperation pointed out that industry 4.0 must be related to Sustainable Development Goals (SDGs). Moreover, the conference also expected to be a platform in Asia Pacific region to support government, business, academics and related stakeholders of industry 4.0 (Ministry of Foreign Affairs of the Republic of Indonesia, 2018). Another platform showing the same concern of digital age disruption towards workers is *APEC Framework on Human Resources Development in the Digital Age*, together with ILO, its member countries set policy directions and measures to prepare the workers with social protection and skill development. This initiative is complementary to APEC Education Strategy and SDGs (APEC, 2017).

Responding to the on going cooperation between various stakeholders in multi level, it illustrates how the amount of forums discuss on industry 4.0 has inclined since the idea of it emerged. This means the consciousness towards digital age has increased. The nature of Fourth Industrial Revolution—which is inclusive both in its opportunities and challenges— has changed the usual business of state, business and society. With the volatile, uncertain, complex, and ambiguous condition, the stakeholders are forced to cooperate. Exchanging ideas is a milestone that might be developed into public policy on industry 4.0. Although during this doubtful era we may not know precisely whether this interconnection would lead to more severe interdependency and disparity or not, knowing what to know could turn the challenges into opportunities.

**Conclusion**

Industry 4.0 has been a massive discourse with promises and challenges towards the life of humankind: government, private sectors and society. It promises inclusiveness to the economy of developing countries, small enterprises and even individuals. All of them could connect and expand wider market, profits and knowledge with the help of technology just in one hand. However, as much as globalisation discourse, industry 4.0 causes challenges towards countries’ readiness, no exception, Indonesia. Insufficient knowledge on the new technology of Indonesian, both low-skilled and high-skilled worker, is the primary consideration. Alternately, Indonesia should enlarge and deepen its economic diplomacy in multiple level—bilateral, regional, plurilateral, and multilateral—since government could no longer tackle such a complex issue alone. Not only focus on infrastructure funding, the agenda to realize Making Indonesia 4.0 within all forums should
pay more attention to human development so that the threat towards unemployment could be managed and maintained for the upcoming years.

References


Part III
Disruption in Transnational relations: New Complexities and Diffused Authority.

1. British Government Effort Under David Cameron Leadership yo Integrate Immigrants (2010-2015); Baiduri Agung Putra
2. United States Ratification of Paris Agreement 2016; Meidy Amanda
3. The Involvement of Indonesian Civil Society in ASEAN Forum on Migrant Labor (AFML); Iyan Septiyana
4. The Asia Foundation Roles in Myanmar New Regime Consolidation of Democracy (2012); Rayhana Fajria
5. The Protest of Kendeng Peasants as a Resistance Against Capitalism (2008 – 2017); Farida Budiarti
6. Transnational Diplomacy in Green Building as a Plan to Decrease Global Warming; Roman Walber Hutasoit
7. Eradicating Gender Based Violence in IndonesiaThrough Global Governance Perspective; Yusnan Hadi Mochtar
ABSTRACT

Europe is a continent that cannot avoid migration flows. Britain is a country in Europe which is one of the favorite destinations for immigrants. Pulling factors, such as opportunity to get better job make many immigrants come to Britain. However, the arrival of immigrants has given negative impacts to Britain, such as the population's density and social tensions with local society. Responding to this, the British Government under David Cameron Leadership plan to integrate immigrants. This paper will discuss what efforts are made by the British Government to integrate these immigrants. By using the concept of social integration Anthony Gidden, the author will answer this. This paper is limited from 2010 to 2015. In addition, this article will also provide an analysis of what factors caused British Government integrating immigrant and how the integration should be carried out.

Keywords : Britain, Immigrants, Social Tension, Integration, Social Integration

Introduction

The phenomenon of migration has become one of the growing political issues in the European region. The depletion of boundaries between countries in globalization era has made the movement of people easier, resulting an increase of the level of migration in the global community.

Migration in Europe has occurred since the beginning of the world war. In World War I and World War II, many countries made their country's colonies as soldiers. Considering the conditions of war, many of the population moved to other places in order to get secured. After World War II ended, Europe entered a period of economic recovery, requiring many workers to restructure their economy. Population movement is increasing significantly since the agreement of free movement of goods, person, capital and services. It allows Europeans to move freely to other European regions or European Union (EU) (Kiniati, 2014).

The phenomenon of migration has increased the population in Europe to around 680 millions people. The development of foreign population in Europe was also quite significant around 7 million in the span of 30 years between 1970-2000. In 1970-1971 (15 millions people), in 1992-1993 (19 millions people), and in 2000 (21.16 millions people). This number reached 2.6 percent of the total European population in 2000. (Ostergen, 2004).

Britain is well known with migration label. Britain, which consists of England, Scotland, Wales and Northern Ireland, has been the destination for immigrants from both Europe and outside Europe since the post-World War II. The arrival of immigrants from outside Europe makes multiculturalism feel quite thick in Britain. In Britain there are several ethnic, such as South Asians (India, Pakistan and Bangladesh), Africans and the Caribbeans, mixed ethnicities and other ethnicities (Rama, 2013).

There are various reasons behind the arrival of immigrants to Britain. The main reason is due to the fact that countries like Britain have better quality and standard of living. They come with the aim of finding a
better job than in their place of origin (Scriptonite Daily, 2015). Britain also is looking for foreign workers both from in and out Europe to fill jobs that cannot be done by British local workers (Sumption, 2015). Many immigrants who come to Britain because of the number of universities with high quality and established facilities such as Cambridge University and the University of St. Andrews (Scotland). Since 2004, the arrival of immigrants with study purpose increases rapidly, especially for non-European immigrants. While another reason that makes them come to England is to reunite with families and seek asylum (Scriptonite Daily, 2015).

Since the 2000, Britain has to deal with problems such as the high arrival of immigrants. The arrival of very high immigrants from 2000 to 2010 which reached around 400,000-500,000 people each year has given Britain various problems in 2010. First, regarding population density. The British population in 2000 amounted to 59.1 million people and increased by 4 million people to 63.1 million people 10 years later, this including the number of births of children from immigrants. With a growing population of 4 million in a decade, Britain has already become overcrowded, as happened in the London (Migration Watch UK, 2013).

Another problem that arises is social tension with the local British people. They consider immigrants giving a negative impact because they made a density, so local people lost respect and sympathy towards immigrants. Moreover, issues such as racism and immigrants who are skeptical to learn British culture (traditions, ways of greeting, ways of speaking) and unable to speak English has increased social tensions. For example, between 2007 and 2010 there were cases of social tensions, including racism in England, Scotland and Wales increased from 37,830 to 40,930. It is not even including radicalism action (Migration Watch UK, 2010).

Apart from these various problems, the British Government, led by Prime Minister David Cameron, continued to open the "door" for the immigrants while at the same time many other countries began to close themselves to immigrants, such as the United States. From 2010 to 2015, David Cameron plans to integrate immigrants in order to solve the problems caused by immigrants and create an integrated society (Cameron, 2011).

Based on the explanation of the above problems, this paper has the main question "What is the British government's effort under David Cameron Leadership to Integrate Immigrants in the period 2010-2015?" The concept of Anthony Giddens regarding social integration will be used by the author as a tool of analysis that will answer the question.

This paper will also comprehensively discuss the British Government integration policy itself, including the author's personal views on what factors actually made Britain implement the integration policy and how it should be carried out.

**ANALYSIS FRAMEWORK**

According to Everett S. Lee (1966), migration is a permanent or semi-permanent change of place of residence and there is no limit on the distance traveled, whether the change of place of residence is voluntary or forced, and whether the change of residence is between countries or still in a country.

Migration is not a new issue because movement of people is a natural thing. But what distinguishes now is that since the globalization, people movements has crossed national borders and not only dwelled in one region in one country. According to Ronald Skeldon (1997) migration can be classified into two categories, namely internal migration and international migration. Internal migration is the movement of people from one area to another that is still within a country's territory. Examples are urbanization and transmigration. Whereas international migration is the movement of population across territorial boundaries of countries. International migration is the result of globalization. Globalization increased economy, political, social and regional development progress thus becoming a factor in the occurrence of international migration.

According to Castle and Miller (2005), there are several things that characterize international migration nowadays. First, an increase in the number of countries of origin and destination. Second, a significant increase in the number of individuals migrating to and from the main regions where government policies can affect this. Third, most countries do not experience any type of immigration, such as labor immigration, refugees, or permanent settlements, but experience several types of migration at the same time, making it
difficult for national and international policy making. Fourth, migration since the 1960s has become increasingly feminine and unfortunate in several matters relating to human trafficking. Finally, migration has become much more politicized, increasingly influencing domestic politics, bilateral and regional relations, and national security policies from countries around the world.

There are several factors that cause the migration. Todaro (1998) stated that migration is a process that very selective in influencing each individual with certain economic, social, educational and demographic characteristics, so the influence on economic and non-economic factors of each individual also varied. This variation is not only found in the flow of migration between regions in the same country, but also in migration between countries. Some non-economic factors that influence a person’s desire to migrate are: (1) Social factors, including the desire of migrants to release from the traditional constraints contained in social organizations that previously restrained them; (2) Physical factors, including climate influences and meteorological disasters, such as floods and droughts; (3) demographic factors, including a reduction in mortality rates which then accelerates the rate of growth of a population somewhere; (4) Cultural factors, including fostering the sustainability of large family relationships at the destination of migration; (5) Communication factors, including the quality of all means of transportation, the education system that tends to be oriented towards modern life and the effects of modernization caused by mass media or electronic media.

Anthony Giddens (2006) defines social integration as a process whereby a home country promotes local traditions (culture, language, values and norms) towards immigrants and immigrants must adapt to these local traditions without having to eliminate the original culture or traditions of themselves so that the culture/tradition of immigrants will blend into local traditions. This will create a society that is rich in culture (multiculturalism). In a multicultural society, participation and respect from each individual including immigrants, are needed in order to achieve common goals (Giddens, 2006).

DISCUSSION

In this section will discuss four things, namely the history of the arrival of immigrants to Britain in contemporary period, the impact of immigrants, integration policy, and the push factors that made Britain to implement the policy.

1) Short History of The Arrival of Immigrants to Britain in Contemporary Period (1990-2010)

With the end of the cold war, the international situation began to subside and trigger the movement of people to go to other regions. In the period of the 1990s, thousands of people from the east flew to find new homes in the west. Also in this period, quite a number of people migrated to England to seek asylum. The conflict in the Balkans has caused thousands of people to seek asylum in Britain. Between 1998 and 2000, around 45,000 people arrived from Africa, 22,700 from the Indian sub-continent, 25,000 from Asia and nearly 12,000 from the United States sought asylum in the UK (BBC, 2002).

During the 2000s migration to Britain was influenced by the expansion of the European Union (EU) in 2004. There were 10 countries listed as new EU members, namely the Czech Republic, Cyprus, Malta, Hungary, Poland, Latvia, Lithuania, Slovakia, Slovenia, and Estonia. However, migration to the UK from the 10 newly joined countries mostly came from 8 countries, namely Poland, Lithuania, Czech Republic, Hungary, Latvia, Slovakia, Slovenia and Estonia (A8). In general, the arrival of immigrants from The EU before 2004 ranged below hundreds of thousands. However, since the expansion of the EU in 2004 reached 130,000 and in 2007 it reached 195,000. Most of EU immigrants came to work compared to studies, reunited with families or sought asylum. Recorded from 2005 to 2010, EU immigrants who arrived to work every year around 95,000 (BBC, 2002).

In fact, there were more immigrants coming from outside the EU. The arrival of non-EU immigrants has increased since 1998. In 1998 around 200,000 non-EU immigrants came to England. Then from 2000 to 2010 every year around 300,000 even though before 1998 only around 100,000. From 2000 to the mid-2000s, non-EU immigrants generally came to work, study and reunite with families. However, since 2007 the study objectives have dominated their arrival. Although the study objectives dominate the arrival of non-EU immigrants in recent years, overall since 2000 to 2010 non-EU immigrants came to England to work, study and
reunite with families. Only a few seek asylum. Non-EU immigrants who arrived in Britain mostly came from new commonwealth countries such as India, Pakistan, Bangladesh, Jamaica, South Africa, Kenya, Nigeria, Zimbabwe (Gillingham, 2010).

Both EU and non EU immigrants, mostly lived in England region, such as London, South East and other parts of England. Then other regions, including Scotland, Northern Ireland, and Wales, don’t have as many immigrants in England (Markaki dan Yvonni, 2015).

Figure 1. Immigration and Emigration by Citizenship and Net Migration to the UK 1997-2010 (in thousands)  

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Figure 2. Purpose of Arrival of EU and Non EU Immigrants to Britain 1997-2010, (in thousands)

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Figure 3. Immigrant’s Destination to Britain

22 "Taken from the Baiduri Agung Putra’s Thesis, 2015," THE BRITISH GOVERNMENT EFFORTS ARE UNDER THE LEADERSHIP OF DAVID CAMERON TO REDUCE NET MIGRATION TO THE UK IN THE 2010-2015 
23 Ibid.
24 Ibid.
2) Impacts of Immigrants to Britain

There are two main impacts. First, population density. The British population in 2000 amounted to 59.1 million people and increased by 4 million people to 63.1 million people ten years later, this including the number of births of children from immigrants. With the population increase to 4 million in a decade, Britain has already become overcrowded, as happened in London. Since 2000-2010, about ¾ people who came to Britain are immigrants and more than ½ are non-EU immigrants, estimated in 300,000 while EU immigrants about 60,000-195,000 (see table 1). Population density is caused more by non EU immigrants (Migration Watch UK, 2013).

The second is the issue of social tensions with local British society. They consider immigrants giving a negative impact because they made a density, so local people lost respect and sympathy towards immigrants. Moreover, issues such as racism and immigrants who are skeptical to learn British culture (traditions, ways of greeting, ways of speaking) and unable to speak English has increased social tensions. For example, between 2007 and 2010 there were cases of social tensions, including racism in England, Scotland and Wales increased from 37,830 to 40,930 (Migration Watch UK, 2010).

The last is radicalisme actions. Example in 2010 Mohammed Saleem, an 82 years old British Muslim from Birmingham, was murdered by Pavlo Lapshyn as ukrainian, an extrememright fanatic who went on to bomb mosques in Walsall, Wolverhampton and Tipton.

3) British Integration Policy

David Cameron as the British Prime Minister plan to integrate both EU and non EU immigrants into the British society. Through his speech in 2011, David Cameron committed to "welcome" immigrants and encourage the integration of various communities in Britain. The following excerpt from his speech:

“A passive tolerance allows different communities to live “parallel” lives within western nations. Segregation drives us apart, not together. We will never truly build one nation unless we are more assertive about our liberal values, clearer about the expectations we place on those who come to live here and build our country together, and more creative and generous in the work we do to break down barriers. Real communities are bound by common experiences ... forged by friendship and conversation ... knitted together by all the rituals of the neighbourhood, from the school run to the chat down the pub. And these bonds can take time. So real integration takes time.”

From part of that speech above, we can conclude The British Government considers the integration process is an important element in building country. All forms of intolerance and segregation against other
communities will only make them "separate". The real community will only be formed with friendship, experience and communication that are built together.

Through integration policy which is divided into several categories, namely Common Ground, Responsibility, Social Mobility, Participation, and Tackling Extremism and Intolerance, British Government try to integrate both EU and non EU immigrants into British society in order to create a multicultural society and reduce social tensions (Gov.uk, 2010).

This policy is based on some values, such as sharing culture (multiculturalism), tolerance, promotion / teaching English, joint activities and rights equality. This policy also in accordance with the concept of social integration Anthony Giddens (as author use) which emphasizes principles, such as promotion of local traditions (culture, language, values and norms), respect for human rights, tolerance, equality, participation and respect for all communities in various activities of social life, and respect for cultural diversity.

The following is a further explanation of the integration policy carried out by the UK from 2010 to 2015.

![Figure 4. Britain Integration Policy Scheme](image)

A. **Common Ground**

This category is based on promoting the value of shared values and mutual commitment to strengthen national identity through dialogue between people with different cultural and religious backgrounds.

a) Conducting Inter Faith Week every November with the aim of gathering people from various faiths or religions so that they can strengthen their respective communities and maintain tolerance among religious communities.

b) Conducting the "The Big Lunch" program in 2011 and 2012 that encourages people to interact through sitting and having lunch with their neighbours.

c) Conducting community music day on September 9, 2012. This provides an opportunity for people from any ethnicity or area to promote or show their traditional music and encourage people of any age to learn musical instruments together.

B. **Responsibility**

This category is based on promoting a sense of personal and social responsibility through more activities that provide opportunities for the personal and social development of young people.

a) Conducting a National Citizen Service (NCS) program aimed at young people from different backgrounds together who can develop their skills and contribute to their communities and also encourage integration. In 2011 the program involved more than 8,000 young people. In 2012 the target was around 30,000 young people and in 2014 projected around 90,000 young people.
b) Giving young people the opportunity to work together and learn about responsibility. Through a grant worth more than £10 million a 2-and-a-half year grant to support Youth United, whose members including the Association of Scouts, Girlguiding UK, Cadet Soldiers, Cadet Volunteer Police and St. John Ambulance. British youth will prepare 400 new cadets, recruit 2,700 adult volunteers and provide 10,800 more places for young people.

c) Through The Department for Communities and Local Government (DCLG) handling 120,000 families with problems in order to get children back to school, crime reduction and anti-social behaviour.

C. Social Mobility

This category is based on helping to unleash the potential of everyone regardless of their different backgrounds. It also aims to reduce gaps related to access to employment and education.

a) Additional funds to support the provision of English language training for those adults who are not working or actively looking for work. The government has identified that immigrants are the most who need this training.

D. Participation

This category is based on forming understanding and tolerance through various activities carried out together.

a) Conducting the Church Urban Fund program using the Church of England parish infrastructure to bring people from different religious backgrounds together to take action on local issues.

b) Providing opportunities for the community to take over the role through a program that will recruit and train 500 senior community committees and more than 4,500 voluntary committees for four years. The committee has responsibility of listening to residents, serving the public and third-sector workers, small businesses and local institutions, to help them act together for the common good.

E. Tackling Extremism and Intolerance

This category is based on counteraction to all forms of extremism, intolerance (including racism) that split society and increase tensions, and further encourage the principles of rights.

a) Establishment of The Equality Act 2010 which is a broad and proactive legal framework for vulnerable communities or minorities regarding the eradication of racism by requiring certain public authorities, including police and immigration services, to take action against ethnic inequality and latent bias in recruitment, work, and service.

b) Collaborating with Anne Frank Trust and Show Racism the Red Card to educate young people about the risk of racism.

4) Results of Integration Policy

1. Social Tension Rate Still High

Referring to the case of social tensions that have occurred since 2010-2015 including many cases of racism, there have been around 40,930. This is not quite different from the case that occurred in 2010 which was about 42,530.

The local British people see that the frequent occurrence of conflicts is caused by their large number. According to one incredible source, as shown in the table below, the British community expect that the number of immigrants will be reduced to prevent social conflicts.
Extremism or radicalism is the vocal or active opposition to our fundamental values, including democracy, the rule of law, individual liberty and the mutual respect and tolerance of different faiths and beliefs. We also regard calls for the death of members of our armed forces as extremist.

After integration policy implemented, there were a lot of extremism cases still happened. Such as, in January 2015, Zack Davies attempted to murder Dr Sarandev Bhambra in a racially motivated attack in a supermarket in North Wales. He was sentenced to life in prison. He had claimed the attack was ‘revenge for Lee Rigby’, and extreme-right publications were found at his home. In 2017, British-born Khalid Masood, 52, drove a car into pedestrians on Westminster Bridge in London and then fatally stabbed a policeman.

5) Factors that Encourage British Government to Conduct Integration Policy

The integration policy conducted by British Government under The Leadership of David Cameron is based on the issue of social tensions between immigrants and the British local people which aims to create a multicultural society where each individual has respect and tolerance. However, I see economic interest as a factor that encourage British Government to implement integration policy instead of making a multicultural or integrated society.

There are several facts that make me have that argument. First, immigrants are the driving force of the British economy. Immigrants, especially those from non-EU countries, contribute positively because they play a role in filling the workforce demand in the UK in the low-skilled sector. The shortage of labor in the low skilled jobs sector is because not all native or local British workers are able and willing to do the work. This jobs require “blue collar worker” and the wages offered are low or even below standard. In addition, this job also sometimes have to travel long distance and applies a shift system in indefinite hours, then the job offer is not infrequently temporary or seasonal, making this work less favored by native British workers (Dr Martin and Anderson, 2011).

Moreover the character of the native worker himself has a high degree of friction or tension. This makes them difficult to rely on in the low skilled jobs sector. The shortage of labor in the low skill job sector was
successfully covered by the presence of non EU immigrants. Immigrants who work in the low skilled jobs sector are quite numerous. In 2010, there were 1.7 million immigrants worked in this sector. About 1 million are non-EU immigrants or around 60% of the total immigrants who work in the low-skilled jobs sector. The majority of non-EU immigrants come from India, Pakistan and Bangladesh. Non EU immigrants play a vital role in the wheels of the British economy (Migration Advisory Committee, 2014).

Second is the immigrants low skill of speaking English have made Britain suffer losses in public finances because of the large amount of translation costs that must be incurred. The majority of immigrants who cannot or do not speak English fluently come from Poland, Slovakia, Bangladesh and Pakistan. The Department of Employment and Retirement records the translation cost spent in 2009 to 2010 of more than £ 2,000,000 for telephone translation services and nearly £ 400,000 to translate documents to serve immigrants from both EU and non EU countries (GOV.UK, 2012).

Third, I also highlight some statements from government that tend to relate immigration with economic purpose. As David Cameron said in 2011 that “Migrants need to learn English or would inflict serious damage on the economy”. In addition Erick Pickles, Secretary of State for Communities and Local Government said too “a shared language is vital for our economy”.

Thus, British integration policy that seek tolerance, mutual respect etc. is conducted because of their importance role as the driving force of the British economy. Social conflicts and tensions involving immigrants and local communities or people will certainly have negative impact on the disruption of British economic activities. Then the application of English language training as part of the integration policy also aims to make immigrants no longer put too much pressure on public finance in terms of translation cost. So far Britain has suffered considerable losses in accommodating the communication of immigrants.

CONCLUSIONS AND RECOMMENDATIONS

We can see the policy to integrate immigrants carried out by the British Government under the leadership of David Cameron doesn’t have any purpose to create a multicultural society but for the benefit of the British economy. Immigrants contribute significantly because they fill the shortage in the low skilled jobs sector. The integration policy aims to ease social tensions and conflicts including as well as extremism action between immigrants and local people is only for not to disrupt the British economy. Britain integration policy that provides English language training to immigrants in fact to prevent Government to spend translation cost in the future.

Migration or immigrants has become hot issue in Europe. Their existance should not only be regarded as a source of labor that drives the economy. It is important for the country to be able to provide protection for immigrants from various acts of discrimination and racism. Personally, I believes that if integration is carried out fully in order to create an integrated and multicultural society, it will have a positive impact on the country, including economic development. According to Rodriguez Garcia (2010), it is importance to give recognition to cultural and ethnic minority diversity. According to him, if all members of the community are given the opportunity to fully participate in the public space, it will produce a more cohesive community and also have a positive impact on the country.

I underlined that there are several things that can be improved in the British integration policy. First, I believe in immigration, especially “right immigration”. I do not think when Britain have more than 400.000 new migrants each year is good idea. Integration will be fully successfully implemented when the number of migrants is appropriate. So, there should be a scheme that will reduce arrival of migrants wisely.

Second, I want to highlight the parties involved in the integration effort. The integration efforts that have been taken good enough by involving British local people and immigrants. However, parties such as the media and the private sector should be involved in promoting the integration process itself. So far, unfortunately government only collaborating with Anne Frank Trust and Show Racism the Red Card in an effort to educate the risk of racism as media partners.

In this globalization era, media and the private sector including companies have an important role in the process of integration in a society. The media could become a forum for people to express opinions and
discuss. The media can be used as a discussion forum for immigrants and the local British community, so they can express their opinions in order to set common goals and create a tolerant and harmonious environment. While companies can provide Corporate Social Responsibility in the form of English language training for immigrants or conducting activities that encourage communication and collaboration involving all communities including immigrants. The British government should encourage parties such as the media and private companies to contribute to the process of immigrant integration.

Third, there should be improvement in terms of activities to integrate immigrant. Activities carried out so far to get immigrants and the local British community closer to each other through culture, music or boy scout associations. British Government need to expand the type of activities including sports and even online games. Example, Britain is very famous for their soccer.

Finally, i want to emphasize the importance of coordination and dialogue between the British Government and immigrants as targets of integration policy. Coordination and dialogue need to be arranged so the integration efforts and policies will be implemented in accordance with immigrants and government expectation.

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United States Ratification of Paris Agreement 2016

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ABSTRACT

This paper will discuss the spread of Paris Agreement which aims to against climate change that caused by CO\textsuperscript{2} gas emissions and this Agreement was ratified by the United States. At the Kyoto Protocol, the United States did not ratify the agreement. But than United States ratified the Paris Agreement even though United States is the second largest producer of CO\textsuperscript{2} gas emissions in the world. This action that U.S. take can affect the industries in the United States. Martha Finnemore and Kathryn Sikkink explain how the norm spread, called norm life-cycle. There are three stages in the norm life-cycle; norm emergence, norm cascade, and internalization. From these stages, it can be known why the United States ratified the Paris Agreement. The first stage is the most important stage in the spread of norms. Norm entrepreneurs in the emergence of norms play an important role in the process of norm diffusion. In this paper, the norm entrepreneurs that involved in the process of United States ratifying the Paris Agreement are United Nations and Sierra Club originating from domestic organizations in the United States.

Key words: Paris Agreement, Climate Change, United States, Norm Life-Cycle, CO\textsuperscript{2}

Introduction

Issues in International Relations change within the times. The existence of Cold War made the international system bipolar which was dominated by two superpower countries, United States and Soviet Union. During the Cold War international system showed how the political dynamics of the two major countries. Issues of international security, war and threats have become high politics issues and the most concern for international relations. Therefore, environmental issues are not noticed by the world. Environmental damage, global warming, and climate change are examples of problems in the environment. To increase the strength of a country, the state carries out large-scale economic development, increasing population also increased the use of energy and natural resources. This has a big impact on the human environment.

One of the most worrying environment issues is global warming. Global warming is a rise in earth’s temperature caused by high levels of carbon dioxide and other gases in the atmosphere. Global warming is largely caused by greenhouse gases produced through fuel combustion, factories and electricity production. The most influential gas is carbon dioxide (CO\textsuperscript{2}). Other gases that are the cause of global warming such as chlorofluorocarbons or CFCs that hold a thousand times more heat than CO\textsuperscript{2}. From year to year, global warming is increasing, followed by the influence of an increasingly modern era.
The graph above shows a significant increase in earth’s temperature since the 1990s. As a result, ice begins to melt throughout the world, many of the flora and fauna are threatened with extinction due to rising temperatures, sea levels rise faster, various natural disasters such as hurricanes and storms that occur, and epidemic diseases. Seeing this phenomenon, environmental issues especially global warming cannot be ignored anymore. The state also begins to be aware of the consequences of damage that can occur in its country.

International relations then makes environmental issues an agenda that must be discussed. Various collaborations were carried out to overcome the problem of global warming. One of them is by making the Kyoto Protocol which was formed by the United Nations Framework Convention on Climate Change (UNFCCC) in 1997 in Kyoto, Japan. The aim of the Kyoto Protocol is to reduce the greenhouse gas emissions produced by the world which ended in 2012. The Kyoto Protocol was later replaced by Paris Agreement in 2015. Paris Agreement also has the same goal as the Kyoto Protocol, which is to maintain the limit of rising temperatures. 195 countries have signed Paris Agreement including the largest gas emitting countries in the world. During President Barack Obama’s administration, the United States signed and ratified the Paris Agreement. In fact, in the Kyoto Protocol United States only signed but did not ratify the agreement.

As the graph shown above, United States is also still the second largest gas emitter in the world after China. United States is a developed country that continues to develop its country. The CO² produced by the
United States comes from transportation, industrial products, chemical production and kerosene, and agricultural activities where they use fuels such as coal, oil, and natural gas that produce carbon dioxide.

![CO₂-producing graph in the United States](https://www.treehugger.com/energy-policy/transportation-now-biggest-source-co2-usa.html)

From the graph above it can be seen that transportation and industry are the two largest CO₂ producers in the United States. This United States agreement on Paris Agreement will make the United States try to reduce the gas emissions produced. The adoption of these agreements will affect the US technology and industry sectors which may cause harm to the United States. This is a puzzle for the author, why the United States ratified Paris Agreement even though this action could have an impact on the United States industry and why the behavior of the United States changed, which had not ratified the Kyoto Protocol, but now ratified the Paris Agreement.

Previous studies on Paris Agreement, in particular the attitude of the largest gas-producing countries, generally saw two major issues; (1) Paris Agreement as a form of Human Rights, (2) Politics - Economy. The first study to discuss human rights law has an important role in overcoming global problems, in this case climate change. Then after the policies and programs are formed, the main object of the policy is to fulfill human rights so that the countries ratifying the Paris Agreement are in response to human rights law in the global term, by treating the global environment and climate as a general concern for humanity and climate change as a threat to human rights as a whole (Boyle, 2018; Magraw, 2016).

The second study, Paris Agreement as the European Union's political-economic strategy. In the environmental aspect, the European Union already has a vision to improve the European environment for example 50% reduction in greenhouse gas emissions in 2030 and 80% for 2050. With Paris Agreement, European Union can achieve these goals. Paris Agreement is a historic event where large numbers of countries adopted the global climate regulation (Strielkowski, 2016). Paris Agreement as a political goal, there are five specific objectives in Paris Agreement. First, to achieve domestic goals such as reducing air pollution or achieving changes in energy systems that are not directly related to climate change. Second, in response to domestic pressure to approve the agreement. Third, to get profits from other countries, especially in this case such as reducing greenhouse gases. Fourth, to benefit from other countries and possibly civil society anywhere. For example, if a small country supports climate change, it must be supported by large countries such as the United States and China. The last is to avoid accusations or to maintain an international reputation (Keohanne, 2016). Based on the
studies above, the authors argue that is needed to do a research that can explain the reasons why power countries ratified the Paris Agreement. This paper will use the norm life-cycle theory.

In this paper, the author uses the Constructivist approach. Constructivists see norms as a collective understanding that claims actor behavior. Norm is the identity of the actor and the interests and behavior of the actor. Constructivism emerged in the midst of debate between theories classified into the flow of materialism-rationalism such as realism, neorealism, neoliberalism, liberalism. Constructivists see the reality of the world as something based on facts which materially can be captured or not by the five senses but this fact cannot determine how humans perceive social reality. Conversely, social relations according to constructivists are the result of human construction (social construction).

Martha Finnemore and Kathryn Sikkink, in International Norm Dynamics and Political Change put forward their thoughts about Norms "life-cycle" which is about how the process of emergence of norms and how those norms are applied in a country. In the article there are three stages, namely: Norm emergence, norm cascade, and internalization.  

Norm Emergence

The first stage, norms do not just appear in international relations, but norms are actively created because of agents who have certain desires or behaviors in their community. These agents are called norms entrepreneurs. Norm entrepreneurs try to convince countries to implement new norms in the country. Norm entrepreneurs have a very important role at this stage because they seek attention to issues or even "make" problems by using language that names, interprets, and dramatizes the issue called framing. Such construction is important for the political strategies of norm entrepreneurs, where, when they succeed, a new framework will be achieved by the understanding of the general public and adopted as new things to be discussed and the issue understandable.

To convince people, norm entrepreneurs go through a long journey, such as fighting the government and doing other processes that violate the law. As a result, these actions get the attention of the community and this can be a powerful enough tool for them to convey their message and frame an issue. All norm supporters at the international level need a form of organization, and through that organization they can promote the norm. Sometimes, these organizations are deliberately created specifically for the purpose of promoting certain norms. Or they can use existing organizations that have other agendas to promote norms. An organization can persuade state actors through lobbying. Whatever their platform, norm entrepreneurs need the support of state leaders to adopt their norms and to promote this to other state leaders.

At this stage, norms must be institutionalized specifically in regulations and international organizations. With this, the norm can be known with certainty and can find out which countries agree on these norms, and sanctions for norm violators. After the norm entrepreneurs can convince some countries to become norm leaders and adopt new norms, it has achieved what is called the tipping point.

Norm Cascade

After the tipping point is reached, more countries will begin to adopt these norms quickly and even without domestic pressure. In this second stage, the state adheres to the norm on the grounds that it is associated with their identity as members of the international community. Recognition that state identity fundamentally shapes state behavior, and their identity is shaped by the institutional culture that influences the actions of the country. What happens at the tipping point is the adequacy of the state that supports the new norm. This happened through an international socialization process which was 'peer pressure' among the nations.

In international interactions, the application of a norm can affect a country's reputation, trust and credibility. The state also cares about international legitimacy which is an important contribution to perception in the domestic legitimacy carried out by the people in the country itself. Then the community makes an opinion

about whether their government is better than the government in other countries in the regional area of the
country and by looking at how other people and countries talk about their country.

The application of a norm is also part of the country's self-esteem. Sometimes a country follows the norm
because the country wants other countries to see them as a good country and they also want to consider that
they are a good country. When a country does not apply these norms, the state will feel embarrassed, anxious,
and sorry for those who suffer because of the possibility of violating the norm. Thus, the desire to gain or
maintain self-esteem can explain why a country follows the norm. This is also referred to as the form of
international image.

**Internalization**

At the end of the process, norms can be widely supported. Extremely, norms can be applied automatically
without coercion or provisions in a country and norms can be very strong (because the state behaves in
accordance with these norms) and is difficult to distinguish, because actors do not seriously consider or discuss
to be adjusted. Then there are agents who will work to internalize the norms. Professional trainers do more
by transferring their technical knowledge, which is to actively socialize people about some values. This then
creates interactions between people who join to create predictability, stability, and the nature of trust. finally
this identity is the basis of state interests and is crucial which determines the way state actors behave towards
each other. When countries follow the same norms, cooperation is more likely to occur when norms are
violated, behavior is considered inappropriate and conflict maybe be happened.

**The Role of the United Nations and the United States Environmental Organization as the Norm
Entrepreneurs for Paris Agreement**

The first step in the spread of norms is the appearance of norm entrepreneurs from the norm. Norm
entrepreneurs can be from domestic and international. The international actor in Paris Agreement is the
United Nations, while domestic actors who also share the same views with international actors are
environmental organizations in the United States such as the Sierra Club. Both norm entrepreneurs have
a large influence on the spread of environmental norms in the United States. First, the author will describe how
the UN conducts dissemination or efforts towards environmental norms, in this case the Paris Agreement.

In 1988 the World Meteorological Organization (WMO) and the United Nations Environmental Program
(UNEP) established the Intergovermental Panel on Climate Change (IPCC). In the same year, the first time
United Nations General Assembly raised the issue of climate change and adopted resolution no 43/53
concerning “Protection of the world climate for present and future generations.” In 1990 the main issue
raised by the IPCC was to assert that climate change was a threat to humans and needed world cooperation
in overcoming the problem. Then this issue was discussed in the Ministerial Declaration of the Second World
Climate Conference held in Geneva in 1990. In the conference negotiations were formed a convention on the
framework for climate change.

International organizations were trying to bring countries to pay more attention to the problem of climate
change that occurred at that time. In December 1990, the UN General Assembly formed a multilateral
**collaboration called the United Nations Framework Convention on Climate Change (UNFCCC). The
Intergovernmental Negotiating Committee (INC) regulated the course of the negotiations. The Convention
was adopted on May 9, 1992, and was opened to be signed a month later in the UN Conference on
Environment and Development in Rio de Janeiro, Brazil.”

Since the formation of the convention, negotiations have continued to approve decisions and
conclusions that will be implemented. In December 1997 the Kyoto Protocol was formed by the third
Conference of the Parties (COP 3) and was opened to be signed in March 1998 at the UN Headquarters, New

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York. 191 countries agreed to the Kyoto Protocol. But the United States only signed the agreement without ratifying it. Where when a country does not ratify an agreement, the country is not tied by that agreement. Specifically the aim of the Kyoto Protocol is to reduce the level of emotion of the world which is targeted to reduce air pollution by 5% in 2012.

To make the convention effective on climate change, negotiations and cooperation continue. Until at COP 21 of 2015, the UN Climate Change Convention or the UNFCCC held an annual conference in Paris. In this conference, countries agreed to form a Paris Agreement. There are five important points in the Paris Agreement:

1. Mitigation efforts need to be done by reducing carbon emissions quickly, to keep the earth temperature rise threshold below 2°C and try to suppress up to 1.5°C.
2. The carbon accounting system and emission reduction must be carried out transparently.
3. Adaptation efforts must be made by strengthening the capabilities of countries in the world to overcome the effects of climate change.
4. Strengthening recovery efforts due to climate change, from damage.
5. Assistance, including funding for countries to build a green and sustainable economy.

Then, seeing the international movement to fight against global warming, domestic actors also put pressure on the government to participate in overcoming global warming. One of the biggest and most influential environmental organizations in the United States is the Sierra Club. The Sierra Club was formed in 1892. The environmental campaigns carried out by the organization included the Clean Air Act, the Clean Water Act, and the Endangered Species Act. The latest campaign is to encourage changes in the use of coal fuel which causes climate damage and leads to clean economic energy which is also one of the objectives of the Paris Agreement made by the United Nations. The organization has received domestic and foreign support and has been successful for decades in the United States.

International and domestic organizations have actually pressured the United States government to participate in overcoming global warming for a long time. During the Obama administration, several environmental organizations encouraged the United States government to implement strict regulations in dealing with climate change by reducing CO₂ gas emissions. This was conveyed by a letter sent by 18 groups including the Sierra Club, to President Obama regarding environmental defense funds and earth justice. The government is pressured to face industries that use coal fuel or are at risk of losing support from an important part of its political base during an already difficult election year. These organizations are strongly pressing the US government to reduce CO₂ gas emissions, especially from industries in the country. If this is not done, the US government will lose their support. Not only in the country, but they pressure the US to participate in environmental issues in the world along with other countries. Campaigns carried out by the Sierra Club also invites US people to protect and care more about the environment. It can be seen that the efforts of the United Nations and US environmental organizations such as the Sierra Club as norm entrepreneurs have

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30 Sierra Club, “About Sierra Club”, dalam https://www.sierraclub.org/about, diakses tanggal 18 Desember 2017 pukul 13.41
31 Juliet Eilperin dan Lenny Bernstein, “Environmental groups say Obama needs to address climate change more aggressively”, dalam https://www.washingtonpost.com/national/health-science/environmental-groups-say-obama-needs-to-address-climate-change-more-aggressively/2014/01/16/1e891608-7ebd-11e3-93c1-0e888170b723_story.html?utm_term=.cb6e7654041c, diakses tanggal 15 Desember 2017, pukul 14.00
influenced the US government to participate in addressing environmental issues, especially climate change inside and outside the United States.

**United States Seeks to Reduce CO₂**

One of the biggest CO₂ gas emitters in the United States is from coal fuel disposal from industrial plants. The Government of the United States together with its environmental organizations in the country have jointly addressed and reduced the gas emissions.

![Coal Power, Retired (2012-14) and Set for Retirement (2015-23)](https://www.politico.com/agenda/story/2015/05/inside-war-on-coal-000002)

(US coal energy has been and will be stopped)

Source: [https://www.politico.com/agenda/story/2015/05/inside-war-on-coal-000002](https://www.politico.com/agenda/story/2015/05/inside-war-on-coal-000002)

The picture above is the location of coal power which produces gas emissions, some points have been stopped in order to reduce CO₂ gas emissions then another point is a plan that will be carried out to stop coal burning. At this stage, the norm has reached the tipping point because the United States has tried to reduce CO₂ gas emissions. These norm entrepreneurs have achieved their goals to fight climate change. Even though this business takes a lot cost and not everyone wants to do it. It can be said that this is the environmental history of the United States where internal parties such as business people, environmental organizations and the United States government work together to address the issue of climate change in the United States.

**United States Ratified Paris Agreement**

195 countries have signed Paris Agreement including the United States. Even the United States has ratified the agreement.³² Whereas the United States is the second largest producer of gas emissions in the world. Therefore, participation of the United States will have a big influence on climate change in the world. When viewed from the norm life-cycle theory by Finnemore and Sikkink, this stage refer to the norm cascade, Paris Agreement has reached the tipping point, which is more than one-third of the countries signed the agreement. This means that the United Nations and environmental organizations in the United States as norm entrepreneurs have succeeded in convincing actors to adopt the values contained in the Paris Agreement. The

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³² UNFCCC, “Paris Agreement - Status of Ratification”, dalam http://unfccc.int/paris_agreement/items/9444.php, diakses tanggal 3 Desember 2017 pukul 22.34
United States has participated in ratifying the Paris Agreement as a form of participation by the United States to safeguard the world environment along with other countries.

Since 2007, the United States has considered the issue of climate change. Until that year for the first time the theme of climate change was raised at the United States Congress, the government’s plan to tackle climate change could not be realized due to differences of opinion between the congress and the United States government. There are doubts that by agreeing to the Kyoto Protocol at that time, it could adversely affect the economy of the United States.33 The decision of the United States has received attention from the international community. The United States is considered not to pay much attention to environmental issues. Even though the United States is one of the biggest contributors to greenhouse gas emissions. This makes the United States have great significance and an important position in solving environmental problems.

The United States proved that their country was also concerned about environmental issues by participating in ratifying the Paris Agreement. The U.S. decision may have an impact on the U.S. economy, but the U.S. decision also has an influence on the international environment and for other humans. The participation of the United States as a superpower country can be an example that the state does not only care about its own internal affairs, but also participates in cooperation with other countries, such as in international organizations and international agreements to make the world a better place. At this stage, the United States gets a good international image because it has embraced the norm.

**Internalization of Paris Agreement in the United States**

After the norms go through stages one and two, in the third stage the internal norms occur. At this stage, the Paris Agreement which contains efforts to reduce gas emissions that can improve the environment, is socialized by the United States government in its country. Former US President Barack Obama himself delivered a speech about the United States' commitment to Paris Agreement.

“No nation, not even one as powerful as ours, can solve this on its own – we have to do this together,”34

The United States will cooperate with countries in the Paris Agreement to reduce global warming. Directly the United States invites its citizens to follow the norms contained in the Paris Agreement. One of the efforts made is to use the Clean Power Plan. This plan is to reduce global warming pollution. A total of 500 coal-fired power plants are a source of American global warming, even bigger than cars and trucks. This program will reduce this pollution by at least 30 percent by the end of the next decade. By giving countries the choice to replace coal plants that are dirty with wind, solar and other energy.35 The clean power plan also has the potential to accelerate the transition to cleaner industrial productions.

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34 Oliver Milman, “Paris climate deal a ‘turning point’ in global warming fight, Obama says” dalam https://www.theguardian.com/environment/2016/oct/05/obama-paris-climate-deal-ratification, diakses tanggal 4 Desember 2017 pukul 11.20

The picture above is a form of internalization of the Paris Agreement which is a United States government program with the Sierra Club to change coal power with cleaner energy. The campaign carried out by the United States also continued to go hand in hand with its decision to implement the regulations in the Paris Agreement. Thus, the United States applies the norms in its country and these norms have formed interactions between people who joined to create the norm. In the end environmental norms are crucial that determine the actions of the United States.

Conclusion

Based on the results of the research conducted, it can be concluded that the United States agreed to the Paris Agreement because of the influences in the process of forming the Paris Agreement itself. In the first stage, Paris Agreement was the norm, international organizations such as the United Nations and the Sierra Club were norm entrepreneurs who continued to pressure the United States to overcome climate change by reducing CO$_2$ gas emissions. The United Nations has tried to convince the United States since COP 1 to 21, and environmental organizations within the United States itself have also pressured the United States to reduce gas emissions as a form of compliance in the Paris Agreement. Finally, the United Nations succeeded in encouraging United States to ratify the Paris Agreement and reach the tipping point.

In the second stage, the norms have been approved by many countries. United States has also seen this as an opportunity to form a good international image. Because, United States did not ratify the Kyoto Protocol before. Therefore, United States is aware of its position as the second largest producer of greenhouse gas emissions in the world. The United States agreement on Paris Agreement proves that superpowers also care about environmental issues. This makes the reputation of the United States better in the eyes of the international community.
The third stage of the norms life-cycle by Finnemore and Sikkink is internalization, where the United States begins to socialize the norms that have been approved in this case the Paris Agreement. Through his speech, former President Obama campaigned on cooperation to tackle climate change. Then the United States also made plans to reduce greenhouse gas emissions, especially from industrial waste using Clean Power Plan, which is the use of cleaner energy such as wind, solar, and others that do not produce too much gas emissions. From the process of disseminating the norm it can be concluded that the norm of entrepreneur greatly influences the spread of a norm. The United Nations and the Sierra Club have pressured the United States government to ratify the Paris Agreement.

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The Involvement of Indonesian Civil Society in ASEAN Forum on Migrant Labor (AFML)

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Abstract

Indonesia is the biggest sending country of migrant workers in ASEAN; Indonesian migrant workers are in the same boat with other migrant workers of ASEAN member states that get less attention from their government. Along with the high number of violence cases to Indonesian migrant workers, Indonesian CSO’s position their selves as a stakeholder to emancipate migrant workers in the AFML. ASEAN is state-centric regional organization that positioned state as the dominant actor. While in the AFML, CSO can involve in creating regional policy of migrant workers. This condition rises a question “how the involvement of Indonesian CSO in creating participation space in the AFML?”

This paper using Critical Theory from Habermas which view that Indonesian CSO’s is one of non-state actor that strive to emancipate migrant workers group that marginalized in ASEAN by create participation space in the existing system through ideal speech. The result shows that AFML is a new established system by ASEAN that prompted by ASEAN CSO’s include Indonesian CSO. In the AFML, CSO can shift their position in the regional public sphere from periphery to the center.

Keywords: ASEAN, Migrant Workers, Regional Governance, Indonesian CSO, AFML

Introduction

Regional organization is part of global governance institution, because it has own particular authority to regulate its member states, it can be an intermediary of global institution with its member states (Börzel & Hüllen, 2015). The vary of cooperation scopes and institutional forms makes each regional organization are different from each other (Karns, Mingst & Stilles, 2015). Some of them cooperates in security issue or economic and development, and some of the other cooperates in multidimensional issues.

ASEAN is one of regional intergovernmental organization in Southeast Asia, it has 10 members that consisted of: Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam. As regional governance ASEAN have two models: ASEAN-X, is the model when some of member states not ready to join in cooperation agenda ASEAN still can continue the agenda through bilateral or sub regional; and ASEAN+X, that is expansive governance model of ASEAN when they cooperates with other states from outside the region, sometimes ASEAN+X also amalgamate with ASEAN-X (Aldaba, 2014). States are the dominant actors in ASEAN, because the cooperation framework influenced by ASEAN way which positioned states as a center. The principles of ASEAN way accentuate respect of sovereignty to govern domestic politics of respective member states, non-interference and settling dispute peacefully (Acharya, 2001). Regional decision-making process decides in the government meeting such as in head of government meeting, ministerial meeting or governmental bodies’ meeting which decided in the consensus among government (Margaret P Karns et al., 2015).

Albeit the governance model of ASEAN is conducting state-centrism governance, but there are some cases non-state actors involves in the regional governance such as the involvement of ASEAN Chamber of Commerce and Industry (ASEAN-CCI) in 1974; the epistemic group ASEAN Institute for Strategic and International Studies (ASEAN-ISIS) that influence the agenda and priority of ASEAN (Chandra, 2009); and civil society organizations
in the process of charter making and also in the regional policies of migrant worker protection (Igarashi, 2011); and CSO involvement in tackling health issues such as in Nargis hurricane disaster in Myanmar at 2008 and on HIV issues in Cambodia and Vietnam (Wells-Dang & Wells-Dang, 2011).

This paper will discuss about the involvement of Indonesian civil society organization on the issue of migrant workers in ASEAN. The case is ASEAN Forum on Migrant Labor (AFML), a regional discussion forum of migrant workers issue that held since 2008 that resulting policy recommendations about migrant worker issue. The research question is “how the involvement of Indonesian CSO’s in creating participation space in the AFML?”. This paper will be divided into five parts: the first, will explain the participation space for CSO in ASEAN; the second part will explain about ASEAN migrant workers; the third part will explain about Indonesian migrant workers; the fourth part will explain about Indonesian CSO as stakeholder of migrant workers issue; and the last part will explain about ASEAN Forum on Migrant Labor (AFML) as the shift condition of ASEAN public sphere that changed by CSO.

**Theoretical Framework**

To answer the research question this paper will set out from critical theory, as stated by Alejandro Colas that quoted by Hadiwinata that critical theory is an approach that can explain the competition between state as traditional actor and non-state actors (NSA) in international politic (Hadiwinata, 2017). ASEAN is regional organization that more incline conducting state-centric approach that positioned state as the dominant actor, Gerard stated that IR mainstream theories can not explain NSA holistically (Gerard, 2014) and it makes other regionalism theoretical approaches such as regionalism, federalism and multilevel governance cannot apply to explain NSA in ASEAN (Igarashi, 2011).

Theory of cobweb model interaction from Burton stated that actors in IR consisted of various interest groups such as government of state, trader, business, religious figure or group of people who have common ideology; these actors communicate each other and set up a system (Burton, 1972). Critical theory develops an idea of emancipation through human communication as critic of social order (Peoples, 2009). Nancy Fraser (1995) stated that there are two main axes in the political struggle in the Critical Theory those are redistribution that related with class struggle and recognition that related to race, gender and national recognition (Ferreira, 2017). Critical Theory that developed by Andrew Linklater which influenced by Habermas view that communication with its ethical principles can create human emancipation (Hadiwinata, 2017) and the emancipation could be achieved by open and non-coercive dialogue or ideal speech (Ferreira, 2017) as a process of legitimation (Marquis, 2013).

The legitimation process of public policy is formed in the public sphere, according to Habermas public sphere is open public space to conduct communication and form public opinion through discussion process among the citizen that related with specific issue (Habermas, 1991). He also stated that public sphere can be described as a network for communicating information and point of view both affirmative and negative attitude (Habermas, 1996). Resulted opinion from public sphere can be used as political representative of public demands to influence society behavior that affect parliament, administrative, or judicial institution (Habermas, 1996).

Benhard Peters and Wessler describe public sphere as multilayer sphere that consisted of “center” and “periphery”, in the center there is government and its bodies, which legitimize a public policy, while in the periphery there are some entities such as mass media, civil society, research opinion and various communication and public networks. The function of periphery is intermediary between society and the government in the center, which convey the interest of public opinion to government (Benson, 2009). The illustration describe in the chart 1.1:
According to Habermas civil society is the group of people who consist of non-governmental networks group, non-economic and voluntarily association that lean on communication structure in the public sphere (Crawford, 2009). The role of civil society in the public sphere is to strengthen what appears in it (Spång, 2017). In the regional governance civil society organizations are taking action in the networks transcend the national border. Connor in 1999 stated that the networks consist of local groups and global groups, they unite in the networks to strengthen corrective voice of society as partner or counter of government and market (Ghaus-Pasha, 2014).

Research Method

This paper conduct qualitative research method to get meaning by describing and interpreting an event or researched issue (Bakry, 2016), to find an answer by constructing social condition explanation (Berg, 2001). The collection data technique is using documentary tracing from official documents such as document meeting from regional CSO TFAMW, national CSO HRWG, ASEAN Secretariat, and ILO. While other document is experience narration tracing by conducting unstructured interview with CSO leaders that affiliated with HRWG such as Serikat Buruh Migran Indonesia (SBMI), Solidaritas Perempuan (SP) and Migrant Care.

Participation space for CSO in ASEAN

ASEAN is intergovernmental regional organization that established by government. After the end of the Cold War ASEAN widens its cooperation scope and deepen its institutionalization by agreeing the establishment of ASEAN community which supported its three pillars those are: ASEAN Economic Community (AEC), ASEAN Political Security Community (APSC), and ASEAN Socio-Cultural Community (ASCC) (Min-Hyung, 2011). Nevertheless ASEAN still keep the ASEAN way that positioned states as the main actor in the regional governance, because in the ASEAN Charter constituted that sovereignty and an non-interference are the major principles and guidance for the member states, and the mechanism system for regional policy making that conducted by consensus system (Acharya, 2001). The regional policy-making decides in the official meeting of government such as summit, ASEAN Ministers Meetings (AMM) and Senior Official Meeting (SOM) (ASEAN Charter, 2008).

Albeit ASEAN is state-centric but ASEAN still open its regional participation space for non-state actors (NSA) which regulated in the article 16 of ASEAN Charter article 16 which stated that the engagement of NSA regards
to the provision made by Committee of Permanent Representative (CPR) which the member are diplomats; NSA entities must in line with the vision and mission of ASEAN; the entities are parliament member and judicial institution of AMS, CSO, network groups, think-tank, business association and other stakeholders (ASEAN-Secretariat, 2017). The procedure the entities must write the application statement to a specific ASEAN body which they want to engage through the ASEAN Secretariat, then the body will decide the engagement procedure and agreed by CPR and then will convey to the Community Council (APSC, AEC, and ASCC). Thus, the entities who want to engage with ASEAN must be assessed first by government actor of AMS. Generally the place of CSO in ASEAN is only become transmission belt for policy implementation not as policy maker (Rüland, 2011).

Kelly Gerard argued that there are three participation space for CSO in ASEAN, those are: space that establish by ASEAN, recognized by ASEAN, and created space by CSO itself (Gerard, 2014). The illustration will be shown in the table 2 below:

### Table 2: the participation space of NSA in ASEAN

<table>
<thead>
<tr>
<th>SITES OF PARTICIPATION</th>
<th>Spaces established by ASEAN</th>
<th>“Created spaces”</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSO affiliation system</td>
<td>ASEAN People’s Assembly</td>
<td>Parallel activities</td>
</tr>
<tr>
<td>Ad hoc consultation</td>
<td>ASEAN Civil Society Conference</td>
<td>Protests</td>
</tr>
<tr>
<td>GO-NGO forums</td>
<td>Regional Tripartite Social Dialogue for Growth, Employment and Sound Industrial Relations</td>
<td>Production and dissemination of critical knowledge</td>
</tr>
<tr>
<td></td>
<td>ASEAN-ISIS Colloquium on Human Rights</td>
<td>Targeting other regional/global governance institutions</td>
</tr>
<tr>
<td></td>
<td>Dialogue on Democracy and ASEAN Integration</td>
<td></td>
</tr>
</tbody>
</table>

Source: Kelly Gerard (2014) p. 44

The first space is space that established by ASEAN which explained before that is through the affiliation system where the CSO must be assessed first by government, ad hoc consultation and informal forum of GO-NGO (Governmental Organization and Nongovernmental Organization); the second space is interaction space between ASEAN and CSO outside the established space, in this space CSO can do dialog with ASEAN even the CSO not assessed by accreditation system, the kind of the space such as ASEAN Civil Society Conference (ACSC) that initiated by Malaysian government that resulted SAPA (Solidarity for Asian People Advocacy), regional tripartite of ASEAN Services Employees Trade Union Council (ASETUC), etc.; the third is, created space by CSO which the space is more flexible for CSO because the presence of government is not really required, in this space CSO can produce alternative knowledge to influence government, the activities such as parallel meetings, compiling alternative knowledge and approaching global institutions to influence ASEAN.

### ASEAN Migrant Workers

ASEAN member states are sending and receiving countries of migrant worker, globally since 2000 until 2017 the number of ASEAN migrant worker increased from 4.9 million to 9.8 million (UNDESA, 2017). In the region
its self in 2015 there are 352,227 migrant workers which come from Indonesia, Philippines, Cambodia, Lao PDR, Myanmar and Vietnam that working in Singapore, Malaysia, Thailand and Brunei Darussalam (ILO, 2016). Moreover ASEAN migrant workers not only spread in the region but also outside the region such as in East Asia region (China, South Korea and Japan) and in the Middle East countries (Fair Observer, 2015).

The majority of ASEAN migrant worker are unskilled worker such as domestic and construction workers, and they go abroad through private agency channel as their intermediary that recruiting and placing them in the destination countries (Battistella, 2014), both legal licensed agency channel and illegal channel such as social networks or black marker (Chheang, 2015). The majority of migrant worker case abuse caused from working abroad through illegal channel, many of migrant worker facing some problem such as exploitation, did not get salary wage, physical violence and sexual harassment (Razak, 2011), and become human trafficking victim (Deutsche Welle, 2015) (Post Magazine, 2015).

Indonesian migrant workers

Indonesia is a biggest sending country in ASEAN which works in Malaysia (Battistella, 2014), many of them are "undocumented" in 2009 the number of it is almost a million (Migrant-Care, 2009). The undocumented status makes some Indonesia migrant workers facing problems in the destination country, such as: excessive levy by agents (Human Rights Watch, 2005), trafficking victim, sexual harassment and physical violence that sometimes drag migrant workers into criminal cases because they tries to self-defense from the violence act of employer or become victim of the criminal act (Migrant-Care, 2009). Every years those cases are still repeating and increased in 2017 the total number of undocumented migrant workers is 6,300, the number of human trafficking is 1,083, the death case is about 215 (IDN Times, 2018), and 1700 cases of unpaid workers (TIFA Foundation, 2018).

Migrant workers from Indonesia’s territory already exist since 1890 when government of Dutch East Indies governed the territory, many migrant workers sent as contract labor to Suriname and United States (BNP2TKI, 2011). Post Indonesia independence, the main destination countries of Indonesian migrant worker are Malaysia and Saudi Arabia (Irianto & Truong, 2013). Since 1970 economy in Malaysia and Singapore were more progresive, while Saudi Arabia become destination country because at 1970-1980s the oil price was bullish (Sayono, Wahyu & Ayundasari, 2018) and some of Indonesian workers brought by Indonesian pilgrimage organizer (BNP2TKI, 2011. Those condition become pull factors for Indonesian migrant workers to work on those destination countries.

Some internal condition become stronger push factors of migrant workers to work abroad appeared since Asian crisis in 1997 and the step down of Soeharto as Indonesian president, it influenced economic instability with the increasing of inflation rate to 77.6%; the bankruptcy of many corporations because of withdrawing investment fund by investors, then many workers get layoff that leads to poverty condition (Martyn, 2018). Later on for the economic restoration, Indonesian government permits foreign corporations to establish its company with full-ownership of its stock and supplied them with cheap employees (Martyn, 2018). Those condition made the domestic salary is lower compare with the salary when the workers working abroad. Based on the open data from Badan Nasional Penempatan dan Perlindungan Tenaga Kerja Indonesia (BNP2TKI), the data of Indonesia migrant workers as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Intra-ASEAN</th>
<th>Brunei Darussalam</th>
<th>Malaysia</th>
<th>Singapura</th>
<th>Thailand</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2007</td>
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</tbody>
</table>
For migrant workers working abroad is an alternative to get more income to fulfill basic needs and family need. When migrant workers sending their remittances to their family, indirectly the remittances supports the economic state (Nahar; & Arshad, 2017). Even though migrant workers gets more income by working abroad, but they facing some problems such as mistreatment, violence, harassment, exploitation and worker rights abuse. The table below describes the quantity case and type of problem that faced by Indonesian migrant workers:

**Table 4: total case based on the type of problem that faced by Indonesian migrant workers**

<table>
<thead>
<tr>
<th>Problem</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unpaid salary</td>
<td>2.566</td>
</tr>
<tr>
<td>Death/ died in the destination country</td>
<td>2.410</td>
</tr>
<tr>
<td>Discontinuation of working</td>
<td>551</td>
</tr>
<tr>
<td>Accident</td>
<td>374</td>
</tr>
<tr>
<td>Violence from the employer</td>
<td>537</td>
</tr>
<tr>
<td>Passport detention by private agency (PPTKIS)</td>
<td>233</td>
</tr>
</tbody>
</table>

Source: Data from Research and Information Development Center of BNP2TKI from 2015-2017
<table>
<thead>
<tr>
<th>Over deduction</th>
<th>165</th>
<th>33</th>
<th>34</th>
<th>109</th>
<th>142</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sexual harassment</td>
<td>130</td>
<td>22</td>
<td>11</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Other problems</td>
<td>11.799</td>
<td>2.921</td>
<td>3.782</td>
<td>3.022</td>
<td>3.502</td>
</tr>
</tbody>
</table>

Source: data BNP2TKI 2015-2017

Kusuma et al. stated that there are some factors that make Indonesian migrant workers face those problems (Kusuma, York, & Wibowo, 2015), those are: first, government responsiveness toward the issue of migrant worker e.g. the slow implementation of migrant worker protection convention; second, the lack of agency awareness to protect migrant worker because the agent does not understand the responsibilities of the agent; third, the illegal status of the agent who often sending migrant workers to destination countries through smuggling mechanism that drag migrant worker into dangerous condition; fourth, document forgery; fifth, the lack of working skill, language, and local culture knowledge that cause migrant workers difficult to communicate with the employers.

Indonesian CSO as stakeholder of migrant workers issue

There are some Indonesian CSOs that actively concern about migrant worker issues, this paper will only mention some CSO who involves in the AFML forum they are: the first is Solidaritas Perempuan (SP) established in 10 December 1990, migrant worker is one of the concern issues of SP that handled by one division of national executive body (BEN) that is the division of women migrant worker protection and their families (SP’s website). SP’s activities encompass providing legal advice, training for migrant workers, collecting data, and policy advocacy. From 2012-2016 SP was handling 132 migrant worker cases (Solidaritas-Perempuan, 2015, 2017); second is Migrant CARE, established in 22 of June 2004. The activities comprised from policy advocacy, protest campaign that targeting Indonesian government and government of receiving countries, giving workshop, giving legal aid for migrant worker, research and involve in the global institution governance such as in UN and ASEAN (Yazid, 2015); the third is Serikat Buruh Migran Indonesia (SBMI), is the trade union which the member consisted of migrant worker groups or family of migrant workers and individual migrant worker, established since 16 February 2002. From 2012 until 2014 SBMI received and handled 157 cases of migrant workers from the case of not paid salary up to human trafficking case (SBMI, 2014); the fourth is Lembaga Bantuan Hukum (LBH) Jakarta, established since 1969 as a stakeholder in migrant worker issue they giving legal aid to migrant workers and compile grievance mechanism for migrant workers that easily access together with other CSOs.

To augment the influence these CSO also forming networks both in national level or in international level, in national level Indonesian CSO affiliated with Jaringan Buruh Migran (JBM), JBM established in 12 September 2014 it was a transformation from advocacy networks of national regulation of migrant worker that was Jaringan Advokasi Revisi UU Penempatan dan Perlindungan Tenaga Kerja Indonesia di Luar Negeri (JARI PPTKILN) that earlier focused on overseeing revision of regulation draft No. 39/2004. The aim of the transformation to makes the network more flexible to enlarge its scope both in national and international level; the second network is Human Rights Working Group (HRWG), established since February 2003 this network is a coalition of Indonesian CSO that concern toward human rights issues, include rights of migrant workers. HRWG is the national secretariat for Indonesian CSO that electing CSO to participate in ASEAN Forum on Migrant Labor (AFML) (Awigra, 2018); The last Indonesian CSO’s network also affiliates with regional CSO’s networks that is Task Force on ASEAN Migrant Labour (TF-AMW), established since 2006 by cooperation of WG-AHRM (Working Group of ASEAN Human Rights Mechanism) with SAPA (Solidarity for Asian Peoples Advocacy) members that supported by Canadian government SEARCH-CIDA (Southeast Asia Regional Cooperation in Human Development – Canadian International Development Agency). TFAMW is the regional secretariat for CSOs in ASEAN for AFML, appointed by ASEAN Commission of the implementation of ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers (ACMW).
ASEAN Forum on Migrant Labor (AFML): CSO Created space that shift CSO position in ASEAN public

AFML established since 2008 as a meeting result of ACMW in Singapore, then in 2009 Senior Labor Official Meeting Working Group (SLOM-WG) agreed to make AFML as regular meeting to discuss migrant worker issue under the supervision of ACMW that involves three stakeholders those are government, employer and migrant workers that represent by CSO (organized by TFAMW) (ILO, 2015). The goal of AFML establishment are: sharing experience, challenge and success of the implementation of the previous AFML policy recommendations; considering detail elements of Cebu Declaration provision about the obligations of sending and receiving country; creating and agreeing the recommendations that emerge in the session of thematic discussion. The recommendation made by drafting committee during the meeting forum that consisted of government, employer, TFAMW, trade union, CSOs, ASEAN Secretariat, ILO, IOM, and UN Women. The implementation of the recommendation is for all the stakeholders in the forum, the meeting cost borne by the stakeholders ASEAN (ILO, 2014).

Until 2017 there were 10 AFML meetings: the first AFML meeting was held on April 2008 in Manila, Philippines, the meeting was closed meeting among ASEAN leaders that organized by Department of Labor and Employment (DOLE) of Philippines. Although the meeting was closed but there was Migrant Forum in Asia (MFA) that is member of CSO network TFAMW invited by the leader to attend in the meeting to convey the perspective of CSO about migration issue. Beside that MFA also conveyed the elements from the position paper of CSO-TU about migrant workers that was adopted by ASEAN member states (AMS) on 12th Summit in 2007, and explained the role of national focal point from AMS, CSO and trade union in establishing the position paper (TFAMW, 2008); the second AFML meeting held on July 2009 in Bangkok-Thailand, on this meeting CSO and trade union participated in formulating recommendations. They proposed to involves all stakeholders in migrant workers issue include the involvement of CSO and trade union, they proposed the importance to establish comprehensive regional instrument to protect migrant workers that in line with 8 core ILO conventions, and they also proposed TFAMW to be a partner of ACMW (ASEAN-Secretariat, 2009);On the third AFML meeting that held on July 2010 in Hanoi-Vietnam, CSO and trade union also proposed the involvement of multi-stakeholder in tackling migrant worker issue that consisted of government, employer and CSO (Larga, Tunon, & Baruah, 2013). After three AFML meetings, the forum then became tripartite forum among government, employers, and CSO.

In the perspective of Critical Theory the system that established by the hegemony is exclusive and not emancipated that tend to make injustice condition. The group of migrant workers is marginalized society group in ASEAN, because the issue of migrant worker was missed attention by ASEAN member state (AMS) governments for the long period although many cases happened to them such as exploitation, violence, harassment and trafficking. CSOs are the premier actor who concern with their issue, they take efforts to advocate policy in national and international level and to raise public awareness. Those are the form of social emancipation conducted by CSO to emancipate marginalized group that is migrant worker group. They voice up the interest of migrant workers in the existing space in ASEAN; making network of networks in the national and regional level; and establishing and enlarging the existing space for them in ASEAN, by doing those steps CSO can change the public sphere in ASEAN

In the AFML regional policy came from CSO networks that the member consists of CSOs and trade union. In ASEAN there is only some limited space involvement of CSO in the regional governance that is assessed affiliation system which is exclusive. Because of that, CSO using alternative channel by approaching global institution such as ILO to make them involves in the regional tripartite forum AFML. Then they change the public sphere system in ASEAN. Processes of using and developing this alternative space that positioned CSO as a counter-hegemony of the state because they change the system in ASEAN

The involvement of CSO in AFML is the result of negotiation interaction of CSO with government of ASEAN member states, ASEAN Secretariat, and ILO. The interest of these actors are different each other but after the interaction they agreed to makes a new system in governing migrant worker issue by forming AFML and its mechanism, this is what Burton called cobweb model interaction. Basically the process of public policy in ASEAN is similar with national level, where public policy is formed in public sphere. ASEAN public sphere is also multilayer that consisted of periphery and center, as the schema below:
The chart 5 illustrates that the ASEAN public sphere in the regional policy process of migrant worker is consisted of outer periphery where the migrant worker group exist, inner periphery where there is national and regional CSO networks, center where the decision-making and policy legislation occurred such as in AMM, SOM and summit. CSO networks is in the periphery, because as the concept of multilayer public sphere, the periphery is sphere of communication of civil society network to voice up public opinion that conveyed to the center, then the center will consider and legislate the input. But as stated above in the AFML, CSO not only giving input opinion but they also involves in the process of drafting, deciding and legislating the output policy even though the output is recommendation policy only that not legally binding. All the CSO include Indonesian CSO are involved:

<table>
<thead>
<tr>
<th>Table 6: list of AFML meeting</th>
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<tbody>
<tr>
<td>AFML meeting</td>
</tr>
<tr>
<td>First: 24-25 April 2008, Manila-Philippines</td>
</tr>
<tr>
<td>Second: 30-31 July 2009, Bangkok-Thailand</td>
</tr>
<tr>
<td>Third: 19-20 July 2012, Hanoi-Vietnam</td>
</tr>
<tr>
<td>Fourth: 24-25 October 2011,</td>
</tr>
<tr>
<td>Country/Region</td>
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<td>-------------------</td>
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<tr>
<td>Bali-Indonesia</td>
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<tr>
<td>Siem Reap-Cambodia</td>
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</table>

Source: processed by author from various sources
Albeit officially CSO can involve after the third meeting but since the second meeting there were some CSO participated in the forum to set the agenda and form of the forum, and also determine the output policy. The illustration mechanism of Indonesian CSO to involve in AFML as follow in chart 7:

The chart illustrates the involvement of Indonesian CSO in the AFML is through CSO national network HRWG, and CSO regional network TFAMW. HRWG is national secretariat for Indonesian CSO, HRWG will send Indonesian CSO which fit with the theme and the field of working of the CSO itself, the steps are: firstly, HRWG maps the actors based on the CSO field working and the meeting theme; secondly, data collecting and research that discussed with expert; and the third, compiling the proposal policy that refer to international and national standard laws (Awigra, 2018). Then it will be discussed in the AFML forum with other stakeholders those are government and employer. From the minute of meeting then the output drafted based on comparison points that presented by the forum parties (Haryanto, 2018). The next the recommendations agreed and the implementation are monitored by ILO, ACMW and CSO, the evaluation conveyed in next meeting (ILO, 2013). Because of it, the ASEAN public sphere in the AFML is different with the normal ASEAN public sphere, the illustration as follow in the chart 8:

Chart 7 CSO involvement mechanism in Indonesia

Source: processed by the author from various sources
Based on the chart 8, in the case AFML, the position of CSO is not only in the inner periphery that only gives policy input, but also in the center because CSO is one of the party that consider and decide regional public policy of migrant worker protection. Albeit the policy is only recommendation but with the success to get involved in the system, it can be said that CSO successfully change the ASEAN public sphere.

Conclusion

AMS are sending and receiving countries of migrant worker, the absence of mechanism and regional policy makes migrant worker abuse cases keep occurring in ASEAN. Indonesia is the biggest sending countries of migrant workers, the high number cases of migrant worker abuse makes Indonesian CSO’s position their selves as a stakeholder to emancipate migrant workers in the AFML. ASEAN is state-centric regional organization that positioned state as the dominant actor, while in the AFML CSO can involve in creating regional policy of migrant workers. Based on critical theory of Habermas it can be said that Indonesian CSO’s is an actor in the region that strive to emancipate migrant workers group that marginalized in ASEAN by create participation space in the existing system through ideal speech. The ideal speech is conduct by making and joining the networks of networks; conducting open dialogue in the regional public sphere that bring up the issue of migrant workers to the regional level; together with the networks Indonesian CSO’s approach global institution ILO, then successfully influence ASEAN which resulted the establishment of ASEAN multilateral forum under ILO framework to tackle migrant worker issues that is AFML. Different with normal regional public sphere, where the position CSO only in the periphery, in the AFML CSO can open their participation in the policy making process in the center position where they can give input, discuss, and decide regional public policy of migrant worker protection. To voice up the migrant worker interest Indonesian join with HRWG as national CSO network, then HRWG elected them to participate in forum and convey the opinion of regional policy, then their opinion will consider as the policy recommendation, and decided to be a regional policy recommendation with other stakeholders in the forum.

References


The Asia Foundation Roles in Myanmar New Regime Consolidation of Democracy (2012)

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Abstract
This paper explains the roles of The Asia Foundation as one of International NGOs in Myanmar new regime consolidation of democracy post their transition era. In its role within Myanmar consolidation of democracy after the transition in 2012, TAF has worked through democracy mainstreaming in Myanmar by sustainable development and wider strategic management. The TAF role pattern will be analyzed through a set of criteria given by the ‘Third Generation of NGO’ concept by David C. Korten. This research only shows two of the many programs owned by TAF; 1) Program of Political Participation & Understanding of Democracy and 2) Program of Women’s Empowerment & Participation into the Policy of Government. The commencement of Myanmar’s journey towards a better democracy, is the right time for TAF to contribute for the government’s efforts to strengthen the democracy.

Keywords: Myanmar democratic transition, The Asia Foundation, International NGO, Third Generation, sustainable development.

Introduction
Myanmar is one of so many countries in Asia experienced bad authoritarian leadership. Various crisis arise at the time of authoritarian leadership within Myanmar previous era, started from the social, educational, economic crisis, and spread to almost the entire system in the society. The state of Myanmar is a former British colony and at the beginning of the independence, Myanmar was known as Burma (Apriyanti 2014). The independence of Myanmar was in 1948, under the civilian government of U Nu, started to run the government in a democratic way and applied the parliamentary system. At this time, the intervention of military began. In the 1960, elections were finally done well, and U Nu with his party again, the Union Party, got the winning back (Apriyanti 2014).

Due to a lot of conflicts within Myanmar government, the military gave certain ultimatums toward the civil administration for about 2 years to solve all the problems that existed at that time. However, U Nu government failed to improve the condition in the country. Later, appeared the discontent or the dissatisfaction from the military and the pro-military, which is finally on March 2nd, 1962 the military started to carry out the coup d’état led by General Ne Win. The putsch was successful and be the beginning of the collapse of democracy in Myanmar (A Firnas, 2013: 127). Therefore, since 1962 until 2011, Myanmar was under control and ordered by military junta, eliminated the rights to argue and held absolute power in facing several international condemnation and sanctions (BBC News, 2013). Myanmar gained back its independency from authoritarian in 2012, after so many domestic protests took place.

Along with its long history, 1990s was a time when global awareness of rivalry between the North and South began to rise. The emergence of those consciousness led so many Northern NGOs encourage to help and solve the crises occurring in Southern states. One of these NGOs is The Asia Foundation (TAF). With its object of sustainability system, TAF committed to improve lives across a dynamic and developing Asia. Due to the expanding of its commitment, Myanmar as one of so many states in Asia, being the concern of TAF.
has been the focus of TAF for a long time since 2000s. However, the obstacles from various government systems deterred TAF from contributing to Myanmar’s society. With the change entering a new era in Myanmar, TAF began to gain the trust of the Myanmar government and establish various cooperation. As an International NGO, TAF promotes sustainable system for the better future, not only toward Myanmar but also for all the states.

In analyzing the role of this INGO, a concept of ‘third generation NGO’ by Korten will be used. According to David C. Korten, NGO is more than just a unique form of having abilities to come under the governmental influence, but NGOs also bring great influence in any kind of aspects in life. Korten divides NGOs into three generations, while the first generation and second generation defined based on its spatial time into “immediate” and as “project life”, the third generation tends to show the “indefinite long-term” time frame (Korten, Menuju Abab ke-21: Tindakan Sukarela dan Agenda Global; Terjemahan oleh Lilian Tejasudhana, 2001).

This study going to apply third generation in analyzing the topic of how TAF cooperates with Myanmar new regime consolidation of democracy. Therefore, before applying the third generation towards the analysis, this paper will explain these 3 generations first. Korten’s first generation (relief and welfare) of NGO works as assistance provided in the form of goods and services, second generation (small-scale self-reliant local development) aims to develop self-help for society like training of breeding/farming for people in remote areas, and third generation (sustainable system development) shows how to solve problems through a better strategic management which it leads into an “indefinite long-term” time frame. In analyzing the issue, the writer chose TAF’s two programs in order to explain the involvement of TAF in Myanmar consolidation of democracy.

**Role of NGO by David C. Korten**

“As individual NGOs have grown in sophistication regarding the nature of development and the potentials of their own roles, many have undertaken increasingly effective strategies involving longer time perspectives, broadened definitions of the development problem, increased attention to issues of public policy, and a shift from exclusively operational to more catalytic roles. Rich in diversity of their purpose and experience, NGOs defy attempts at precise classification. Even so, among those NGOs that work in development, it is possible to identify three distinctive orientations in programming strategy...” (Korten, 1987: 147).

In explaining the roles, Korten divided NGOs into three generations. These three generations of NGOs are divided based on its; 1) defining structures, 2) problem definition, 3) time frame, 4) spatial scope, 5) chief actors, 6) development education, and 7) the management orientation (Korten, 1987: 147). The brief explanation of three generations of NGO development program strategies by Korten shown in the table 1. According to the table below, third generation NGOs are a much more bigger organizations work on a bigger project. While the first and second work on delivering goods and services, also the local inertia, the third tends to create a much more indefinite long-term contributions through influencing the institutional and policy constraints. Korten explains, the third generation tend to be more engaged into strategic issues relating to sustainability, breadth of impact, and recurrent cost recovery (Korten, 1987: 148). Therefore, the third generation strategy would be the basic concept in analyzing the role of TAF in consolidating democracy in Myanmar.

According to David C Korten, the term of NGO includes: 1) Voluntary organizations, which are having a social mission, and driven by a commitment that refers to the values of equality rights; 2) As the contractor of the public services which are also as non-profit business with no market-oriented means only serve the public interests; 3) People organization that represents the interests of its members, has a leader who is responsible, and quite independent; 4) Government society self-help movement which is created by government and it acts as a government policy tool.
Table 1: Three generations of NGO development program strategies

<table>
<thead>
<tr>
<th>Generation</th>
<th>First</th>
<th>Second</th>
<th>Third</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defining features</td>
<td>Relief and welfare</td>
<td>Small-scale self-reliant local development</td>
<td>Sustainable systems development</td>
</tr>
<tr>
<td>Problem definition</td>
<td>shortages of goods and services</td>
<td>Local inertia</td>
<td>Institutional and policy constraints</td>
</tr>
<tr>
<td>Time frame</td>
<td>Immediate</td>
<td>Project life</td>
<td>Indefinite long-term</td>
</tr>
<tr>
<td>Spatial scope</td>
<td>Individually or family</td>
<td>Neighborhood or village</td>
<td>Region or nation</td>
</tr>
<tr>
<td>Chief actors</td>
<td>NGO</td>
<td>NGO + beneficiary organizations</td>
<td>All public and private institutions</td>
</tr>
<tr>
<td>Development education</td>
<td>Starving children</td>
<td>Community self-help initiatives</td>
<td>Failures in inter-dependent systems</td>
</tr>
<tr>
<td>Management orientation</td>
<td>Logistics management</td>
<td>Project management</td>
<td>Strategic management</td>
</tr>
</tbody>
</table>


During 1980s, many NGOs realized governments were not always able to overcome the key problems faced by poor states in the southern region. Governments and international bodies have recognized the ability of NGOs in giving certain aids and programs even on what governments are not able to do so, such as providing foods and basic services to the poor people (Korten, 2001: 145). Based on the concepts and ideas of NGOs that been presented by Korten, it can be concluded and classified that The Asia Foundation works in a Third Generation NGO program strategies. That the kind of aids TAF offered were not only limited on basic assistance like goods, but more to increase the whole advancement of civil society through its ideology, diffuse efforts, and other wider alternative strategies.

Program of Political Participation and Understanding of Democracy

The first Program of TAF’s strategic management is Political Participation and Understanding of Democracy. Political Participation and Understanding of Democracy program reflects the idea of third generation’s concepts; sustainable system development, indefinite long-term time frame, region or nation spatial scope, chief actors involved are all public and private institutions that define the relevant system, could be influenced by the institutional and policy constraints, and strategic management which are much wider than the first and second generation.

In order to run the program, TAF was facing the need to do the research. Undoubtedly, the first fundamental effort on how to bring a society into a better system towards democracy is to do a research. There are several importances of the research/report related to building the political norms in Myanmar; 1) attempting to understand the ordinary events happened in Myanmar that seem to defy the explanation, 2) uncovering and addressing potential flaws, 3) finding the core issues and problems, 4) knowing the right following action to be applied as the right suggestion and solutions (Barrett, 2008: 48). That is why the writer believes that research is a fundamental part of building the new political norms in Myanmar by TAF.

Program of Political Participation and Understanding of Democracy seems to be a big strategic management for Myanmar people. In this program section, there will be shown several results of how TAF and Myanmar government as the new regime cooperated which focusing on the field of political participation, election participation, understanding of democracy, and freedom of expression. There will be shown how this program reflects the idea of concept of the third generation, because this program would not only help Myanmar through such aids or assistances like goods, but tend to create a long-term assistance which it could be through influencing the policy. That is why the cooperation with the government as the new regime was so important,
besides that the ability of cooperation between TAF and new regime means TAF already gained the trust from Myanmar people.

According to a survey conducted by TAF cooperated with Myanmar Ministry of Home Affairs (MOHA), and funded by Australian Department of Foreign Affairs & Trade (AFAT), the involvement in and discussion of politics had been seen as dangerous or requiring expertise beyond the capacity of ordinary people, although these views may be changing as people have felt freer to express political views and opinions in recent years. Yet again, perceptions of what politics are, will necessarily vary depending on a variety of factors including local circumstances and individual experiences. While people may not voice a strong interest in politics, they do reveal a keen desire to participate in the political process, expressing overwhelmingly the intention to participate in the coming general elections, and showing a cautious optimism in the potential for the elections to bring about positive change in their lives (The Asia Foundation, 2014). These are the data survey conducted by MOHA, AFAT, and TAF:

Figure 1: Interest in Politics by Groups

<table>
<thead>
<tr>
<th></th>
<th>Very interested</th>
<th>Not very interested</th>
<th>Not interested at all</th>
</tr>
</thead>
<tbody>
<tr>
<td>All MYANMAR</td>
<td>5%</td>
<td>32%</td>
<td>16%</td>
</tr>
<tr>
<td>STATE</td>
<td>6%</td>
<td>29%</td>
<td>12%</td>
</tr>
<tr>
<td>REGION</td>
<td>4%</td>
<td>33%</td>
<td>17%</td>
</tr>
<tr>
<td>MALE</td>
<td>8%</td>
<td>36%</td>
<td>16%</td>
</tr>
<tr>
<td>FEMALE</td>
<td>2%</td>
<td>27%</td>
<td>15%</td>
</tr>
</tbody>
</table>

Based on the figure above, calculated that when asked whether they were interested to the politics, there are 5% of “very interested” and 32% of “somewhat interested”. However, there are 16% and 46% of respondents were “not very interested” and “not interested at all”. The data shows 37% (5% “very interested” and 32% “somewhat interested”) of the whole respondents expressed some degree of the interest. Therefore, the rest were more than half of respondents still not really into the politics. Another fact indicates that women are much less interest than men which they were just 2% of them were expressing a high level of interest (Meisburger, 2014). Therefore, it is concluded that the interest of Myanmar people to be involved into politics still in a low rate. The other data of the survey about the interest in politics also shown in the figure 2.

As shown from the survey data below, seen that there were no significant differences observed between states and regions, or between the rural and urban respondents. However, the interests in politics were varied greatly among the states, with respondents in Kachin State and Kayah State voicing greater interest, while relatively fewer respondents in Mon State expressed an interest (Meisburger, Ibid).
In facing the fact that Myanmar still need to raise the people awareness of politic, Myanmar government have cooperated with TAF in certain stages. TAF worked closely with the governments at all levels in order to increase the quality and strengthen the capacity to establish and implement the open, equitable, and effective systems. TAF approached with many civil society and community leaders to gain trust and build a good development. TAF also already held several researches, training, and certain advocacy, as part of building the new political norms which also as the very beginning steps before farther cooperations with the new government regime.

Along with the transition, and as the results, Myanmar has changed, created, and improved the legal and regulatory frameworks through policies in many aspects. Along with the changing too, Myanmar was planning to hold the highly anticipated general elections in November 8th, 2015. This general election was being the first elections since the shift from military rule to a quasi-civilian government in 2011. The first general election was running well, and had the participation of all political parties, including the main opposition party. The commonly known main opposition party is the National League of Democracy (NLD), headed by Aung San Suu Kyi, which boycotted the 2010 elections and only participated in the by-elections of 2012. As such, the 2015 general elections represent a potential movement forward in the Myanmar’s continuing democratization (Australian Aid General Report, 2014).

Based on the survey too, it is shown that respondents expressed strong faith in the electoral process, believing that voting can bring meaningful and positive change to the country and its people, and anticipating that the coming elections will be held in a free and fair manner (Myanmar Ministry of Home Affairs, 2015). Meisburger explains, in the 2010 general elections and the 2012 by-elections, errors were widely reported in the electoral rolls. When asked whether the Myanmar people had ever been included on the voters list, 87% of all respondents nationwide said that they had been included. However, a gap appeared between respondents in
the states and those in the regions, with 90% of respondents in the regions but just 78% of respondents in the states reporting they have been included on the voters list. Besides the survey data above, there is another survey shows the voters participation in 2010.

The following figure shows the presence on the voters list was much lower in Kayin State (64%) and Kayah State (63%), where nearly a third of respondents said they had never been on the voters list (Meisburger, 2014). Knowing that elections were being one of the programs that democratizes citizens widely, by showing that civil society role is important in order to reach a developed system, TAF has been working and developing increasingly sophisticated empirical survey techniques with Myanmar Ministry of Communications and Information Technology (MCIT) in order to know and find out in details about the public response towards the better elections and immediately apply it (Myanmar Ministry of Communications and Information Technology, 2014).

**Figure 4: Voter Participation in 2010**

From the survey data above, the society’s interest on politics, representation on voters list, and voter participation in 2010, the Myanmar government felt the needs to raise the people awareness in political aspect. Besides the data survey above, there is other short time survey conducted by Ellen Boccuzzi in the middle of 2014, which the point-line of the survey describes Myanmar people were cautious and seemed having less knowledge about government institutions and their functions, and they also looked like having limited understanding of democratic principles (Boccuzzi, 2014).

**Figure 5: Intention to Vote in 2015**
However, the writer believes that those facts indicates the needs of further efforts in order to gain more the public participation in the political field which the hope is to lead Myanmar into a more open system that reflects the true idea of democracy. Therefore, the Myanmar Ministry of Communications and Information Technology worked with TAF, Union Election Commission, and also the community of app developers in Myanmar to provide information about candidates, political parties, voter registration, and other official election information via web-based devices from mobile phones in order to spread the information widely (Myanmar Ministry of Communications and Information Technology General Report, 2014). As the result of such efforts and programs, the writer can analyze and explains why the survey of Myanmar society intention to vote in 2015 showed a high percentage.

Even though the previous elections were plagued by allegations of fraud and irregularities, the survey found that people were cautiously optimistic that the general elections of 2015 would be free and fair. The following figure shows that more than two thirds (68%) of all respondents believe that the upcoming elections will be free and fair, though there is a much lower level of confidence among respondents in the states (56%) than in the regions (72%). No significant differences were observed in responses from rural and urban areas, or between men and women (Meisburger, 2014).

Figure 6: People Optimistic of 2015 General Elections

Through the survey obtained, the writer can analyze how surprising the responses of Myanmar people about the impact of 2015 elections have on their live that showed us for about more than 50% of the people appear to have great faith that elections can bring about meaningful change, which the writer believes this reflects that the quality and capacity of Democratization in Myanmar have improved a lot. When asked what kind of impact the 2015 elections would have on their lives, 38% of all respondents felt that there would be a “very positive impact,” and 42% thought a “somewhat positive impact.” Very few respondents (4%) believed the elections would have no impact at all, though 15% said they did not know what kind of impact the elections would have on their lives. Respondents in the regions generally felt more confident that the 2015 elections would have a positive impact on their lives than those in the states, with twice as many respondents in the states (24%) than in the regions (12%) indicating that they did not know how the elections will impact their lives (Meisburger, Ibid).
Through all the programs and data survey which have been shown previously, it is analyzed that there was a big improvement of understanding the political participation which these reflects the raising of knowledge of equality, political rights, and democracy. The writer also concludes that all the efforts or programs cooperated between Myanmar government as the new regime, TAF, and other party such as Australian Aid, were being the part of the Myanmar consolidation of democracy after their transition.

Program of Women’s Empowerment and Participation into the Policy of Government

Besides explaining the Program of Political Participation and Understanding of Democracy in analyzing the consolidation of democracy in Myanmar by NGO, the this study will also explain the strategic management through Program of Women’s Empowerment and Participation into the Policy of Government. This program also reflects the idea of the concept of third generation; sustainable system development, indefinite long-term time frame, region or nation spatial scope, chief actors involved are all public and private institutions that define the relevant system, could be influenced by the institutional and policy constraints, and strategic management which are much wider than the first and second generation.

Through this program too, there will be shown how TAF and Myanmar government as the new regime cooperated focusing on expanding economic opportunities, increasing personal rights and security, and promoting the full participation in political and public life. This article will also show about how this program reflects the idea of concept of the third generation, because this program of women’s empowerment works on certain aspects like education, entrepreneurship and vocational training, it also focuses on the gender-based violence and human trafficking, and the important one as the solution for both first and second-generation idea, is to build a “long-term” influences through influencing the legal rights.

The World Bank’s 2012 World Development Report argued that women’s ability to have a voice in society and policy is a crucial aspect. According to Amartya Sen and Martha Nussbaum’s pioneering work on “capabilities”, “agency is held to have intrinsic relevance for women’s individual well-being and quality of life, with a person’s ability to make effective choices and exercise control over their own life being a key dimension of well-being”. Ensuring that women’s voice is heard is thus essential from an equity perspective. Women’s ability to contribute to governance decision making also matters from an efficiency perspective: 1) women typically have greater knowledge than men on a variety of issues (especially those issues that are related to activities women spend the most time engaged in relative to men), enabling them to contribute vital knowledge to the decision-making process (Nussbaum, 2000); 2) involving women (or other excluded groups) in the decision-making process increases compliance with the decisions/rules that are made (Sen, 1999).

By understanding the importances of women’s participation, Myanmar government started to realize and began the open and better system in order to build a better nation. Myanmar new government regime and TAF have conducted several programs which aim to improve the quality and capacity of democracy in
Myanmar. One of the concern of these programs is the women’s involvement – 1) expanding economic opportunities through education, entrepreneurship, and vocational training; 2) increasing personal rights and security from gender-based violence and human trafficking; 3) promoting the full participation in political and public life through the legal rights – as the contribution toward Myanmar (Ministry of Home Affairs, 2014).

As mentioned earlier, this study believes the representation of women is an important part in building a better nation. In Myanmar, the representation of women in politic is very low that it is only 4.42% in the national parliament and 2.83% in subnational parliaments. Therefore, a Creative Home namely Phan Tee Eain is partnering with TAF, and a women’s empowerment organization, to conduct a survey and series of case studies of a “first generation of women parliamentarians” in Myanmar. In hope for the following time that this finding will serve to promote increased public dialogue of women’s political participation and identify opportunities to increase women’s quality and quantity within the political system itself (Ministry of Home Affairs, Ibid).

In expanding women’s economic opportunities, Myanmar government has been partnering with TAF through education, entrepreneurship, and vocational training. According to Dr. Kim Ninh, the state representative of Myanmar for TAF, in avoiding women into lack of education and skills which able in making them trapped in cycles of illiteracy, poverty, and abuse, the government has been started to prepare girls and women with the knowledge and skills they need to earn income to get out from the poverty. Started from December 2013, TAF have legally permitted by Myanmar Ministry of Education to support the above ideas through providing books (program of “Books for Asia”) and conducting several trainings for the women across Myanmar. There are many responses toward TAF involvement through programs. As we know, there will always be such negative comments nor positive mind toward TAF programs. There is one positive response came from Sahed Kayes. Kayes is a founder of Suborn Foundation in Myanmar, a small local organization works in providing books in a small district in Myanmar. Kayes explained, “The Suborn Foundation is working to educate unprivileged children among this district, like cobbler, and fishermen communities. We dream for a better life for these children through education. Books for Asia stands beside us. They gave us our first donation of books and study materials and showed us how to bring the dream into reality” (USAID Cooperative Report, 2013).

Along with the positive responses were given to TAF programs with the new regime, the writer analyzes that TAF is now already being well accepted by the Myanmar people. Beside, these previous program above shows us how TAF helped Myanmar consolidating the democracy in its country. As the following work, TAF already conducted seven trainings about Improving Personal Skills in five states in Myanmar from December 2013 to February 2014 (Myanmar Ministry of Education, 2014). Besides in education, TAF have worked in entrepreneurship aspect, such as giving assistances toward women by providing full range of tools, networking opportunities, access to information and credit, also business management training, through local organizations, subnational government, or directly, which able in making their enterprises to become more profitable. For the vocational training, TAF and local government worked together for giving women the skills to be into the higher-paid employment sectors which means getting better paying-jobs and able to start their own business (The Asia Foundation Annual Report, 2014).

In increasing women’s and girl’s personal right and security, the government worked further with TAF focusing on the gender-based violence and human trafficking. In fulfilling the needs, TAF worked with both individuals and communities to change negatives attitudes and behaviour, and social customs which perpetuate gender-based violence and exploitation of women. As the example, TAF supported the community activities that engage religious male and community leaders in order to prevent violence against women. Besides that, TAF also helped the women victims by providing such services like psychosocial counseling, legal aid, and also the vocational skills training. For the human trafficking aspect, TAF provided experts of this field to cooperates with Myanmar government to build strict policies of human trafficking, implement the better system in transit area and state borders, and improving the unique ability to work nationally, locally, and across borders to combat this egregious human rights violation (Ninh, 2014).

Promoting women’s full participation in political and public life, TAF has been allowed to help government to encourage women engaging in political processes and contribute to increase government transparency and accountability, by develop their skills to be informed voters, active members of political parties and successful
candidates. This is also shown previously on the survey of women’s participation in election. TAF is also working with central government and partnering with local organizations to support, implement, and strengthen the legal systems such as policies. Therefore it enable women to claim their rights (Ninh, Ibid).

Conclusion

The government of Myanmar publicly stated that they are implementing a government that is headed for democracy. Based on this, TAF certainly contributed to Myanmar’s efforts to strengthen the system within it. However, current cases have surfaced, showing that Myanmar is still experiencing obstacles into a better democracy. There are still many intolerant cases that are exposed internationally. This is of course a proof, NGOs do not necessarily have a significant role in system change in a country. However, this article believes TAF had certain roles in Myanmar consolidation of democracy after their transition, directly or indirectly. The cooperation of TAF and the Myanmar new regime also proves that TAF already successfully gave such involvement toward Myanmar moving system. Those programs also reflect the idea of concept of the third generation, because these tend to create a long-term assistances which it could be through influence the policy and other further efforts. This article also believes TAF have been accepted well by Myanmar government. Through a close relationship between both sides, the writer concludes this will lead Myanmar into a farther and better system of governance within all of the aspects.

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Abstract
This article will discuss the protests of Kendeng peasants in Central Java Province as a resistance against capitalism. It is important to discuss since it is not only about Kendeng mountains which have been the conservation area and the sources of their livelihoods for hundreds of years, but it also concerns about peasants’ rights. This paper also shows that a very large amount of land that has been converted into industry area threatens their existence and livelihoods. This paper attempts to find out why Kendeng peasants rejected cement industry and what forms of resistance they performed in Kendeng region (2008 - 2017). This paper found the protest of Kendeng peasants was a resistance to protect their rights against global capitalism that are represented by PT Semen Indonesia dan PT Indosemen, while describing the forms of the resistance as well.

Keywords: Peasants’ rights, social movement, resistance, environment, capitalism

I. INTRODUCTION

1.1. Background

According to the 2014 and 2015 data of Biro Pusat Statistik/BPS (Central Bureau of Statistics), the number of Indonesian population was 254,9 million where more than 50% percent live in rural areas with farming, gardening as the main livelihoods. Therefore, agriculture is one of the important sectors in Indonesia. Farmers are a major supplier of basic needs, such as rice, vegetables, spices and fruits. However, nowadays, the areas of agriculture in Indonesia are decreasing sharply. According to BPS, during the period 2003 - 2013, 500,000 thousand farmers each year stopped farming.36 Some become factory workers or cobbler motorcycles.

While Litbang Kompas reported, from 2002 to 2012 there was a reduction of agricultural land of 3,42 million hectares on the Islands of the Sumatra, Jawa, Bali-Nusa Tenggara, Kalimantan and Sulawesi.37 It was caused by land conversion into settlement, industry, and oil plantations. It is recorded that the rate of land conversion per year reaches 100.000 acres, while new rice fields only grows 47.000 acres.38

The recent development of central java area has been triggered largely by domestic and foreign investment in the region, which has led to a tremendous increase in demand for land. Subsequently, prime agricultural land has been subdivided and converted into industrial estates and other land uses.

North Kendeng mountains are located in Central Java. They are known as the areas of limestone or Karst which is potential for mining. In Karst area, the potential of the nature is not only located on the surface, but also stored under the surface, such as springs and underground river. In the area of Sukolilo alone there are many caves with springs that spreads from the hills to the lower plains. This shows that the North Kendeng mountains serve as a recharge area and water supplier for the areas around it. In the areas of Tawangharjo, Dokoro and Sukolilo, there are 112 Springs, and 73 caves, some with an underground river system. All the springs in the 15 regencies (kecamatan) including 2 districts (kabupaten), Pati and Grobogan, supply and

36 Litbang Kompas, processed from the data of BPS and Laporan Kinerja Badan Ketahanan Pangan 2012
37 Ibid
38 Ibid
support all people who live in the region.\textsuperscript{39} Water sources that come from the springs and underground river provide irrigation for their orchards and rice fields, besides for their livestock and other needs.

Kendeng society that has been doing farming for hundreds of years felt threatened when in 2008 there was a plan of cement factory construction in the Kendeng hills area. They were concerned about massive land conversion which would damage the area and their livestock. After a group of farmers who incorporated in Jaringan Masyarakat Petani Peduli Kendeng (JMPPK) staged a protest, the construction was cancelled based on the decision of The Supreme Court on October 5, 2016.

The struggle of Kendeng peasants was apparently not finished. In February 2017, the Governor of Central Java issued a new permit for cement factory. Kendeng peasants went back to protest against the factory construction. According to the Coordinator of JMPPK, Gunretno, Kendeng mountains had to be preserved to support the President Joko Widodo’s mission of Nawacita, that is the realization of food sovereignty which means the ability to fulfill the needs of food independently or self production. Gunretno said that if Karst area was intensively mined, it was feared the balance of ecosystems would damage. Moreover, water sources and underground river which have been used by the citizens for agriculture, livestock and daily needs, would also be lost. In addition to that, he said, the farmers’ action was also a form of effort to maintain the slogan of Pati district ‘Pati Bumi Mina Tani’. With the slogan, local government should support the peasantry that has made the area become rice barns for a long time, instead of supporting a mining industry that will damage water sources for agricultural irrigation and the lives of people.\textsuperscript{40}

1.2. Research Question

The people's response towards capitalism in Kendeng Area, leads us to a question: How did Kendeng peasants protest against the cement factory in North Kendeng area, Central Java?

II. ANALYSIS

2.1. Conceptual Framework

This paper uses contentious politics and social movement from Sidney Tarrow and Charles Tilly.

According to Tarrow, social movements are "collective challenges, based on common purposes and social solidarities, in sustained interaction with elites, opponents, and authorities".\textsuperscript{41}

Moreover, Tarrow argues that actions can be turned into a sustainable action in the form of social movement if: It is based on dense social networks and connective structure and if they "draw on consensual or action-oriented cultural frames".\textsuperscript{42}

According to Tarrow, contentious politics emerges in response to changes in political opportunities and constrains in politics. Tarrow sees contention as strategic action to achieve the rational goal. He sees contention as "public action" to resolve a dispute with the government and the status quo. There are three important things, namely shapes of contention, how to frame an issue, and mobilization structure. In contentious politics resistance action can be done in a variety of repertoire of contention forms, for example sit-in, long marches, rallies, making the barricades, block traffic, and others.\textsuperscript{43}

In ‘Resisting globalization from Above through Globalization from Below’, Richard Falk analyzes social movement from activists', organizers', and protesters' point of view. Falk argues that globalization is influenced by several factors which one of those is the orientation of the policy that more focus on the business.\textsuperscript{44} In other words, Capitalism as an idea that is spread by globalization often puts aside the need

\textsuperscript{39}http://www.desantara.or.id/2008/07/potensi-gunung-kendeng-utara/

\textsuperscript{40}Report by Antara, Thursday 19 May 2016.


\textsuperscript{42}Tarrow. 1998. Power in movement. Cambridge: Cambridge University Press pg 10

\textsuperscript{43}Tarrow. 1998. Power in movement. Cambridge: Cambridge University Press pg 101

\textsuperscript{44}Falk, Richard. Resisting globalization from Above through Globalization from Below' pg 15
of a community. While Hiariej says that resistance in a globalization process can be seen as a resistance against domination of capitalism.\footnote{Hiariej, Eric. Globalisasi, Kapitalisme dan Perlawanan. UGM 2012. Pge 3}

### 2.2. The Potentials of Kendeng Mountains

In the study by Semarang Caver Association (SCA) and JMPPK and support form Acintyacunyata Speleological Club (ASC) and PSMB (The Study Center for Management Disaster) Universitas Pembangunan Nasional (UPN) Yogyakarta in October 2013, it is found that in the North Kendeng mountains areas there are Kars traces in the forms of ponor, caves and springs. There are 112 springs in the regions of Grobogan and Sukolilo Pati which serve as water sources for the 8000 families and more than 4000 acres of rice fields in Sukolilo. Destruction of the ecosystem triggers the risk of ecological flood and drought for the area.\footnote{KAJIAN POTENSI KAWASAN KARST KENDENG UTARA PEGUNUNGAN REMBANG MADURA KABUPATEN REMBANG, JAWA TENGAH. Jurusan Teknik Geologi, Fakultas Teknik, Universitas Gadjah Mada, 30 – 31 Oktober 2014}

The research also shows that mining in the North Kendeng mountains will also influence the life of bats and snakes as part of Karst ecosystem. Bats play an important role in controlling the population of insects, while the snakes which live in caves in Karst area help control the population of the rats. In addition to that, the research found that, Karst area also serves as a media of carbon sequestration in the air that can prevent global warming.\footnote{Ibid}

There are 87 farmer groups in the district of Sukolilo that still take advantage of water resources from Kendeng mountains as an additional irrigation for their land. Kendeng mountains also serve as a reservoir in dry seasons.\footnote{http://www.mongabay.co.id/2015/01/27/apa-yang-hilang-jika-pegunungan-kendeng-di-tambang/}

In 2011, a presidential Decree No. 26 of 2011 was issued. It decided Kendeng mountains as a protected area. Moreover, Central Java Regional Regulation number 6 of 2010 concerning the 2010-2030 Spatial Plans of Central Java Province (Rencana Tata Ruang Wilayah) also confirms that the Watuputih CAT as caver areas is included in a protected area due to its potential in water absorption.\footnote{Rencana Tata Ruang Wilayah Peraturan Pemerintah Provasi Jawa Tengah Nomor 6/2010}

Another function of karst area is shown by Yuan Duaxian (2006). His study reveals that karst area in the world is able to absorb carbon as much as $6.08 \times 10^8$ tons per year. Therefore, limestone mining in Karst area is at risk of increasing carbon emissions in the region and the surrounding areas.

Kendeng mountain with its abundant water resources and caves contribute to many people, especially for the people in Sukolilo and Kayen district. In addition to that, water source is also useful to irrigate agricultural land since the distribution of water irrigation from Jratun Seluna is not sufficient to irrigate the agricultural land in Sukolilo and Kayen areas. Therefore, the majority of farmers still use seepage water from the water sources on Kendeng mountains.

Besides as a conservation area, there was a great potential of Timbrangan village Rembang district which is part of North Kendeng area. The potential includes the calculation of the economy revenues, springs, cultural sites, and underground river. The calculation lists the income revenue from rice, corn, cassava and chili alone that reaches over 18 billion dollars per year.\footnote{http://rembangkab.go.id} These calculations did not include other plants such as bananas, coconuts, mangos, jackfruits, breadfruit, kluweh, ginger, turmeric, and others. In total, it is calculated that Kendeng area revenues reach up to USD 21.7 billion per year.\footnote{ibid}

### 2.3 Mining Industry in Rembang District

Since 1990, Rembang region has become an area of mining industry. Until 2017, there were 200 mining companies with various scales, which one of them is PT Semen Indonesia. After gaining a permit in
2014, PT Cement Indonesia started to build the factory in Kendeng due to business expansion. With a production capacity of 3 million tons per year, PT Cement Indonesia will not only meet the national need, but also export the products to some countries, such as Srilangka, Kenya dan Myanmar.\(^{52}\)

However, the cement factory got resistance from the residents at the groundbreaking day of the construction. The residents said they were not socialized about it before. Moreover, this factory construction was not in accordance with ecological study despite the permit issuance by the Governor. According to the various studies that have been conducted, the mining will disturb the system of hydrology in the region. Catchment and water storage areas, if they are intensively mined will reduce even lose its functions since the layers of rock that is served as a water storage will no longer work properly. It also has been organized in the decision of the Minister of energy and mineral resources number 1456 / k20 / MEM / 2000 on the guidelines of kars management area.

### 2.4. The Resistance of Kendeng Society

Kendeng society resistance began in 2008, at the beginning of the plan establishment and mining by PT Cement Indonesia. Location that would be mined by the company is part of the area of the basin ground water (Cekungan Air Tanah) Watu Putih) that is protected by decree No. 26 of 2011 on the Basin ground water. Watu Putih Basin ground water becomes clean water sources and irrigation for area in the regions of Rembang, Lasem, and Tuban. Underground river in CWT is only 15 meters deep, while the cement plant plans will dig the hills as deep as 130 meters for 130 years. Worried about the danger they will face many years ahead, the citizens have been active showing rejection, ever since, either through litigation, dialogue, building networking, action symbolic and cultural approach.

With the issuance of decree of Pati Regency number 660.1 / 4767 2014 on the permit of cement plant development and limestone mining, it can be said that the Regent/Mayor prioritized the investors more than the people that have been living for several generations with farming for their living.

The Resistance against the construction of cement plant in the North Kendeng mountains is closely connected with the people’s fight for water supply sustainability for their daily need and for agriculture as their livelihoods. Based on some studies, it is that feared the construction of cement plant will damage the Kars ecosystem and lead to droughts. Farmers, as those who will be directly affected, soon started to resist by forming an NGO named JMPPK, a network for peasants who care for Kendeng.

Since formed in 2008, JMPPK continues to do activities to reject the presence of cement factory in the area through the actions and articles in the media. They speak the importance of the preservation of nature compared to the interests of political elites and businesses. Kendeng peasants united to protest the construction of cement plant in the Pati region by PT Semen Indonesia and PT Indocement as a joint venture of Germany and Indonesia in the region.

In order to support JMPPK, many organizations joined the movement, such as Aliansi Ahli Waris Peginungan Kendeng through various forms of mass action since 2011. The other groups incorporated in it is LIKRA, FORMASI KEPAL, APPEL, GEMURANG, GPS, GASONG, et cetera. One of the activities is a discussion which resulted in an agreement to form an alliance to support the struggle to resist cement factory named Komite Aksi untuk Reforma Agraria (KARA) or action committee for agrarian reform. The major role KARA is doing propaganda which aims to improve and or spread an awareness of agrarian struggle. It produced a bulletin that would drive, support and launch actions of mass mobilization to build solidarity and secure the rights of the people.

In 2012, JMPKKK with academics people and environmental activists formed a forum which would formulate a blue print of alternative development in the area of North Kendeng. The forum offered the Central Java Government how to manage natural resources without exploiting the nature. Marginalization of peasants must be terminated by making a development policy that was more-justice oriented, and preserve the nature and humanity. This forum continued with the event “Rembug Indonesia” which discussed the strategy of the North Kendeng rescue movement involving the network that has been engaging for the sake

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\(^{52}\) PT Semen Indonesia
of food sovereignty. Besides forum and discussion, some actions were also conducted such as blockade of Pantura area that aimed at refusing cement plant in 2016, and a group of citizens inhabited "Tenda Perjuangan" or “struggle tent” that started from June 16 2014, until 2017.

Walhi, an environmental organization also joined to give its advocacy. In 2014, Rembang citizens and Walhi sued the Governor of Central Java and PT Cement Indonesia which resulted in the loss of the lawsuit at Pengadilan Tata Usaha Negara (PTUN). Rembang residents kept struggling. The next step was taken by nine female peasants on April 12 2016 by cementing their feet in concrete blocks. They came from the area around Kendeng mountains, namely Rembang, Pati, Blora, dan Grobogan. Then on August 2, 2016, they managed to meet President Joko Widodo where the meeting reached an agreement to make an analysis of the capacity of Kendeng mountains through the study of strategic environment (KLHS, Kajian Lingkungan Hidup Strategis). Based on this agreement, all permits that related to the cement factory would be suspended for one year. The deal was also reinforced by the guarantee from the Government to ensure good dialogue process for the arrangement of KLHS.

Their struggle continued by filing an appeal to Mahkamah Agung (Supreme Court) with resulted in the issuance of Supreme Court decision number 99 pk / Tun / 2016 October 5 that revoked a decree of Governor Central Java number 660.1./17 in 2012 of the issuance of a permit for mining activities by PT Cement Indonesia.

On February 23, 2017, the Governor of Central Java Ganjar Sisnowo issued a new mining permit to PT Cement Indonesia. This caused Kendeng peasants staged another protest. On 13 March 2017, they cemented their feet into concrete blocks for the second time in front of the Presidential Palace. This action was soon supported by many parties, such as LBH, NGOs labors, artists, farmers from various areas, students, individuals, and environmental organizations. They held a fundraising and posted their actions to the group chats and social media, provided food, transport and accommodation. There was also an assistance to transport cemented farmers.53

What Kendeng peasants did was a resistance or contentious politics. Tarrow argues “contentious politics occurs when ordinary people, often in league with more influential citizens, join forces in confrontations with elites, authorities, and opponents”54. Bring ordinary people into confrontation with opponents, elites or authorities. They have power because they challenge powerholders, produce solidarities, and have the same meaning within particular population groups, situations and national cultures.

In the case of Kendeng, the peasants showed their power by urging the Indonesian President to ensure the Central Java Governor to comply with the legal decision that was issued by the Supreme Court issued on October 2016, and at the same time providing sanction toward the Governor who was accused of violating the law.

According to Tarrow’s theory, one of the forms of resistance is shown through issue framing. In the case of Kendeng, cementing feet into concrete blocks is a symbol of the chain that will be experienced by them due to mining. In addition to that, the female farmers also made sound by hitting mortar continuously to let people know. This is a symbol of warning they usually do if there is a disaster. For Kendeng peasants, cement factory in their area is a disaster. While Charles Tilly said: “The use of disruptive techniques to make a political point, or to change government policy.”55

Related to contentious politics of Tarrow, the protest of Kendeng society indicated a resistance that emerged in response to barriers in politics. Barriers here refers to the issuance of new construction permit by the Government of Central Java province. According to Tarrow, contention politics is done by using repertoires of action. In the resistance of Kendeng society, repertoires of action took forms of demonstrations, long March along 20 kilometers, and sit-in with their feet cemented. The goal was to urge the Central Java Government to revoke the permit of cement plant construction. The resistance of Kendeng peasants can be categorized as a social movements in accordance with Tarrow’s definition; social movements are “collective

challenges, based on common purposes and social solidarities, in sustained interaction with elites, opponents, and authorities.” The resistance of Kendeng society can be categorized as a social movement according to Tarrow’s definition because it was done on the consensus, based on the frame of agricultural culture, action oriented - such as long March, demonstrations and cementing feet. In the Kendeng movement, protest by cementing their feet, is a symbol of resistance which likened shackles they will face if Kendeng area is battered by cement plant. Gunretno as the leader of JMPPK has managed to emerge people’s sympathy, just what Tarrow argues; “the leader of the movement build frame collective action "to mobilize and create emotions. Media can be used to send these symbols.”

In the case of Kendeng peasants’ protest, the movement Kendeng farmers can be regarded as the strategic action since it aimed to achieve the rational goal that is rejecting the construction of cement plant. The resistance that had been staged since 2009 through a series of action is a community action which claim the termination of the conflict with the Government of Central Java.

Many parties sympathized with Kendeng farmers, namely NGOs and advocacy networks, professionals, to individuals. They were aware that Kendeng mountains are very important as a source of the life of the people, both current and future generations. Therefore, they supported the protest of Kendeng farmers to refuse the cement plant. This is in line with Tarrow’s argument that there is the same purpose and social solidarity that emerged support. Some of them include LBH Jakarta that was committed to continue to support the action to reject the cement plant. While, Epistema Institute mentioned this condition as an emergency agricultural condition and urged the President to revoke the new permit issued by the governor of Central Java. Gerbang Tani also supported and showed empathy for the struggle of Kendeng farmers and requested that the government had to meet the demands of farmers to maintain Karst, water sources and agriculture, which not only for the sake of the peasants, but also for food sovereignty.

2.5. Overseas Support

JMPPK had been trying to get sympathy from the world. The struggle to maintain the peasants’ rights finally got support from Germany environmental activists. They played a movie which titled Samin and Semen in Germany. The goal was to raise public support in Germany to urge German government to stop the construction of cement plant in district Pati. PT Indocement, a joint venture company between Germany and Indonesia. This effort got support from German society through a petition. The petition contained demands to HeidelbergCement as the owner of half of stock of Indocement, the holding company of PT Sahabat Mulia Sakti, the company that will set up a factory in Pati. German activists urged Heidelberg cement to evaluate the construction plant of cement factory. The petition was initiated by an ecology activist Marianne Klute. She, along with other activists and German society, demanded the concern and commitment of Heidelberg cement related to environment sustainability.

Supports also came from an environmentalist of Rain Forest or rettet den Uegenwald and Urgewald who have very serious attention to the problem of land, mining, and forest ecology damage in Indonesia. Marianne Klute as the initiator of the petition argues that the production of cement has a global impact because 5% of the global emissions comes from the production of cement. The other reason was Karst damage would lead to the limited access to water sources. It is not only a problem for the people around but also the whole of population of Java. It means universal right for water will be violated.

Persistent struggle of Kendeng farmers demonstrated the ability of domestic social movement to reach the global arena in order to obtain international support, as Brysk argues: “the importance of transnational linkages within the pro-indigenous movement focus on a later stage of mobilization, in which a

58 Interview Rappler.com with Marianne Klute
domestic social movement is already in place and is capable of reaching out into the global arenas in order to leverage support for its cause.\textsuperscript{59}

The struggle of Kendeng farmers for almost 10 years since 2008 has not showed the result as they expected. The Central Java Government had not issued the result of environmental study which would decide business continuity in Kendeng. However, the struggle to fight their interests and rights can be said to be successful in obtaining sympathy and supports from local, national and transnational society.

III. CONCLUSION

In Kendeng area, agriculture not only serves as a producer of food, but also as a conservationists for the environment. Cement factory in North Kendeng mountains has shown the government’s side on capitalism, instead of peoples’ rights. The local government has put aside the peasants’ rights to land and water. The resistance that was shown by the peasants was the way to protect their rights after their long struggle did not gain a success. Development should be conducted not only to improve people’s welfare, but also to protect peasants and prevent damage to the environment and the loss of peasants’ livelihoods. Moreover, development must guarantee the sustainability of land and water for the next generations.

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\textsuperscript{59} (Brysk, 2000) dalam Anna Carolina Alfinto Vieira dan Sigrid Quack: Trajectories of Transnational Mobilization For Indigenous Rights in Brazil
Transnational Diplomacy in Green Building as a Plan to Decrease Global Warming

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Abstract

Global warming is currently on the agenda of all countries in the world which provided by the United Nation Framework Convention on Climate Change (UNFCCC) has produced an agreement as Kyoto Protocol and extended by Paris Agreement. As a concrete role, each country is required to achieve the Intended Nationally Determined Contribution (INDCs) target. Yet, in addition to its low economy-growth, the developing countries face challenges regarding to the issue of climate change. Regarding to this, the role of transnational institutions plays significant role of diplomacy on introducing the developing countries the concept of Green Building which is believed to contribute by 1/3 of global warming reduction. This paper begins with transnational diplomacy in climate change. Then, this paper shows the role of transnational diplomacy in some developing countries with regards to the concept of Green Building. In the last part of this paper, the progress of green building as a product of transnational diplomacy in Indonesia. This paper findings that International Finance Corporation associated by Green Building Councils has shown its roles on helping some developing countries such as long-term investment and financial innovation, also the creation policy paper included in Indonesia, to implement the concept of Green Building.

Key Words: Green Building, global warming, transnational interaction

Introduction

The end of cold war has inherited the international relations with the shift of monopoly state centric structure, climate change became one of the global issue that needed take action since it was a part of human history. Which is almost all human activities produces the greenhouse gases (GHGs) that scientists say contribute to the warming of the planet (Koslof and Trexler, 2004)¹ that have been happening as long as human history. As the UN Food and Agriculture report on global greenhouse gas emissions by sector:

The data shows that since 1991 until 2010, earth has 50.58 million gigagram greenhouse gas emission spreading in its atmosphere that created from the human activities. The highest contribution was from Energy sector presenting 45.9%, followed by Land use sources at 10.95%, Transport at 10.95%, Agriculture at 10.04%, and then Residential & Commercial at 7.39%.

**Green Building as an Anticipation to Global Warming**

As an action to the global warming that contributed by the sectors, there have been started to concern about the efficiencies of the buildings. This concept stated as Green Building, that definition is as the practice of increasing the efficiency with which buildings and their sites use energy, water, also materials, and reducing building impacts of human health and the environment, through better sitting, design, construction, operation, maintenance, and removal throughout the complete life (Office of the Federal Environmental Executive -USA). The similar definition is also stated by Green Building Council Indonesia (GBCI) as a building which in the planning, construction, operation and maintenance of attention to aspects - aspects to protect, conserve, reduce usage of natural resources, maintaining the quality of both the building and the quality of indoor air quality and health of all occupants based on the principles of sustainable development.

The contribution of buildings to the greenhouse gases as shared by Indonesian Financial Services Authority (Otoritas Jasa Keuangan-Indonesia)

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Picture 1.1: The Contribution of Green Building for the Reduction of World Greenhouse Gases.\(^5\)

Buildings percentage contribution to the world by consuming 40% electricity, 25% water, 40% for natural resources and contributing 33.3% into the greenhouse gas emission. From that data it shows that implementing green building concept will contribute to reduce the global warming.

Knowing that the buildings are very important into the global warming and the buildings also will always be related to the growth of the human populations, it is necessary to implement the green building concept. As for this paper aim is to try to answer "How does the international interaction in promoting the green building as a plan to reduce global warming." In that case this paper will analyze with transnational diplomacy concept by interpretation through transnational interaction.

Where diplomacy defined as the activity, or skill of managing international relations, typically by a country’s representatives abroad.\(^6\) In this paper, interpreting the interaction as an activity. Transnational interactions by Morse (interpretate from Nye and Koehane, 1971: Transnational Relations and World Politics: An Introduction) define as the movement of goods or intangible good across country's border were at least one of the actors are non-state or Intergovernmental Organization (IGO).\(^7\) Because it is very significant by knowing how the transnational interactions in promoting green building and how significant is the green building progress into the reduction of global warming.

From the transnational interaction perspective, this paper will continue by presenting a short brief of transnational interaction in climate change, to find the connection of green building movement that reacting to climate change as a result of the increasing global warming. And will continue with presenting the most actively in promoting green building through transnational interaction. After that will follow by presenting the green building progress in Indonesia as the impact of transnational interaction.

**Transnational Interaction for The Climate Change Movement**

The concern in climate change that science have been more active in doing consensus to the policy makers by the late 1980s has shown some progress. United Nations movement in climate change that is still

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ongoing by United Nations Framework Convention on Climate Change (UNFCCC) established in 1992 during the Earth Summit in Rio. This framework organize their meeting through Conference of the Parties (COP), that have proceeded 22 COP until 2016. In the beginning, this framework agreed on non-binding agreement that devided into two parties, Annex I (industrialized countries)-willing to reduce greenhouse gas emission by 2000 into the same lavel of 1990, while developing countries were not oblige.

In 3rd COP, Kyoto, 1997 UNFCCC have accomplished a protocol that called Kyoto Protocol that tranformed the agreement into legally binding for Annex I party. Willingness wasn’t implemented well, instead of volunteering it became a consistent promise that given to national political commitment. UNFCCC continue heading to step up, 19th COP in Warsaw, 2013 concluded the agreement to include developing countries to contribute in greenhouse gas emition reduction through national commitment. As Indonesia by 2020 committed to targeting the reduction by 26%, and 41% with international support.

Kyoto Protocol was programmed until 2012, but the work for climate change should not be stop. UNFCCC 21st COP in Paris in 2016 established an agreement to continue Kyoto Protocol with Paris Agreement, that conclude decision to be more consisted by agreed to implement Intended Nationally Determined Contribution (INDCs).

Transnational Interaction in Green Building as a Plan to Reduce Global Warming

The implementation of green building concept as a plan to reduce global warming by it’s contribution to greenhouse gas emition, has been one of the implementation that listed on INDCs of some countries such as India, United States, Switzerland, Singapore, and Japan. It shows that some effort in implementing the commitment is ongoing. This paper will focus on two sides of movements, that can show how their influence contributing to the green building implementation as a plan to reduce global warming. First movement is by International Finance Corporation (IFC), and will continue by Green Building Council.

International Finance Corporation

On the other hand, International Finance Corporation (IFC) as a member of World Bank which established in 1956, with it’s focus on private sector in developing countries, and purposed in economic development through encouraging the growth of productive private enterprise especially in less developed areas. IFC took a part in promoting the implimentation of green building to some countries, with the support from industrialized countries (Annex I) as donors such as: the State Secretariat fo Economic Affairs of Switzerland (SECO), the European Union: the Ministry of Finance of Japan, the Hungarian Export Import Bank, the Canadian Climate Change Program and the Department of Foreign Affairs, Trade and Development Canada, the Royal Ministry of Foreign Affairs of Denmark and the Danish Green Growth Fund, the Federal Ministry of Finance Austria, and the Ministry of Foreign Affairs of Finland.

The role that IFC have made their programs that on going to support the movement of green building through:

- Engagement with Policy Maker: As an intergovernmental organization, the role in encouraging countries to produce policy paper in green building shows its strong interaction through diplomacy. To ensure the it’s consistency IFC involve since the preparation of the policy paper, development, supporting the consensus, enforcement, assisting to get improvement.

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Through the engagement IFC has supported the creation of policy paper in some countries, such as: Bangladesh, Colombia, Costa Rica, Indonesia, Panama, Peru, the Philippines and Vietnam.  

- Financing green building: IFC’s own investment potential in amount of $16 trillion for green building to be catalyzed until 2030, and also provides technical assistant, as well as assessment and promotion for it’s clients, either country or regional.

IFC has involve in investing for green building in Accra, Ghana in amount of $3 billion through its clients Architecture firm Hok, Carlson Rezidor hotel group and construction firm Bouygues Batiment.

- Financial Innovation: as a financial institution, IFC encourage the innovation of financial to support the development of green building such as green construction finance, green mortgages, green bonds and home improvement loans.

The most crucial needed in constructing buildings is the financial, with the innovation that supported by IFC should contribute to the effectiveness of the green building implementation. Through the encouragement in financial innovation, IFC has shown some impact and helped financial institutions in some countries such as: Colombia, India, Kenya, the Philippines, South Africa, and Turkey.

The transnational movement in green building is showing the implementation of the nations commitment in reducing the greenhouse gas emission that agreed through the UNFCCC. The parties participating in their role, on the one hand, Annex I involve in supporting the finance by donating into the program of IFC for green building, and on the other hand, developing countries took part in implementing the green building that supported and encourage by IFC.

**Green Building Council**

Green Building Council the first formed was in 1993 in United State as USGBC that formed by Rick Fedrizzi, David Gottfried and Mike Italiano in order to promote sustainability through building and construction industry. The green building movement spreading around the world and in 2002 has accomplished the creation of World Green Building Council (WGBC) that formed by Green Building Councils from 8 countries, such as Australia, Brazil, Canada, India, Japan, Mexico, Spain, and United States of America. Until 2012 the member is growing to 71 countries, included Green Building Council Indonesia (GBCI). Sustainability that promoted by WGBC as action in pursuing the Paris Agreement ambition.

Green Building Council Indonesia (GBCI) was emerged in 2009, that became established member of WGBC, defined as a non-profit institution who committed to develop the implementation of green building concept in Indonesia. In order to do so, GBCI collaborating with the private sectors and Badan Usaha Milik Negara (BUMN)-State Owned Enterprises, also education and research institution. GBCI’s plays its role starts from market transformation, training, certification (Greenship) and also implementing collaborative programs with its stakeholders. Market transformation shows from the lates data of GBCI has 70 members registered, to accomplish the green building implementation in Indonesia. With various speciality, as producer, construction, contractor, consultancy. 49 members are as industry and the other 21 members are as consultant. From the registered members, included 11 companies are international based, 54 companies are private companies, and 5 companies are Public Companies (Persero).

As for certification in order to identified the building is implementing green building concept, Green Building Council created green building certification which defined by WGBC as "used to assess and recognise
buildings which meet certain green requirements or standard”. Every country member adopting different green building certification, GBCI created Greenship that has become rating system for green building in Indonesia. The uses of Greenship is divided into 5 categories, they are:

- Greenship New Building: the appraisal will start from the design to the end of construction.
- Greenship Existing Building: related to the operational management and maintenance.
- Greenship Interior Space: fit out activities from air circulation, view to the outside, natural lighting in support the health and productivity, management.
- Greenship Homes: single landed house, new or existing house implementing the use of land wisely, efficient and effective in consuming energy, water, and natural resources, also assures the health and safety to the occupant. The appraisal can be done by self rating through the website: www.greenshiphomes.org
- Greenship Neighbourhood: such as housing complex, CBD, and industrial complex.

The certification process will be accordingly to the categories that related to the building, the efficiency of the building is not only requiring for a new building, because there is some existing building which has been adopting the efficiency.

**Green Building Progress in Indonesia**

The joining of companies in constructions field with different instancies from private sector domestic and international and also Persero/BUMN indicating the necessity of the implementation for green building concept in Indonesia to react on global warming. As GBCI chairwomen stated "Climate change, environmental problems and population growth force us to create a better place to live. Green buildings are no longer an option, they are a necessity. Good enough is dead. The way we work will never be the same. Are we driving change, or are we being driven by it?” (Naning Adiwoso). This strong statement as an impression that in Indonesia as a developing country that progressing large scale building construction should have to consider to implement green building concept along with the increasing of building construction.

Indonesia in accordance to the environment awareness with building, has been adjust its policy paper on building. That shows on government regulation *(Undang-undang No. 28, 2002)* article 9 mentioned:

- Requirements for designation and intensity of buildings, architecture of buildings, and requirements for controlling environmental impacts.
- The building code requirements as referred to in paragraph (1) are further stipulated in the building and environmental plans by the Regional Government.
- Provisions regarding the procedure for the preparation of building and environmental plans as referred to in paragraph (2) shall be further regulated by Government Regulation.

This article is not specifically mentioned about green building, but it is required to be aware for the environment that might impacted from the building. From the second point mentioned that local government is the regulator for the further regulations in building to be environment friendly. The first policy paper for green building specifically is the *Pergub DKI Jakarta Number 38, 2012*. This policy paper was created with the support by IFC along with Switzerland Government and Hungarian Government, as these two countries are included as donors in IFC for green building implementation. The creation of the Pergub DKI Jakarta Number 38, 2012 is the result of the successful engagement of IFC with the policy maker of DKI Jakarta that has been in IFC role. The role from Government of Indonesia to promote the green building is also increasing by the release of *Peraturan Mentri Pekerjaan Umum dan Perumahan Rakyat Republik Indonesia, 02/PRT/M/2015* about green building.
building that adjusted from the Undang-undang No. 28, 2002. This policy paper consists of 34 articles for green building.

Although the first green building policy paper was made in 2012, GBCI with its Greenship rating for green building has certified the first building in 2011.

Table 1.1: List of buildings in Indonesia has been certified Greenship.²⁰

<table>
<thead>
<tr>
<th>No</th>
<th>Building Name</th>
<th>Certified Year</th>
<th>Rating</th>
<th>Greenship Certification</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>BCA Tower PT Grand Indonesia</td>
<td>2011</td>
<td>Platinum</td>
<td>Existing Building</td>
</tr>
<tr>
<td>2</td>
<td>Sempoerna Strategic Square Building, PT Biang Sakti Jakarta</td>
<td>2012</td>
<td>Gold</td>
<td>Existing Building</td>
</tr>
<tr>
<td>3</td>
<td>Kementrian PU</td>
<td>2013</td>
<td>Platinum</td>
<td>New Building</td>
</tr>
<tr>
<td>4</td>
<td>Graha Telkomsigma</td>
<td>2013</td>
<td>Gold</td>
<td>Existing Building</td>
</tr>
<tr>
<td>5</td>
<td>Pacific Place Building</td>
<td>2014</td>
<td>Platinum</td>
<td>Existing Building</td>
</tr>
<tr>
<td>6</td>
<td>PT L’oreal Indonesia</td>
<td>2014</td>
<td>Platinum</td>
<td>Interior Space</td>
</tr>
<tr>
<td>7</td>
<td>Bank Indonesia Office, Solo</td>
<td>2014</td>
<td>Gold</td>
<td>New Building</td>
</tr>
<tr>
<td>8</td>
<td>Alamanda Tower</td>
<td>2014</td>
<td>Gold</td>
<td>New Building</td>
</tr>
<tr>
<td>9</td>
<td>Sequis Center</td>
<td>2015</td>
<td>Gold</td>
<td>Existing Building</td>
</tr>
<tr>
<td>10</td>
<td>Waskita Building</td>
<td>2015</td>
<td>Gold</td>
<td>Existing Building</td>
</tr>
<tr>
<td>11</td>
<td>Main Office Building PT. Holcim Indonesia, Tuban</td>
<td>2015</td>
<td>Gold</td>
<td>New Building</td>
</tr>
<tr>
<td>12</td>
<td>Wisma Subianto</td>
<td>2015</td>
<td>Silver</td>
<td>New Building</td>
</tr>
<tr>
<td>13</td>
<td>Green Office Park</td>
<td>2015</td>
<td>Gold</td>
<td>New Building</td>
</tr>
<tr>
<td>14</td>
<td>Santa Fe Indonesia</td>
<td>2015</td>
<td>Gold</td>
<td>New Building</td>
</tr>
<tr>
<td>15</td>
<td>PT. AIA Financial</td>
<td>2016</td>
<td>Platinum</td>
<td>Interior Space</td>
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<td>16</td>
<td>Menteng Regency</td>
<td>2016</td>
<td>Gold</td>
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<td>17</td>
<td>United Tractors Head Office</td>
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<td>18</td>
<td>AIA Central</td>
<td>2016</td>
<td>Gold</td>
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<td>19</td>
<td>Dusaspun Gunung Putri</td>
<td>2016</td>
<td>Platinum</td>
<td>New Building</td>
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<td>20</td>
<td>Distribution center The Body Shop Indonesia</td>
<td>2016</td>
<td>Gold</td>
<td>New Building</td>
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Since the GBCI emerge, it has certified 20 buildings from 2011 until 2016, in the 6 years period it has shown some progress, especially from the new building. On the other hand, existing building is also contributing even it was build up before the green building movement trend, that shows there are interest in considering environment friendly building.

In spite of some progress that have shown above, there are some challenges that could not support a more significant progress for green building in Indonesia. As there has been a research that indicate some barries in the green building development in Indonesia from the building occupant's perspective, in Jakarta and Bandung. Mia, Emma, and Rangga (2016) identified “burdensome implementation, lack of supported atmospheres, resistance to change, inadequate knowledge and information, negligence, high cost of green building options, insufficient supervision, lack of awareness, low availability of green products on the market, and lack of building management role”. With the barries that limited the green building movement in Indonesia in order to react to the global warming, the result from the 20 buildings that certified by Greenship has shown the contribution of Indonesia to reduce global warming.

![Picture 1.2: Contribution of Green Building in Indonesia to reduce global warming (in original language-bahasa Indonesia).](image)

This data is related to the buildings that has been certified with Greenship, and its contribution to the reduction of global warming is progressing up. Green building in Indonesia is saving 168,962 million kWh/Year, water saving 1,295 million m$^{3}$/Year, and CO$_2$ emission reduction 150.546 Ton/Year.

**Conclusion**

Global Warming that linked with Economic Growth and also the increasing of human population has forces some action by transnational movement to break the conventional thinking of the building into the implementation of Green Building concept. Reacting to the global warming can be implemented through the green building concept, as in every country is undoubtedly without building up to occupy the increasing population and the economic growth. In order so, the green building trend that has been promoted by transnational through IFC and Green Building Council could be as a disruption to the conventional thinking and as a plan to reduce the global warming. The green building movement is spreading especially in the developing countries, by IFC’s role in engaging with the policy maker, financing green building by investment, and encouraging the financial innovation. Green Building Councils play its role not only in developed countries.

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but also in developing countries.

The transnational interaction in climate change has given an opportunity to develop the green building concept as one of the options has effecting Indonesia. With the efficiency of the building through green building concept in Indonesia is contributing to the reduction of global warming. Even it is still

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Eradicating Gender Based Violence in Indonesia Through Global Governance Perspective

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Abstract
Status quo shows that recent explorations about the gender based violence issue are mostly written in non IR studies such as sociology, anthropology, development studies, Islamic studies, etc. Besides, the explanation about non state actors combating the issue is also limited. Regarding to these urgencies, this paper aims at filling the literature gap about the actorness of international relation studies which concern in gender issue in Indonesia context. By using global governance perspective, the description would be more comprehensive because it analyses either state actors such as United Nations, European Union, Indonesia government, or non-state actors in domestic level. It consists two layers explanation. First, it describes how they cooperate in eradicating the issue. Second, it explains how contentious politics exists as part of their challenge.

Key words: global governance, transnationalism, gender based violence, feminism

Introduction
Gender based violence mostly happen in developing countries where traditional gender norm rooted. As a democratic country that glorifies human dignity, Indonesia has challenged, gender based violence. The rooted patriarchy culture and lack of rule of law, it remains unresolved. Before I analyse further the mechanism of Indonesia in eradicating gender based violence, I would describe the introduction first.

According to UNHCR (2018), gender based violence violates human rights and dignity of the person. The General Assembly of United Nations gives some lists what it called gender based violence. It includes physical, sexual and psychological violence within the family, child sexual abuse, dowry-related violence, marital rape, female genital mutilation, rape and sexual abuse, sexual harassment in the workplace and educational institutions, trafficking in women, and forced prostitution. Data below describes about gender based violence in worldwide specifically violence in intimate partner.

The issue becomes the concern of feminism because most of the victims are women (International Institute of Social Studies, 2016). Komnas Perempuan (2014) stated that gender based violence consist of raping, sexual harassment, and it is followed by threat. Where patriarchal exists, society think that women is a symbol of purity. When woman is raped victim, they will portray that purity has gone.

In Indonesia, domestic violence rate is high. Women's National Commission Annual Notes (Cited in Tempo, 2017) stated that there were 11,207 cases of domestic violence in 2015. Police data showed different number, there were 321,747 cases reported. A year later, sexual violence became the second number highest rate among some issues (National Commission for Women, in Rahayu 2016). It reached about 2,399 cases (72%), sexual abuse reached 601 cases (18%) and sexual harassment reached 166 cases or 5%. Jaw dropping data was delivered by Woman Life Experiences Survey in 2016. Physical or sexual violence was experienced by one of three women for their entire life. The ages range from 15 to 64 year old that equal to 28 million Indonesian women (Tempo, 2017).

The more problematic condition is that gender based violence experienced by minority group such as women Ahmadiah and Bahai believer. They are not only excluded from the muslim majority society, but also undermined as a women. It indicates that they experience multilayer misery. In the practical level, they have difficulties to get identity card that implicates the difficulties in accessing health services. Komnas Perempuan (2014) stated that they do not have the equal rights as citizen. Komnas Perempuan added even though men from Ahmadiah and Bahai believer also experience the same thing, but women are more suffer. In 2017, Indonesian government has acknowledged their identities, but the problem remains the same. Social rejection and gender based violence make women difficult to pursue the right to live in peace.

I argue that gender based violence is important issue that becomes concerned by almost all member states of United Nations. The establishment of United Nations Body such as United Nations Women and some international norms regarding women issue indicates that international society has raised awareness and cannot neglect it. In this paper, I will only focus on Indonesia context in eradicating gender based violence.

Literature Review and Significance of the Research

I argue that literature about gender based violence is limited. Most studies were not written in International Relation context. Some of them were found in gender studies and sociology. Jefferson (no year) in his journal under the title In War as in Peace: Sexual Violence and Women's Status noted that sexual violence in armed conflict has some characteristics. It happens in large scale phenomenon, persistent, and the existence of impunity possessed by perpetrators. The problematic side was they came from rebel forces or even armed forces. As former of armed conflict area in 1990s, women in Rwanda and former Yugoslavia experienced sexual violence. The issue became international attention and it was proven by five resolutions created by United Nations Security Council to eradicate it. They stated that sexual violence was used as war tactic and noted the importance of accountability and monitoring system.

Jo Spangaro (2013) explained some mechanisms needed to reduce gender based violence in armed conflict. They are survivor care; livelihood initiatives; community mobilisation; personnel initiatives and training; systems and security responses; legal interventions and multiple component interventions. Most of them were conducted in 26 African countries that became the armed conflict area. Jefferson in article of Bott, Morrison, and Ellsberg (2005) noted the case of Rwanda, there was international investigation by the role of International Tribunal for Rwanda to prosecute the perpetrator but it did not work. In post conflict and social reintegration process, United Nations ever created resolution through UNSC 1325 on Women, Peace, and Security that recognized the importance role of women in post conflict. It demanded the participation of women in decision making process and civil society reconstruction. Another point of view suggests multi-sectoral approaches are needed to combat gender based violence from justice point of view, health, and education. Based on the explanation, the solutions come from diverse actors, either from top level decision makers in UN or local community.
Structural changes are important and should be prioritized in eradicating gender based violence. We could not just rely on single actor. Interventions not only come from psychological side but also from community, organization, and policy makers (Mollen, 2017). Research is also important specifically from feminist point of view to understand power relation in armed conflict area (Jakobsen, 2014). It could provide alternative source of knowledge and become policy recommendation for government.

Displacement setting is considered as preventive action for gender based violence. In Colombia, gender based violence is not only experienced by women but also family members. Child abduction, trafficking, and forced abortion showed how problematic it was (Wirtz, 2014). We could not guarantee how effective it was but at least it could minimalize the contact between army and non-combatant, and make them more secure.

Aside from conflictual countries, researchers also put attention to developed countries where gender based violence also happens. The victims are Aboriginal women. In Canada, the movement initially focus on establishing women’s shelters for survivors of physical and sexual violence. Not only that, Canada improved criminal justice system started in 1980s (Koshan in Hall, 2015). Impunity for perpetrators was abolished by Canadian government to create deterrent effect. Basically the mechanism was initiated by civil society, The Sisters in Spirit. They conducted campaign through music concert, raising awareness the infertile of government to uphold justice. Besides, The Sisters in Spirit also conducted research along with Amnesty International and the UN Committee on the Elimination of Discrimination against Women. (Hall, 2015). Based on the description, we could say that violence is not only based on gender but also race.

Regarding to gender based violence, ASEAN also has gender mainstreaming policy. It means that ASEAN starts to be gender sensitive, addressing that gender based violence matters. The basic principle to address the issue is human rights. Some institutions have been established such as ASEAN Intergovernmental Commission on Human Rights (AICHR) and the ASEAN Commission on the Promotion and Protection of Women and Children’s Rights (ACWC). But regardless to the effort, it is not enough. Regional Action Plan of Action on the Elimination of Violence against Women report (2015) noted that ASEAN shows less progress. The norm is only centralised in the organization. Some members do not have policy in more details. For example Cambodia that does not recognise marital rape in their legislation (Alami, 2018). It shows that integration of policy for all members is difficult. The differences of political system such as the less degree democracy make some members are hard to comply. Sovereignty in ASEAN remains strong so other member could not intervene the political system of other states.

Meanwhile in more domestic context, some scholars focus on local movement that concerns specifically in gender issue. Rinaldo (2014) noted that Indonesia has some muslim women movements such as Rahima and Fatayat Nahdatul Ulama. They argue for greater equality and rights could be achieved by using critical interpretations of texts. They do public mobilization of critical interpretations through its trainings of pesantren teachers and administrators, publish journal Swara Rahima in printed and online basis (Rinaldo, 2014). Based on the literature reviews above, I find some literature gaps about gender based violence issue. First, it is rarely written in IR literature. Second, some scholars focus on armed conflict context that have impact on gender based violence and analysed its mechanism. Meanwhile they failed to recognize the gender based violence that also happens in non-conflictual countries such as Indonesia. Third, even if scholar explain gender issue in regional context such as ASEAN but I argue it’s not comprehensive because it is too broad. Fourth, understanding mechanism to eradicate gender based violence in domestic level might be important but it’s also not comprehensive. That’s why I would to bridge those lacks by giving alternative understanding about the mechanism to eradicate the issue. I choose the non-conflictual country, Indonesia as my case study. It gives more comprehensive understanding because it analyses the international and domestic dimension.

**Concept of Analysis**

Weiss stated the notion of global governance emerged when realist and liberal institutionalist failed to capture the influence of non-state actors and technology in globalization era (Dingwerth and Pattberg, 2006). Before Cold War, international relations studies concerned about state actor meanwhile non state actors was less significant. The idea came from realist and liberalist who thought that states are driving force of politic among
nations. As cold war ended, the idea was relevant because the complexity of issue in IR. New actors emerge such as Non-Governmental Organization challenging the state’s sovereignty. Regarding to this phenomenon, concept of global governance come to address the importance of new actors.

Global governance acknowledge equal importance of state and non-state actors such as nongovernmental organizations (NGOs), transnational corporations (TNCs), and scientific actors. It means that power is not only possessed by state but also them (Arthur Benz, ed). Global governance consists of two words, global and governance. Global can at least refer to two different spheres – where there is human activity (Dingwerth and Pattberg, 2006). Mayntz said governance refers to collective regulation created by states and non-state actors. Thus global governance is the ability of state and non-state actors to address a problem and make regulation to overcome it.

Rosenau stated that global governance refers to more than the formal institutions, it is a management of states in international relation. We could say that United Nations is the example of global governance. Rosenau added that global governance is rule of law for human activity, starting from family basis to the international organization. They have the same purpose and do transnational networks to achieve it (Dingwerth and Pattberg, 2006).

Four constitutive elements in global governance are systems of rule, levels of human activity, the pursuit of goals, and transnational repercussions. System of rules means there are regulations and controls in transnational politics. Regulations relate to each other and have an impact on the norms, expectations, and behaviour of the relevant actors within the regulated area. Levels of human activity means the dimension whether local, subnational, national, international, and transnational control mechanisms. Pursuit of the goals means the intention of individual or group to address problem. Transnational repercussions means level of human activity takes across boundaries (Dingwerth and Pattberg, 2006). Transnational activity is needed because sometimes states could not work as single actors. The complexity issue makes states need to collaborate with other actors to overcome problem. Besides, transnational activity sometimes is chosen by non-state actors when they have lack support from national government. Non state actors network with other across boundaries to gain global support.

Another important element of global governance is legitimacy. Bernstein (2010) said “states comply not because of power or interest, but because the rule or institution has come into being and operates in accordance with generally accepted principles of right process”. UN that has power to create norms could have legitimacy. Through legitimacy, it could boost its members to comply the norm. Regarding to the gender based violence issue; it has been addressed through Convention on the Elimination of all Forms of Discrimination against Women (CEDAW). Because UN has authority, states comply as Indonesia do. The authority is not only possessed by UN or states but also non states actors. NGOs that concerns on gender based violence conduct certain program because they think that they have authority. Source of authority could come from the expertise or the knowledge so it legitimizes their actions.

Indonesia: Combating Gender Based Violence through International Governmental Organizations and Civil Society

Global governance gives opportunity for some actors to involve in certain issue either in decision making process or grassroots level. At current situation government could work hand in hand with non-state actors such as civil society to eradicate certain problems. This assumption came from the complexity of issue that needs to be mitigated by extraordinary mechanism, cooperation all sectors. For example in gender based violence, government could work in legislative meanwhile civil society could make sure if it is effective. It illustrates how all actors have right to participate in combating the problem. At the beginning, I would depict how international governmental organization such as United Nations and Indonesia cooperate in eradicating gender based violence.

UN Women says, “UN Women is the United Nations entity dedicated to gender equality and the empowerment of women” (UN Women, 2018). It was established to fulfil women’s need that often limited by
government and society. It notes the universal standards of those need such as education, job, and also the right of women to live in peace. Because it was established by states through UN, means it opens the chance for civil society to involve eradicating gender issue. Along with national government, it gives guidance standard in creating policy for national level.

One of strategic priorities is that all women and girls live a life free from all forms of violence. According to the official website of UN Women, the institution has some roles. They are;

- to support inter-governmental bodies, such as the Commission on the Status of Women, in their formulation of policies, global standards and norms,
- to help Member States implement these standards, standing ready to provide suitable technical and financial support to those countries that request it,
- to forge effective partnerships with civil society
- to lead and coordinate the UN system’s work on gender equality

As international institution, UN cooperate with its member to eradicate gender based violence such as creating norms to be implemented. As one of member in UN, Indonesia has ratified 25 International Human Rights Instruments. One of them is Convention on the Elimination of all Forms of Discrimination against Women (CEDAW), ratified by Act No. 7 of 1984 (UPR, 2017). The CEDAW Committee stated that gender based violence is critical because it prevents women to enjoy human rights as fundamental freedom. Gender based violence has portrayed how the victim has unequal relation and subordinated by perpetrators (UNDP, 2017). That’s why people need to respect to the rights in order to acknowledge the dignity of human being.

CEDAW as a norm is created by United Nations, it obliges member of states to sign and even ratify the convention as legal framework to be implemented in national level. This obligation come from the idea that state surrender toward international institution such as UN and as commitment to eradicate global issue including gender based violence. By the emerging of global governance, UN comes as one of authority give mandate to its member. As global issue, it is justifiable to be mitigated cooperatively. The existence of CEDAW that has been ratified by its members, it shows that state is hard to reject it because state’s sovereignty is reduced. This phenomenon tries to depict that notion of global governance is relevant to the current situation because there is an effort to collaborate addressing certain issue.

Indonesia ratified CEDAW in 1984. In 2000, Indonesia also signed Optional Protocol for CEDAW convention (Valentina and Dewi, 2014). The implementation of CEDAW in Indonesia is supervised by UN through Indonesia Ministry of Women’s Empowerment and an NGO, Child Protection and CEDAW Working Initiative (CWGI) that consists of 10 NGOs (CWGI, 2007). Government is supervised by them if it is effective or not.

UNFPA also commits to gender issue. By the high number of gender based violence, Indonesia cooperate with UNFPA, a UN body that focuses on reproductive health and gender equality (UNFPA, 2018). It works with local NGOs in Indonesia such as Puan Amal Hayati, that focuses on women empowerment and abolition of gender based violence (Puan Amal Hayati, 2018). The mechanisms is supporting victims need by receiving reports and bringing the case to judicial level. They received around 20 and 17 reports from victims of violence and has brought 17 cases to the courts (Hulupi, 2005).

Report is important to track and evaluate the effectivity of program. Each year some institutions including government body such as Kementerian Pemberdayaan Perempuan provides gender based violence report. Diagram below is one of data report example coming from Ministry of Women’s Empowerment and Child Protection.
Based on the data above, gender based violence cases increased from 1602 in 2015 to 4854 in 2016. Collaboration is needed as the solution for the problem. Indonesia also cooperate with European Union to eradicate gender inequality. According to the EU (2017), EU and Indonesia jointly launched the EU-Indonesia Blue Book 2017, an annual report on EU-Indonesia development cooperation. The main theme of the EU-Indonesia Blue Book 2017 – gender equality – symbolises the EU’s support for women empowerment, economically, socially and politically. Basically the purpose is to integrate with Sustainable Development Goals number 5, achieving gender equality and empower all women and girls. At the same time, EU has made equality between women and men as one of its primary value. They share the same idea, addressing the importance of justice, sustainable development, economic growth and peace. To implement this program, funded is needed. In 2016, the EU and its Member States have funded €75.5 billion for the developing countries such as Indonesia. By the emerging globalization, cooperation inter regionalism such as Indonesia and EU is possible.

As stated before, global governance believes that state is not the only actors in international politics. Globalization has facilitated the emerging of non-state actors that also concerns in some issues. Whether it operates locally or transnationally, they are part of global civil society which also involves in decision making process or advocating issue in grassroots level. By the rising of democracy and freedom of association, NGOs grow significantly challenging the state’s role if capable in addressing societal problem such gender based violence.

The emerging of non-state actors is also facilitated by the democracy. After a state had transition from authoritarian regime, they have chance to proliferate and become influential actors (Huntington, in Umar, 2017). Democracy transition in Indonesia happened post Soeharto era. Economic crises in ASEAN in 1997 had impact on Indonesia that leads to political instability. At the same time, Indonesians demanded structural changes by toppling down the authoritarian government. The New Order regime ended thus power was not only centralised in governmental level. Non state actors such as NGOs proliferates because freedom of association has been guaranteed by new government. Through democracy, check and balances coming from civil society is possible. People could have freedom of speech and associate to express ideas.

Institute Perempuan was found in 1998 after the end of Soeharto era. It is one of NGOs that concerns on women issues. Institute Perempuan believes in justice, equality, and humanity for women as an unavoidable part of human values for basic ground to build a democratic life. Some works of Institute Perempuan are providing critical education about gender issue, advocating women’s right through women empowerment, and also providing information (Institute Perempuan, 2018). Indonesia also has Komnas Perempuan, Lembaga Bantuan Hukum Apik, Koalisi Perempuan Indonesia, Yayasan Lentera Sintas Indonesia, and many more. They network either in national or international level and giving pressure to government to be more aware that gender based violence needs to be mitigated.
The NGO’s role is vital by the current situation. Government could cooperate with them to eradicate gender inequality issue. They are critical by providing alternative information to make sure government has worked properly. It means that they have function as check and balance for the ruling party in a state. Their research program could be used by government to calculate certain mechanism for the issue. Work in grassroots level, it gives benefit for NGOs because they engage directly with society or even victim of gender based violence, making them know and understand how the problem is. This point of view is important and could not be possessed by government who could only work at macro level. Besides, they have legitimacy because supported by knowledge and scientific ideas as alternative information that could be accessed by public. It is important regarding the fact the judicial officers tend to be bias and less aware towards the victim. The role of counter-discourse also matters to enlighten society such as the prohibition of violence in the name of religion or culture.

Media also has important roles regarding gender based violence issue because not all media is sensitive to gender. By the advance of technology at current situation, in 2016, UN Women launched the Step it Up for Gender Equality Media Compact in March 2016 that focuses on gender equality and women’s rights issues. They report, disrupt stereotypes and biases. They do it continually to remain that the problem really exists. They research and coverage issues either in news or entertainment industry. Networks of media is facilitated by UN Women. At the same time, journalist could get training how to cover gender issue. They could reach audience broader making easier raising awareness about gender issue specifically in violence against women.

Indonesia: The Rising Religious Conservativism as The Challenge for Gender Equality

AWID (2015), explained that religious fundamentalism is manipulation of power by state and non-state actors to limit rights of people. It claims that it is backlashing the value of justice, equality and compassion. Religious fundamentalisms claim to protect and preserve the tradition. The fundamentalists think that culture authenticity is important and needs to be restored. They believe that gender justice comes from western value thus it is undermined by them. In traditional society, women constructed to have certain role. AWID added that women is symbol of collectivity. Women are considered to preserve the culture and social norms. Indonesia might not experience the rise religious fundamentalism that associates to violence, but the same pattern is also applicable to religious conservativism, the undermining of women position. For example, some women is not obliged to continue her study because being mom is better.

The growing of religious conservativism Indonesia is reflected by the growing of intolerance attitudes towards non-muslim believers. It is noticed by The Wahid Institute, an NGO established by Abdurrahman Wahid, former Indonesian president. Minority believers such as Ahmadiah were attacked by majority muslim just because they claim that they are infidel (Jakarta Post, 2018). It does not only give negative impact for minority people but also women from minority community. Thus, we need to look intersectional dimension of women, the gender and role and their identity.

According to AWID (2015), there are five negative impacts of religious conservativism for women. They are the limitation of health and reproductive rights, the body autonomy, restrictions on sexual rights and freedoms, and less rights for women to mobile. That’s why at certain cases, women are hard to have right to speak in family because it is justified by religion. Regarding to gender based violence issue, it is also justified by conservative interpreted holy book that husband is allowed to hit his wife when she commits mistake.

Conclusion

Indonesia has many problematic issues, one of them is gender based violence. Gender based violence is the use of violence targeting person based on gender. By strong patriarch culture, the perpetrator usually man and victimize women. It is not only Indonesia has the problem but also another countries. That is why gender based violence becomes global issue and international society raise awareness to overcome the problem.

This paper provides more comprehensive to analyse gender based violence in Indonesia because the writer uses the understanding of international institution such as United Nations and European Union that
cooperates with Indonesia addressing the issue. Besides, the mechanism on domestic level is offered by the analyses of non-state actors such as NGOs and media. By the rise of religious conservativism in Indonesia at current situation, the writer states that gender issue faces new challenge.

Recent years Indonesia has cooperated with international institution such as United Nations to eradicate gender based violence. As a member of United Nations, Indonesia has ratified Convention on the Elimination of all Forms of Discrimination against Women (CEDAW) in 1984. It was the commitment of Indonesia for the issue. National government could use the value as guidance and integrate into national policy. UNFPA and UN Women also work collaboratively with Indonesia by providing support for local NGOs such as Puan Amal Hayati, Islamic civil society that aware on gender issue. They support by giving funding for them conducting research or women empowerment. The same case also reflected by the support of European Union for developing countries such as Indonesia. It gives €75.5 5 billion for gender equality program.

Meanwhile at the grassroots level, some Indonesians NGOs also put attention to the gender based violence. Institute Perempuan, LBH Apik, Koalisi Perempuan Indonesia, Yayasan Lentera Sintas Indonesia, are some of example of the NGOs. They network and put the same awareness that violence against women is problematic issue. They could check and balance the government position whether it is effective. They raise awareness by many ways such as providing alternative information or conducting research and counter-narrative regarding gender issue. The research result could be used to measure and determine what mechanism or the challenges of the problem. Besides, they could raise awareness by helping victim of gender based violence through giving support such as in law process.

Based on the illustration above, gender based violence is global issue. By the emerging of global governance, states and non-state actors has the same goal and awareness about gender issue. State could not work by themselves because they need the NGOs role to be more grassroot. NGOs also could not work fully independent because at certain point they need financial support from state to operate. The use of media in raising awareness gives the chance to reach more audience.

Even though global governance provides more participation for all actors in eradicating gender based violence, but challenge is always there. Today, democracy and pluralism in Indonesia are under attack. The rise of Islamic conservativism among the citizen does not only threat the non muslim citizen but also women. Islamic conservativism believes that woman is not more superior than man. They enhance the patriarch culture and justify the use of violence.

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Part IV
Disruption in Political and Security: The Impact of Power Shifts to Global and Regional Politics

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The Origins of Indo-Pacific: Political and Military Dimensions

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ABSTRACT

The ‘Concept of Indo-Pacific’ denotes a regional cooperation framework or grand strategy of trade, economic, political and military issues for the countries of the areas bordering this Earth’s seas.

Recently, the Indo-Pacific has attracted unprecedented attention because of its over-reaching political and military dimensions featuring the regional powers and the United States against China. Indo-Pacific concept is attributed to the desire to address some of the scathing geopolitical and geo-strategic problems among the Asian democracies and the rise of new economic power — China in the Region.

Mainly, the US, Japan, India and Australia — The Quad — are driving the renaissance of the Indo-Pacific idea justifying the need to adopt measures to counter the Chinese threats and influences related to political, military and economic aspects. The assertiveness of China in the region has threatened Australia, India, Japan and also countries of ASEAN — Vietnam, the Philippines and Indonesia. The connection between the four countries has made it necessary to embrace the appropriate measures by forging a regional alliance to enhance their bargaining power. That is how the ‘Indo-Pacific’ came into being.

Interesting to note whether ‘Asia and Western Dominance’ theory is still relevant? Who, then, will ‘rule’ the ‘Indo-Pacific’? Whether Mackinder’s “Theory of Heartland” still relevant to Indo-Pacific? This is all to be answered.

Keyword: Indo-Pacific, Quad, Political, Military, Economic

Introduction

The term ‘Indo-Pacific’ is originally a bio-geographic natural feature which covers a wide range of the region of Earth’s seas, comprising the waters of the Indian Ocean, the Western and Central Pacific Ocean, and those connecting the two oceans in the South China Sea — or in other words the seas connecting the two in the general areas of Indonesia. It is also known as the Indo-West Pacific.

The ‘Indo-Pacific’ term is being used especially in marine biology, ichthyology, and similar fields since many marine habitats are continuously connected from Madagascar to Japan and Oceania, and a number of species occur over that range, but are not found in the Atlantic Ocean.

The ‘Concept of Indo-Pacific’ in terms of International Relations denotes a regional cooperation framework or a grand strategy of trade, economic, political and military issues for the countries in the region bordering the Earth’s seas that comprise the tropical waters of the Indian Ocean as well as the Western and Central Pacific Ocean. This concept excludes the temperate and polar sections of the region as they are considered a different marine realm.

Despite the fact that the concept of Indo-Pacific came into popularity in the 21st century, its emergence dates back to the 19th century. Alfred Thayer Mahan’s very well known writing ‘The Influence of Sea Power upon History: 1660–1783’ (1890) provides an insightful account of the manner in which sea power is a strong political and military construct. According to him the 17th and 18th centuries were dominated by the strife to attain sea power for political, military, and economic pursuits. The line of thought presented in his book...
depicts the level of determination and willingness to harness the power and political control alongside the coastal regions through cooperation among states as currently being exercised in relation to the emergence of the Indo-Pacific concept. In the recent past, the Indo-Pacific has attracted unprecedented attention in the international forum because of its over-reaching political and military dimensions featuring the regional powers and the United States (US) against China.

“Then what is the Indo-Pacific? Although it has been transformed from a bio-geographic concept into a strategic one, this is nothing strategically new because the area has been and will be covered by the USPACOM or US Pacific (now called the Indo-Pacific) Command headquartered in Hawaii for seven decades”, stated Kuni Miyake, president of the Foreign Policy Institute and research director at Canon Institute for Global Studies (2018).

While speaking in a symposium titled “Democracies and Alliances in the Indo-Pacific” co-organized by the Pacific Forum CSIS, Tama University’s Center for Rule-Making Strategies and the US Embassy in Tokyo Miyake emphasized the Japanese perspective on the concept of the Indo-Pacific. Further, Miyake underlined that this jargon has been frequently used particularly since November 2017 when US President Donald Trump referred to the “Indo-Pacific region” over and over again during his first tour to Asia.

Miyake questions the audience that how did the rest of the world view Trump’s remarks? While quoting a BBC correspondent’s report he remarks that Indo-Pacific is something to “define America’s new geopolitical view of Asia” but is only “a different way of labeling what we usually call Asia-Pacific, emphasizing the rise of India in the face of China’s growing global” challenges.

Miyake confirms, “I don’t buy this argument, simply because the term “Indo-Pacific” is by no mean a relabeling of “Asia-Pacific,” which we have been using for decades. The concept is not just emphasizing the rise of India or the threat from China, either. It reconfirms the increasing role in global security that India has been playing for the past decade”.

According to Miyake in Japan especially in government official circles it is claimed that this seemingly “new” American concept was born in Japan. Japanese elite in Tokyo believe that the origin of Indo-Pacific concept belongs to the “Free and Open Indo-Pacific Strategy” ----a speech delivered at the TICAD VI meeting in Nairobi in August 2016 by Prime Minister Shinzo Abe.

While underlining about Japan and the origin of Indo-Pacific Kuni Miyake added, “Some of Abe’s supporters even assert that the origin could further date back to his December 2012 article “Asia’s Democratic Security Diamond” in which he proposed “a strategy whereby Australia, India, Japan and the US state of Hawaii form a diamond to safeguard the maritime commons from the Indian Ocean to the western Pacific”. In this article Abe referred to his speech in India 11 years ago, stating that “as Japan’s prime minister, I spoke of the ‘Confluence of the Two Seas’ and now, as this new ‘broader Asia’ takes shape at the confluence of the Indian and Pacific Oceans, I feel that it is imperative that the democratic nations” in the region work together”.

Meanwhile, Miyake specially argued about the term Indo-Pacific by saying, “Again I don’t buy this argument in Tokyo, either. There is no patent right to the term “Indo-Pacific” for many reasons; First, this is originally a bio-geographic concept for a region of Earth’s seas ... Second, the strategic term “Indo-Pacific” seems to have first appeared in an article “Security of Sea Lines: Prospects for India-Japan Cooperation” written by an Indian Navy scholar in a January 2007 issue of academic journal. Since it is “Indo-Pacific,” not “Pacifico-Indian,” the concept seems to be more Indian than Pacific”.

Background of the Origins of Indo-Pacific

The rise of the concept of Indo-Pacific as a significant political issue is attributed to the desire to address some of the scathing geopolitical problems among the Asian democracies and the rise of new economic powers such as China in the Region. The rise of China as a massive economic and political power in Asia has led to the emergence of another wave to counter its massive influence, considering the fact that the Asia-Pacific ideologies have been conquered. However, some proponents argue that the strategy is not solely about China, but rather for the benefit of the Indo-Pacific region (Wong, 2018).
India, Japan, Australia, and the United States are some of the key countries, driving the renaissance of the Indo-Pacific idea, owing to the political implications associated with the notion. The position of the United States has always been threatened by the emergence of China as a powerful state, justifying the need to adopt measures to counter the influence. On the other hand, the assertiveness of China in the region has threatened some other countries such as Australia, India, and Japan. The connection between the four countries has made it necessary to embrace the appropriate measures by forging a regional alliance to enhance their bargaining power. For instance, China accounted for 34% of Australia’s total exports in 2016, a clear case of economic dominance (Rej, 2018). Minimization of such dominance is instrumental in cutting down the influence of China in the region and, thus, buttressing the interests of the four countries.

The United States feels threatened due to its traditional security alliance with Australia, as such close ties between China and Australia may adversely affect the US. Therefore, the United States is a proponent of the concept as a way of enhancing or preserving its political and military influence in the region.

The involvement of India in the equation is by default a balancing act, considering the centrality of India in the region. The modern conception of a Free and Open Indo-Pacific idea was purely a geographical connotation that placed India as the pivot between the developed economies of the Asia-Pacific and the emergent economies of South Asia, Southeast Asia, as well as the East African region (Rej, 2018).

India is the second populous nation after China in Asia and enjoys one of the most robust economies across the world, making it an ideal partner. The inclusion of Japan as a strategic partner stems from the fact that it enjoys the strongest military prowess in the country in terms of mission and strategic positioning. Therefore, the distribution of power challenges or the inherent imbalance on the political, economic, and military strength of the countries in the Asia-Pacific region have instigated the emergence of Indo-Pacific to remedy the situation.

Historically, the primary origin of the concept traces back to the writings of Kalidas Nag in the book *India and the Pacific World* in 1941. It is regarded that he is the first person to propose the concept. Today, countries in the region perceive the idea of the Indo-Pacific as a conspicuous platform for the executions of political and security schemes.

The modern notion of Indo-Pacific is attributed to the Shinzo Abe, the Japanese Prime Minister. He made a clear definition and articulation of the Indo-Pacific concept in an August 2007 speech to the Indian Parliament (Sircar, 2018). The speech alluded to the notion of cooperation or coming together of the Pacific and the Indian Oceans to forge a strong alliance in the region. The sentiments were echoed by Narendra Modi, the Indian Prime Minister, in a subsequent ‘Shangri-La Dialogue’ in Singapore. Introducing Modi was more articulate in outlining the elements of the vision for Indo-Pacific by seven elements underpinning the cooperation as follows (Sircar, 2018):

- The conception of Indo-Pacific as a free, open, and inclusive region,
- ASEAN (Association of Southeast Asian Nations) /Southeast Asia as the center of the Indo-Pacific
- Common rules-based order for effective control and the uniform pursuit of shared goals
- Equal access to the use of shared maritime and air spaces with minimal or no restrictions
- Connectivity
- Globalization
- Cooperation as opposed to competition in economic aspects

**The Rise of the Indo-Pacific**

The rise of the Indo-Pacific is attributed to interplay of bio-geographical, geopolitical, and economic factors. It is a well known fact that the Indo-Pacific is largely characterized as a bio-geographic region on the Earth’s seas espousing the tropical waters of the Indian Ocean and the Western and Central Pacific Ocean (Pattiradjawane & Soebagjo, 2015). The bio-geographical identity is one of the peculiar features used to identify and distinguish the region and thus can be identified as such outside the confines of the social, political, and economic inclinations. It is one of the most culturally diverse and biologically rich regions across the world.
The tropical Indo-Pacific region boasts of different islands that stretch from Indonesia to Polynesia (Eastwards) and Micronesia (Northwards). Melanesian island of New Guinea which is considered as the world’s largest and highest tropical island lies at the center of the region.

In essence, it is a unique region synonymous with the contemporary challenges of the over exploitation of resources that threaten the biological and cultural diversity. The incomparable uniqueness of Indo-Pacific arises from the geographic position of the region at the intersection of Asia and the Pacific. Therefore, the rise of Indo-Pacific as a unique bloc is attributable to the bio-geographical components of the region.

The US, India, Japan, Australia Quadrangle is an instrumental milestone in explaining the rise of Indo-Pacific as a distinct socio-economic and political agenda. The Quadrilateral Security Dialogue commonly referred to as the Quadrangle or the Quad is a casual strategic discussion between the US, India, Japan, and Australia.

It is almost accepted in the international affairs arena that the talks were initiated by the vision of Shinzo Abe, who outlined the renaissance of the Indo-Pacific concept in 2007 as a robust concept in his very well known speech (Pattiradjawane & Soebagjo, 2015).

The idea was vehemently backed up by the then Vice President of the US, the Prime Minister of India, as well as the Australian Prime Minister. The discussions between the parties were titled by the enhanced scale of operations through the Exercise in Malabar, a trilateral naval exercise initiated by the United States, Japan, and India.

The purpose of the Quad is largely perceived to be a diplomatic and military arrangement that brings into play its broad political connotations. The fact that it was also brokered through political figures in the respective countries also demonstrates the deep political inclinations that tag along with the Indo-Pacific.

Over the years, the influence of the United States in the Asian region has declines ostensively, with China taking up the position as one of the most influential states due to its economic, military, and political influence in the region. Meanwhile in the advent of the 21st century, the US was largely pre-occupied with the assertion of its military and political power to Iraq and Afghanistan in the guise of enhancing security and fighting terrorism.

The focus on such areas largely distracted the United States from the affairs of the Asia-Pacific, giving the country no influence in the major power shifts (Matsuda, 2017). China seized the opportunity to emerge as a key player in the region due to economic power, which in return served to undermine America’s role and influence in the region.

In response, the United States sought to contain the influence of China through strategic partnerships with democracies at the periphery of China. Alliances between the US, Japan, Australia, and India formed the most possible framework of cooperation to handle the situation. However, the development of close military ties between the US and India has not fully materialized (Blank, 2007).

China was also keen on enhancing and protecting its position in the region, leading to the imposition of formal diplomatic protests to the members of the Quadrangle. Today, there exists a comprehensive military cooperation between the nations, affirmed by the staging of the US Marines near Darwin of Australia, whereas India, Japan, and the US still engaged in the joint naval exercises at Malabar in India.

According to Bishoyi (2014), the Indo-Pacific region is an emerging geo-strategic and geo-economic concept attracting dense significance in the political and military circles. The entity comprises of sea regions and shorefronts with diverse cultures, ethnicities, religions, economic models, as well as governance structures with a common feature ---the sea.

The region is rich with raw materials, oil, gas, and other natural resources that have scaled labor, capital, and the production of consumer goods flowing to other regions. The geo-strategic implication of this idea is that the emergence and development of global powers are controllable through the control of the movements of goods in the region.

Security threats also offer a key insight into the geo-strategic aspects of the region. The Indo-Pacific region offers a key platform for power competition and rivalry. The shift from traditional rivalries such as competition...
over maritime territory, sovereignty, as well as resources to contemporary non-traditional threats namely international terrorism, piracy, environmental challenges, and drugs trafficking presents a new set of threats (Bishoyi, 2014).

The new challenges justify the adoption of new strategies and cooperation agendas to address such issues amicably and hence the rise of Indo-Pacific to address such concerns. The geo-strategic imperative of the region from the point of the United States materializes from the attempts to implement US rebalance strategy. Considering the centrality of the region, the Indo-Pacific idea indirectly spearheads the protection and promotion of the American national interests through the acceleration of economic and diplomatic ties. The focus is directed towards traditional allies such as India and emerging partners such as Indonesia among others (Syofian, 2018). However, China considers the vast rebalance strategies as attempts to contain its influence due to the increased engagement between the US and the Chinese regional allies and developing powers.

**Political and Military Dimensions**

The Indo-Pacific region is a major international geo-political and geo-strategic landscape woven in political and military architecture. The National Security Strategy of the US considers the Indo-Pacific as stretching from Western shores of the United States to the West Coast of India and, thus, representing the most populous and economically dynamic area of the world (Matsuda, 2017). Despite it being considered as a ‘Free and Open Indo-Pacific’ in the view of the spirit of its emergence in the 21st century, the idea tags along with far-reaching political and military dimensions (Rej, 2018). The political and military dimensions emanate from the desire to counter the overreaching Chinese influence in the military, political, and economic spheres.

In the wake of the 21st century, China emerged as a primary figure in the international political arena due to its assertive international policies. The leadership of Xi Jinping has spearheaded numerous attempts to secure hotly contested territorial and maritime claims, and thus negatively affecting the regional states. The Chinese political influence reaches beyond the region to South Asia, the Eurasian, as well as the African continent (Rej, 2018). The pursuit of the military, economic, political power by China to enhance its capabilities and global reach has prompted an intense recalibration of the foreign policies and cooperation frameworks for major states.

The notion of Indo-Pacific tags along with an important concept of military signaling through the upsurge of military drills in the recent past has changed the whole scenario. China has an enhanced blue water navy that undertakes its missions in the oceans, causing jitters and suspicion over the regional powers (both traditional and emerging) due to the potential control by China (Chacko, 2014). Tackling the dominance and military developments of the Chinese has become a key driver of the Indo-Pacific idea.

The Japanese military strategists have incorporated military drills and cooperation with friendly or willing forces across the world as a statecraft tool. The idea is depicted by the involvement of the country in the US-India Malabar military exercises. Japan was involved in the 2007 version of the Malabar military exercises, conducted far from the Indian Ocean, marking the involvement of the Japanese navy for the first time in the history of the exercises spanning for decades (Khurana, 2014).

The security and military drills involved comprehensive anti-submarine warfare training. Astonishingly, the exercise took place days before the Chinese Premier Wen Jiabao gave a speech in the celebration of the Japanese Basic Treaty of Friendship and Cooperation. Today, Japan has become a strategic partner in the Malabar military exercises, with further drills occurring in the South China Sea, which was considered as an unlikely event by various security analysts considering the Japanese military involvement (Khurana, 2014). Such issues demonstrate the political and military dimensions of the Indo-Pacific, largely spearheaded by the influence of the United States and the regional states.

The other political and military dimension of the Indo-Pacific agenda is the strengthening of political and military standings of nations through the formation of alliances and strategic partnerships. Deepening ties between nations is a sign of military and political interconnectedness in the sharing of ideas and actions in the pursuit of common interests. For instance, Japan’s bequest with the right of collective self-defense
compounded by various security reforms in the country has led to enhanced military cooperation with the United States and concurring partners.

The Indo-Pacific idea has opened up nations for military gains through formal cooperation ideologies, which could have been largely impossible within the confines of the broad Association of Southeast Asian Nations framework. Japan is the most notable party to have made use of the opportunity, as depicted in the ‘Guidelines for Japan-US Defense Cooperation’ (2015) that govern the alliance. One of the key provisions in the alliance framework is the provision of a permanent cooperation framework between the US and Japan militaries to achieve a regular coordination of military policies.

The idea of capacity building to strengthen the military strength of countries in the regions is another important military dimension of the Indo-Pacific Strategy. Indo-Pacific contextualizes the need to have a robust security apparatus for the South-East Asian countries to promote their maritime safety, an implication that the military sense of the Indo-Pacific Strategy is not pegged on the regional countries but rather the entire South-East Asian countries.

The scenario is pointed out to by the numerous efforts made by Japan in the coordination of its Coast Guard, as well as the collaboration with development agencies for the provision of training programs and patrol vessels for nations such as the Philippines, Vietnam and Indonesia to enhance their capacity to secure themselves. (Pattiradjawane & Soebagijo, 2015).

On the other hand, Indonesia is also hinged on a defense-in-depth strategy that hangs on deliberate protraction of conflict and guerrilla tactics. (Marzuki, 2018) Such forms of military or security or safety assistance can only be understood within the purview of a military dimension. The revision of Japan’s Official Development Assistance (ODA) Charter (2015) should as well be viewed from a critical perspective. The charter alludes to the centrality of Japan in contributing towards peace and prosperity as an important measure towards the attainment of a stable international community, as well as in the protection of Japan’s national interests. Therefore, the extensive ODA program to India goes beyond the mere developmental and economic agenda to pursue efforts of strengthening the ties between India and Japan, while overlooking China.

The uncertainties surrounding the Indo-Pacific strategy demonstrate the highly contested political and military dimensions of the idea. The nations are wary of the increased tensions between the United States and China is driven by the objects of the Indo-Pacific concept. In essence, the open militarization of the concept can bring about various negative implications that outscore the positive social, political, and economic implications. However, the abandonment of the militarization approach can as well negate the effectiveness of the strategy. The uncertainties have made it difficult for some of the Association of Southeast Asian Nations (ASEAN) to make firm decisions and commitment to the Indo-Pacific strategy due to their close proximity and close ties with China.

An anti-China choice would be inherently detrimental in instances where the strategy fails. The tenability of the military cooperation and assistance offered by the US is largely uncertain due to the lack of a clear framework binding the bloc together. Such issues have always dealt with the Indo-Pacific vision a blow, leading to its less vibrant debates owing to the potential negative implications of the political and military landscapes harbored by the nations.

**Threat Perceptions**

The idea of threat perceptions in the Indo-Pacific strategy can be best understood under the concept of power politics as a theory in international relations. The power relations theory posits that the distributions of power and interests among nations are a key factor affecting the emergence of conflicts or war. (Walt, 1985) Accordingly, any changes to the distribution of power among nations are considered a principal influence on stability and instability.

Therefore, the power changes induce a sense of threat to some nations. Power politics offers a succinct way of understanding the various systems of international relations, including instances in which the shift of power can be regarded to as orchestrating threats to some nations and to the overall status quo. Different countries
pursue their interests and compete for the limited resources depending on the capacity of the individual nation to assert its influence. (Walt, 1985)

In essence, it is the advantage of one nation to harm another or interest of other entities in the pursuit of its interests depending on the level of political power. The activities of the Indo-Pacific and all issues stemming from the strategy emanate from the perceived threats among the nations as brought about by a shift in the power balance.

The idea that power politics prioritizes the interests of one nation over the interests of the other is inherently visible in the Indo-Pacific scenario. The countries in the region feel threatened by the increasing power and influence of China in the region. China is one of the most powerful states in the region, a status it has acquired in the recent past due to its economic, political, and military strength.

In response to the change in power distributions, countries are seemingly regrouping to form the Indo-Pacific to offset the threat and power imbalance thereof. The Indo-Pacific countries are afraid of a possible military, economic, or political aggression by China in a bid to entrenched its own interest. The United States perceives the advancement of China in recent years as a threat to its position and influence in the region, leading to the numerous efforts to rally other nations behind its ideas. In essence, all efforts in the Indo-Pacific are geared towards countering a perceived threat.

The “Guidelines for Japan-US Defense Cooperation” (2015) depict the perfect scenario in which the Indo-Pacific view is largely centered on threat perception. The guidelines offer a framework for the formulation of joint and flexible deterrent options. The concept of deterrence cannot prevail without a potential threat, an indication that the Indo-Pacific framework is committed to alleviating or minimizing issues that may be considered as threats, such as the excessive militarization of China as it is considered the major threat.

The United States has largely viewed the building of nuclear capabilities as one of the key challenges posed by the nations in the region, such as China and North Korea. The failure to prevent such instances has instigated the desire for the US to stem such threats by forging alliances with countries in the region under the Indo-Pacific agenda to pursue military and political reasons. The involvement of the Japanese navy in the joint naval exercises in Malabar can be effectively construed as a response to the threat of Chinese coercion at sea due to its vast navy manning the seas.

The Uniqueness of the Move

Despite the expansive nature of the Indo-Pacific agenda and significantly apparent attributes, it harbors some unique features that largely paint a different feature from the contemporary assumptions. The first unique issue emanates from the concept of Western domination. The Western countries have largely dominated the Asian region through various measures in pursuit of their interests. Some critics point out that the West has always been exploitative and out to spread its imperialism in the country. In this context one can find detail information and analysis presented in a tremendous book Asia and Western Dominance: A Survey of the Vasco Da Gama Epoch of Asian History, 1498-1945. (K.M. Panikkar. 1953)

Such criticisms have been abandoned as depicted by the suggested cooperation avenue brought about by the Indo-Pacific agenda, bringing on board Australia and the United States to collaboratively work with the countries in the region. However, the debate on whether the Indo-Pacific ordeal is fashioned for the benefit of the Asian nations or the US still remains controversial (Chongkittavorn, 2018). Apparently, the arrangement can be largely described as a mutually benefiting exercise due to the various exchange programs and assistance measures, especially military interventions extended on the nations.

The other unique aspect of the Indo-Pacific agenda is the historical account of the United States and the region, which can be considered as a surprise in the face of the cooperation witnessed today. In the recent past, the United States has never demonstrated any serious interests in the region, but was rather preoccupied with issues and cooperation in other regions such as in Iraq and Afghanistan to fight against terrorism. But the emergence of China as a great power in the area triggered its attention to the region under a mutually benefitting framework. The countries benefit from military assistance from one another, regardless of their strained history.
Astonishingly, the sense of collaboration between the US and Japan is a huge surprise, considering the bitter history between the two nations. For instance, the atomic bombings of Hiroshima and Nagasaki in 1945 that brought to an end the Second World War were detonated by the United States, depicting the level of animosity likely to play between the two nations. However, the Indo-Pacific agenda has risen far above that to entrench enhanced international relations.

The other unique aspect of the Indo-Pacific agenda falls within the purview of the impact of power shift to global and regional politics, especially in the formation of alliances. The formation of alliances is not solely pegged on the idea of fighting wars but also on the prevention of wars. A country seeking to avoid getting into war into another rival country may seek to enter into an agreement to facilitate peace among them. However, such alliances are only formed in the face of changing power balance and increasing instability.

Considerably, the emergence of China as a major Power in the region apparently threatens the existence of the US as it curtails its dominance and influence in the region. The expected outcome is the striking of a cooperation framework or alliance between China and the United States to avert possible war or disagreements. However, the opposite actually happened. The US did not go for the powerful state to make an alliance to ensure the protection of its interests but rather chose to focus on the less powerful states in the region as a way of buttressing its position.

Conclusion

Various occurrences recently in the social, political, and economic spheres have led to the disruption in political and security fields across regions and the world. The emergence of China as a major power in the recent past is one of such developments threatening established super powers such as the United States.

The Indo-Pacific idea has been specially fashioned to address such issues by incorporating the nations in the regions, as well as by attracting like-minded countries in an inclusive perceptive. From an exclusive perceptive, the strategy has sought to exclude some of the countries considered as threats to the prosperity of the countries in the region, especially China because of its economic, political, and military strength and influences.

The outplaying threat perception emanates from the military, geo-political and geo-strategic compulsions associated with the region. The tensions may point out to a possible war or conflict at large scale if such issues surrounding the Indo-Pacific debate are not handled effectively. In essence, the ever-increasing military synergy between the US and Japan threatens to fuel threats, suspicions, and strained relations among some nations.

The informality of the agenda pursued in the Indo-Pacific also threatens to strike down the continuity of the agenda, considering that the lack of a concrete command structure to offer sound leadership is a major weakness. The military upsurge and the political interplay of issues in the region depict the true dimension of the Indo-Pacific strategy as a reaction to the increasing Chinese assertiveness.

It would be interesting to observe from the point of view of the Science of International Relations, and National as well as Regional Development whether Panikkar’s theory of ‘Asia and Western Dominance’ is still relevant? Whether the combination of Western and Eastern dominance will take place on the Far East i.e. China? Or Far Eastern (China) dominance will take place on the Western plus Asian spheres? Or there would be no more dominance either? Who, then, will ‘rule’ the ‘Indo-Pacific’? Should we all go back to Mackinder’s “Theory of Heartland?” (Halford John Mackinder, 1904) Or, only the human development, prosperity, peace and progress will be the objectives of all?
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New Diplomatic Challenges Facing ASEAN

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Abstract

After 51 years of enlargement and development, ASEAN has established itself as one of the most successful regional organizations in the world. However, it is not devoid of challenges and problems. This is especially important as the world economy is slowing down and leading to an accelerated shift of global balance of power. Though ASEAN Community was officially declared in 2015, there are still many challenges facing ASEAN, like the industrial revolution 4.0, non-tariff barriers, human rights violations, religious extremists and “elites game” title, just to name a few. A resilient and competitive ASEAN (ASEAN Economic Blueprint 2025) not only needs the support of its dialogue partners, development partner and other friends, but the internal factors also, which would be the core antidote to new challenges. Strong leaderships, regional identity building and strengthening and ASEAN unity will help ASEAN face its challenges more firmly. The author has applied the qualitative analysis to get in-depth understanding of the new diplomatic challenges facing ASEAN. This article focused on new challenges facing ASEAN and looks at ways of strengthening ASEAN regional identity to deal with those new issues.

Keywords: ASEAN, ASEAN Community, New Challenges, Regional Identity, 21st Century

Introduction

When the five founding fathers of the ASEAN (Association of Southeast Asian Nations) signed the historical Bangkok Declaration in 1967, Southeast Asia was confronted with conflicts and the potential instability of communism. Also, these newly independent nations did not want to rely too much on the major powers most of which belonged to the comity of former colonial powers. To halt communism and also develop their economies which were essential to protect their countries, the five founding fathers tried to achieve stability through uniting and cooperating.

It has been 51 years since ASEAN was founded. In that time, this region has expanded to include ten member states and has been viewed as promising and a vibrant regional organizations in the world. In other words, the regional cooperation way of ASEAN achieved great success, in terms of remaining peaceful, developing at a high growth and playing its role as leading regional organization regionally and worldwide.

There is no doubt that ASEAN is a successful example of open regionalism, however, it faces challenges and problems currently. Especially as the world economy slows down, some super powers tend to compete in international trade. The Asia-Pacific region is an important area which is comprised of many stakeholders and players. In this article, we will examine the diplomatic challenges and possibilities facing ASEAN as a regional organization in this area. In addition, in order not to be left behind in this competitive world, the following questions will be answered in this article: What strategies could help ASEAN go forward? How can ASEAN counter the issues?
Literature Review
21st Century Diplomatic Challenges of ASEAN
Political-Security

ASEAN is being confronted by the unpredictable conditions in the South China Sea issue, and the internal transboundary conflicts among member states.

ASEAN is composed of ten small or medium size countries, with limited military capacity. Member states tend to lean on major powers in the world to ensure their political-security. Historically, ASEAN chose to stay away from the competition of the former super powers. Currently, it’s more difficult for member states to stay neutral as the economies are heavily dependent on larger outside economies and the increasing friction between China and the USA.

As [Intal Jr, 2018 #133] said “South China Sea issues have markedly raised regional security uncertainty in the region. More recently, the ascendancy of a more nationalist, less open and more populist South China Sea issues has markedly raised regional security uncertainty in the region. ‘America First’ US administration has also drastically increased uncertainty on the economic and trading environment between the US and East Asia”. The South China Sea issues may be a test which could either weaken or bring prestige to ASEAN. Singh (2018) also claimed that “the world, including the Asia-Pacific, will become a more contested place between rival powers and hence more prone to tensions and disorder”. Though ASEAN and China announced the first draft of code of conduct South China Sea on 1st August 2018, which was a great step towards peaceful and cooperative solution. Nevertheless, territorial disputes remain as unsolved like before. As Singapore Foreign Minister Dr. Balakrishnan said, “The agreement does not mean negotiation is over and it was never meant to resolve territorial disputes”.

The different choices of allying with different sides also makes the situation worse. Obviously, some member states tend to rely on the military support from US and expect their support when dealing with emerging power China whenever something happens in South China Sea. In this situation, ASEAN member States could be easily influenced by outsiders and they don’t have the same standpoint towards certain issues, which is the biggest diplomatic challenge currently. Whether all of these ten countries could unite together remains to be seen.

Economic

The political contest between the US and China without doubt has an influence on the economies of ASEAN. The recent trade war between US and China has lasted for some time. We could never imagine how much influence it would have on the world’s economy in such a globalized era. Though these two countries have made a statement to stop trade war on 20th May 2018, they have imposed sanctions on each other’s goods and it will not stop in a short time. On 24th September 2018, a further tariff on $200 billion of Chinese goods went into effect to which China responded with tariffs on $60 billion goods of US. As Moeller (2018) considered that “trade wars disrupt global supply chains casting doubt over the future of economic globalization”. The trade war will impair the economy of Southeast Asia at least in short term.

The ASEAN Economic Community was officially launched in 2015. However, internal trade among ASEAN community remains at around 25%, and many non-tariff barriers are still prevailing in this region. Compared to tariffs, non-tariff barriers are less visible and harder to calculate. Just as Medalla and Mantaring (2017) said that “Non-Tariff Measures (NTMs) could be justified for different reasons such as health, security, environment, and consumer protection. However, they could adversely affect the global and regional production chains by unnecessarily increasing the cost of doing business”. One officer of ASEAN secretariat who wants to remain anonymous also implied that they haven’t finished evaluation or surveillance of non-tariff barriers yet. Consequently, whether member states will use non-tariff barriers is still uncertain. The former Thailand Prime Minister Vejjajiva (2017) also considered that strong political will is required at the national level to change domestic laws under the AEC pillar.
In addition, emerging technological competition in the world also mean that ASEAN must catch up. Lacking appropriate labour skills could be another problem. “Arguably the most momentous challenges for ASEAN Economic Community will come from the spread of the Fourth Industrial Revolution. A set of highly disruptive technologies, such as artificial intelligence (AI), robotics, block-chain and 3D printing, is transforming social, economic and political systems in often unpredictable ways, putting huge pressure on leaders and policymakers to respond” (Bank, 2017)

Member states are also in different stages of economic development. The richer economies are willing to sign bilateral agreements with outside partners, which are deemed as having more value (Vejjajiva, 2017). This would influence the decisions of investors who see ASEAN as a unified market.

Socio-Cultural

So far, the socio-cultural pillar has aroused most criticisms that ASEAN is basically a top-down elitist game. Terms like people-centered, people-oriented and caring society are clearly written in the ASEAN Social-cultural Community blueprint. To what extent has ASEAN taken account of all people’s inputs still arouses many scepticism. One sad example is the Rohingya ethnic group’s unexpected long and serious suffering. As an ASEAN community, other states are tangled with “ASEAN Way”, “No interference” and “Consultation”.

According to former Thai Prime Minister Vejjajiva (2017), “Already establishing the ASEAN Intergovernmental Commission on Human Rights, its mandated remains limited and ordinary people have not seen its role whenever human rights in their perspective countries are at stake, even in high-profile cases”. Similarly, the violation of the human rights of people in Rohingya was criticized by a Malaysian scholar Thuzar (2015), she said that “the volatile situation in the Rakhine State of Myanmar may yet put ASEAN again in an uncomfortable position, especially if the humanitarian crisis escalates The Rohingya issue will test ASEAN’s credibility and capacity in managing intra-mural conflicts.” (Beng et al., 2015)

Another challenge facing ASEAN community is that ASEAN regional identity and ASEAN awareness are still invisible. As the most successful regional organization, ASEAN citizens do not have a strong sense of belonging stressed in the documents or agreements. Southeast Asia, with its diverse culture and multiplicity of ethnic groups makes it even harder to form an ASEAN regional identity. In the 2018 ASEAN Community Forum, the ASEAN senior official Mr. Hilmar Farid gave a talk during the opening ceremony, he claimed that “Lack of awareness, sense of identity and issues of connectivity are some of the challenges facing the ASEAN Community. Awareness of ASEAN is far from daily reality; not many know about ASEAN and this is a serious issue”. Whether ASEAN could represent the ASEAN people and help the people probably will decide how far ASEAN goes.

Research Methodology

This study has applied the qualitative analysis to get in-depth understanding of the new diplomatic challenges facing ASEAN. The way and the place where we collect the data basically decides the authenticity of the study. To ensure the accuracy and rationality of the study, the author has collected data mainly from prestigious research institutes of Southeast Asia like ISEAS Yusof Ishak Institute, S. Rajaratnam School and Economic Research Institute for ASEAN and East Asia. The author also collected data from ASEAN Secretariat and ASEAN Foundation website, which are official bodies of ASEAN. Some government and official documents were also cited and analyzed in this paper.

Through analyzing the data that have been collected, the author is able to find out what main challenges are facing ASEAN. Furthermore, conclusions and recommendations will be given based on findings and analysis.

Conceptualization and Operationalization

What is regional identity?

To give a relatively clear definition of regional identity, firstly we take a look of the definition of identity. According to Acharya (2017), “Identity refers to an actor’s (which may be a person, group of persons, state, or group of states) sense of being unique or distinctive because of physical and social attributes, values, and
patterns of behavior. Identity is a function of two main factors, which are mainly subjective. One is how an actor sees itself. The second is how others or outsiders see that actor.” The two of course are dialectically connected. Central to this notion of identity are social values.

ASEAN is the short form of Association of Southeast Asian Nations created in 1967. It was socially defined by five founding states, in the process of enlarging, recognized as a 10 states’ regional organization. ASEAN regional identity is different from Southeast Asia’s identity. ASEAN identity is a reflection of Southeast Asian identity but is not identical to it. ASEAN identity is more recent, more artificial, and more dependent on political and strategic forces than Southeast Asia’s (Acharya, 2017)

What is ASEAN regional identity? At first glance, we may feel it difficult to be precise. But it’s easy to identify what is not included in a region with strong regional identity. Just as formal Thailand Prime Minister Vejjajiva (2017) stated, “On the issue of rights, justice and welfare, which are not easily identifiable with the region, ASEAN might want to begin with the idea that it is a caring or a giving community. A caring community will not allow its people’s rights to be violated. A giving community will provide for the needy and the poor.”

ASEAN Charter Article 35 states that ASEAN shall promote its common ASEAN identity and a sense of belonging among its people to achieve its shared destiny, goals and values. ASEAN identity should not be only included among the elites, sense of belonging among the people has to be promoted. Intal Jr, Anbumozhi, Zen, Nishimura, and Prassetya (2015) argued that ASEAN identity may include two aspects, institutional identity and communal identity. The first one is comprised of the ASEAN institutions, programs, and initiatives and processes while the latter one refers to promoting of initiatives, processes, and sentiments of the ‘we feel’, ‘ours feeling’, and ‘we are in this together’. Institutional identity was already founded, and the ASEAN organizations have been trying various ways to strengthen its identity. However, the communal identity remains at a rather low level even ASEAN Foundation has promoted ASEAN awareness in different programs and projects.

Why is it so hard to form ASEAN communal identity? Firstly, ASEAN as an intergovernmental regional organization composed of ten member states which don’t have the same language, culture or even history. Secondly, only a minority of the ASEAN citizens can feel the tangible economic benefits, they tend to pay more attention to national interest and national identity. Thuzar (2015) assumed that there is still a gap between the pronouncements made on ASEAN regionalism and in the actual practice of participatory or deliberative processes in formulating and implementing these pronouncements (Beng et al., 2015).

Acharya (2017) also argued that ethnic strife and religious extremism could be the challenges to regional unity and identity. The bombings of Surabaya’s church and police stations in May 2018 proved that terrorism in Indonesia is prevailing in this region. In addition, he considered that the ASEAN identity suffers from a disjuncture between the official ASEAN and the people’s ASEAN, inter-states conflicts and China-US rivalry. So far, some member states could not sustain its neutral status towards US or China, it would impair ASEAN identity building. As Thuzar (2015) said,

The fundamental challenges lie in bringing together the separate strands of group and national identity under the rubric of long-term political, economic and social sustainability. Challenges or constraints to identity-building at the regional level stem from the challenges each of the Southeast Asian nations face in nation-building (including finding national identity) in the post-World War II years when many emerged from a colonial past.

ASEAN regional identity has been formed through ASEAN bodies, meetings, dialogue partners and numerous projects. Moreover, a portion of ASEAN citizens and other regions already feel the ASEAN. Nevertheless, there are many challenges still ahead of ASEAN, the fundamental one would be divergence of national interest and regional interest.

Why regional identity?

ASEAN officially announced the establishment of ASEAN Community in 2015. But what does ASEAN Community mean? The founding of ASEAN Community means people in this region are socially, economically, politically and culturally connected. Acharya (2017) pointed out that identity is the key to building ASEAN
Community. Without a strong regional identity, it’s almost impossible to strengthen ASEAN Community, let alone achieve ASEAN Community Blueprint 2025.

Vejjajiva (2017) said that ASEAN must bring its member states together and created a sense of shared destiny of peace and prosperity for all ASEAN peoples based on common ASEAN values with an ASEAN identity. Or ASEAN would be viewed as a loose group in the world and is unable to find its voice in the world. ASEAN as a regional organization already played its role in the world before. With all kinds of challenges, ASEAN must empower itself by taking all the people and bringing all stakeholders into account.

Strategies for the 21st century for ASEAN

Where there is a trap, there is always a way out. ASEAN is confronted with the diplomatic challenges both internally and externally, in the meantime, some trivial signals are detected by us. In the political aspect, the institutional designs which are initiated or led by ASEAN are still dispensable in this region, such as ADMM plus, ASEAN Regional Forum, East Asia Summit and APEC. Taking East Asia Summit for an example, ‘The EAS, which includes ASEAN+6, as well as the US and Russia, is the other institutional innovation that is becoming an important leaders-level East Asia’s transformation and regional architecture dialogue mechanism on regional security matters in East Asia’, according to Intal Jr (2018). Similarly, Bisley (2013) implied that the multilateral security mechanisms, embodied by ARF, ADMM Plus and EAS, ‘provide the opportunity to improve information flows, reduce the prospects and consequence of miscommunication and generate regular lines of contact to build a basic sense of trust among the region’s states’. Moreover, the fierce rivalry between major powers, such as China, Japan, US and India, actually gives the opportunity for small and medium size countries to play a leading role. The South China Sea issue has already cooled down since China and ASEAN have been working on the legally binding code of conduct. As the joint statement for ASEAN 32nd Summit said,

We underscored the importance of the full and effective implementation of the 2002 Declaration on the Conduct of Parties in the South China Sea (DOC) in its entirety. We warmly welcomed the improving cooperation between ASEAN and China and were encouraged by the official commencement of the substantive negotiations towards the early conclusion of an effective Code of Conduct in the South China Sea (COC) on a mutually-agreed timeline. We welcomed practical measures that could reduce tensions, and the risks of accidents, misunderstandings and miscalculation, such as the successful testing of the ASEAN Member States and China MFA-to-MFA hotline to manage maritime emergencies in the South China Sea, and the operationalization of the Joint Statement on the Application of the Code for Unplanned Encounters at Sea (CUES) in the South China Sea adopted on 7 September 2016.

Economically, ASEAN as the most highly integrated sub-region in Asia-Pacific area has the third largest population in the world. According to 32nd ASEAN Summit in Singapore, RCEP negotiation is going to be finished by 2018, which would greatly intensify the economic condition and capabilities of ASEAN. Industrial revolution 4.0 gives the opportunity for ASEAN to catch up, all the sectors and industries would be heavily influenced by new technologies, such as artificial intelligence, 3D print, ubiquitous mobile internet, advanced robotics and new forms of automation. If ASEAN could seize the chance and takes some measures to catch the trend, it would be an efficient way to surpass other regions and start to play a leading role in global supply chain. In addition, ASEAN as a ‘beautiful lady’ has been attracting many economies who provide many projects and programs. Bilateral ties with donor nations such as Japan, the European Union, US and China would promote the development of ASEAN, especially the Asian Development Bank (ADB), Asian Infrastructure Investment Bank and One Belt One Road initiative.

Socio-Cultural pillar has to start from building regional identity. Regional identity building could start from raising awareness. One of the ASEAN bodies ASEAN Foundation has been working on raising ASEAN awareness since it was founded. It has successfully arranged ASEAN Youth Video Contest, ASEAN Puppets Exchange and various work-shops, forums, to name a few. Through working with different stakeholders and partners, especially the young generation, an increasing number of people are more familiar with ASEAN and feel ASEAN. Though ASEAN Foundation is trying to sustain the projects/initiatives, funds are still hard to get, and the outcome of projects may be affected. Special funds (whether by donation or sharing by member states) would ensure the consistency and visible outcomes of activities or projects.
Leadership and the political will of member states will decide how far ASEAN will go. To build regional identity, ASEAN leaders need to think more broadly and have the willingness to sacrifice national interest in a short period, in the long term, each member state will benefit from the sacrifice with strong political support. Just as the former Thailand Prime Minister Vejjijiwa (2017) said that issues such as foreign labor and common market cannot be successfully tackled as part of a single market until greater social integration allows policymakers in member countries to place them high on their respective domestic political agendas.

In addition, regional education may help people understand and get access to ASEAN. After people understand the affinities and close cultural ties among member states, a common sense of belonging and trust will be built. Jones (2004) considered that to make ASEAN citizen to become truly regional, it will be necessary to know other cultures outside of their own community and country. English should be added into the curricula list since it’s the only official language. The young generations would have more sense of belonging when they are involved in the dialogues of ASEAN. Without doubt they must have a command of English before they become the contributors and builders of ASEAN building. Moreover, Intal Jr et al. (2015) states that there are no common history textbooks or history curriculum that truly captures the manifold overlaps and continuities in Southeast Asian History, which means research work and archives should be improved. A comprehensive archive of cultural traditions that exist throughout ASEAN, as a testament to the shared experiences of the region should be established.

Civil society organizations are one of the special stakeholders and its engagement in ASEAN projects or programs would make sure that ASEAN not only represent officials, but also numerous ASEAN people. Only by taking in civil society organizations could we ensure people have a sense of belonging and feel a regional identity. During the Third S Rajaratnam Endowment, the executive director of ASEAN Foundation Ms. Elaine Tan said that the civil society organizations in ASEAN play a key role to achieve the ASEAN Community that is politically cohesive, economically integrated, and socially responsible. Similarly, Intal Jr et al. (2015) stressed that “deep engagement of civil society is especially important ensuring that the ASEAN integration process benefits all, thus making ASEAN ‘people-centered’”. Consequently, the engagement of civil sectors and business sectors are indispensable for ASEAN to empower its regional identity.

In addition, poverty eradication and economic support from ASEAN as an entity would be beneficial to forming a regional identity. People could feel ASEAN when they get access to economic benefits, obviously, strong political support is required for real implementation. So far ASEAN Secretariat is not given enough power to implement such things, as well as other ASEAN bodies. To better implement all kinds of projects, ASEAN institutions should be empowered, or people will not feel ASEAN identity and be skeptical about it.

Conclusion and Recommendations

ASEAN was founded through all kinds of challenges, both internally and externally. After 51 years of development and growth, ASEAN has made a great achievement by sticking to the “ASEAN Way”. This regional organization as a regional model is appreciated and appraised by many countries or regions in the world. Nevertheless, ASEAN is also faced with new challenges and it is being challenged by the rivalry of US-China, the Rohingya issue, South China Sea dispute, and religious extremism, to name a few. How to better deal with the challenges and make its voice heard in Asia-Pacific region? Here are some recommendations.

Great leadership is needed to deal with the internal and external crises, the problems or challenges facing ASEAN are like the founding of ASEAN in 1967. To reunite themselves one more time and raise their voice, then play a leading role in the world stage, ASEAN leaders must show their willingness to empower ASEAN bodies. The leadership decides how far ASEAN could go forward. If some member states don’t show their interest in ASEAN, ASEAN could become a loose group and nobody in the region would be interested in ASEAN anymore.

Politically, ASEAN member states should not to choose sides since ASEAN would like to remain as a driving force on many multi-lateral mechanisms. To remain neutral is necessary and the best way to be a strong organization. Especially in the context of the US-China rivalry and the rise of China in this region, ASEAN would impair its status and image if some member states chose to stand by China or the US.
Economically, ASEAN may look for a different way of developing this region, paying attention to information and communication technology-based services (ICT) and tourism. Some states such as Singapore, Malaysia, which have good facilities and skills could share their technology and human capital to other states. To face Industrial Revolution 4.0, ASEAN must work together, especially in data sharing, artificial intelligence and new energies, to make sure ASEAN will not be left behind during this new era.

Culturally, ASEAN Socio-cultural Community stipulates that its key elements are human development, welfare, rights and justice, environmental sustainability, narrowing the development gap, and building an ASEAN identity. The forming of the ASEAN identity requires tremendous work of ASEAN bodies and also the political support of ASEAN member states leaders. Civil society organizations’ involvement into ASEAN programs and projects are heavily needed and encouraged.

REFERENCE


Defense Industry and WTO Policy Space in Indonesia

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Abstract

WTO is often criticized as an obstacle to industrialization in its member countries, especially in developing and less developed countries. Existing literatures argue that WTO, a market-led governance, tend to restrain the flexibility of industrial policy because its MFN and NT principals led to rules that restrict industrial developments, such as in TRIPs, TRIMs, and SCM. Nevertheless, there are rooms for government to play its roles in industrialization without resulting in breaking WTO rules, one of which is by looking to its security exception on Article XXI of the GATT 1994. Indonesia as a member of the WTO and country that has been developing its defense power, can take advantage of this policy gap to industrialize its defense industry. Using developmental state concept, this study thus review how Indonesian government use this policy space to industrialize its defense industry. The researcher used qualitative method to find data and facts through some literature from books, journals, mass media, and websites. The findings from this study show that Indonesian government has benefited from the security exception in WTO to be more present in industrializing its defense industry.

Keywords: Industrialization, Defense Industry, Policy Space, WTO.

Introduction

This article aims to offer a way to see the relation between defense industry and WTO policy space. Defense industry is an integral part of every state in the global system, including Indonesia. In order to protect its sovereignty and existence from external (and internal) threats, state must have a strong defense system. Defense industry is one of the main components in building a strong national defense system. According to the Republic of Indonesia Law No.16/2012 on defense industry, defense industry is defined as national industry consisting of state-owned enterprises and privately-owned enterprises both individually, and in groups, appointed by the government to produce partially, or wholly, defense and security equipment, maintenance services, to meet strategic interests in the defense and security sector located in the region of the Republic of Indonesia. Until now, Indonesia still continues to develop its defense industry. In Indonesia, as in some other states, defense industry is not only developed to meet the needs of national defense equipment, or the Minimum Essential Force (MEF), but also to support the national economy.

Since the era of the New Order, defense product manufacturers have been oriented to the sale of defense equipment products, one of which is the establishment of Perseroan Terbatas (PT) for agencies that produce defense equipment. One of them is PT Pindad (Persero) which has been established as a military equipment industry since 1983. In 1999, the government issued the Government Regulation of the Republic of Indonesia (Peraturan Pemerintah) No.35/1999. Under the new regulation, Indonesia established a Strategic Industrial State-Owned Enterprise (BUMNIS), initially named PT Bahana Prakarya Industri strategis (BPIS), consisting of a number of State-Owned Enterprises (BUMN) companies which were originally Persero (Persero). In 2010, President SBY formed the Defense Industry Policy Committee (KKIP) to handle the development of the domestic defense industry capabilities, both defense equipment and non-defense equipment (Sjamsoeddin, 2012).
Beside its main objective as a part of establishing a strong defense system, the defense industry is also aimed at supporting national economic growth by exporting its products, especially knowing that Indonesia has a large market in the ASEAN region. Until recently, the production of domestic defense equipment has been growing, both in products produced for domestic needs, as well as in terms of foreign sales. Although many domestically-produced armaments products have been exported to several countries, such as the Philippines, South Korea, Bangladesh, Chile, etc. (Merdeka, 2013), the industrialization of the defense industry is still being carried out to meet the MEF, to be more engaged in global arms trade, and to be known for having a strong defense capabilities in the international arena.

However, it is often argued that policy space for industrialization in developing countries, especially those who are members of the WTO, is limited under WTO rules (Aggarw & Evenett, 2014; Chang, 2003; UNCTAD, 2006). Many opponents argue that, despite its main purpose to promote fair and free trade among its members, WTO brings obstacles for industrialization in its member countries because its main principal, the non-discrimination, led to rules and agreements that limit industrial policy to its members. Having been a member since 1995, Indonesia is no exception. Until recently, Indonesia continues to industrialize its industries in various sector. Being a member of the WTO, the policy space and direct government support for industrialization are also limited.

Regulations in the WTO which are considered to limit its member policy space originated from the main WTO principle, the non-discrimination. The principle is divided into two, the Most-Favored Nation (MFN) and National Treatment (NT). Both of these principles are the cornerstone of the formation of regulations in the WTO, which are written in several agreements, namely article 3 GATT, article 17 GATS, and article 3 TRIPS (WTO). In addition, the principles of MFN and NT also influence regulation in TRIMS, SCM, and others.

Therefore, the debate revolves around between a the proponent of the WTO, or market-led industrialization, and the state-led industrialization, the aforementioned critics. Ha Joon Chang (2002) argues that the success behind almost all countries that have transformed from developing, to developed ones, such as the United States and European countries, was the state protection for infant industry. WTO as global-governance developed rules that control and restrict industrial policy space to achieve specific policy goals (Bora et al., 2000; Dicaprio & Gallagher, 2006; Wade, 2003; UNCTAD 2006). On the other hand, Bhagwati (1988), Grossman and Helpman (1994), and Spencer and Brander (1983) provide justification for market-led industrialization policies in the WTO because there are no benefits to the world economy as a whole. Profits derived from state-led industrial policies cannot be justified because they are achieved at the expense of foreign competitors (Lee, Shin, & Shin, 2015).

However, despite the so-called policy-space-limiting WTO, policy space is still available for the state to play its role in industrialization (Natsuda & Thoburn, 2014; Rasiah, 2005; Rodrik, 2004). Policy space in the WTO can be found in Exceptions in the WTO regulations. Exception in the WTO are classified into; general exceptions, security exceptions, RTAs, BOPs, and waivers. Exceptions in the WTO regulations are listed in GATT, GATS, and TRIPS (WTO). Of the five exceptions in the WTO regulations, exceptions to security or security exceptions can be utilized by Indonesia in industrializing its defense industry. Based on Article 21 of the GATT, it is stated that the state cannot be prevented from carrying out actions necessary to protect its main security interests, which are related to the traffic of weapons, ammunition, and war equipment and as carried out for military forces and other emergencies in international relations.

“...it considers necessary for the protection of its essential security interests...relating to the traffic in arms, ammunition, and implements of war and such traffic in other goods and materials as is carried out directly for the purpose of supplying a military establishment (or) taken in time of war or other emergency in international relations....”

Therefore this article argues that despite critics to WTO, and Indonesia’s ongoing effort to industrialize its defense industry, WTO security exception should be seen as an existing policy space and thus can be used by Indonesia to be more presence in industrializing its defense industry.

In order to do so, this article is organized into the following structure. First, the article explores existing literature on Indonesia’s defense industry and WTO policy space to show the limit of both literatures.
in understanding opportunities on industrializing defense industry under WTO policy space. Second, the article elaborates WTO rules, Indonesia’s law and international cooperation on defense industry and how they are related to security exception in WTO. It offers to see how much has Indonesia benefited from WTO policy space in security exception. Furthermore, this article contributes a new viewpoint on existing literatures that believes policy spaces are still available despite the so-called inflexible WTO rules. Lastly, this article reflects on other countries in developing their defense industry to see what can be done by Indonesia in the future.

Methods and Theory

Before further elaboration, it is important to clarify how the discussion in this article will be analyzed. This article is analyzed using qualitative methods and developmentalist state theory (DST).

Developmentalist stream rose in the late 1980 as a form of government domination in development to answer the challenges brought by neoliberalism and globalization (Ismiyatun, 2017). After the end of WW II, Berberoglu (1992) divided developmentalist stream into two main categories;

Structuralist developmental state (SDS) – SDS depends more on the role of the state in industrialization policy, two options are EOI (Export Oriented Industry) or ISI (Import Substitution Industry). India, South Africa, South Korea and several Southeast Asian countries such as Singapore are examples of countries that apply various concepts from this type to their policies.

Capitalist developmental state (CDS) – CDS stresses on the role and urgency of state domination over the market so as to create an accumulation of capital in the country as an institution that has both power and sovereignty. Capital accumulation by this country creates a new regime from the Newly Industrial Country (NIC) group. Japan, China and Taiwan are examples of countries belonging to this group (Ismiyatun, 2017).

In relation to the discussion in this article, the analysis uses the first category, the Structuralist developmental state (SDS). It is important to note that this article is neither implicitly, nor explicitly saying that Indonesia is a developmental state. However, the industrialization of defense industry in Indonesia under WTO policy space should be seen as a heavy state intervention aiming at an export oriented industry and import substitution industry. Seeing that defense industry is inarguably an essential part of a state that only the government should be in charge of, defense industry should often be seen under developmentalist state concept, especially in international political economy studies.

Literatures on Indonesia Defense Industry

Existing literatures have reviewed the defense industry in Indonesia, and so far the Indonesian defense industry has been discussed mostly in security studies. Wulandari (2017), Amalia (2016), Pahlawan and Setya (2015), Jamaan and Sihite (2015), and Wulandari and Iskandar (2017) discuss the defense industry in Indonesia by focusing on a case regarding defense cooperation by one of the domestic defense industry producers with the foreign defense industry using the concepts of National Interest and International Cooperation. The aspect of national interest cannot be ignored when discussing cooperation carried out with other countries.

Based on literatures above, one conclusion can be drawn that international cooperation in the military and defense fields is always against the background of the national interests of the country concerned. By cooperating in the defense sector, especially in defense equipment production, this will facilitate Indonesia to modernize the defense equipment owned by Indonesia and ultimately be able to meet the minimum basic strength (MEF) (Amalia, 2016; Jamaan & Sihite, 2015; A. Wulandari & Iskandar, 2017). The interest in the defense sector is not limited at armed forces modernization and fulfillment of MEF alone. In the end, the modernization that occurs because of this collaboration will improve Indonesia’s military rank in the world (Pahlawan & Setya, 2015). From this statement, it can be seen that the image of Indonesia in the global security is important because not only to show Indonesia as a strong country, the good image will facilitate Indonesia when it becomes one of the defense equipment manufacturers in the global market as well.

Literatures on WTO Policy Space
There are several literatures in relation to policy space under WTO rules after its establishment in 1995. TRIPs, GATs, TRIMs, and SCMs are in particular target of critics that say WTO lessened policy space. Some researchers focusing on WTO policy space such as Lee and Han (2006) and Moon and Rhyu (2000) are pessimistic in when viewing the role of the state after joining WTO. They argue that the agreement in the WTO resulted in closing the policy space and marked the end of Asian developmental states.

In contrast, other scholars such as Amsden and Hikino (2000), Natsuda and Thoburn (2014), Rasiah (2005), Rodrik (2004), Shadlen (2005) and UNCTAD (2006), argue that policy space is still available for developing countries under WTO regime, in spite of a narrower range of policy options. This article partly agree with the first argument since policies that are popular in the ‘Asian developmental states’ era are prohibited under WTO regimes. However, the second argument cannot be rejected as well. Alternatives policies are still possible for countries to implement. Malaysia and Thailand are examples of countries that have found alternatives policies under WTO regimes. The two countries make use of WTO policy space to bolster their automotive industries. Both Malaysia and Thailand abolished local content ratio and preferential policies in order to obey WTO rules. Nevertheless, the governments implemented new schemes by creating new policies and programme that allow them to indirectly still receive financial benefits similar to local content ratio (Natsuda, Segawa, & Thoburn, 2012).

The aforementioned case did not fail to show that policy space is still possible under WTO. But most literatures, including the case with Malaysia and Thailand, focus only on implementing alternative policies. Policy space can also be found by looking at WTO exception. In particular the security exception. Since the definition of security is broad and states can freely define it for the sake of their own interest, this exception gives state big room to industrialize defense industry using protection and policies that are initially prohibited under WTO.

WTO Rules hinder industrialization?

The principle of non-discrimination, which is the main principle of the WTO, leads to regulations that limit industrialization policies to its member countries. As stated before, the principle of non-discrimination is divided into two, the Most-Favored Nation (MFN) and national treatment. Most-Favorite-Nation (MFN) means member countries must give equal treatment to other member countries. The national treatment principle means that the state must not give different treatment to imported products.

Policies that were initially used by the state to encourage domestic industrialization are now regulated in the WTO through TRIMs, TRIPs, MFN, and others. Performance requirements that are usually applied by the government as a policy that is implemented with the aim of domestic industrial protection are regulated by agreements in the WTO so that it requires the state to readjust its domestic policies to regulations in the WTO. Through TRIMs, the government is required to treat companies fairly, both domestic and foreign companies, because it prohibits performance requirements related to local content, trade balancing, export requirements, and requirements on public agencies in the production of goods from local suppliers (Wade, 2003).

Local Content Requirements (LCR) is policy that regulates foreign investment. In general, LCR is defined as policies where foreign companies make products in a country, the host country of the company establishes regulations regarding the minimum level of local content of goods produced so that it can increase existing domestic industrial activities (Dewanti, 2012). The agreement on TRIMs, agreed in 1995, requires member countries to remove some policies in the form of performance requirements (UNCTAD, 2003). In Article 2 Agreement on TRIMs, the local content requirement policy is not permitted because it is included in an illustrative list of TRIMs that violate the national treatment principle in GATT 1994.

In addition to the LCR, the WTO also limits industrial policies by prohibiting subsidies for export performance, mainly known as export performance requirements. Agreement on Subsidies and Countervailing Measures (SCM) Article III.1 prohibits contingent subsidies, whether in law or in fact, both for export performance or other performance. Member countries are required to abolish subsidies (goods) provided based on export performance, this regulation is effective from 1 January 2003 (Aggarwal & Evenett, 2014; UNCTAD, 2002; UNCTAD, 2003). These policies are prohibited by the WTO because they are considered contrary to the principle of non-discrimination in Article III.4 GATT.
However, the existence of Exceptions on WTO rules should be seen as policy space in WTO. Exceptions in WTO regulations are categorized in the form of; general exceptions, security exceptions, RTAs, BOPs, and waivers. These exceptions are listed in GATT, GATS, and TRIPS (WTO). Exceptions to security or security exceptions can be used by member countries to industrialize their defense industries. According to Article 21 of the GATT, which is the main document of the WTO - it is stated that the state cannot be prevented from carrying out actions necessary to protect its main security interests, which are related to the traffic of weapons, ammunition, and war equipment and as carried out for military forces and other emergencies in international relations.

"...It considers necessary for the protection of its essential security interests ... relating to traffic in arms, ammunition, and implementation of war and such traffic in other goods and materials. taken in time of war or other emergency in international relations."

Article 21 of the GATT provides exceptions in WTO regulations, one of which is in the field of intellectual property related to national security. Member states are not required to provide information about the security industry because it will conflict with the country’s essential security interests (WTO). This exception can make it easier for countries to develop their defense industries by avoiding the high costs of patents because they are not bound by the TRIPS agreement. In addition, this exception can also be used by the state to provide financial assistance or subsidies directly to its domestic defense industry (Staples & Pemberton, 2000).

**Indonesia Law and International Cooperation on Defense Industry**

As mentioned in the introduction, defense industry is stated in the Republic of Indonesia Law No.16/2012. The willingness of the Indonesian government to industrialize its defense industry, not only to fulfill MEF, can be seen by the classification of the Strategic State-Owned Enterprise (BUMNIS) into two clusters. In 2016, (BUMNIS) was divided into two major clusters in the Ministry of BUMN, namely the National Defense and Hi-tech Industry (NDHI), and the National Shipbuilding and Heavy Industry (NSHI) (NDHI - National Defense & high-technology Industry, 2017). Six defense equipment manufacturer companies that are classified as BUMNIS NDHI cluster are PT Pindad (Persero), PT Dirgantara Indonesia / DI (Persero), PT Indonesia Telecommunications Industry / INTI (Persero), Len Industri PT (Persero) and PT Nuklir Indonesia (Persero) Industry. In addition to state-owned companies, private companies also become alutsista producers in Indonesia. Some of them are PT Famatex, PT Lundin Industry Invest, PT Saba Wijaya Persada, PT Sari Bahari, and others (Ndr & Jor, 2014). The development of the defense industry is even included in the Master Plan for the Acceleration and Expansion of Indonesian Economic Development (MP3EI) (Hartati, Muhammad, Bayu, & Tasrif, 2014).

The defense equipment producers are nearly fully supported by the government. Not because of its classification as a strategic industrial BUMN, as a defense industry, they must be included if Indonesia wants to buy or cooperate with foreign industries in the defense sector. Because, based on article 43 Law No. 16/2012 on defense industry, the state is obliged to use defense and security tools in domestic production. However, seeing that not all products can be produced by Indonesia alone, this law also allows the procurement of defense and security products for foreign products.

Procurement of foreign product defense and security equipment is permitted under several conditions. In article 43 Law No. 16/2012 on defense industry, it is stated that under-conditions foreign defense and security products are allowed.

"... The procurement of foreign product defense and security equipment as referred to in paragraph (3) must meet the following requirements:

a. Tools for Defense and Security Equipment have not or cannot be made domestically;

b. include participation in the Defense Industry;

c. obligation to transfer technology;

d. guarantee of the absence of potential embargoes, political conditionality and barriers to the use of Defense and Security Equipment in an effort to maintain state sovereignty, the territorial integrity of..."
the Unitary State of the Republic of Indonesia, and the safety of all nations from threats and disturbances to the integrity of the nation and state;

e. there is a trade return, local content and / or offset of at least 85% (eighty five percent);

f. local content and / or offset as referred to in letter e at least 35% (thirty five percent) with an increase of 10% (ten percent) every 5 (five) years; and

g. the application of the offset no later than 18 (eighteen) months from the promulgation of this Law...

In addition, article 52 entitled Equity Capital also regulates state ownership in the defense and security equipment supporting component industries. "... The capital of the main and / or supporting component industries, which are the state-owned enterprises, and at least 51% (fifty one percent) of their owned capital by the state ...

Furthermore, Article 50 of the Law also regulates the licensing of subsidies given by the government regarding the industrialization of the defense industry. "... 2) The development of the Defense Industry requiring components and production equipment that can not be fulfilled domestically, the Government can provide fiscal incentives including exemption from import duties and imported products and equipment .. " Similar to article 43, the government also implements policies that are contrary to the WTO.

Based on the law above, it can be seen that Indonesia is imposing industrial policy that is initially prohibited under WTO, especially in TRIMs and SCM. The mandatory participation of local industries, local content with a certain percentage, indicate the implementation of industrial policy. In other industries, these policies are considered as discriminatory policies and can hinder the WTO's main goal of creating fair free trade. However, with security exceptions, the policy can be ‘secured’ for reasons of security interests for Indonesia.

With the support of the government, it can be seen that indeed Indonesia began to experience an increase in the production of its defense equipment, including sales abroad. Some of them are the export of bullets and Anoa Panzers by BUMNIS PT Pindad (Persero), export of CN 235 and NC 212 aircraft by BUMNIS PT Dirgantara Indonesia (Persero), export of smoke warheads by PT Sari Bahari, and others (Widianto, 2013).

Referring to the initial discussion regarding the purchase of defense products from abroad, Indonesia so far has indeed carried out several cooperation in the field of defense with a number of countries. Some of them are Turkey, Germany, Belgium, South Korea, Switzerland, Brazil and China. Almost all of these collaborations involve technology transfer and cooperation in production. But the extent to which Indonesia is involved in the production process varies depending on the agreement with the country concerned. So far, the collaboration with Turkey is a joint collaboration with almost all of the production processes involving Indonesia, from the design to marketing process (Wulandari & Iskandar, 2017).

It can be seen that Indonesia has benefited from the security exception in the WTO. Supposed there is no exception in WTO rules, Indonesia might be seen as violating WTO rules and have to deal with others in the Dispute Settlement Body. Even so, there are cases in DSB regarding arms trade. However, because security is a sensitive matter for states, there has only been three cases regarding arms trade in DSB ((FPIF), 2000). Seeing the link between the defense industry and policy space in the security exception, Indonesia has utilized it in several aspects. However, there is still much Indonesia can do to fill the gap. Besides looking for alternative policies, Indonesia can collaborate with more countries, or deepen and widen the scope of the cooperation with existing countries.

Heavy government role is very important. The role of the government is not only as a ‘conceptor’ who oversees the development of the defense industry, but also a ‘driver’ who provides incentives and full support for the industry. In accordance with article 7, Law 16/2012 concerning the Defense Industry that Indonesia has the duty and responsibility of developing and developing the Defense Industry to become advanced, strong, independent and competitive. Nonetheless, in order to fully benefit from this policy space in defense industrialization, full support of government is a determinant aspect. Moreover, the importance of role of state has become more justified because of the WTO security exception. Hence it is also inevitably important to take a look at Indonesia’s defense diplomacy strategy in promoting its defense industry.
Utilization of policy space in WTO in the framework of industrialization of the Indonesian defense industry can also be regarded as one of Indonesia’s defense diplomacy strategies. This can be seen from the many defense relations that the Indonesian government has built with countries that have a strong defense system. Besides seeing the large amount of cooperation in the defense industry, as aforementioned, these cooperations are also forms of defense diplomacy that aims to modernize Indonesia’s defense industry (Gindarsah, 2016). This interest is quite evident because among the existing cooperation, the agreement includes activities in the form of technology transfer in production and also training.

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Books


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Comparing Indonesian and South Korean Anti-Corruption Regime: A Challenge in the Age of Disruption

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Abstract

The emerging anti corruption regime rose in the middle of 1990, preceded by the shift from military into economic global agenda. It remains a challenge for economic development and embedded in any kind of industrial process and state-business relation. This paper describes the transformation of corruption in the context of state-business relation and neoliberal institutional reform, with brief explanation of anti corruption movement, bribery and rent seeking practice in Indonesia and South Korea during democratic transition and economic recovery. Indonesia and South Korea share some similar milestone in political economy history, especially after independence period until financial liberalization in 1980. Recently, in the globalization era, where set of institutional reforms were established, both countries still face challenges in dealing with the exposure of huge family business, private-public corruption, and bribery. This paper argue that the government intervention should be define in the domestic and global context of political economy.

Keywords corruption, bribery, state-business relation, anti corruption, family-owned conglomerate

1. Corruption: from domestic agenda into global financial constraint

This paper is to describe how the complexity of corruption, related to bribery and rent seeking practices, emerged in the Asian countries economic development, with case study Indonesia and South Korea. In brief, Indonesia and South Korea share similarities in history and political economy structure, which will be discussed further in the next section. Both countries were suffered from corruption and rent seeking practices even before they won their independence.

This paper is organized in four section. First section, is the background of emerging corruption and rent seeking in both countries. Second section is the concept of corruption in the age of disruption and the perspective of Ersatz Capitalism. Third section is an explanation about the transformation of corruption, anti corruption movement and rent seeking in Indonesia and South Korea. The last section is the conclusion.

Corruption itself has become one of greatest challenge of global financial system. Apart from the debate whether it is considered as a threat or an assistance to economic development, it shifted from domestic problem into international agenda. Following major transformation in international relations in 1990, corruption has become a significant factor in global economy (Wedel, 2012:454). The end of cold war brought great shift in the international relations, especially state behavior.

One of those can be seen from the changing of “real power”, that have been moving away from military into economic based. The stress of state interest is no longer struggling on military power and traditional security issues, but on the economic security and the development of technology. In 1990, there was dramatic transformation, situating corruption as a factor that undermine the expansion of competitive market. A new global standar and international cooperation appeared to curb corruption. This shift was formed into several international institution aimed to enhance the economic growth such as Transparency International (TI).
Following the anti-corruption campaign, the good governance concept was also emerged in 1990. The definition could be various. According to World Bank, good governance is related to institutional development, especially to support anti-corruption movement (Kingsbury, 2012:215). Another definition it is also associated with institutions strengthening to encourage private sector investment and combating corruption.

Many international organization direct the good governance and international anti corruption issue and policy to developing countries. It is believed that corruption become major problem in the developing countries rather than developed country (Klitgaard in Wedel, 2012:455). Thus, it also widely spread in developing countries in Asia. As a centre of international trade for many centuries, corruption, cash smuggling and illicit trade expand so rapidly. The US Department of State, Bureau for International Narcotics and Law Enforcement Affairs, said that Asia is “weak governments with poorly developed and financed law enforcement infrastructures provide fertile environments in which drug trafficking organizations have flourished” (Kid & Richter, 2003:52).

According to report from Federal Reserve Bank of San Fransisco, Asia has several unique factors that make criminal organized crime, such as corruption and money laundering becomes harder to detect (Desai, 2007). First, dealing with structural issues where countries in Asia usually suffer from low institutional capabilities and economic stability, and high level of corruption. Second, almost all of transaction in Asia is based on cash. Therefore, it is hard enough to detect. Third, high level of criminal activities which give more opportunities to money laundering.

The Asian crisis in 1997 led the massive campaign of good governance and anti corruption effort. Corruption has become major subject of international assistance. In assisting the crisis, international organization such as IMF, prescribed some institutional reform, including the establishment of Anti Corruption Agency (ACA). Nowadays almost all of Asian countries make efforts to establish anti-corruption agency and develop anti-corruption policy.

However, the dynamic of corruption and anti corruption movement are not as simple as predicted. This paper will try to illustrate the dynamic of corruption and anti corruption effort in Indonesia and South Korea. Until today, the family-owned conglomerates in South Korea, known as chaebol, give important contribution to the impressive growth of South Korean economy. Whereas in Indonesia, the conglomerates mainly refer to the family of former president, Soeharto and the Asian entrepeneurs who share close relation with his family. Their business network remain strong so that even after the fall of New Order, they can still maintain their business.

2. Corruption in The Age of Disruption

The age of disruption is marked by digital innovation, especially in the social media and digital economy. In this era formal and informal communications among elites and non elites flourished by using social media technology. The era generates not only new alliances between government but also civic society, non-governmental organization, and private sector. While in politics and international relations, disruption means “the shattering of norms and basic assumptions, becoming a source of anxiety, friction, and division” (Arnson, 2018:1).

In the international relations, the age of disruption gives several different perceptions. One of those is the perception that it first started by the US shifting policy under Trump. Trump’s international policy which places state before multilateral relations has affected US role as a global setter (Lewis, 2018). It makes new pattern of relations among states where each state depend on other state. Furthermore, it creates “non-polar world” where global relation is not only dominated by one or two developed state but there will be several states with different capacity of power. Those make states establish new policy and approach in order to adapt with the transformation.

Brazilian corruption scandal called Operação Lava Jato (Operation Car Wash) in 2014 may illustrated the example of corruption in the age of disruption. The disruption occur in corruption case which make turbulent in domestic politics. The case begin as an investigation by the federal police who found amount of money that being laundered to local gas station. In the development police discovered not only connection between these
black market financial dealings and the state-owned oil company Petrobras but also members of Brazil’s political and business elite were involved in several accusation of illegal activity, including bribery. According to Arnson, Lava Jato draw several dimensions which previously had never been found before. There are their transnational reach, the growing, albeit uneven efforts by justice ministries, the courts, and special anti-corruption, units to prosecute corruption; and the levels of popular indignation each time a new scandal is uncovered (Arnson, 2018:1-2).

Furthermore, Arnson underlined the situation where intolerance for corruption among citizens is rising. Not only in Latin America, Asia prove that combined with the innovation of social media technology, citizens’ intolerance and indignation could be significant factor in supporting anti corruption regime. In Asia Pacific, South Korea and Indonesia give the good example of civic society contribution through technology.

In term of corruption and money laundering, the innovation of digital technology and the development of globalization make the process easier. The evolution of money laundering typology is supported by globalization. Digital innovation and globalization give the convenience of transnational transaction. Further, it makes corruption and money laundering not just a matter of one country. The openness of developed and developing country policies affect the high flow of capital transfers across countries.

3. Ersatz Capitalism in Southeast Asia

Yoshihara Kunio describes ersatz60 capitalism as a pseudo capitalism (Kunio, 1990). The work aimed to comprehend how ersatz capitalism evolve in certain circumstances and to identify the circumstances itself and the ersatz or pseudo capitalism in Southeast Asia is different with the capitalism that was developed in western. European or western capitalism brought new industrial capitalism which substitute feudal capitalism.

According to Kunio, there are several possibilities which led Southeast Asia capital defined as pseudo capitalism. First, because of foreign capital investment that dominate Southeast Asian industry. Southeast Asian entrepeneurs Asian traders are very dependent on foreign capital because of their lower capacity of technology. Whereas the success of industrialization lies in the advance of technology. The situation described as as “comprador capitalist” (Budiman in Kunio, 1990). As a comprador, Southeast Asian natives only become a buyer, who acts as an agent for foreign organizations because the provide aid for investment. However Kunio pointed that after the independence of some Southeast Asian country, foreign capital no longer dominated the national economy. State promoted domestic capital and provide financial assistance. Foreign capital only matters in manufacture industry that needs high competency in technology.

Further, it is related to Southeast Asian countries limitation to tertiary sector, so that they do not posses adequate ability in export industry. The reality lead us to next claim of ersatz capitalism, which is the inability of Southeast Asian entrepreneur to produce exported goods. Therefore, they incapable to compete in global market.

Third, because rent seeker dominated most of Southeast Asian countries. Rent seeker means “capitalists, or we can say entrepreneur, who attempt to set up relations with the government for business profits” (Kunio, 1990:93). In Southeast Asia, the state-centered role in development drive the emergence of rent seeker. Kunio underlined that the government interference causes stagnancy of domestic entrepreneur. It creates new powerful Chinese entrepreneur, that will be discussed further in Indonesian case, who share strong connection with government officials to gain special facilities for their business. Therefore, industrial sector mainly managed by Chinese entrepeneurs. Thus, the native or local entrepreneurs have never controlled the trade and industrial sectors.

Rent seeking could be found in almost all of Southeast Asian countries, certainly develop with their own circumstances. Associated with rent seeking is the term crony capitalism, bureaucrat capitalism, and royal family business network. The cases vary from private entrepreneur who embrace close relations with president, bureaucrats who use their power to do business or raise capital, or the family of president.

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60 Ersatz means subtitution
4. The dynamic of anti corruption agency

The Asian economy tends to grow up. The strength of private business sector in Asia indicates that corruption might be also inside the business activities. During 2012-2016 number of private sector corruption increased in Singapore and Hong Kong (Quah, 2017:3). ACA in two countries, Corrupt Practices Investigation Bureau (CPIB) and Independent Commission Against Corruption (ICAC) implemented comprehensive approach not only to design special effort to combat corruption in public sector but also in private sector. While others develop investigation only for public corruption.

In fact, the corruption in private sector is inseparable with corruption in public sector. The reason is that private sector often provide service to government officials in handling procurement. In the other hand, the fact that private sector in Asia is growing rapidly, give us at least assumption that great expansion of private sector, could be a signal that corruption is possible to occur. Therefore, the policies should cover both possibilities, either private or public sector.

According to survey conducted by Ernst and Young’s in 2012, 72% of Indonesian respondent said that bribery was prevalent in the business sector (Quah, 2017:18). In Indonesia corruption involving the private sector is still relatively high, however prevention and enforcement efforts are still concentrated in the public sector. Based on studies conducted by Gajah Mada University, 670 corruption perpetrators from the private sector became defendants in corruption cases between 2001 and 2015.

Table 1. Corruption in Indonesia by sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Officials</td>
<td>1200</td>
</tr>
<tr>
<td>Private Sector</td>
<td>1000</td>
</tr>
<tr>
<td>Politician</td>
<td>800</td>
</tr>
<tr>
<td>BUMN/BUMD</td>
<td>600</td>
</tr>
<tr>
<td>Independent Institutions</td>
<td>400</td>
</tr>
</tbody>
</table>


Equal to Indonesia, South Korea faces bigger corruption challenge on the regional and local government level more than on central government (Kalinowski & Kim, 2014:7). Mostly, corruption occurs in the procurement or construction project involving private sector. In South Korean culture, the reason for higher rate of private corruption is the strong personal network among business environment. The strong personal network in South Korean society sometimes come into a form of family business which lead into corruption. The family business dominate domestic market and concentrate the development of economy only in the hand of few company.

It is interesting to take a look at the ACC in both countries in resolving the problem. Quah in his report mentioned that there are two types of ACAs in Asia Pacific (Quah, 2017:3). First type is called Type A, is focused only on anti-corruption functions. This type is more effective than the second type. Whereas, the second type,
named Type B is less effective because the responsibilities are not only handle anti-corruption movement. To have better example of two types of ACAs, let us take a look at ACAs in Indonesia and South Korea in brief.

Indonesian government established Corruption Eradication Commission (CEC/KPK) in 2003 under President Megawati Soekarnoputri administration, following the public pressure and Letter of Intent from IMF. CEC’s duties and authority consist of: coordination with and supervision of other institutions authorized to eradicate corruption; conduct pre-investigations, investigations, and prosecutions against corrupt acts; conduct preventive actions against corruption; and monitor state governance (article 6 of Law No.30 of 2002). CEC/KPK categorized as type A ACAs which focuses only on performing anti-corruption function.


Different with CEC/KPK, ACRC does not have authority to conduct investigation. ACRC fulfill its duty to complaint handling, corruption prevention, and administrative appeals. However, ACRC main duty is to prevent corruption. Whereas the investigation responsibility is done by Public Prosecutor’s Office or the Board Audit and Inspection (BAI). The agency categorized as type B ACAs which perform both anti-corruption and non-corruption-related functions.

Quah mentioned two mistakes that might be done by government in curbing corruption. First, is use ACA as an attack dog. Second, create ACA as a paper tiger. In South Korean Anti-Corruption Act’s, July 2001 resulted in the KICAC’s formation as a paper tiger because it could not investigate corruption cases (Quah, 2017:15). From 2012 to 2016 South Korea has stagnation in CPI score between 53 and 56. Because of the ineffectiveness of KICAC, President Lee merged it with The Ombudsman and The Administrative Appeals Commision into ACRC. However, the policy result in insignificant changing. There are two reasons of that situation, first because most of ACRC member based on president appoinment, and secondly, because the ACRC authority is not much different than KICAC. The ACRC does not have authority to investigate corruption case.

Further problem is that Indonesian and South Korean ACAs, both have obstacle to fight against police corruption. In fact, dealing with police corruption is not only become problem for two agencies, but almost all of ACAs in Asia face difficulty in handling police corruption. Only Singapore and Hong Kong that make a progress towards police corruption because strong initiative from government. Both Singapore and Hong Kong governments rejected the British colonial government’s ineffective method of relying on the corrupt police force to curb corruption (Quah, 2017:20). In the other words both government give CPIB and ICAC trust to curb corruption.
Table 2. Perceived Extent of Corruption by Institution or Group in 16 Asia Pacific Countries, 2015-2017

<table>
<thead>
<tr>
<th>INSTITUTION OR GROUP</th>
<th>PERCENTAGE OF RESPONDENTS SAYING &quot;MOSTLY OR ALL ARE CORRUPT&quot;</th>
<th>RANKING OF INSTITUTION OR GROUP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Police</td>
<td>39%</td>
<td>1st</td>
</tr>
<tr>
<td>Legislatures</td>
<td>37%</td>
<td>2nd</td>
</tr>
<tr>
<td>Government officials</td>
<td>35%</td>
<td>3rd</td>
</tr>
<tr>
<td>Local government councils</td>
<td>35%</td>
<td>3rd</td>
</tr>
<tr>
<td>Prime Minister/President</td>
<td>31%</td>
<td>5th</td>
</tr>
<tr>
<td>Tax officials</td>
<td>29%</td>
<td>6th</td>
</tr>
<tr>
<td>Business executives</td>
<td>29%</td>
<td>8th</td>
</tr>
<tr>
<td>Judges and magistrates</td>
<td>25%</td>
<td>8th</td>
</tr>
<tr>
<td>Religious leaders</td>
<td>19%</td>
<td>9th</td>
</tr>
</tbody>
</table>


Indonesian CEC had serious conflict with police in 2009. According to survey conducted by Asia Pacific Global Corruption Barometer for 2015-2017, 39% of 21,861 respondents in 16 Asia Pacific countries said that the police were “mostly or entirely corrupt” (Quah, 2017:18). South Korea may be a little different. The country did not experienced as terrible as Indonesia, but according to survey four in ten Koreans believe that most or all of the police are corrupt, while business actor believe that police always contribute a company protection. Despite of that condition, Indonesia and South Korea were named as a country which have most corrupt police, together with Thailand, Myanmar, Cambodia, India, Pakistan, Malaysia and Vietnam.

5. The dynamic of corruption and anti-corruption movement in Indonesia and South Korea

5.1. Indonesia

State-industrial relation in Indonesia have never been separated from Dutch as a trading nation. The Dutch capital is closely considered as trading rather than manufacture industry. The Dutch capitalism is an accumulation of export commodities from colonized countries which are trade to the global market (Gordon in Budiman, 1991:25). Having minimum resource in manufacture, Dutch economy was depended on export-import activities from colonies. The fact carried two implications for Indonesia as Dutch colony. First, is that Dutch have control over all plantations in Indonesia, which definitely flourished by export commodities. Second, Indonesian market consequently overwhelmed by imported goods from foreign country.

Land Reform in 1870 allowed other private traders took charge of plantations. The private traders defined as merchant from Asia, such as Chinese and Indian merchant. Because of their ownership in the plantations, they dominated domestic and global trading. Whereas the natives lived in the oppression since they owned agriculture land which only produce daily life consumption. Some successful entrepreneurs might be appeared but their goods were never could compete with the flow of imported goods entering Indonesia. Thus, we can conclude that even since the colonialization, infant industry in Indonesia has never grown.

Even after the Indonesian independence in 1945, business sector was still dominated by Asian traders. In order to strengthen native entrepreneur, government launched Politik Banteng. However, in the reality Politik Banteng created new problems. First, the import licence given by government still based on the relation between entrepreneur and senior officials. Economic sector therefore fully dependen on state. Secondly, the dependence some native entrepreneur on the big amount of capital made several of them sold the import licence to Asian traders. Therefore bussiness sector never far way from Asia traders.

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61 See Budiman, 1991
State-centered economic sector occurred until Indonesia under Soeharto New Order era. New Order government attempted to enhance the economic development by creating Five Year Development Plan (Repelita). In this era, state still be the strongest economic player coincide with oil bloom and foreign aid from western country, especially USA. Both Asian and native traders successfully develop because of their connection to senior official government. Asian traders work closely with government official because of their ability in trading, whereas native traders become closer to government official because patronage relation. This kind of system make state-owned company become less effective while the officials become richer. (Budiman, 1991:54).

The New Order under Soeharto failed in 1998. The fall of New Order brought an statement that the frame of next regime must avoid mistakes made by the old regime. Further, many international institutions, condemned the state-centered government under Soeharto as causal factor of the crisis, as well as corruption, collusion and nepotism network among his family. Therefore, public opinion that was appeared at that time demanded the reforms that followed not only must have an accountable and transparent government but also diminish state intervention in economic development.

Following the IMF requirement in Lom, after 1998 a set of institutional reform was launched. Decentralization and deregulation under IMF supervisor were established. Some new institution to ensure the implementation of reformation and good governance were created. Some of the state institutions that were formed after the reform were Judicial Commission, General Elections Commission, The Business Competition Supervisory Commission, National Commission on Human Rights, Public Information Commission, National Law Commission, and Corruption Eradication Commission.

The public expectation that through new independent institution and decentralization will break corruption and rent seeking network was far from perfect. Hadiz (2005:xxv-xxvi) stressed that after reformation institutional frame could be transformed into democratic one but what needs to be questioned is whether the type of “predatory capitalism” that sustains the new order remains strong until today. He emphasized that even the reformation actor would face difficulties in dealing with police, bureaucrats, business sector whose their work is more determined by corruption, collusion and nepotism.

This could be a starting point to illustrate how the difficulties of CEC in investigating private-public corruption cases and the rampant bribery from the local government to the central government. The rampant bribery, as mentioned above, usually occurs between government official and business entrepreneur from local to the central government. Nowadays, in some cases of corruption in Indonesia we can also see how people who have close relations with power become intermediaries in the process. The process even turns to be more complicated since the implementation of decentralization in Indonesia.

As a part of good governance, the purpose of decentralization is to increase higher degree of public participation in development. In Indonesia, decentralization is a result from domestic and international pressure toward developing countries to promote good governance. Hadiz define decentralization as a keyword in neoinstitutionalism (Hadiz, 2005:272). The decentralization itself become problematic for anti-corruption movement because of new alliances developed in regional government were compete to win local power.

Today the regent/mayor and governor who was caught because of the corruption case are increasing in number. The data shows that until 2018, corruption in regional government, especially governor and regent is increasing in 2017 and 2018. Based on the data from CEC, the common problem is almost all regional heads involve in procurement and misuse of the budget. While the common method for doing it is by bribery, usually from private sector, to government officials.
Table 4. Corruption based on Type of Case

<table>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Illegal charges</td>
<td>1</td>
<td>2</td>
<td>7</td>
<td>8</td>
<td>27</td>
<td>5</td>
<td>16</td>
<td>8</td>
<td>9</td>
<td>19</td>
<td>25</td>
<td>20</td>
<td>61</td>
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<td></td>
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<tr>
<td>License</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>0</td>
<td>1</td>
<td>4</td>
<td>9</td>
<td>3</td>
<td>2</td>
<td>0</td>
<td>25</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Misuse of the budget</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Bribery</td>
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<td>0</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
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Source: [www.kpk.go.id](http://www.kpk.go.id) (translated by author)

5.2. South Korea

Korea was annexed by Japan, which on the contrary, is industrialized country. As industrialized country, the annexation was aimed to strengthen Japan position over China and Pacific. Korea is an agricultural society.
with landlord system. Despite of Japan harshness oppression, several notable industrial aspect, such as commerce expansion, emerged during colonization\textsuperscript{62}. After the war ended, Korea began the industrialization.

In 1948, Syngman Rhee become the first president of South Korea. It is important to point out that Rhee administration was collated by corrupt private and government practices (see Budiman, 1991:77). Import business license relied on the government-entrepreneur close relation. It is not surprising that during Rhee administration the growth of family-owned conglomerates or chaebol began to appear. Thus, Rhee administration was failed to carry out economic development.

However, the Land Reform Act in 1949 give an remarkable step to advance South Korea industrialization since it brought the opportunity for farmer to lift their purchasing power. Furthermore, as Hamilton explain in his work (see Budiman, 1991:81), there were two considered important industrial phases under Rhee administration. First, the shift from agricultural capital into trade capital around 1950. Second, the shift from trade capital into industrial capital around 1960.

The coup in 1961 brought Park Chung Hee to power. Park reigned South Korea with military government and established five-year development plan. His era was marked by the growth of manufacture export and the advance of industrialization. His administration provided assistance to export-oriented entrepreneurs. Park promised to eradicate corruption and rent seeking that previously rooted in Rhee era. Under his administration, Park made himself as head of Board of Audit and Inspection (BAI)\textsuperscript{63}. Compare with previous administration, Park administration was less corrupt than Rhee. He diminished corruption and rent-seeking practice from entrepreneur and government officials (Budiman, 1991:85).

However it needs to be emphasized that with his export-led industrialization policy, rent seeking increasingly developed. Other literature underline that during Park era, the rent seeking and political economic collusion was still flourished. His authority for approving foreign loans was political and questionable regarding to its state-chaebol relation (Kim, 2003:12).

South Korea was recently shocked by government-chaebol corruption scandals that brought former President Park Geun-hye and Lee Myung Bak to the jail. Previously, two other former presidents, Chun Doo-hwan and Roh Tae-woo were found guilty of corruption. The court proved that Lee, also served as former Hyundai executive, accepted bribes from South Korea’s largest chaebol companies such as Samsung.

\begin{figure}[h]
\centering
\includegraphics[width=0.5\textwidth]{chaebol_chart.png}
\caption{Five Biggest Chaebol = Half of Korean Stock Index}
\end{figure}

\begin{flushright}
Source: https://www.bloomberg.com/quicktake/republic-samsung
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The state intervention during Park era has led to the growth of industrialization. The chaebol has significant influence towards South Korean economic development. The long-term relationship between the government and chaebol has shifted, following the death of President Park Chung Hee in 1980. The shift remains until

\textsuperscript{62} “By the time of the Japanese surrender in August 1945, Korea was the second-most industrialized nation in Asia after Japan itself”. See http://afe-easia.columbia.edu/main_pop/kpct/kp_korea imperialism.htm

\textsuperscript{63} Board of Audit and Inspection (BAI) is the first South Korea anti corruption agency
today, where the state control over chaebol was diminished, as a consequence of financial liberalization. As Lee (Lee et al, 2002) mentioned that the reform cause the power relationship changing between the state and chaebol.

The shift considered as a positive signal towards anti corruption movement and rent seeking prevention. The chaebol became less dependent upon the state’s restrictive directions (Schwak, 2018). However the reform has transformed chaebol into giant player in the international market. The chaebol were able to enter global markets without governmental restrictions. Schwak argue that they made huge expansion of investment in global capital markets, joined global value chains, and moved core production activities offshore (Schwak, 2018).

6. Conclusion

Indonesia and South Korea share similarities in several ways. Both countries experienced in living under military regime for a couple of years. Afterwards, Indonesia and South Korea conducted their first democratic election. During military regime, the business was concentrated on the hand of few people. In Indonesia, family owned conglomerates, such as Soeharto family while in South Korea it is called chaebol.

Asia financial crisis resulted in massive pressure on fighting against corruption and other significant changing in both countries. The domestic and external pressure, related to good governance delivered their first anti corruption national commision. During the running of CEC/KPK in Indonesia and KICAC-ACRC in South Korea there are several conditions that be compared. The dynamic of political economy in both countries make the reform become problematic. The purpose of the paper is not to judge the implementation of good governance. It is aimed to illustrate that we cannot rely the reformation of the state only on the hand of institution. Because we have to see the power relation in society.

There are several things to compare. First, the government policy in Indonesia to make CEC/KPK which has authority to organize investigation. Whereas, ACRC main duty is prevention and hand over the public complaint to attorney. Second, is the private-public corruption. The number of private corruption is growing in both countries. Since private sector corruption is more difficult to break than public corruption, it considered as a threat. The matter is both, Indonesia and South Korea do not have comprehensive approach to cover private corruption.

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Website
Trade War as a Form of the United States Hedging Strategy against China's Economic Power

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Abstract

The United States (US) as a hegemonic country in the world is no longer a big challenge for the other countries in the world. World’s system is no longer unipolar, it becomes multipolar in which emerged new powerful states such as China. China has a huge impact on the decline of the US position in international world. China is considered a country with its capability to balance the US domination, especially in economic sector. Donald Trump sees China’s economy is increasing and its market and cooperation are expanding worldwide. Nevertheless, on the other hand Trump sees the US as a superpower country has experienced a trade deficit. Therefore, the US imposes import tariffs on a number of goods from China to decrease the disadvantaged due to trade deficits that occur and losses in the misuse of intellectual property by China. This research aims at showing that trade war between the US and China is not merely economic issues, but also political issues. The US combats China’s domination both inside and outside the US. The authors use International Political Economy and Mercantilism theory and Hedging Strategy concept. The data collection method is study literature and qualitative method in analysing the data.

Keywords: Trade War, The United States, China, International Political Economy, Hedging Strategy

Background

The domination of the US began after World War II. After World War II, the US became the leading state that took responsibility for creating peace and driving the world economy. In addition, the collapse of the Soviet Union in the Cold War marked the shift of power from bipolar system to a unipolar system. Since then, the US has become the only hegemon country in the world. However, the world is moving from the US as the sole superpower to multipolar centres, and this change will be better for world peace and stability (Torre, 2017: 86). The emergence of China has created major change in the decline of the US influence. Moreover, China is considered the strongest economic power that challenge US power. In Trump’s era, he sees that China has risen and expanded to Asia-Pacific countries. In another hand, Trump stands for his idealism that the US as the superpower state experiences trade deficit. This trade deficit is caused by the number of imported goods is higher than export. There are sharp disagreements between the US and China (Torre, 2017: 84). Trump claims that China has cheated in their bilateral relationship. China has been gaining profits in the Information and Technology (IT) sector by still relying on the US’ technology such as microchip and software (National Bank of Canada, 2018). Therefore, The US imposes import tariffs on a number of goods from China because it feels disadvantaged due to the US trade deficit and losses in the misuse of intellectual property by China (Finance Detik, 2018).

In this case, Trump does not want to continue the technology transfer and intellectual property to China because China is unfair in trade relation (BBC, 2018). In addition, Trump also wants to protect jobs inside the US because of the large number of American companies that use China to produce goods with its cheap labour has increased the number of unemployment in the US. The plan is that President Donald Trump will make US products cheaper than those imported, so that it can encourage consumers to buy domestic-made goods. This will certainly increase local business and support the national economy. On the contrary, many US companies
say that the protectionist policies carried out by Donald Trump are detrimental to their businesses (BBC, 2018). The protectionist policies of the US also involve restrictions for the US itself, in international trade organizations in which the US plays a huge role in many international organizations. Even worse, Trump decided not to continue the US’ role in the Trans-Pacific Partnership (TPP). By this condition, US partners in various regions must strive to advance their own collaborative organizations and maintain the agreement even without the US.

Looking at the protectionist policies carried out by the US, China seeks to avenge US actions by increasing import tariffs by up to 25% on US imported products and will bring the matter to the WTO (Pujayanti, 2018). In addition, at the global economic level, the trade war between the two major countries can trigger a weakening of the world economy and it is feared that it can have implications for countries in the Southeast Asian region, the majority of which are developing countries, especially Indonesia. Not only has a negative impact on developing countries, but it is feared that it will become a boomerang for the US itself. if China boycotted US products and many market players eventually reacted negatively to Trump’s move, the United States stock market will decline. Trump’s political policies are not purely economic interests, it is a political matter that political interest of the US will not let China arises as its rival in a new bipolar world. Protectionist policies that led to a trade war between the US and China were allegedly an American effort to limit or hedge against the China’s economy.

The relationship between US and China, the largest economies in the world, will determine the future geopolitics of Asia-Pacific, with a far-reaching impact for the world (Torre, 2017: 84). Therefore, the authors are interested in raising a study entitled “Trade War as America’s Hedging Strategy on China’s Economic Power”. Based on the title, further studies will be carried out to find out more deeply about the trade war between the US and China as the attempt of US in implementing a hedging strategy against China’s power.

Research Question

From the background of problem narrated above, can be formulated a research question as follow: How does the trade war is used by Trump to hedge China’s domination in international world?

Theoretical Framework

To analyse the protectionist policies of the US toward China, the authors apply International Political Economy Paradigm as the big umbrella to analyse the issue. In addition, this research also uses Mercantilism Theory, Hedging Strategy as important theory and concept for in-depth analyses so that this research can provide a profound result.

International Political Economy Paradigm

Robert Gilpin said that the international political economy is different from the single conception of the economy (Gilpin, The Political Economy of International Relations, 1987). International political economy focuses its study on the relations between state and market in the new world order. International political economy is not only issues related to wealth and poverty, but it also relates to “who gets what” in the international system. International political economy states that economic power is an important basis for political power. If economics is about achieving wealth, and politics is about achieving strength. The two components then interact with each other in a complicated and dizzying way. According to one expert in 1970 who said that the international political economy is a case of mutual reluctance.

Mercantilism Theory

Mercantilism is a world view of the political elite that is at the forefront of the development of a modern state. The mercantilists hold that economic activity is subservient and should be subject to the main goal of a strong state of development. In other words, economics is a political tool and a basis for political power. In addition, mercantilists see the international economy as an arena of conflict between conflicting national interests, rather than cooperation and mutual benefits. In other words, economic competition between countries is Zero Sum Game, wherein a country’s profit is a big loss for other countries. Game theory provides specific means not only for understanding different realities but also means in order to influence interactions with
broad benefits (Tema, 2014, p. 1). Countries must worry about relative economic benefits because of the wealth of material collected by a country can be the basis for political-military power that can be used against other countries.

Mercantilism sees economic power and political-military power as complementary goals, not only competing with each other but vice versa. Achieving economic power supports the development of the country’s political and military forces, and military-political power increases and strengthens the country’s economic strength. In addition, mercantilists state that the economy should be subject to the main goal of increasing state power, where political power must take precedence over economic power. They emphasize that economic success is always accompanied by the role of strong power for the state in advancing economic development.

Thus, mercantilism considers the economy to be subject to the political community, especially the government. Economic activity is seen in the larger context of increasing state power. The state as a responsible organization in maintaining and advancing national interests. Wealth and power are complementary goals, not conflicting. Economic dependence on other countries should be avoided as far as possible.

**Hedging Strategy**

Hedging is alternative strategies of balancing that can be used by a country in facing threats from other countries. In international relations, the international system always changes so that each country will be concerned about the changes in the international system. The change in the international system then led to raising power state. As a result, each country will feel insecure with the emergence of raising power state. In addition, the threat posed by international system changes is uncertain, because the state of raising power which is considered a potential threat is always developing so that this uncertainty makes a country will take into account the exact steps to be taken when dealing with power state raising even though the policy has risks (Hemmings, 2013).

**Research Method**

In this research, authors apply qualitative method because this method is very suitable to comprehend a complex social interaction, to analyse social phenomenon that cannot be replaced by the quantitative method, and to analyse the issue deeper. In addition, the definition of qualitative method is a research that is based on the descriptive-analysis. Descriptive-analysis implies that the data used is a descriptive data that generally in forms of words, pictures, written or spoken, those data will be analysed with suitable theories (Sugiarto, 2015, p. 9). In other word, the qualitative method is based on the explanation and analysis of an issue so that it will result on a conclusion. It will also arrange systematic discussion so that the issue can be understood easier and find the red thread. The data sources in this research in this research is library research in forms of secondary data such as book, scientific journal, and news article both national and international regarding this issue.

**Finding and Discussion**

Imposing stiff tariffs on Chinese has become one of attempt of realizing slogan “Make America Great Again” (Torre, 2017, p. 83). It is strengthen by the argument of McGwire in his article which says that Trump’s presidency hopes to ‘bring back American jobs’ through a series of strategic trade policy decisions such as withdrawal from the Trans-Pacific Partnership (TPP), renegotiation of the North American Free Trade Agreement (NAFTA), the implementation of tariffs on Chinese goods, and potential withdrawal from the World Trade Organization (WTO). Those policies seem extreme but for sake of American economic development. Those policies contribute to increase jobs and income for the people in domestic scope. Trump’s decision can be understood if considered in Game Theory context. Trade theory shows that the welfare of a country can be increased by the Senior Sophister Applied economics repatriation of profits from foreign firms to their domestic competitors.

Trump’s slogan “Make America Great Again” can be compared to the slogan popularized by President Xi Jinping “Chinese Dream”. It was created by Xi Jinping after elected to be the leader of China in 2012. The Chinese Dream signals the great rejuvenation of the Chinese nation, modernization and economic prosperity,
and national glory (Torre, 2017, p. 84). It is still a big question which one can be accomplished first between “Make America Great Again” or “Chinese Dream”. The relationship between these two big countries surely will influence the future of geo-politics of Asia-Pacific, with a long-term impact to the world.

In this trade fight, each country has its own other policies. For example, the US has used the CFIUS (The Committee of Foreign Investment in the United States) process to block Chinese acquisitions of certain US companies on national security concerns, while China has withheld the regulatory approval of Chinese companies on global mergers which involves US companies (Brown, 2018). Before analysing in depth, the following is the sequence of the trade fight between the US and China: (Brown, 2018)

Table on the sequences of the trade war between the US and China

<table>
<thead>
<tr>
<th>Date</th>
<th>Actions Taken</th>
</tr>
</thead>
<tbody>
<tr>
<td>17 Dec 2017</td>
<td>US’ action: Releases the National Security Strategy document, labelling China as a “strategic competitor” and prioritizing the protection of the US “innovation base” from IP theft by the Chinese in order to preserve the country’s long-term competitive advantage.</td>
</tr>
<tr>
<td>2 Jan 2018</td>
<td>US’ action: Committee on Foreign Investment in the United States (CFIUS) blocks MoneyGram’s sale to China’s Ant Financial on national security concerns.</td>
</tr>
<tr>
<td>22 Jan 2018</td>
<td>US’ action: Imposes global safeguard tariffs on solar panels and washing machines.</td>
</tr>
<tr>
<td>22 Feb 2018</td>
<td>US’ action: CFIUS blocks the sale of US semiconductor testing company Xcerra to Hubei Xinyan, which is backed by a Chinese semiconductor investment fund.</td>
</tr>
<tr>
<td>22 Mar 2018</td>
<td>US’ action: Releases a report which finds China is conducting unfair trade practices related to technology transfer, intellectual property and innovation.</td>
</tr>
<tr>
<td>23 Mar 2018</td>
<td>US’ action: Imposes a 25% tariff on all steel imports and a 10% tariff on aluminium, with exemptions for selected countries; action seen as a policy directed at China, which is the world’s largest steelmaker. Files WTO complaint on China’s protection of intellectual property rights.</td>
</tr>
<tr>
<td>2 Apr 2018</td>
<td>China’s action: Imposes a 15% tariff on 120 US products, such as fruits, nuts, wine and steel pipes, and a 25% tariff on 8 other US products including recycled aluminium and pork.</td>
</tr>
<tr>
<td>5 Apr 2018</td>
<td>China’s action: Files WTO complaint over the US tariff measures on Chinese goods.</td>
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<tr>
<td>9 Apr 2018</td>
<td>China’s action: Initiates WTO complaint against US tariffs on steel and aluminium products.</td>
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<tr>
<td>16 Apr 2018</td>
<td>US’ Action: Bans ZTE Corp. from buying components from US firms for 7 years as a penalty for failing to honor a settlement in regard to prior US sanctions violations.</td>
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<tr>
<td>17 Apr 2018</td>
<td>China’s Action: Imposes preliminary anti-dumping duty of 178.6% on US sorghum.</td>
</tr>
<tr>
<td>18 May 2018</td>
<td>China’s Action: Ends US sorghum tariffs.</td>
</tr>
<tr>
<td>11 Jun 2018</td>
<td>US’ Action: Limits visas for Chinese citizens to protect intellectual property, including students majoring in robotics, high-tech manufacturing, aviation (areas identified in “Made in China 2025”).</td>
</tr>
<tr>
<td>27 Jun 2018</td>
<td>US’ Action: President Trumps supports congressional effort to expand CFIUS powers to review foreign investments in the US for national security threats</td>
</tr>
<tr>
<td>6 Jul 2018</td>
<td>US’ Action: Gives ZTE Corp. limited authorization to resume business. Imposes an additional 25% tariff on China imports worth US$34 billion, such as machinery, mechanical appliances and electrical equipment, taking aim at the priority sectors identified in “Made in China 2025”.</td>
</tr>
<tr>
<td></td>
<td>China’s Action: Imposes an additional 25% tariff on US imports worth US$29.6 billion, including soybeans and vehicles.</td>
</tr>
<tr>
<td>End of July</td>
<td>US’ Action: May impose an additional 25% tariff on another US$16 billion worth of goods from China.</td>
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</tbody>
</table>
China’s Action: Depending on US actions, may retaliate with additional tariffs on another US$16 billion worth of goods from the US, including crude oil, plastics, chemicals and liquefied propane.

3-4 Oct 2018 US’ Action: May impose a 10% tariff on another US$200 billion in Chinese exports, such as consumer goods, computer and auto parts.

Looking at the last action of Chinese government, China seems very ready for any possibilities, China surely has prepared strategies but it is waiting for the US’ action, China does not want to act recklessly. Chinese government realizes that along with rapid economic development, it must be accompanied by defence forces because in the future there might occur conflicts, and there will be countries that are jealous of China.

Trump’s ambition of always applying “America first” actually made other countries lose the essence of the US as a superpower country, the superpower country to be able to reach the hearts of allies must certainly embrace the interests of other countries and marginalize the ego a little. Supposedly with the rise of China’s power, the US allied itself with China to rule the world together. As the economies of the US and China are so much interconnected, direct confrontations between the two countries will hurt both (Torre, 2017, p. 87). Although the US and China have different position in trade, security, and the South China Sea, they will eventually find a way to avoid collision. This can be seen from the symbiosis of mutualism between the US and China regarding product production. In this case, the US is indeed producing a brand in the field of technology, along with microchips and software. Whereas China is superior in the production of goods because China has a large and inexpensive workforce. Those graphs below show the imported China’s goods in the US, and the imported US’ goods in China: (Jiming, 2018)

Graph 1. Products imported US, from China
The US announcement of imposing 25% tariff on products that is worth US$50 billion will affect industries related to the “Made in China 2025” and an additional tariff worth US$100 billion will impact on consumer goods and labour-intensive industries. While the largest China’s import from the US are machinery, aircraft, automobile, and soybeans. Those graphs above show that the US and China need each other to fulfil their needs. Even, at the first graph shows that the number of imports on furniture is US$30 billion and on cell phone is US$47 billion which are highest than other products. Moreover, those graphs suggest that the US import more goods from China.

Basically, China without the US’ assistance can actually survive because China’s economic development has led to the smart technology, even though China will need time to adjust. Previously the technology used to be supported from the US, suddenly China to create itself, surely it will take time to adjust. However, China will be able to move without the US, even better than the US. Meanwhile, the US without China will be difficult because the US cannot create its own factory inside the country. Many considerations such as less in natural resources...
resources and expensive labour. That is why the US’ industry depends on China, as explained by the following chart: (Jiming, 2018)

The chart suggests that the highest trade deficit of the US is China on 46%. While the total of seven countries the total deficit is 44.3%. This condition suggests that the total number of imports to China is more than the number of exports to China. Considering this, it can be seen if the protectionist policies issued by Donald Trump are harmful. In this case, the protectionist policy is based on the focus of Donald Trump’s election campaign on trade transactions that Trump considers to be bad trade and causes weakness in manufacturing and the fate of US workers. In addition, the emergence of China as a New Emerging Power in the global economy and since China entered as a member of the World Trade Organization (WTO) in 2001, China has indirectly contributed to the loss of trade transactions in the US. In other words, China's entry into the WTO has increased competition and spurred technological change in US companies which has led to a reduction in the work and wages of US society (Schneider-Petsinger, 2017).

The US and China trade war is part of international political economy in which international political economy states that economic power is an important basis for political power. In this case, the protectionist policy of the US which caused a trade war with China was actually an instrument of the US to increase its political power over China. The US does not want to experience a trade deficit, while China enhance its economic progress. It is very obvious that US applies Zero Sum Game in this circumstance. This condition seems to make US feel worried. As what the mercantilism theory says that countries worry about economic benefits because the material wealth collected by a country can be a basis for political-military power that can be used against other countries. That seems to have hit the US. The US is worried about the economic benefits of China which are increasingly developing, which will potentially be able to add strength in the political and military fields to rival the existence of the US. In addition to that, Americans who see China are always echoing Made in China 2025. Made in China 2025 is a policy intended to turn China into a world leader in the place of America (National Bank of Canada, 2018).

In addition, according to hedging strategy, the protectionist policies of the US that created a trade war between China can be said as an alternative strategy from the US to deal with threats from other countries. The emergence of China as a New Emerging Power makes the US feel threatened. The threat posed is also uncertain, because China as New Emerging Power is still considered a potential threat that is still evolving so that uncertainty makes a country like the US will take appropriate measures such as protectionist policies taken to confront China even though the policy is actually have a risk. Seeing trade protectionist policies tend to be at risk of being able to act as a barrier to growth by increasing the cost of imports, especially imports to China and reducing exports can hamper the innovation of American society and create uncertainty for the business world. In fact, it is very possible if businesses in America will be most affected by protectionist policies (Schneider-Petsinger, 2017). Not only that, protectionist policies will never bring back jobs in manufacturing, but instead will turn off current work in the future.

Changes in American economic policies are influenced by factors of regime change. The background of the American leader, Donald Trump, who is a businessman, made him act recklessly as if he was running America as his own company which was profitable and the loss was only felt by himself. In fact, he is leading a country that has many relations with other countries both in international organizations, multilateral relations, and bilateral relations. Thus, protectionist policies that cause trade war do not necessarily only for the economic interests of the US, but also there are political interests of the US that seek to limit China's power, especially the economic power of China. Therefore, to hinder China's economy, the US applies protectionist policies to goods from China. Moreover, Trump, who is a stubborn protectionist, is more likely to enjoy dealing with China behind the walls of protectionist policy.

The United States is worried about China’s economic revival. This is because if China’s economy is getting advance, it is no doubt that China can also carry out massive military modernization. If China’s military power increases, it will endanger the allied countries of the United States such as Japan and South Korea. So that the United States tried to stem the Chinese economy through protectionist policies which eventually led to a trade war between the United States and China. Huiskken (2013) in his writing reveals that China is engaged in the periodical development of its arm forces to capability levels appropriate to defend its first-rank global
power. China is motivated by defence imperative, prestige, power and influence, and symbolism to acquire military capability that match in every way those of the other advanced states such as the US. From those statements, it can be seen that China does not only want to compete with the US in economic aspect, but also in military aspect. This is known by Trump as leader of the most powerful state in the world, therefore Trump is trying to hedge China’s power.

Conclusion

This economic issue has turned into a political matter when the protectionist policies issued by Trump that have caused trade wars with China do not necessarily only fulfil economic interests to realize the vision of Make America Great Again. But there are also political interests in the US that want to limit China’s economic benefits. This is because the US does not want to let China’s rapid economic development, therefore Trump tries to limit the flow of China’s goods into the US. Trump realizes that China’s economic power will be balanced by military power as well. Therefore, Trump worries the existence of China will shift US’s power in international world. However, the policies made by Trump endanger America in the world of international politics because if America does not depend on China, American industry will not work well. The US cannot create factories inside the country because of high production costs. There was a need for more dialogue between the US and China in order to promote peace and solidarity across the Pacific. However, there is still huge potential for the US and China for trade and investment cooperation, considering the strong complementary of the economies. Both US and China have to understand that no one will wins a trade war. The two countries have responsibility to maintain the stability of global trade system.

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Journal Articles


Online News


The Response of Malaysia, the Philippines, Thailand, and Vietnam to Indonesia’s Sinking of Illegal Foreign Fishing Vessels

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Abstract

This study examines Indonesia’s sinking of illegal fishing ships influencing its relationship with countries in Southeast Asia region. Considering that the loss of and damages to national resources due to illegal, unreported, and unregulated (IUU) fishing in Indonesia are so huge, President Joko Widodo has a commitment to no longer tolerate such a crime. The approach of his Minister of Maritime and Fishing Affairs has been to sink IUU Fishing ships which mostly flagged foreign flags. As a result, Indonesia’s relation with neighboring countries is affected. However, the assertive policy of Indonesia did not lead to a commotion among the states in the region. Hence, this study attempts to discover why Indonesia does not find significant obstacles to continuously carry out sinking foreign IUU fishing ships from its counterparts in Southeast Asia region namely Malaysia, the Philippines, Thailand, and Vietnam. Statements of the statesmen around the countries and other related documents on the matter are used to examine their response to Indonesia’s policy. In line with the method, this study capitalizes neoclassical realism by Gideon Rose in which foreign policies are considered a reflection of systemic pressure, domestic political demands (innenpolitik), and state power.

Keywords: IUU Fishing, Indonesia, Southeast Asia, Maritime Security

1. Introduction

Having considered Nusantara’s long history in the glorious maritime realm, President Joko Widodo has the vision to lead Indonesia to be a sovereign state in the maritime sector. His ambition was stated in his speech during the presidential inauguration in MPR building, “It has been too long for us turning our back to our oceans, straits, and bays. Now is the time we restore everything until we become ‘jalesveva jayamahe’, we are glorious in our ocean. That was an old proverb that we can bring it back” (2014). According to the Head of Bappenas64 (National Development Planning Agency), Andrinof Chaniago, what has been meant by the world maritime pivot that Indonesia is trying to achieve is that Indonesia should have a large maritime territory in which maritime activities are conducted safely (Rohingati, 2014).

The concern of maritime security is highlighted in the regime of Joko Widodo seeing that Indonesia has suffered so badly by illegal, unregulated, and unreported (IUU) fishing. According to FAO (Food and Agriculture Organization), Indonesia’s loss from the maritime sector was around IDR 30 billion (Detik Finance, 2014). Nonetheless, the number was supposed to be higher as what the Minister of Maritime and Fishing Affairs, Susi Pudjiastuti, said, “If you do not believe me, Mrs. Sri Mulyani (Minister of Finance) said it (the loss) was up to USD 20 million. (But according to me) I said IDR 3000 trillion (USD 220 million)” (Suryowati, 2015). In fact, those losses and damages have been happening in Indonesia’s oceans for decades.

In this study, IUU fishing stands for illegal, unregulated, and unreported fishing conducted by fishing ships within high seas, Exclusive Economic Zone (EEZ), continental shelf boundary, and territorial sea. The activity

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of IUU fishing is categorized as a crime since it breaks the law of the coastal state, international law, or bilateral/multilateral agreement (Greenpeace, 2010).

The steps taken by the Minister of Maritime and Fishing Affairs, who were mandated to eradicate the problem of IUU fishing, have been to sink IUU fishing ships. For the record, the first sunken ships were three Vietnamese fishing ships on 5 December 2014 after they were captured a month before by KRI Imam Bonjol – 383 around Anambas Islands, Riau Islands Province (Rohingati, 2014). Up to October 2018, there were 488 ships\(^{65}\) sunk around Indonesia through a few ways such as blown off and perforated (Halim, 2018).

As a result, the Vietnamese Ministry of Foreign Affairs had an intensive discussion with the Indonesian government on sunken ships flagging Vietnamese flag. Referring to the Ministry of Foreign Affairs’ spokesman, Vietnam demanded Indonesia to treat IUU fishing perpetrators in accordance with international law and human rights principles (Kompas, Vietnam Minta Indonesia Patuhi Hukum Internasional Soal Kapal Asing, 2014). On difference occasion, Malaysian Ministry of Foreign Affairs urged Indonesia to encounter such a crime in a good manner with respect to fishermen well-being (Muhaimin, 2015). In line with the objections shown by Malaysia and Vietnam, Thailand through Bangkok Post accused Indonesia’s approach unlawful and threatening the security of Southeast Asia (Maulana, 2015). In a nutshell, Indonesia was gaining several objections and warnings to not treat IUU perpetrators harshly.

Major objections from countries like Malaysia, the Philippines, Thailand, and Vietnam are considered reasonable since they are listed in the biggest 15 producing countries of fisheries products in the world (FAO, 2016). Thus, in this research, those four countries will receive the biggest part of discussion regardless of other Southeast Asian countries.

Instead of those objections, Minister Susi still has been applying assertive policy constantly against IUU fishing perpetrators thus far. On the top of that, the annual trend of sunken ships by Indonesian government

\(^{65}\) 276 Vietnamese ships, 90 Philippines ships, 41 Malaysian ships, 50 Thai ships, 26 Indonesian ships, 2 Papua New Guinean ships, 1 Chinese ship, 1 Belizean ship, and 1 stateless ship
In brief, Minister Susi insists that this kind of policy will not last if IUU fishing still reigns around Indonesian waters (Detik Finance, 2014).

According to UNCLOS (United Nations Convention on the Law of the Sea 1982), coastal states have the right around their EEZ as what has been regulated by Chapter V Article 55-75. UNCLOS stated that coastal state has full sovereignty rights to maximize maritime resources which exist in the sea and under the seabed. Besides, it also has a responsibility to continuously reserve marine resources within its waters territory. In order to maintain all those marine fortunes, coastal states should implement regulations that are in line with UNCLOS or any other agreements with neighboring countries. In fact, Indonesia has legitimate grounds to implement such punishment for IUU fishing vessels within its watery territories.

Since the beginning of sinking illegal fishing ships policy by the Indonesian government in 2014, countries around the region especially Malaysia, the Philippines, Thailand, and Vietnam were pushing Indonesia not to deal with the threat of IUU fishing in a rough manner. Approaches that are in line with typical Southeast Asia cultures and international laws are more preferred by the countries affected by Indonesia’s policy. Those attempts are considered more appropriate to encounter IUU fishing and to maintain a good relationship among the countries in the region at the same time. In contrast, the intensity of protests and drawbacks shown by Southeast Asian countries on the firm of Indonesia’s approach against IUU fishing threats currently get lower. Nevertheless, Indonesia seems not to stop the policy soon provided IUU fishing cases still exist in Indonesian waters.

Therefore, this study attempts to discover why Malaysia, Thailand, Vietnam, and the Philippines are unable to stop Indonesia sinking foreign IUU fishing ships.

2. Literature Review

To guide this study in explaining the issue of Southeast Asian major fisheries industry countries in dealing with assertive Indonesia’s policy against IUU fishing, neoclassical realism is used as its emphasis on the systemic pressure of international politics, domestic politics, and state power that become key factors in the foreign policy-making process.

This theory seems relevant to the situation around Southeast Asia in which countries are directed by their domestic political pressure, not by exchanging power and influence like what the big countries do. In the region where developing countries are located, Southeast Asia political environment is dependent on people demands to their respective government regarding their social and economic life. Fluctuated economic growth in the region has contributed to the struggle of economic betterment taking place in form of political movement. This maneuver comes together with social appeals urging the government’s role in protecting its people and their rights at the same time. Those desires push the governments to formulate proper public policies that are in line with current international as well as regional circumstances. Practically, the governments do their best to ensure those demands realized with their maximum capability and resources. In brief, neoclassical realism accommodates the explanation of current Southeast Asian affairs taking place in grassroots as well as regional level in a very factual way.

Neoclassical realism is one of the realism kinds that emerged in 1998 through the work of Gideon Rose entitled “Neoclassical Realism and Theories of Foreign Policy”. In his article, that was established in World Politics Vol.51 No. 1, Rose argued that the complex nowadays the world is best explained by a new form of realism introducing the importance of domestic politics (innenpolitik) that had been neglected by Kenneth Waltz. In fact, the countries around the world nowadays are depending so much on their local political constellation before deciding a foreign policy (Rose, 1998).

One of the most important factors presented by realists nowadays, especially those who embrace structural realism, is an international system that plays a huge role in shaping foreign policies of states in the world. The international system refers to “the set of interactions among states operate from a positivist behavioral methodology”. In other definition, it means “mental images that may help to describe international phenomena” (Viotti & Kauppi, 2012). Due to the invisible interconnectedness in the international system,
changes in the system tend to take place in a repetitive pattern whose significant impact on the states within
the system. On the other hand, states’ behavior is led by human nature of every leader or by ‘invisible hand’
caused by the anarchic international system. The tendency for power by whether defensive or offensive realist
approaches will always be accumulated in every decision made in any situation for the sake of some interests
(Williams & Elman, 2008).

In Gideon Rose’s point of view, the actions taken by states take place to respond anarchic international system
in which control over their interests are supposedly taken. In addition, the dynamic of the international system
should be predicted as well to anticipate any possible circumstances. Hence, states should consider the
climate of the current international system to come up with appropriate foreign policies to contest other
states in winning their national interests (Rose, 1998).

Moreover, innenpolitik becomes an important factor for foreign policy decision makers in deciding the proper
policies for their nation. On the contrary, Kenneth Waltz’s simplification in international relations theory
excluded domestic politics in his neo/structuralist realism in which systemic pressure won a bigger portion of
discussion (Waltz, 1979). In Rose’s point of view, innenpolitik means a domestic political situation in which the
government constructs the foreign policy for that particular state in that particular time. It involves factors
like political ideology, economics, national character, partisan politics, or socioeconomic factor structure
determine a state’s behavior towards the international realm (Rose, 1998).

To combine the importance of systemic pressure and innenpolitik, Rose argued that international system
comes first as an independent variable to further shape domestic politics. Afterward, innenpolitik will
complete the consideration of foreign policy as an intervening variable. Thus, in this sequence, foreign policy
itself becomes the dependent variable of the whole process, or the final result from the combination of
systemic pressure and innenpolitik (Rose, 1998).

(Independent Variable) (Intervening Variable) (Dependent Variable)

International System Domestic Politics Foreign Policy

State Power

Figure 2 Neoclassical Realism Operationalization

In Neoclassical Realism and Theories of Foreign Policy, Rose quoted Fareed Zakaria who highlighted the factor
of state power as the framer of foreign policies. In other words, Zakaria differentiates between state power
and national power while the latter refers to a whole power possessed by a state which is limited to the
maximum usable capacity that can be extracted by the government. Meanwhile, state power refers to “that
portion of national power the government can extract for its purposes and reflects the ease with which central
decisionmakers can achieve their ends”. In another term, Rose cited Thomas J. Christensen’s Useful
Adversaries to adopt his national political power66 to describe the concept of state power (Rose, 1998).

In this study, the systemic pressure will come from regional coverage in which one state, in this case,
Indonesia, would give impact to another through its policy. As a matter of fact, what Indonesia has been
wishing by sinking illegal fishing ships is not to expand its influence but to protect its national resources from
fishing industry instead. On the other hand, the activities of illegal fishing and other crimes in the ocean take
place in almost all parts of the oceans in the region with assorted kinds of perpetrators. In Indonesia itself,
Indonesian ships were also accused to break the law and treated equally in comparison with other ships from

66 In his Useful Adversaries, Christensen defined national political power as the ability of state leaders to mobilize their nation’s human and material resources behind security policy initiatives.
different countries. Nevertheless, countries along the region somehow have been affected by Indonesia’s policy since the ships flagged their flags have been sunk.

The aggressive behavior of Indonesia is caused by the tense demand of its people to bring the glorious ocean victor back. This purpose is considered an alternative to bolster Indonesians’ welfare. As stated in the introduction of this paper, Indonesia suffered a miserable loss in its maritime resources by which Indonesians could enjoy a better life if the government can make those fortunes pay. The same goes to the countries in the region in which people are demanding for a better national resources management since they are not notably well established economically. Nevertheless, the Indonesian government seems to win the public support to deal with the offenders the way it has been. In a nutshell, even though there have been objections from other parties over the policy, Indonesia has been continuously maintaining sinking illegal fishing ships in its waters since the domestic environment is in a favor of sort of strategy.

There are numerous ways to protect Indonesia’s oceans and their resources. For instance, Indonesia could set up a satellite to monitor its oceans from offenders conducting illegal activities such as illegal fishing, human trafficking, illegal logging, and drugs trafficking. In another way, the Indonesian navy could intercept any unreported and unknown ships riding into Indonesia’s territory with the assistance of sophisticated radar around Indonesian oceans. However, neither ways are possibly done at the moment due to limited maritime security capability owned by the Indonesian government. In the same time, Indonesia’s counterparts in the region of Southeast Asia have not developed such a sophisticated technology to deal with the same problem that might occur in their territory. Thus, sinking ships carried out by Indonesian government nowadays is the most possible and effective means to overcome the problem of illegal fishing in Indonesia, or even in the region.

![Neoclassical Realism Model of Analysis](image)

**Figure 3 Neoclassical Realism Model of Analysis**

3. **Analysis**

3.1 **Systemic Pressure to Southeast Asia**

In this study, Southeast Asia refers to a region located between Indian and Pacific Ocean that includes around a dozen of countries named Indonesia, Malaysia, Brunei, Thailand, The Philippines, Cambodia, Vietnam, Laos, Myanmar, and Singapore. The width of the region is around 4,493,944 km² with 641,775,797 habitants in 2016. The GDP per capita in 2016 is USD 4,018 since the countries around the region are considered in developing phase except for industrialized Singapore (with a gross national income of USD 52,090 per capita as of 2015).

Commonly, people’s incomes come from agriculture, marine, natural resources, and industry. Collaboratively, ten major countries contributed one-fifth of global marine fish production. Six of them are in the world’s top 15 fish producers. The area supports over 100 million jobs including 10 million fishermen. In 2015, ten ASEAN countries’ exports were worth USD 11 billion (Martin, 2016).
In the marine sector, the trend of production of fisheries products in Southeast Asia indicates significant escalation compared to inland crops. In fact, more than 90% of total production in Southeast Asia in 2004 was contributed by the marine industry. That season marked the primacy of oceanic products in the region over the inland products from which states in the region fund their development and welfare since 1950. For the clear picture, figure 5 illustrates the domination of fisheries commodity in Southeast Asia industry from 1950 to 2004.

Furthermore, the development of the fishery industry that contributed to the flourish marine production in Southeast Asia was bolstered by more effective means of production and fish catching. It can be seen through Figure 6 that shows the growing number of demersal marine fish Southeast Asian countries from 1950 to 2002. Due to challenging waves in the ocean and requisite of high technology, landing demersal fish would be a tough job for fishermen in developing nations. Nevertheless, the effort has been made to jack up the production of demersal fish while that of shrimp plateaued throughout the years.
Apparently, even though the effort to improve the utilization of marine resources can be observed, irresponsible activities such as IUU fishing have been creating disadvantages to the countries in the region. According to the European Union (EU), the problem of illegal fishing in the region of Southeast Asia has been disturbing them for a very long time without any clear settlement. It is confirmed by the study conducted by the European Union in 2016 which states;

“In 2015, ASEAN fish exports were worth USD 11 billion. ... For obvious reason, IUU fishing is hard to quantify and estimates vary widely. According to one 2009 study, the western central Pacific and eastern Indian Oceans, including south-east Asia, are among the worst affected regions in the world, with IUU catches representing over one-third of reported catches and little sign of improvement over the past 20 years” (Martin, 2016)

To suppress Southeast Asian countries combating IUU fishing problem in a more serious manner, EU shown ‘yellow card’ to Thai and Vietnamese fisheries products out of IUU fishing activities. For instance, the Vietnamese government was warned by EU to fix its fishery industry from any IUU fishing practice within a reasonable timeframe. European Commissioner, Karmenu Vella, said, “We cannot ignore the impact that illegal activities conducted by Vietnamese vessels are having on marine ecosystems in the Pacific. We invite Vietnamese authorities to step up their fight, so we can reserve this decision quickly” (France 24, 2017). Therefore, major fisheries producing countries should take real-extraordinary-actions to take care of losses in the sector of maritime and restore international trust in their capability in tackling IUU fishing issues.
Big producers of fisheries product in Southeast Asia such as Malaysia, Thailand, Vietnam, the Philippines, and Indonesia have to take very carefully the assessment made by the EU countries. This is because they are the biggest importer of fisheries products as depicted in figure 7 (Statista, 2017). In other words, if fisheries industrial countries in Southeast Asia want to maintain its good business relations with its colleges in Europe, any regulations set by the Union should be obeyed accordingly.

Meanwhile, Indonesia has shown its good intention to solve IUU fishing with its assertive approach. As a matter of fact, Indonesia’s laws have been authorizing ship sinking since 2009. During Susilo Bambang Yudhoyono’s regime, there were 250 ships sunk by the government taking place mostly around the Natuna Islands (Politik Indonesia, 2014). In contrast with the current government, Susilo Bambang Yudhoyono saw that ship sinking during that time was not necessary. A careful President warned the Minister of Maritime and Fishery Affairs, Freddy Numberi, when the Minister sunk Vietnamese ship in the mission of maintaining a good relationship with Vietnam. In another case, the President urged the Minister not to sink any Thai ships during Montara’s case in 2009 (Sonia, 2014).

As his successor, President Joko Widodo has been campaigning in a more conspicuous style with promoting an assertive style to the neighboring countries. IUU fishing vessels were sunk right after court decision had been made with a catchy way of blasting and reporting all over the country. Added by the unusual informal appearance of Minister Susi who was a businessman in the fishery industry, sinking illegal fishing ships became the headlines on national as well as international media. As a result, some international acknowledgments and rewards that have been dedicated symbolically to the Indonesian Minister of Maritime and Fishery Affairs (Oktara, 2017).

In addition, several countries show their interest in Indonesia’s way of eradicating IUU fishing practices. For example, Norway and Thailand were reported following Indonesia’s step to be more serious in eradicating IUU fishing problem (Ardiyanti & Nareswari, 2017). Recently, Malaysia burned illegal fishing ships around eight nautical miles off the coast of Tok Bali, Kelantan. Even though there were no specific details about the ships, Taha Ibrahim, MMEA (Malaysian Maritime Enforcement Agency) Deputy Director General for Operations, said that it was meant to turn them into artificial reefs and to send a clear message that Malaysia is very serious in combating the issue of IUU fishing (Parameswaran, 2017). On the other hand, the Philippines and the United States committed to enhancing the sustainability of Asia-Pacific fisheries in the framework of a bilateral partnership signed on 2nd September 2016 (US Embassy Manila, 2016).

All in all, systemic pressure as a reflection of Indonesia’s policy on IUU fishing has been moving towards Indonesia’s favor. The countries that were disturbed initially by Indonesia’s action seem to follow the trend to step up against the threat of IUU fishing in so many ways. Even though the harsh approach introduced by Indonesia was peculiar in the first place, various mechanisms are now around with one identical objective, reserving the well-being of marine resources, especially around the Southeast Asia region.

### 3.2. Innenpolitik

In the current political practice, while democracy is so much popular, people’s voice becomes the key factor for the government to create any public policy. In Southeast Asia itself, democracy gradually dominates the regional political system although several countries were notably led by authoritarian leaders. As a result, the emancipation of people in every state in the region generates the direction as well as the priority of national policy.

One of the most important concerns around Southeast Asian countries is jacking up their national wealth through available natural resources scattered in their surroundings. Considering their geographical situation, oceans promise such rich maritime resources that should supposedly bring a huge amount of welfare to the society scattered around the region. Besides providing foods for the society, maritime resources are subjected to be a significant export commodity to the region outside Southeast Asia. The income earned from the maritime industry would be more than enough to contribute to the national income altogether with other natural resources such as logging, minerals, agriculture, and cattle.
However, the fortune of having resourceful oceans has had countries in Southeast Asia facing a common threat of IUU fishing. In fact, the practice of illegal fishing has cost the countries millions of dollars. To some extent, the wave of change is raised by people in the grassroots gathered in several forms of an interest group. Starting from this mandate the governments are being demanded to come up with an effective way out of the problem of illegal fishing.

In the Philippines, FAO estimated over 50 million Filipinos are dependent on fish for food (Simeon, 2017). Furthermore, 1.770.111 million Filipino are fisherfolk of which 39.2% of them are below the poverty threshold. Unfortunately, their fate seems will not get any better soon since municipal capture fisheries in the Philippines declined from 1.37 million metric tons in 2010 to 1.21 million metric tons in 2015. The causes of the declining number were allegedly due to overfishing, IUU fishing, climate change, and fishery disasters. Oceana Philippines Vice President, Gloria Ramos, said, “Irresponsible fishing has reduced many wild fish populations to historically low levels right at the moment when the world needs its oceans more than ever”. Thus, the Pangingisda Natin Gawing Tama (PaNaGaT) network, an interest group in the Philippines, urged President Duterte to address persistent poverty in Philippines fishing community (Green Peace Philippines, 2017) beside their demand to reform law enforcement in the country (Simeon, 2017).

On the other hand, Malaysia suffered a loss in the fishery sector which is worth RM 1.1 billion in 2015 said Minister of Agriculture and Agro-based Industry Datuk Seri Ahmad Shabery Cheek (Bernama, 2016). The perpetrators were commonly from Vietnam and Thailand making Kemaman (Terengganu), Kuala Sedili as well as Mersing (both are in Johor) their hot spots for fishing (Majid, 2017). These shortcomings have led Malay fishermen community into a hard life in which their basic needs such as health, education, income, sanitation, clean water, electricity, and insurance are below poverty line (Solaymani & Kari, 2014). On the ground of the hardships, fishermen in Kuantan demanded Malay government to follow its fellow country of Indonesia to take an affirmative action against IUU fishing. Tuan Sulong Tuan Jusoh, Kuantan Fishermen Association Chairman, said, “Indonesia’s move has left many (illegal fishermen) in fear and boat owners do not abuse their license” (Alagesh, 2017). All in all, Malay fishermen want the government to solve the problem of illegal fishing around Malay waters to ease their activities of fishing, so their life would be much better.

In the case of IUU fishing, Malaysia and Indonesia are considered country victims whose maritime boundary offended by illegal fishing culprits from several countries such as Thailand and Vietnam. According to Minister Susi Pudjiastuti, fisheries treasurer in Malaysia and Indonesia is much richer compared to other waters in the region. She said, “Because compared to countries in Southeast Asia, it is only us (Indonesia and Malaysia) that has rich fisheries resources. Thailand has no fishes while the Philippines only has few. So, we are being the favorite looting spot” (Detik Finance, 2015).

The different story takes place in Thailand while IUU fishing troubled Thai fishermen in exporting their catches to the foreign countries especially members of EU when EU gave them a yellow card. In 2015, EU had given Thai a warning over their marine products which are indicated as outcomes of illegal activities. Up to 2017, EU seems unlikely to lift the ban by which Thai is suffering from an inability to export their fisheries product to Europe (Wipatayotin, 2017). Hence, the Thai government should take this into account to relieve the pain of Thai fisheries industry that is already agonized by several hitches like slavery on fishing vessels, human trafficking, and corruption (Hodal, 2016).

In a nutshell, Indonesians are not the only ones who want their government to combat the problem of IUU fishing that disturbs their oceans’ well-being. Since the prosperity of those who engage with fisheries is still low, the governments of Malaysia, Thailand, Vietnam, and the Philippines are demanded to protect their people with every means they own. The nature of marine resources that is not exclusively possessed by certain states has led the world today to wide movement of eradicating any form of IUU fishing. In fact, the movement is not initiated merely by the government but also by the people whose interests are disturbed by the crime. Hence, *innenpolitik* that frames public interests has become an important factor leading people in the region to push their government to realize an objective, battling IUU fishing until its end so the people can benefit more.
3.2 State Power

Generally, countries around Southeast Asia are in need of advanced equipment to eradicate IUU fishing from their waters. The wide and challenging oceans have put them in a situation in which perpetrators are a step ahead of them. In other words, the governments are facing two problems at the moment, slick law offenders and wild nature in the oceans. Therefore, once a policy is assessed as a successful one, people would keep pace with that policy, so the similar outcomes would follow. The same goes with the case of Indonesia’s sinking illegal fishing ships from which countries in the region have a picture of relevant steps towards secured oceans since it seems a fruitful policy.

Despite limited resources to secure its waters, the Indonesian government has been trying to enlarge deterrence effect to IUU fishing perpetrators from all countries regularly subscribing to illegal fishing in Indonesia. Lieutenant Colonel Ardian from Indonesian Navy Head Quarter and Head of Marine and Fisheries Resources Supervisor in Jakarta Quarter67 Pung Nugroho Saksono said in a personal interview with the researcher that Indonesia is still lack of marine security resources. The fact that Indonesia now has Satgas68 115 cannot be seen as a perfection of Indonesian maritime security forces (Ardiyanti & Nareswari, 2017). The width of Indonesian waters cannot be a hundred percent covered by the Indonesian government in the near future. Consequently, the proper strategy should be imposed to maximize Indonesian ocean security capacity towards the vastness of Indonesian oceans. Therefore, sinking illegal fishing vessels is applied to drive away the culprits whilst the development of security forces is still underway.

The limited assets of maritime security are also grieved by the Malaysian government. Datuk Ismail Abu Hassan, the Director General of the Department of Fisheries, said, “My department desperately needs new ships in order to protect our waters from these illegal foreign fishermen. In our current situation, we have to risk our lives in catching any illegal fishermen because our old ships can only travel up to 12 nautical miles per hour” (Abd Majid, 2017). In another opportunity, Director of Sabah’s Fisheries Department Datuk Rayner Stuel Galid stated that in Malaysia, law enforcement patrols in the sea are expensive (Daily Express, 2015). Those two statements from Malay authority indicate that Malay government is still struggling to build a necessary fleet to ensure Malay waters security.

Thailand, on the other hand, has inadequate naval components as well. However, currently, it has been developing its navy as well as coast guard to demonstrate government’s commitment to tightening marine sanctuary. Practically, it had faced uncertainty in its new vessels shipment from Marsum Company Limited as a local shipyard for Royal Thai Navy over M21-Class patrol boats (Parameswaran, 2015). Besides having a business with a local company in developing its capacity, Thailand also acquired three Chinese submarines of S26T diesel-electric submarine for USD 1 billion paid in a ten-year period starting with fiscal 2017 (Naval Today, 2016). After all hard efforts demonstrated by the Thai government, Thai military, especially naval, the hardware is still way behind Singapore, Indonesia, Malaysia, and even Vietnam in submarine capacity (Global Security, Royal Thai Navy, 2015).

Substantial law enforcement development also takes place in Vietnam. With the rise of South China Sea crisis, Vietnam increases its naval cooperation with Japan (Collin, 2015) and the United States on the basis of sovereignty protection from any offensive behavior of China (Parameswaran, 2015). Naturally, its capacity to secure its waters from illegal activities is also amplified as well. Nevertheless, Vietnamese patrols in the sea cannot maintain a regular presence in all waters, especially at international sea. In addition, the available equipment possessed by the Vietnamese government cannot operate in bad weather even at wind level of 9 or 10 and stay long at sea (Global Security, 2015).

On the other hand, IUU fishing perpetrators are highly experienced and not easy to be detained when they are in action. With the nature of working on fishing ships that takes a lot of physical strength, IUU fishing ships’

67 Pengawas Sumber Daya Kelautan dan Perikanan (PSDKP) Jakarta
68 Satuan Tugas (a special task force created by President Joko Widodo to eradicate IUU fishing problem in Indonesia in accordance with Presidential Regulation Number 115 Year 2015. This force is contained of Indonesian Navy, Coast Guard, Police, Attorney, and Ministry of Fisheries and Maritime Affairs)
crew are tough enough to escape from marine security officers. In some cases, the culprits are able to demonstrate their supernatural self-defense which protects them from officers gunshot (Pudjiastuti, 2015). This circumstance on the field has led the water security officers in the region of Southeast Asia into a problematic situation to arrest IUU fishing criminals.

Those marine capacity weaknesses by Southeast Asia countries push them into an approach in which their current limited ability could echo as huge as possible positive outcomes. Commonly, IUU fishing offenders are punished by the different rage of fines and jails. Nonetheless, these regular punishments have failed to combat illegal fishing in Southeast Asia. Besides Indonesia, Malaysia currently applies vessels sinking done publicly to show its seriousness in eradicating IUU fishing in its waters. In contrast with Indonesia, Malay authority feels that sinking IUU fishing vessels is fruitless provided several illegal fishing culprits are still operating around Malay waters (Parameswaran, 2017). Obviously, Malaysia just did not find effective means to solve the problem of IUU fishing but sinking the ships used by IUU offenders instead.

In sum, sinking illegal fishing ships in public with an assertive mechanism, such as setting into the fire and detonating, is an effective means to create a deterrence effect on the offenders. As a testimony, Minister Susi Pudjiastuti said that over 10.000 illegal fishing ships are running away from Indonesian waters since the first time this policy applied (Pudjiastuti, 2015). In fact, this machinery is considered much cheaper compared to others. Moreover, this initiative is still doable despite the limited capacity of security assets owned by Malaysia, Thailand, Vietnam, and the Philippines.

4. Conclusion

In the case of IUU fishing in Southeast Asia, Malaysia and Indonesia are actually being the victims of sort of case. The culprits of illegal fishing are regularly from Thailand and Vietnam. On the other hand, European countries to which fisheries products from Vietnam, Malaysia, Indonesia, Thailand, and the Philippines are exported set a strict regulation on marine commodities which are possibly the outcomes of illegal activities harming the environment. Hence, Thailand and Vietnam take the issue of IUU fishing very seriously to ensure their fisheries exports are not disturbed in any way. Indonesia and Malaysia, in the same time, whose waters are offended by foreign IUU fishing doers are in a prudent consideration to combat this kind of criminal to warrant their local fishermen in a comfortable situation and well-being welfare. In a nutshell, major producing countries of fisheries product in Southeast Asia have no other choice than accepting Indonesia’s sinking illegal fishing vessels for sustainable maritime resources in the region. As a prediction, Malaysia, Thailand, Vietnam, and the Philippines will take a thoughtful formulation to fix their marine industry on the whole.

To conclude, according to neoclassical realism, there are three key factors that can give answers to why Indonesia does not find significant obstacles to continuously carry out sinking foreign IUU fishing ships from its counterparts in Southeast Asia region. The factors are framed in systemic pressure, *innenpolitik*, and state power. The systemic pressure around global as well as the regional scale has been in favor of Indonesia over its approach to IUU fishing threat. Long unsolvable crime had been facing no significant law enforcement until it ingrained in fisheries industry around the region where developing countries are located, so the countries around the globe will be pleased to see the fruitful policy of Indonesia. In addition, people living in the region have been sick of loss of billions of their income due to IUU fishing. Hence, people around the region voice out their concern over the issue to the government so the problem of illegal fishing is handled in a proper way. Last of all, sinking illegal fishing ships is considered so much doable in the midst of limited national capability of Southeast Asia countries, so they have to admit it that Indonesia has a proper treatment of IUU fishing problem.

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Rpoa Norm Localization to Indonesia in Handling Iuu Fishing

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Abstract

The success of the Indonesian Maritime Policy cannot be separated from Indonesia’s own role, who initiated the establishment of RPOA-IUU Fishing. Global IUU Fishing securitization has led to the localization of anti-IUU Fishing in the region and domestic. As a recognized global norm in the Southeast Asia region, IUU Fishing is known to have an impact on comprehensive security in the Southeast Asia thus a regional regime is formed to fight IUU Fishing. This research aims to find out why norm localization takes place in some countries but not in others. What urgency needs more attention from these countries than ratifying the anti-IUU fishing norms in each country's NPOA? A qualitative methodology is applied in this article to identify the formation of official documents. Specifically, discourse analysis is utilized to help understand the intentions of actors through constructive analysis of social phenomena in the obtained documents. This study reveals that localization of anti-IUU fishing norm requires the interest of the national governments as norm localization agent; incumbent governments need to perceive the anti-IUU fishing norm implementation as part of their legitimacy.

Keywords: Non-Traditional Security, IUU Fishing, RPOA-IUU Fishing, Norm Localization

Introduction

International relations experienced changes post-Cold War. Fundamental changes can be seen from giving broader security concepts. Military use as a threat and balancing threat is a part of traditional security thoughts, which is now expand for facing non-traditional security threats. Security threats nowadays come not only from states but also from non-state actors. Food security, health, water, natural disaster, migration, energy, transnational and cyber security are contemporary problems that characterize interactions between countries (Caballero-Anthony & Cook, 2013).

The development of the security concept into non-traditional security must rely on multilateral security cooperation, which involves both military and non-military actions. Aware of its collective defense which used to concern about the external threat, but after the Cold War realizing that threats also came from within the region (internal threat). (Wardoyo, 2015: 171-176) Liberalism emphasizes interdependence, collective security, and the existence of inter-state interests to protect individual rights and the freedom of individuals in other countries (Paris, 1997:59).

Countries throughout the world are desperate for their respective autonomy and are looking for policies that in line with the social, political and economic conditions of their respective countries as a part of the post-colonial state. Regions with a background of colonialism such as Southeast Asia get the opportunity to reorganize social, political and economic institutions according to their needs as actions that have the rules of post-colonial international society (Jackson dalam Clapton, 2009:19).

Decentralization of government systems is important to overcome instability due to differences in each country in dealing with their respective problems (de Soto dalam Kaldor & Rangelove, 2014: 304). Collective security is a solution by emphasizing consolidation so that the countries joined in the collaboration do not pose a threat to other countries in the region. Collective security that is in line with the Cold War era collective defense that emphasizes the collectivity of cooperation, faces external threats (Wardoyo, 2015: 172-177).
Indonesia as one of the main countries in Southeast Asia and the founding of ASEAN has a dilemma for several decades before the ratification of Indonesia Maritime Policy (KKI—Kebijakan Kelautan Indonesia, from here onwards IMP). From Old Order to the New Order, Indonesia focused on infrastructure to its agrarian development and forget that Indonesia is a maritime country.

Indonesia is the largest archipelagic country with more than 17,000 islands with the potential for abundant natural wealth with a broad coastline of 81,000 km². This geographic landscape provides Indonesia with 80% of the sea area, 1,937 million km² of land, 3,1 millon km² of territorial sea, and 3 million km² of sea area of the Exclusive Economic Zone (EEZ). The vastness of Indonesia’s sea area makes Indonesia famous for its wealth and biodiversity, not only coastal ecosystems such as mangroves, coral reefs, and seagrass beds, but also fish and petroleum (Kemenko Kamaritiman, 2018).

Illegal, Unreported, and Unregulated Fishing activity have been around since the beginning of President Soekarno’s administration, but since they want to be self-sufficient, the main concern of the New Order government is focused on agricultural development. But then President Joko Widodo’s government wanted to make Indonesia a global maritime axis, many issues related to IUU Fishing have also been carried out such as smuggling illegal immigrants, smuggling of small weapons and light arms, narcotics trafficking and other non-traditional security such as food security and environmental safety (FAO, 2018). IUU Fishing is a widespread problem from the former around procedural fishing, a violation of IEEZ (Indonesian Exclusive Economic Zone), which means threatening the limits of Indonesia’s sovereignty. IUU Fishing is not a threat with military force, but violations of sovereignty by non-state actors (Nagan& Hammer, 2011).

The Coordinating Minister for Maritime Affairs, Luhut B. Pandjaitan, stated that even with the global economic downturn, the average economic growth in Indonesia is at 5.7% due to natural resource wealth. Fight for Indonesia to become the World Maritime Axis by President Joko Widodo, Mrs. Susi Pudjiastuti, and her staff at the Ministry of Maritime Affairs, Water Police and Navy announced success (Ramdhani, 2017).

Indonesia is the only country in Southeast Asia that has Maritime Policy. Regulations on fishing such as the size of the ship and its permits and regulation of fishing methods. The weak regulation of IUU Fishing in other countries in the Southeast Asia has an impact on the many violations of IUU Fishing in Indonesia. (Kemenko Kamaritiman, 2018: 13-14) This can be seen from the number of foreign vessels captured at IEEZ and ABK (Ship’s Men) returned to their home countries. ABK from Vietnam by far are the most who violates KKI and repatriation is done by sea-lanes on Batam waters. (Nurfadilah, 2018; Ramdhani, 2017)

With the adoption of KKI through Presidential Regulation No. 16 of 2017, losses from IUU Fishing can be avoided, namely fully exploited, overexploited and depleted. This business is carried out as a long-term social, economic and environmental business (Environmental Justice Foundation, 2005: 4). The ratification of KKI is indeed still too early, so this is likely to cause a lack of socialization to other countries in the Southeast Asia region that still enter the Indonesian sovereignty border. Several countries in Southeast Asia have been proven to conduct IUU Fishing in Indonesian waters. The IUU fishing moratorium in Indonesia needs to be enforced until the foreign ships are stopped to enter Indonesian waters for fishing. Another driver of illegal fishing by Thai and Chinese fishermen in Indonesian waters was the two countries’ moratorium of fishing of their own waters, as explained by the Director General of Supervision of Marine and Fisheries Resources of the Ministry of Maritime Affairs (PSDKP-KKP) Eko Djalmo (Kompas.com. 2017);

69 KKI—Kebijakan Kelautan Indonesia (Indonesian Maritime Policy) is promulgated on seven pillars, namely management of marine resources and development of human resources; defense security, law enforcement, and safety at sea; marine governance and institutions; marine economy and infrastructure and improved welfare; management of marine space and protection of the marine environment; maritime culture; and maritime diplomacy. (Biro Informasi dan Hukum, 2017).

Since President Joko Widodo appointed Mrs. Susi Pudjiastuti as the Minister of Maritime Affairs and Fisheries, there has been a significant change in the reduction of violations of IUU Fishing by foreign vessels in Indonesia. The following graph showing the number of cases of criminal offenses in IUU Fishing on IEEZ. The actions of Mrs. Susi, which extremely mobilized BAKAMLA and Polairud to help PSDKP capture violators of the Law on IUU Fishing at IEEZ, have given deterrent effect on foreign ships in the waters of the IEEZ.

![Graph showing reduction of IUU Fishing violations](image)

_Eroda of IUU Fishing has significantly affected the sustainability of resources and prevention of environmental damage. As handling other non-traditional threats, the eradication of IUU Fishing cannot be done individually but must be done multilaterally. Regional Plan of Action for Combating Illegal, Unreported, and Unregulated Fishing (RPOA-IUU) approved in May 2007 with participation by several Southeast Asian countries such as Brunei Darussalam, Cambodia, Indonesia, Malaysia, Papua New Guinea, Philippines, Singapore, Thailand, East Timor, and Vietnam and Australia ([www.rpoaiuu.org](http://www.rpoaiuu.org)). This meeting continued, as the last workshop in November 2017 was held between these countries to prevent IUU Fishing in their respective countries by referring to regulations in their country and international regulations. Each country is expected to make a better National Plan of Action on IUU (NPOA-IUU) at the country level and in the global region (news.kkp.go.id).

Unfortunately to this day from 2007 not all RPOA-IUU supporting fisheries management in the region for maritime resource defense, managing fisheries capacity, and anti-IUU in the region. The following is RPOA-IUU countries with the availability of their NPOA-IUU.

<table>
<thead>
<tr>
<th>No.</th>
<th>Country</th>
<th>NPOA-IUU</th>
<th>NPOA Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Indonesia</td>
<td>Available</td>
<td>2009, 2012; Kementerian Kelautan dan Perikanan</td>
</tr>
<tr>
<td>2.</td>
<td>Australia</td>
<td>Available</td>
<td>2005; Department of Agriculture (2014)</td>
</tr>
<tr>
<td>3.</td>
<td>Thailand</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Brunei Darussalam</td>
<td>Available</td>
<td>2011 ; 2013;Department of Fisheries</td>
</tr>
<tr>
<td>5.</td>
<td>Kamboja</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>Malaysia</td>
<td>Available</td>
<td>2013: Jabatan Perikanan Malaysia</td>
</tr>
<tr>
<td>7.</td>
<td>Papua New Guinea</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>Filipina</td>
<td>Available</td>
<td>2013 : Republic of The Philippines – CTI (Coral Triangle Initiatives)</td>
</tr>
<tr>
<td>9.</td>
<td>Singapore</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td>Timor Timur</td>
<td>Available</td>
<td>2011; 2013 CTI</td>
</tr>
<tr>
<td>11.</td>
<td>Vietnam</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

*Table 1 NPOA-IUU (source [http://www.rpoaiuu.org/npoa-iuu/](http://www.rpoaiuu.org/npoa-iuu/))
From the table above, it can be seen that not all countries in the region make IUU Fishing an urgency which need to be conducted into NPOA in their respective countries. The non-compliant states that do not have NPOA, do their best not to violate IEEZ. The success of Anti-IUU Fishing securitization in Indonesia has made Indonesia’s strategic implications to be respected in the region. Indonesia has been able to maintain its IEEZ independently, but still tries to transmit it in the region so that Southeast Asia become a region with a future maritime resource followed by other strategic benefits such as prevention of other non-traditional crimes.

This paper discusses the phenomenon of anti Illegal, Unreported, and Unregulated fishing norm localization in Southeast Asia and the role of national governments as localization actor. It asks Indonesia has been successful in the absorbing anti-IUU fishing global norm into its national legal framework. It argues that localization of anti-IUU fishing norm requires the interest of the national governments as norm localization agent; incumbent governments need to perceive the anti-IUU fishing norm implementation as part of their legitimacy. Differing interests of Southeast Asian member-states towards the enforcement of anti-IUU fishing norm and marine environment protection means not all of them adopt global anti-IUU fishing norm.

Research Method

Obtaining a deep understanding of a regional norm so it can be accepted by the state, identifications and concern for the conditions that cause the interaction process. The interaction process will cause contestation with the aim of reflecting the creation or re-creation of existing norms. Giving a meaning depends on the potential political impact felt by the recipient country. Identification with qualitative methods was chosen to identify the formation of official documents. The approach to discourse analysis is used by researcher because there are specific social phenomena that occur and require constructive analysis that helps in understanding the intent of the content of the obtained documents (Wiener, 2009: 175).

Knowledge is obtained by doing social construction exchanging experiences. Flick (2004) shows it as a mimesis namely pre-understanding from written sources and directly experienced. Mimetic processes are used to obtain experience based on experiences that create understanding and interpretation through qualitative research. A qualitative approach in constructivist research is relevant to use to understand the data obtained. Coupled with interviews with members of the area under study, success will be gained in obtaining access to constructivist understanding (Flick, Kardoff, & Steinke, 2004).

Table 2 Mimesis Process of Understanding. Source: Flick, Kardoff, & Steinke, 2004

Indonesia as an Initiator of IUU Fishing in the Region

The securitization of IUU Fishing in Indonesia itself has been declared an independent issue that shows the social construction, which successfully builds the urgency of the speech act through the role of the state actor whose final endorsement is the Presidential Regulation. Based on Buzan’s securitization process, Keliat’s (2009) research shows how important the urgency of new security issues for Indonesia. Financial losses from the large number of fish exploited are the main discussion. IUU Fishing as part of the attention of maritime security is a matter that has been constructed, so the definition must be more flexible and develop along with its needs. (Keliat, 2009)
President Joko Widodo’s government authority (2014 until today) wants to make Indonesia a World Maritime Axis because of the awareness that Indonesia is an archipelago with uncountable maritime natural resources. Too much loss from Indonesia’s maritime natural resources makes IUU Fishing, which was once a non-security issues a security issues because it involves the prosperity and enforcement of Indonesia’s sovereignty. The moment IUU-Fishing becoming a security issue, the handling of supervision and enforcement involves both military and non-military. (Isnurhadi, 2017)

Indonesia, which has made IUU Fishing an urgency, has mobilized various ranks such as the Navy, Air Force and the role of the Minister of Maritime Affairs and Fisheries who uphold national law for violators of the Anti IUU-Fishing Law in Indonesia. Indonesian law enforcement in the IEEZ was declared by Vietnam as the country whose ships violated IUU-Fishing Law most as a violation of UNCLOS 1982 and the MOU between the two countries. The 1969 Vienna Conference provided justification for Indonesia’s actions which had obligations and rights to uphold the law in its sovereignty. (Fariz, 2016)

IUU Fishing Prevention Regime

All countries in the world agree that maritime natural resources need to be preserved, for that we need institutions that have norms, decisions, rules and procedures that help to unite hopes for the sustainability of maritime natural resources. According to Stephen Krasner (1983), this proves the existence of a regime for IUU Fishing cases at various stakeholder levels. The defense regime of IUU Fishing has been prepared from international, regional and domestic levels. (Baird, 2004: 6) It is necessary to make a commitment to the overall cooperation between the government and researchers of the marine ecosystem as a monitor and control of sea exploitation. (Dirhamsyah, 2012) The international regime is very strong in handling IUU Fishing. The sea as the majority of the earth’s surface composition is natural resources and the trade and transportation dimensions make it a shared responsibility. The main threat to anti-IUU fishing violations is a crime for damage to the environment and food resources from the sea. Indonesian-Australian bilateral cooperation adapts the Code of Conduct for Responsible Fisheries (CCRF) established by the Food and Agriculture Organization (FAO) by conducting bilateral meetings, conducting various collaborations in patrols, technical assistance, and bilateral meetings that have proven successful in reducing violations of IUU Fishing. (Salfauz, 2015)

Starting from the FAO IPOA in 2001, 75 countries around the world agreed that IUU Fishing as a threat requires monitoring from all countries, cooperation between countries, publicity, technical capabilities, state flag responsibility, coastal country measurement, internationally agreed market measurement, and measurement regional fisheries management organization (RFMO). (Miller & Clark, 2016) Indonesia and Australia as the initiators of the RPOA were followed by nine other countries in the region. The RPOA was established voluntarily at the ministerial level as the initiator. Even though it is not legally binding, RPOA still has a goal to minimize the violation of IUU Fishing. (Johns, 2013)

The literature review indicates that there are various arguments in seeing IUU-Fishing from various perspectives. Some opinions see this regionalism as showing a mutualistic relationship but not a few who consider this to leave a focus that will disrupt the country’s focus in achieving security in preventing IUU Fishing. In addition, this literature review concludes that regionalism shows cooperation with the binding of values and norms formed by the related regime. But it cannot always be absorbed and implemented properly by member countries. Therefore, this study makes a question in seeing the absorption of norms by its members in this case Indonesia. Indonesia was chosen because it has an NPOA and has success in it. Indonesia’s entry into the RPOA indicates the importance and absorption of policies that are being expanded within the framework of the region. This gap then became a gap in seeing the absorption of norms for state actors who have implemented the national framework. So that this study will contribute to understanding Indonesia’s strategic position in facing the threat of IUU Fishing, especially in the region through the RPOA mechanism.

Localization of Anti-IUU Fishing Norms in the Region

The Concept of maritime geopolitics in global security is urgency as results of Bush’s “War on Terror” (2001). Enforcement of maritime areas for every country in the world is very important as a way to maintain order at
the border. Moreover, cooperation between countries on the border emphasizes maritime areas as Terrorist Transit Triangle. Migration from one region to another has become very important because it involves different policy practices in each country that must be adhered to. (Carson in Carnegie, 2016: 70-72) The concept of security is developing and interconnected, originating from terrorists as NTS culminating in maritime issues that affect human migration which also spread throughout the world.

According to Buzan in the concept of securitization, every issue can become a security issue especially if the issue is successfully accepted by the community as an issue that poses a threat to public security. Issues that are actually not security issues can be a security issue. Threat to state sovereignty can come from within and abroad. Buzan also analyzed five security sectors, namely political, military, economic, social and environmental. The five cannot be separated from each other even though each have their own problematics. (Buzan, 1991: 433; 1998: 45)

The norm for the existence of comprehensive security achieved from eradicating IUU-Fishing is found the IPOA-IUU, which then used as a goal in the RPOA-IUU. By applying the RPOA-IUU the four dimensions of security in the region will be achieved, namely (1) Political Security, (2) Food Security, (3) Economic Security, and (4) Environmental Security. Examples for these dimensions can be seen from the understanding that fish stocks in the region as important food source and can be used to be traded inside and outside the region. Upholding responsible fishing practices, prevention, sanctions and eliminating illegal fishing become important for food security and poverty alleviation in the region. (rpoaiuu.org)

Acharya (2004) stated the importance of a strategy to carry out the diffusion of norms by domestic actors and then the norm was localized to countries in the region. In order for norms to be accepted by other countries in the region, there are several conditions that must be met; namely (1) the norms propagated are universal norms, such as racism, biological weapons, human rights issues, and in the case of the author, IUU Fishing which has a strategic impact on the future of natural resources, prevention of transnational crime, upholding sovereignty; (2) The need for transnational actors to carry out the dissemination of the norm in my case is the Indonesian representative as the RPOA-IUU Fishing; and (3) even though it has a goal to transmit the norm, awareness is needed to conduct conversion rather than dispute (contestation) by domestic / local actors. (Acharya, 2004: 242)

![Figure 9 local response framework for transnational norms (ibid: 254)](image)

The application of localization of the norm instrument is carried out non-coercively means to include the rules resulting from the collective agreement. Localized global instruments such as United Nations Conventions on the Sea (UNCLOS), the United Nations Fish Stock Agreement (UNFSA), the FAO Code of Conduct for Responsible Fisheries, the International Plan of Action (IPOA) to Prevent, Deter, and Eliminate IUU Fishing, IPOA Conservation and Management of Sharks and IPOA Management of Fishing Capacity. (ibid) This localization does not impose and is highly dependent on local representatives to use foreign ideas. This has been proven by not having NPOA in several RPOA-IUU member countries but the results remain real and can last so far, especially in Indonesia. Applying the framework offered by Acharya (2004) to the discussion of the author, there are several things that must be considered regarding the acceptance of norms into domestic rules in their respective countries. Some forms of reaction received by the state are: (1)
Resistance, which means that there are no changes to national documents and instruments even though the targets (both local and external) of the norm are still approached, but continuous rejection leads to failure of the transmission of norms. (2) Localization which means creating new instruments and tasks, norm targets being replaced or modified. However, the hierarchy of implementing institutions for norms does not change, or if they change, they will follow the example. (3) Replacement of local norms which rarely happens because basically the new norm is a universal norm which is actually the objective. Following is the framework for accepting anti-IUU Fishing norms at RPOA-IUU as part of the Southeast Asia region in accordance with Acharya’s framework:

Countermeasures for IUU Fishing in the Southeast Asia Region

The importance of anti IUU Fishing policy are undoubted. Various issues such as damage to natural resources in the sea, illegal immigrants, illegal trade and of course interventions to state sovereignty can be eliminated. The Southeast Asia region is experiencing depletion of marine resources due to IUU Fishing (Schreurs in Radtke and Feddema, 2000: 141) As discussed earlier, author interest in examining to what extent anti-IUU Fishing normalization in Indonesia is understood by understanding the background of RPOA formation and the influence of Indonesia’s existence on RPOA. The implications of achieving comprehensive security with the enactment of anti IUU Fishing regulations cover a variety of non-traditional security domains in the region. Maritime piracy, maritime terrorism, organized crime in the sea, human trafficking, climate change, potential threats to the number of fish and marine biota, are threats that accompany IUU Fishing. (Chaterjee, 2014) This diffusion of norms for non-traditional crimes should occur in all NPOA in each member country of RPOA IUU Fishing.

IUU Fishing has been successful in securitization, seen from the many countries, regions, and globally that make binding regulation. Between countries for the sustainability of the maritime ecosystem. The sustainability of the maritime ecosystem that is a legacy for the future is the main headline of all previous research regarding IUU Fishing securitization. The handling of IUU Fishing in addition to being unilateral must also be done bilaterally and multilaterally among countries prone to IUU Fishing. Some concerned areas in the Southeast Asia that are prone to IUU Fishing are the South China Sea, Sulu Sulawesi Waters, and Asia Pacific Waters.

Bilateral cooperation has been carried out by making an MoU between two countries such as Indonesia-Thailand, Indonesia-Vietnam, Indonesia-Philippines, and Indonesia-Australia. Some of the efforts made are the Joint Border Committee (JBC), the Joint Commission for Bilateral Cooperation (JCBC), the Wide MCS System and the Code of Conduct for Responsible Fisheries (CCRF) which are carried out both with annual meetings and joint patrols. (Muhammad, 2012; APEC, 2008; Salfauz, 2008) The handling of IUU Fishing is done because the losses from IUU Fishing are not solely due to food security and the environment, but security from terrorists and other transnational crimes.
Multilateral cooperation is formed between countries in the Southeast Asia region through the RPOA IUU Fishing. The establishment of the RPOA-IUU is inseparable from the IPOA-IUU. The IPOA-IUU initiated by the FAO emphasizes the importance of fighting IUU Fishing for human survival on earth because damage and loss of maritime resources will be a threat to food and the human environment as a whole. (FAO, 2016) This also supported by the ASEAN Regional Forum which states that fighting IUU Fishing is very relevant to UNCLOS 1982, making maritime cooperation one of the agendas to fight transnational crime and other non-traditional challenges.(ARF Forum Statement)

Conclusion

In final note, writer intends to state that there is reciprocal communication between the three actors. Communication and opinion polls occur during multilateral meetings between the three actors to be discussed in each policy. Communication about IUU Fishing policy rules and then converted according to the needs of each party. So, from that IUU Fishing policy can at any time experience changes in its domestic policies such as NPOA, its regional policies such as the RPOA, and its IPOA as international policies. As a universal norm, anti-IUU Fishing must be constructed into policies in an effort to make the world a place to live and able to support the needs of people who live in it.

In order to provide sustainable life, even the world’s population has an obligation to maintain maritime resources. This universal agreement was then converted into the limits of the taking of maritime resources, especially fisheries and marine affairs. In addition to extending the life of maritime resources, this policy can comprehensively provide restrictions for transnational crimes such as illegal drugs. Once diving, one or two islands have passed, by enforcing IUU Fishing NPOA in their country while outward looking, researchers believe Indonesia can be an example of maritime policy making and world maritime axis.

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ASEAN Responsibility to Protect to Handle Rohingya Crisis Issue in Myanmar

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ABSTRACT
This paper explains how ASEAN deals with Rohingya refugees displaced by discrimination and imaging of the Myanmar government and also how ASEAN has carried out the process of returning the Rohingya to Myanmar, whichever is to take action against crimes and human rights that can cause casualties. "Responsibility to Protect Concept" is used in this Rohingya refugee Problem, which is to help the Rohingya as a step to prevent the oppression of abandoned Rohingya and reduce the escalation of conflict between two ethnic groups. The author also uses the literature review method for the uniqueness that occurs in the Rohingya. This article has the argument that ASEAN does not only provide public information but also has to take an intensive approach to Myanmar’s government, so the roots of this conflict can be truly resolved and the Rohingya regain their citizenship rights.

Keywords: Rohingya Refugees, Repatriation, Responsibility to Protect, ASEAN, Citizenship Rights.

Introduction
Violence and Human Rights Violations are still one of the most important traditional security issues in the study of International Relations. This issue can occur between countries or it can also be between civil society within a country. In discussing the issue of violence or human rights violations that occur within a country, then the state itself has the right and authority to deal with these issues. If the country itself is unable to resolve the issue, then the country can request assistance from the regime or the international community to resolve the issue. When the United Nations was formed in 1945, the community promised not to allow crimes against humanity to repeat itself as had happened in World War 1 and World War 2 or crimes against humanity that occurred in several other countries such as Cambodia, Guatemala, and others. But a particular regime or international community does not have the right to interfere with the issue without permission from that country. This principle is called the principle non-interference, where every country has the right not to be interfered with in the affairs of its country and also not interfere in the affairs of other countries or international regimes.

The Rohingya Muslim crisis that took place in Myanmar is one form of violence and human rights violations based on conflicts between ethnicities and religions in the past that have resulted in the revocation of citizenship rights and expulsion of minorities, namely the Rohingya. This situation causes the Rohingya to seek protection and assistance to other countries or the international community to be able to solve problems that are very detrimental to this people. In general, this conflict could break out because it was driven by various disappointments protracted within the country’s nationality, so the ethnic movements emerged which put forward a variety of political demands, at least to get attention and autonomy, maximally to establish a

state based on its ethnic groups. Their neighboring countries and also the country of origin of Rohingya, Bangladesh refuses to help the issue of crime due to factors such as high population density in the country, poor economy, and this can give a bad image to the country of Bangladesh in the Middle East. Until now, Myanmar has not been able to resolve this conflict in full because of the assumption that the Myanmar government only benefits one party in resolving this inter-ethnic conflict.

This Rohingya crisis received more attention in the international world, including ASEAN. ASEAN Parliamentarians for Human Rights (2015) explained that in a historical and regional context domiciled, Rohingya are still considered as one of the people in Myanmar in terms of their nationality, while Myanmar is an ASEAN member state since 1997. ASEAN should have a significant role in resolving this problem, although basically it was not formed to deal with issues like this. Although there are many things that might make ASEAN difficult to develop into an organization like the European Union, at least for certain cases, there are actions that can be taken by them. Until now, ASEAN countries still adhere to the ASEAN principle regarding non-interference and non-interference. But this is sometimes misused by its member countries, such as the Rohingya case in Myanmar. ASEAN should provide an exception in its application if an internal conflict has had a significant negative impact on other members, and of course carried out with consideration, requirements, steps and also prevention.

The Rohingya case in Myanmar certainly has an impact on members of other ASEAN countries. Refugees who have fled Myanmar can pose a threat to the internal stability of the countries they visit. Responding to this, the principle of non-intervention should have been put aside, because, in addition to having an impact on other member countries, this conflict was also very inappropriate in terms of humanity. Humanitarian intervention can be used to suppress the principle of non-intervention which has been used as a tool to take refuge by countries that do not want to be interfered with in their internal affairs. Humanitarian intervention can be interpreted as an intervention by the international community to reduce human rights violations in a country, as happened in the Rohingya case.

Responsibility to Protect

In the current international legal system, countries have full sovereignty even protected by the norm of non-interference in matters relating to their internal problems. On its own journey, these concepts and norms shifted along with developments in relations between countries and the development of actors who no longer only focused on the state but also on civil society. This has the consequence of reducing the traditional norms of the concept of the modern nation-state. The main challenge comes from the emergence of new norms that were introduced in the 1990s with the term obligation to protect or better known as the concept Responsibility to Protect or commonly called “R2P”. This norm was initially and mainly promoted by countries in the Western hemisphere, but its development was expanding even though it still could not be said to have spread universally. This development is also based on the increasing demand for universal human rights norms applied in every approach to relations between countries and non-state actors, in the study of International Relations.

The R2P concept is a guide for countries or regimes and the international community to be able to intervene internationally. The end of the 20th century marked a change in which the nature of large armed conflicts between states of war was replaced by internal conflicts of violence and also human rights violations, where

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75 Owen Frazer, “International Engagement on Buddhist-Muslim Relations in Myanmar”, The Review of Faith and International Affairs Vol 13, 82-86.
79 Alex J. Bellamy, “The Responsibility to Protect and the Problem of Military Intervention” Vol. 84, pp 615-639.
80 Alex J. Bellamy, “The Responsibility to Protect and the Problem of Military Intervention” Vol. 84, pp 615-639.
81 Alex J. Bellamy, “The Responsibility to Protect and the Problem of Military Intervention” Vol. 84, pp 615-639.
most of the victims were civilians. Thus, towards the end of the 1990s, there was a need to shift the debate on crisis prevention and the security response of the public and individuals where this was not only the responsibility of the state but also had to be a priority for national and international policies. This Responsibility to protect was used as a way to unite the two concepts of state sovereignty and protection of the people in the crisis of extinction. So the agreement from the United Nations is that each country has a responsibility to protect its own people and that the international community has an obligation to help countries fulfill these responsibilities. If a country fails to protect its people, it is the responsibility of the international community, through the United Nations, to intervene in the country concerned.

This protection, though not always, but often does so by mobilizing the military or military intervention and bringing those responsible for prosecution either under extra-territorial jurisdiction or universal jurisdiction. However, R2P can also take the form of non-controversial actions such as humanitarian assistance or other types of assistance to victims. The form of action or action is often referred to as the term humanitarian intervention. Although in its development the humanitarian intervention is often understood as the use of military forces trans-boundary that aim to stop or minimally reduce human suffering from an act of extermination or slaughter.

So the concept of the Responsibility to Protect is considered appropriate in analyzing the issue of conflict that occurred in Myanmar which caused the occurrence of crimes and human rights violations against the Rohingya. By using this R2P concept, this conflict crisis conflict in Rohingya can be analyzed properly to find the best solution as a conflict resolution so that it is not escalated any longer, so as not to cause more victims.

Analysis
Causes of Discrimination Rohingya
a. Weak Security Factors
The security system established by the government tends to fail because it is not accompanied by a real balance of political power (only formal legality) so that ethnic conflicts are increasingly widespread because they are not supported by the state defense and security forces adequately. Rohingya militias who tend to have the power to attack rather than survive. They carried out acts of terror and attacks that were aimed at civilians, namely the ethnic Rakhine. Since then, the situation of Arakan / Rakhine Province has been tense and there have been frequent disputes between ethnic Rakhine and Rohingya people.

What’s more, the military junta government bought land forcibly and even built a highway leading to residential centers of senior officers and their brothers. Many Rohingyas who were victims of land grabbing vented their disappointment at the Rakhine ethnic group which was far more protected by the military junta government. The government seeks to seize land rights, refuse citizenship, massacre, expulsion, burning and banning worship, closing food supply lines, and a number of other brutal actions have been carried out by the military junta assisted by Rakhine monks to exterminate Rohingyas.

b. Political Factors
Political discrimination was evident at that time in Myanmar. The Myanmar military seeks to create a belief in military identity as a neutral and free charm and respect by minimizing the role of civilian police and limiting their possession of weapons in the civil security process. The conflict involving Rakhine ethnicity with Bengali.

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85 Alina Lindbloom, " Their Sein's Administration", in Persecution of The Rohingya Muslims: Is Genocide occurring in Myanmar's Rakhine State? pp 13-17
ethnic Rohingya was allegedly to create trust in military identity by reducing the role of civilian police and limiting their possession of weapons in the process of securing the community. Therefore, the conflict between the ethnic Rakhine and the Rohingya was not able to be controlled by the local police considering their weapons to reduce the limited riots.⁸⁷

The climax was that during the reign of U Nu, the government launched Buddhism as a national religion and planned to form 2 new states namely Mon and Rakhine (Arakan) which had not yet entered the Union of Burma.⁸⁸ This controversial political policy has sparked a dispute between ethnic Rakhine and Bengali ethnic Rohingya because since this policy agenda was put in place, the influence of the monks has been increasingly influential in influencing the political situation in Myanmar and even imposing their views on all Burmese people including ethnic Rohingya Bengalis are Muslims to realize Theravada Buddhism as a national religion.⁸⁹ Radicals, fact Rohingya ethnic groups who are members of the Mujahideen movement try to fight Rakhine ethnicity by carrying out a rebellion, they are disappointed with the treatment of monks who force Muslims to learn the values and culture of Buddhism to maintain their existence in Myanmar.

c. Economic Factors

-Crisis

During Than Shwe’s reign, the military junta has diverted sources of income and regulated employment opportunities to be more equitable to the community. However, government policies have not improved the national economy, especially the Province of Arakan / Rakhine, which has a much more backward economy. The decline in real income has made Myanmar fall into an economic chaos that also indirectly affects the Arakan Province. Since then, the Rohingya have not had adequate economic opportunities, they often experience economic discrimination by the military junta.⁹⁰

In addition, the Rohingya ethnic group felt aggrieved by the discriminatory actions of the military junta which led to the division of tribes and regions ended in civil war, rebellion, bloodshed, and violence. Rakhine ethnics are given more confidence by the military junta to manage the economy such as rice middlemen, trade, and service providers at the port. This was the cause of conflict with the Rohingya because they were not given the opportunity by the government to carry out access to the economy even when Rohingyas began pioneering efforts to support their economic development, the government assisted by Rakhine monks looted the shops they get up.⁹¹

In the construction of the project, Rohingyas did not receive any compensation for their land acquisition. The Rohingya’s disappointment increased when Rakhine ethnic and military junta attacked them such as looting, damaging homes and places of worship, burning alive one of them.

d. Social and Cultural Factors Different

Myanmar residents have never acknowledged the Bengali ethnic Rohingya as ethnicity, they regard as "Muslim Arakan" , "Burmese Muslim" or "Bengal from Burma" are names pinned to the Rohingya as mockery. Not only the Burmese government intimidated them, but also the military junta also touted the anti-Islamic movement among the Rakhine Buddhist community and Burmese residents as part of a campaign against the Rohingya.⁹² For the military junta, the movement was quite successful in getting ethnic Bengali Rohingya people out of Myanmar. Many Rohingya people face discrimination by the Burmese democracy

₹₁ Nehginpao Kigen," Conflict in Rakhine State in Myanmar: Rohingya Muslim's Conundrum", Journal of Muslim Minority Affairs. 33:2, pp 298-310
₹² A report by ASEAN Parliamentarians for Human Right: The Rohingya Crisis and the risk of Atrocities in Myanmar: An ASEAN Challenge and Call to Action. pp 6-14
movement which greatly overthrew the Rohingya. Therefore, it is very unfortunate that the discrimination given to Rohingya ethnic groups is vulnerable to radicalism because, in conditions that are very depressed and suffering like now, this can happen and will be very dangerous because it can affect the stability of Southeast Asia including the Straits of Malacca.93

**ASEAN's role in resolving the Rohingya Conflict**

Although the conflict in Myanmar is not included in the agenda of the ASEAN Summit, ASEAN must take action to prevent the escalation of crimes that have occurred in Myanmar. But so far because of the principle of non-intervention in the agreement of the ASEAN Charter, ASEAN countries have limitations in terms of intervening in Myanmar to help with the Rohingya problem.94

So the right action that must be taken by ASEAN towards this Rohingya conflict is to carry out Responsibility to Protect a more dynamic to be able to ensure a solution to the root causes of the conflict. By using the R2P concept, ASEAN countries must take a more intense approach to Myanmar, especially its government so that ASEAN can more optimally observe the roots of the problem and the opportunity to resolve the Myanmar conflict can be increased.

**Analysis of the Role of ASEAN in the mechanism for solving problems for Rohingya Refugees**

**1.1 The Role of ASEAN as an Initiator**

The involvement of ASEAN must meet several criteria, one of which is a special request for ASEAN involvement from the general assembly, general secretary, or other competent main bodies (eg ASEAN economic and social council).95 ASEAN requests must be more intense in monitoring and ensuring the nature of voluntary repatriation and providing assistance to refugees in refugee camps.96 ASEAN will encourage the establishment of mechanisms to determine refugee status in ASEAN countries to ensure that those who feel threatened by persecution will be assured of protection in neighboring Southeast Asian countries.97

**1.2 The Role of ASEAN as a Facilitator**

When refugees first arrive in the destination country, it is only natural that they need help. This is what happened in the massive influx of refugees that occurred by Rohingya refugees who fled to neighboring countries.98 To respond quickly to emergencies, ASEAN prepares stocks of these goods in the center of the refugee camps of ASEAN countries.

Refugees also certainly need well-organized direction and training to reorganize their lives. The process of the capacity building then becomes an ASEAN business, in collaboration with development partners in the stage of increasing the capacity of the refugees.99 ASEAN also continues to try to develop the quality of refugees as human beings in various aspects.

In addition, ASEAN will also provide facilities and assistance for Rohingya refugees including:

1. Building community centers for women in the refugee camps, to reduce the level of violence against women and children.
2. Promote family planning, and conduct skills training for women.
3. Providing and distributing various household goods

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96 A report by ASEAN Parliamentarians for Human Right: The Rohingya Crisis and the risk of Atrocities in Myanmar: An ASEAN Challenge and Call to Action. pp 2-14
4. ASEAN staff provides assistance to facilitate Rohingya refugees and coordinate with ASEAN countries.\textsuperscript{100}

ASEAN also collaborates with the governments of countries to share the responsibility of protecting refugees and encourage the government to address the causes of the flow of refugees. When internal disputes cause a flow of refugees, this becomes an international problem and responsibility for all nations, especially ASEAN to help restore peace and security in troubled countries.\textsuperscript{101}

The analysis conducted by ASEAN on the refugee crisis will determine the continuation of the implementation of assistance to refugees. The provision of assistance to refugees by ASEAN is divided into 5 forms of assistance, namely:

1. Provision of emergency assistance involving large numbers of refugee movements.
2. Regular programs in fields in the form of providing primary needs such as education, health, and protection.
3. Placement in a third country for refugees who cannot return to their place of origin and for refugees who face protection issues in the country where they first sought protection.\textsuperscript{102}

The implementation of this assistance also requires assistance from international authorities other than ASEAN, for example, the United Nations. Thus, the implementation of the provision of these assistance has been carried out in stages, adapted to developments occurring in cases handled by ASEAN, both from the openness of the governments of the countries concerned, reality on the ground, and in terms of availability of funds in the permanent budget, as well as contributions - non-binding contributions from NGOs or donor countries.\textsuperscript{103}

1.3 The Role of ASEAN as a mediator and reconciler

In handling Rohingya refugees, ASEAN continues to encourage cooperation between the government of Myanmar and ASEAN to find joint solutions in overcoming Rohingya refugees. The best solution that can be done is to repatriate or return Rohingya refugees to their home country (Myanmar).\textsuperscript{104} However, this solution is still difficult to be implemented by ASEAN, because until now the Myanmar government still does not recognize the Rohingya ethnic refugee status as part of the ethnic group in Myanmar, and there is still discrimination against the Rohingya in Myanmar by the Myanmar military junta government.\textsuperscript{105}

ASEAN continues to ensure the voluntary nature of the welfare of refugee groups in camps by maintaining the dialogue with the government and the refugees themselves, as well as intervening if necessary. ASEAN continues to sensitize the Myanmar government to protection issues while emphasizing refugees to voluntarily return to their home countries. Myanmar’s neighboring country, Bangladesh, is anxious when Rohingya refugees enter their country. Although at that time the UNHCR provided assistance to them, they still felt that their security stability was threatened. The Bangladeshi government argues if the country starts accepting many new refugees to Bangladesh and exacerbates the situation of law and order in Bangladesh.\textsuperscript{106}

So ASEAN must also take the initiative to negotiate with Myanmar regarding voluntary repatriation, in order to be able to restore the citizenship rights of the Rohingya, on the one hand also to complete the task of ASEAN as a mediator to resolve the conflict.


\textsuperscript{101} Stein Tonneson, “ASEAN’s Rohingya Challenge”: Can ASEAN fail to act and yet be a community?” Policy Brief published 09/2015.

\textsuperscript{102} Asia Pacific Centre for the Responsibility to Protect, “ASEAN, The Rohingya, and Myanmar’s Responsibility to Protect” Vol2 no 9 (2012)


\textsuperscript{104} Ahmad Rizky Mardhatillah Umar, “Making ASEAN works in Rohingya: A Southeast Asian Perspective” in Research Assistant at ASEAN Studies Center, Universitas Gajah Mada

\textsuperscript{105} Ahmad Rizky Mardhatillah Umar, “Making ASEAN works in Rohingya: A Southeast Asian Perspective” in Research Assistant at ASEAN Studies Center, Universitas Gajah Mada

1.4 The Role of ASEAN as Determination

ASEAN as a Southeast Asian regional community actually has the authority to intervene in resolving crimes against humanity issues, such as the Rohingya conflict, which is to provide long-term solutions to the problems of refugees that occur. Before refugees are given refugee status, ASEAN will first verify the refugees. This verification process is general in its implementation in every country that will be verified by ASEAN. Rohingya refugees also passed the verification stage before they obtained refugee status set by ASEAN.  

In the case of Rohingya ethnicity, ASEAN cannot simply carry out its function to deal with refugees. Previously, a team from ASEAN would cooperate with the local government, in this case, the Rohingya were displaced in Bangladesh, which after being verified by ASEAN would determine whether they were refugees or not.  

The stages carried out by ASEAN are to register and register for refugees for scheduled interviews with ASEAN parties regarding the motives and objectives of the refugees. After the results of the interview process are completed, it will determine whether they are refugees or not. Furthermore, ASEAN will only decide what actions will be taken to the refugees and of course with the agreement and cooperation with the country concerned, in this Myanmar crisis.

ASEAN Completion of Rohingya Refugees

In the case of these Rohingya refugees, ASEAN has a function to carry out long-term solutions through efforts to find a durable solution for refugees. The solution is divided into 3 choices, namely:

1. Repatriation

It is an effort taken by ASEAN to return refugees to their home countries. Repatriation is divided into 2, namely the return of refugees to the country of origin on the decision of ASEAN (repatriation by ASEAN) and the return of refugees to the country of origin at the request of the refugees themselves (voluntary repatriation).

The solution to repatriation has a condition where the refugee's country of origin is truly safe and can accept returnees. As long as the country is still in war or the government of the country in question is still having problems with refugees, thus endangering refugees, ASEAN does not have the authority to make this effort.

2. Local Integration

It is an effort made by ASEAN to integrate refugees into citizens who become refugee destinations. Usually, the refugees given this solution are refugees who have lived in the country for a long time or have been married to these citizens.

3. Resettlement

This is a solution given to refugees involving the third country. Refugees mentioned as one of the victims of international politics are subjects that are the main concern of ASEAN, together with internally displaced...
persons (IDPs) and displaced criteria of other persons. The case of Rohingya refugees certainly did not escape from ASEAN, and various assistance was channeled in cooperation with various operational partners.\textsuperscript{111}

The technical assistance channeled is very diverse and covers various basic needs of the lives of the refugees. Financial expenditures, food aid, and clean water supplies are some examples of a series of technical assistance provided. The role of the aid provider is very close to the mandate held by ASEAN, namely to seek the provision of emergency assistance and find long-term solutions for these victims.\textsuperscript{112}

In addition, ASEAN has also collaborated with other actors in international relations, both the international N-GO and the United Nations to hold discussions to produce solutions to the resolution of the Rohingya refugee crisis. Every actor involved in protecting Rohingya refugees has made contributions that are in accordance with their respective specialties to provide decent lives for refugees in the camps where they are still living.\textsuperscript{113}

**Conclusion**

Rohingya conflict is a conflict that has a long history to escalate to this day. Humanitarian crises and discrimination against these people have not yet come to light because of the attitude of the Myanmar government which does not care about these people in the country. Hundreds of thousands of Rohingya residents were expelled from the Rohingya so they became refugees in various border regions of Myanmar, where they became displaced people and did not have permanent citizens.

ASEAN as a regional international community in the Southeast Asia region should have taken action to deal with this issue. Although the country has revoked the rights of citizens of the Rohingya and oppressed and expelled them from the country, ASEAN considers that the Rohingya also still have human rights like other people. So that ASEAN must take action to be able to reduce the conflict that is very detrimental to the Rohingya and even try to be able to resolve the conflict to its roots. The Responsibility to Protect is the right concept to be used in overcoming this Rohingya conflict crisis. Providing protection and also a place of refuge against Rohingya refugees is a step taken by ASEAN to prevent the fall of victims of the Rohingya population because the Rohingya are vulnerable to crime and oppression.

In addition, ASEAN also seeks to negotiate with the Myanmar government with certain approaches to be able to return the Rohingya back to Myanmar and regain their citizenship rights by the Myanmar government. Dengan begitu, stabilitas dan keamanan di Asia Tenggara dapat kembali seimbang dan ASEAN dianggap sebagai komunitas internasionl yang dapat bekerjasama dengan baik untuk bisa menyelesaikan masalah yang terjadi di regional kawasan tersebut, sehingga meningkatkan citra ASEAN di mata internasional.

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China Assertiveness on the United States in the Conflict of South China Sea

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Abstract
Since the 21st century, Chinese President Hu Jianto has launched a foreign policy “The Peaceful Rise of China”. This foreign policy is written in the document China Peaceful Development Road (mandarin language: heping fazhan) on December 22, 2005 which later became China’s long-term agenda until 2020. But it became an irony when the policy was forgotten and instead launched an aggressive foreign policy (assertive) in the South China Sea (LCS) conflict. The assertiveness was seen when China tried to claim CSF territory through its military devices. One local newspaper, The Global Times even reported that China was threatened by a war against the United States. The Chinese government said it was very unhappy after the US spy plane flew near the disputed area, coupled with a ban from the United States Government to China that was making artificial islands in the region. Then why is China being assertive in the South China Sea (LCS) conflict even though it has launched the policy of The Peaceful Rise of China? The researcher will use the theory of Balance of Threat (BOT) proposed by Stephen Waltz. This theory provides an explanation of the sources of threats for a country through; Aggregate Power, Proximity Geographic, Offensive Power, and Aggressive Intention. Researchers use qualitative methods with document-based research techniques or literature studies and literature studies. In addition, the author also uses an analysis technique in the form of discourse analysis where this technique seeks to emphasize the reality described through language in a data by considering the relationship between words and arguments from words, writings, genres, and conversations.

Keywords: Foreign Policy, China, South China Sea (LCS), Assertiveness, United States

1. Introduction
China has a peaceful foreign policy. Chinese President Hu Jintao launched a foreign policy with the slogan “The Peaceful Rise of China” or which could be called peaceful development. This foreign policy is written in the China Peaceful Development Road document (mandarin language: heping fazhan) on December 22, 2005. The document is perceived as the five Chinese strategies within the development framework, namely; (1) Concerned development is an inevitable way to modernize China; (2) Promoting world peace and development along with China’s own growth; (3) Reform and innovation in the search for mutual benefits and general development with other countries; (4) Development by relying on one’s own strength; and (5) building a harmonious world in sustainable peace and shared prosperity (unpan1.un.org).

The foreign policy is included in China’s long-term formulation until 2020. This long agenda was made by President Hu Jianto with Prime Minister (PM) Wen Jiabao with the aim of forming a big and strong face of China by eliminating victim mentality in reaction to what is called ‘Chinese threat’(Xiaoxiong Yi, 2005). In the China Peaceful Development Road document, it is said that China has been promoting peace and development in various ways, including maintaining good cooperative relations with equal treatment among other countries.

However, this is contrary to China’s foreign policy towards the South China Sea (LCS) conflict. It is known that China launched an aggressive (assertive) strategy in the conflict. The assertiveness was seen when China tried to claim LCS territory through its military device, the warship. China, which previously claimed the LCS as part of its territory, announced that it had sent warships to challenge and drive American warships through its military devices (Berlianto, 2018).
Other Chinese assertiveness measures were also seen when it announced it had landed an H-6K strategic bomber at an outpost in Paracels, Woody Island and deployment of missiles and radar equipment on three Chinese-made islands built in the Spratly Islands. This action then received a protest response from the United States. One of the local newspapers, The Global Times reported that China was threatened by a war against the United States. The Chinese government said it was very unhappy after the US spy plane flew near the disputed area, coupled with a ban from the United States Government to China that was making artificial islands in the region (Mujiraharja, 2015).

The feud between China and America began when 2 (two) US-owned ships with the type of destroyer USS Higgins and USS Anitetam cruisers passed within 12 nautical miles of the Paracel Islands. The Paracel Islands are known to be an archipelago in the northern part of the LCS waters which is a disputed area off the coast of Vietnam. The United States argued that this was an operation of freedom of navigation as a right under international law.

However, the Chinese side argued that the actions of the United States were a violation of state territory under the United Nations Convention on the Law of the Sea. Senior Colonel Wu Qian as the main spokesman for the Chinese Ministry of National Defense said that the United States seriously violated China’s sovereignty.

Why is China being assertive about the United States in the South China Sea (LCS) conflict which is not congruent with the policy of The Peaceful Rise of China?

Understanding the reasons for China being assertive about the United States in the South China Sea conflict. Academically significant because research that addresses the case of differences in China’s attitudes based on its foreign policy on the South China Sea conflict area is still relatively small. Empirically significant because the South China Sea conflict is the largest maritime conflict in Southeast Asia since the cold war. It is practically significant for Indonesia to know the pattern of Chinese foreign policy and prevent escalation of conflict due to the close distance between Indonesia and China. As Indonesians, it is important to understand this knowledge because Indonesia also has claimed in the South China Sea region.

A. China’s Ambition in the South China Sea: Is the Legitimate Maritime order Possible? - Katherine Morton

Morton argues that China is acting aggressively in the South China Sea conflict with the reason that it is more confident to manage its claims. According to Morton, violence has benefits as a beneficial negotiating tool. In addition, Morton also thought that China had previously considered the costs incurred in its aggressiveness with possible results if the country succeeded in claiming the South China Sea (Morton pp 909-940).

B. China’s Strategy in the South China Sea - Fravel Taylor

Taylor argued that China’s ambition in launching aggressive actions to take control of the South China Sea was for his ambition to develop his maritime aspects. The Chinese ambition is solely to re-apply chauvinism which places China as a superpower that seeks to create security for regional stability (Taylor pp 292-319).

C. The ‘Hidden Dragon’: Explaining Chinese Aggressive Foreign Policy on the South China Sea Dispute - Xiaoyu Zhao

China launched its action by implementing a double standard, namely when the country applied the image of a peaceful country in the international region, but on the other hand also took aggressive actions to obtain natural resources in the South China Sea region.

The double standard is also applied from the cooperation China is doing with other countries where in terms of developing the economy, China has open cooperation. But in terms of military and political matters especially related to the conflict in the South China Sea, China firmly refuses to reconcile with any country.

D. China’s New Wave of Aggressive Assertiveness in The South China Sea - Carlyle A. Thayer

Carlyle A. Thayer’s writing tries to observe the triggers of China’s assertiveness in the South China Sea. The main variables used and emphasized by Carlyle are energy security aspects (seen from the nine-dash line
claims) and state sovereignty. This article also explains the impact of China’s bilateral relations with the countries involved in the South China Sea conflict, especially Malaysia, the Philippines, and Vietnam. Carlyle argues that China's attitude in asserting its sovereignty line escalates tensions in the security sector among ASEAN countries and maritime forces that have operations in the area. Therefore, this problem is an international problem that must be resolved multilaterally. ASEAN as the closest regional institution is expected to help encourage China to implement what is written in the Declaration on the Conduct of Parties in the South China Sea (DOC) (Thayer, 2011).

**E. Is China Becoming More Aggressive? A Neoclassical Realist Analysis - Camilla T. N. Sorensen**

Using the classical neo-realist perspective, there are differences, pressures, competitive demand and difficult dilemmas in the foreign policy decision-making process and China’s security strategy, especially the influence of China’s domestic development which provides many inputs for building such a decision. In his writing, Camila said that the Chinese government was depressed by the response and also diverse requests from the international system. Thus, China is not ready to take on a new role to become a hegemon in the international scope. In his article, Camila also added that China’s attitude is better defined as internally-conflicted, inward-looking and also reactive than aggressive (Camila, 2013).

**Position Review:**

Some of the reviews that raise the topic of China’s involvement in the South China Sea conflict, dominant (2/3 or equivalent to 0.70%) discuss the reasons and motivations of China without considering aspects of change between peaceful understanding echoed by concrete actions towards apparently foreign policies strayed far from the word ‘peaceful’ itself. This research was made to complement the reasons for the change, by looking fully at the side of the development and existence of the military both at home and abroad and its impact on the dynamics of international politics.

**Theoretical Framework**

The author will use the theory of Power Transition Theory. This theory is related to the pattern of power relations in the map of world politics. Based on the realist paradigm, this theory tries to explain how global and regional structures are regulated. Dynamically, the theory states that political interaction among countries is based on the diverse commitments of the national elite on the existing status quo, which includes wide acceptance of international rules and norms (InternationalRelation.org, 2018). This difference in theory from a realist view is generally a concept of international politics (Bussman, 2007). PTT emphasizes that international politics is hierarchical rather than anarchic, then Tammen et al, in the power transition make a pyramid-shaped structure which is divided into 4 hierarchical classification of state positions in international politics namely (from the top-bottom) dominant power, great power (contender), middle power and lower power (Tammen, 2017). Thus, the transition that occurs is seen based on the satisfaction or failure of a country in its position in the international hierarchy, when there is dissatisfaction and the capability of a country is considered sufficient to break the boundary of a measure of strength in its role, this is where the transition occurs.

Power Transitional Theory explains that dominant countries have more power in the hierarchy and try to manage global or regional systems with a stable and satisfied support coalition. But stability is not always possible, because the growth dynamics change power relations and produce potential challengers who, when dissatisfied, can try to challenge the existing status quo.
Power Transition Theory focuses on the differential level between countries. One day the country will reach its peak, and some other countries will decline or stagnate. This is what makes relative changes that will change the interactions of countries. When challengers are not satisfied with the status quo, the risk of war increases. When the challenger is satisfied, a peaceful transition occurs.

**Concept Operationalization**

Independent variables of Economic Growth and the dependent variable of Regional Defense, are operationalized by lowering conceptual definitions. Operationalization of theories and concepts can be seen in the table below:

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<th>Table 1.0 Independent Variable Operationalization</th>
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**Research Hypothesis**

From the theory above, the researcher draws two hypotheses that will be proven in this study:

A. The higher the level of Chinese military, economic and intentional capabilities, the higher the level of aggressiveness of the PRC.
B. The higher the level of military, economic and PRC capabilities, the more passive the PRC.

**1.9 Analysis Model**

Independent Variable:
Understanding of China’s economic growth in the Asian Region that can rival the country of hegemony, the United States.

Indicator:
- a. Threat of China’s GDP growth.
- b. Threats to foreign direct investment
- c. Threats to resource production

Dependent variable:
Understanding China’s attitude in changing the status quo.

Indicator:
- a. China’s dominance in the CSF region.
- b. China’s dominance in political participation.
Rising China

The author attests to China’s increase in the economic, military, and national capability index. In the economic field, which is calculated based on GDP, America is the only superpower with powers far superior to other countries. Even so, China will potentially change the order (tradingeconomics.com, 2018). This is because China is the largest economy in Asia and second in the world after America. China is expanding its influence by exploiting its economic strength through trade cooperation, infrastructure assistance, investment, and economic strategies. (Rahmawaty, 2018)

The GDP growth rate in the United States averaged 3.22 percent from 1947 to 2018, reaching all-time highs of 16.70 percent in the first quarter of 1950 and a record low of -10 percent in the first quarter of 1958, while GDP growth rates in China were flat average of 1.80 percent from 2010 to 2018, reaching an all-time high of 2.40 percent in the first quarter of 2011 and a record low of 1.40 percent in the first quarter of 2016.

Along with the growing economic power, China now also wants to play a more dominant role in International Relations. As an emerging power, China began to make new order initiatives in which China was not only in it but also involved in the process of making global system rules that during this modern century almost never included China.

While in the military field, the United States is the country that has the strongest military force in the world in 2018. The United States has a military budget of USD 601 billion (Rp. 7,945 trillion) a year with 1.4 million active personnel qualifications, 1.1 million personnel reserves, 8,848 tanks, 41,000 armored vehicles, 3,000 more artillery weapons, 1,331 rocket launch systems, 13,444 military aircraft, 5,039 fighter aircraft, 5,739 transport aircraft, 957 assault helicopters, and 415 warships consisting of 19 aircraft carriers, 74 submarines and 11 minesweepers.

While China was ranked 3rd in its military power in the world. China has a military budget of USD 216 billion (IDR 3,000 trillion) a year with 2.3 million active personnel, 2.3 million reserve personnel, 9,150 tanks, 4,788 armored vehicles, 1,770 rocket launch systems, 2,615 military aircraft, 200 assault helicopters, 714 Warships consisting of 1 aircraft carrier and 68 submarines. According to the data above, the military capability of the United States is 3x compared to China. Plus the United States has 7,200 nuclear warheads and China only 260 (armedforces.eu, 2018).

Even though the national capability index of the United States is still superior, but China has the potential to change the order. Economic power accompanied by the development of military power then increased China’s confidence and desire to play a more dominant role in international relations. At other times, US power has decreased in the same period. If both of them intersect at the equilibrium point, there will be war (Wardoyo, 2015).
1.9.2 Status Quo Dissatisfaction by China

China is not satisfied with the status quo where the United States is a country of hegemony. China seeks to change this status. Chinese President Xi Jinping will realize his ambition to turn China into a superpower in the world with a world-class military in the middle of this century. There are two main factors that indicate an increase in Chinese hegemony in Asia: the magnitude of military power and the projection of the power produced, and the strong economic influence that he can establish in the region. Regarding the status of hegemony pursued by China, Chinese Foreign Ministry spokesman Hua Chunying did not dismiss this and said fear of Chinese hegemony meant "unwarranted accusations" (Veronika, 2018). In addition, in the speech Xi Jinping said that

"... we should base our judgment on facts, let's become victim to hear, paranoid or self-imposed bias. ... should there be a miscalculation of major countries in time and again, they might create such traps for themselves " (Xi Jinping, 2015)

This speech emphasized that, major countries must be fair in responding to foreign affairs in other countries. Misperception in responding to it will have a greater than expected effect. It implies that large countries must be careful in responding to conflicts in other countries, because the possibility of other countries to rebel will also make it difficult for the position of the big country.

1.9.3 Assertive

China, which previously claimed the LCS as part of its territory, announced that it had sent warships to challenge and drive American warships through its military devices.

One of the local newspapers, The Global Times reported that China was threatened by a war against the United States. The Chinese government said it was very unhappy after US spy planes flew near disputed areas in the South China Sea region, coupled with a ban from the United States Government to China that was making artificial islands in the region (Okezone, 2015).

To dispel China's growing threat in the South China Sea region, 2 (two) US-owned vessels with destroyers USS Higgins and USS Anitetam cruisers crossed 12 nautical miles of the Paracel Islands. The Paracel Islands are known to be an archipelago in the northern part of the LCS waters which is a disputed area off the coast of Vietnam. The United States argued that this was an operation of freedom of navigation as a right under international law.

In addition to America, China’s threat to the Philippines is also increasingly felt after China built military bases in the Spratly Islands which are in the Philippine Exclusive Economic Zone. China's actions are based on unilateral claims - based on historical foundations - which state that the South China Sea is in China's sovereignty. According to China, the entire region of the South China Sea is the traditional waters of fishermen of their ancestors (Cohen, 2016).

Other Chinese assertiveness measures were also seen when it announced it had landed an H-6K strategic bomber at an outpost in Paracels, Woody Island and deployment of missiles and radar equipment on three Chinese-made islands built in the Spratly Islands. This action then received a protest response from the United States.

China, which now seems to be a hegemony that aggressively projects its strength in the region, is only responding to the growing threat of threats. Ten years ago, Singapore, the Philippines, Vietnam, Malaysia, South Korea, Japan and Australia, the major countries in the Asian region, were all US allies, almost all carried out routine joint military training and most provided space for US military bases . The fact that in knowing 2012 Obama intended to do a pivot to Asia did not help this feeling of danger.

1.10 Research Methods

The author uses a quantitative research method based on a mixture with complementary types in answering the reason China is being assertive in the South China Sea region by using theories that have been explained in the theoretical framework. This design is used to compare and distinguish the results of quantitative
statistical analysis with qualitative findings. The type of research conducted has the aim of finding the interrelationship between the research variables that are raised. The relationship between Rising China and its active attitude in the South China Sea region has led to a heated relationship between China and the United States.

The data taken in this study is secondary data collected by the author. The technique of collecting data uses a statistical dataset. The author uses data that is already available, in the form of graphs, diagrams, and others. The dataset used by the author to measure Gross Domestic Product (GDP) per capita or per capita income. This indicator is commonly used to assess the economic performance of a country. In this case the writer compares China's GDP with America to assess China's position in pursuing the status of hegemony held by the United States.

**Conclusion**

China which is developing its country which indirectly changes the status quo in the South China Sea (LCS) area has an impact on US dissatisfaction. This caused China to be assertive until the possibility of a high war against America even though it had launched the foreign policy of The Peaceful Rise of China.

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FPDA and ASEAN: Paradox of Threat Perception and Prodigy of Collaboration in Southeast Asia

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Abstract

The initiative of FPDA establishment after a confrontation from Indonesia to Malaysia had brought a new exposure to the architecture of power in the Southeast Asia region. This uncertainty led Indonesia, Malaysia, and Singapore to focus on their own domestic development, while at the same time, the Southeast Asian region is in the middle of constrain between the West and the East. By 1967, ASEAN took its place as a new collaborative framework that display the willingness to form trust, peace and neutrality. This writing argues that threat perception from FPDA and its five actors, which contribute to the making of consultative agreement in the military and defense, still manage to build and perform peacebuilding upon mutual insecurities through ASEAN. Referring to the work of Rosseau and Rotamero of how the threat perception are contested to homogeneous identity sharing, the analysis within this paper will be centered to the role of Indonesia, Malaysia, and Singapore, in which said three entities share the same threat perception and common identity through FPDA and ASEAN.

Keyword: FPDA, ASEAN, threat perception, identity, power, Indonesia

Introduction

FPDA (Five Power Defense Arrangements) is one of consultative agreement that persisted until now. Before, FPDA was established because of confrontation from Indonesia’s government in 1960’s. During the confrontation, both Malaysia and Singapore draw the commonwealth especially UK and Australia to help them. ‘However, the most grave challenge came from Sukarno’s Indonesia. Tunku first announced his intention to form Malaysia in May 1961. Despite its initial reluctance, Britain gave absolute support to the proposal, after being convinced that its strategic and economic interest would be protected. Claiming that Malaysia represented the forces of neo-colonialism. Sukarno launched the confrontation campaign to crush Malaysia. (Yakub, N.d.:25) The confrontation from Indonesia effectively become pressure for Malaysia and Singapore (indirectly). As a new independent state, Malaysia was not ready to face to face with Indonesia’s aggressiveness in that era. The motivation of the confrontation was Soekarno’s idealism of anti-imperialism. But the thought of Soekarno was not in the same line with Malaysia. So, instead of feeling supported Malaysia feel threatened.

On his visit in January 1968, Lee Kuan Yew had a chance to speak in front of Labour Party to express his concern towards Singapore security and its military capabilities. As mentioned by Daniel Chua in his writing ‘America’s Role in the Five Power Defence Arrangements: Anglo-American Power Transition in South-East Asia 1967-1971’ Lee Kuan Yew described the British decision to withdraw its personnel from Singapore. For Lee spoke bluntly was the best choice, he stated clearly that British decision is a matter of life and death to Singapore. The withdrawal of British army not only impact the economy in Singapore but also in the security aspect. Later Lee also mentioned that he did not fear attack from Malaysia but from Indonesia. (Chua, 2017:621)
The consultative arrangement is called FPDA. Consist five members of states, United Kingdom (UK), Australia, New Zealand, Malaysia, and Singapore. At the beginning, the proposal of FPDA establishment find it hard to convince UK to join the agreement. Due to the East of Suez policy that made UK to pull out its military capability from Malaysia and Singapore. But then Singapore through Lee Kuan Yew talked in front of member of parliament in UK to convince them that Indonesia was the real threat of Singapore. Same tone with that Malaysia also propose the agreement through Australia to keep UK in the region. “The purpose of the FPDA is to cultivate cooperation and interoperability between member armed forces through combined training exercises that aim to develop a joint operational capability. Through the conduct of multilateral military exercises, Australia is able to practice its ability to inter-operate with other militaries through desk-based and field training activities in order to be ready to respond to security issues, and jointly provide assistance and relief to humanitarian and disaster events in the region.” (Australian Government, N.d.) In the short time, Malaysia and Singapore ready to facilitate the FPDA establishment in the case of needs for the military capability for their own interest. FPDA establishment itself ambiguous because the trigger is clearly Indonesian confrontation but when its officially establish the motive is not a threat from Indonesia. FPDA later become consultative agreement which put its interest in many fields including humanitarian system. In 2000 FPDA shift their perception of threat paradigm to terrorism and thus conclude the era of FPDA take the issue on region into their system. Terrorism and humanitarian action are two of mission that FPDA brought into their concern as they see the emergence of threat for the region which is South East Asia.

The Methodology of Writing

![Figure 2: Rousseau and Rotamero on Visualization of the Threat Perception in the case study](image)

This writing use descriptive analysis through the work from Rousseau and Retamero on ‘Identity, Power, and Threat Perception: A Cross-National Experimental Study’. The work of Rosseau and Retamero confirmed the importance of power and identity as the resources of threat perception. Not only that, Rosseau and Rotamero also stated in their argument about the combination between those two. In this paper, I will use Indonesia and Malaya (Singapore and Malaysia) as the states to be analyzed regarding the establishment of FPDA in the 1960 – 1975. The time range is related with the establishment of FPDA and ASEAN.
Rousseau and Retamero stated their argument in four bases. 1) How realist see power and how its contribute to creating threat perception is working in linear way. Rousseau and Rotamero said, “a weak position in terms of military power increases threat perception”, 2) The homogeneous identity towards actor and when the actors shared it the threat perception is decreased. Rosseau and Rotamero stated, ‘shared identity decreases threat perception, as constructivist predict”, 3) The correlation between power and identity lead actors to be more considerate to each other regarding the threat perception, 4) Rousseau and Rotamero stated that the existence of shared identity increases cooperation in economic policy areas.

The Confrontation of Indonesia to Malaysia

UK withdrawal plan contribute a big part of the history of FPDA establishment. Indonesia, at that time was under the Soekarno leadership. As a pure nationalist who seen the colonialism and imperialism as a worst part of managing state system, Soekarno was openly stated the confrontation to Malaysia in 1960’s. Although the confrontation did not last long as it was expected. But the pressure that Soekarno given is strong and real. The deployment of Indonesian military to Malaysia land was clearly describing the Soekarno commitment to prevent Malaysia fallen into another scheme to imperialism.

Soekarno stand on anti-imperialism appeared differently in the perspective of Malaysia and Singapore. As a new independence states, Malaysia and Singapore tend to be defensive about the Indonesian reaction. In the same time, both Malaysia and Singapore have no interest of letting UK gone from their region. UK military capability in South East Asia was no doubt. Gave Malaysia and Singapore chance to build their own country made UK needed to withdraw its military capability from the region. The communist flow from northern part of South East Asia also become another condition that UK considered to withdraw its capability.

The Establishment of FPDA

FPDA in the beginning is a form of consultation arrangement between Malaysia and Singapore to several states like UK, Australia, and New Zealand. Malaysia and Singapore as a new independence states back then were trying to build their military capabilities without any intervention. But the wave of war between liberalism and communism as a proxy of United States and Uni Soviet in South East Asia made things went differently. The wave not only brought big anticipation from the states who is not affected directly but also create unstable condition in the region. Before the wave of the war between liberalism and communism fade away, Indonesia shouted its confrontation towards Malaysia.

As an actor without any back up of the unbalance situation, Malaysia and Singapore can only rely on its ally, UK. The proposal was made separately, due to the relations between Malaysia and Singapore which before was one entity called Malaya. Of course, both Malaysia and Singapore were hard to seek the middle point to see where they can stand in the same point. They are both are trying to survive without each other. When it went to the ally, Singapore proposed to UK. Malaysia in the other hand seeking assistance from Australia and New Zealand to make it secure leverage to go to UK.

FPDA is established in 1971. In the beginning, as a consultative arrangement FPDA only served the training and shared facility of military capability until both Malaysia and Singapore can stand on its own. But the confrontation from Indonesia at 1960’s pulls it deeper than it supposed to be. FPDA not only gathered its five members but also try to create bigger impact in the region.

Methven on his early writing about FPDA stated that the comments from Indonesian elites toward the establishment of FPDA had different variation. Benny Moerdani (Minister of Defence of Indonesia) stated that the readiness of military capability for Indonesia’s neighbor such as Malaysia and Singapore made Indonesia feel secure in the other way too. Later, Mochtar Alatas (Minister of Foreign Affairs of Indonesia) stated that the establishment of FPDA by ASEAN member (Malaysia and Singapore) will draw problematic situation.

Founded in 1971, FPDA start its military exercise in 1981. It showed that the development of FPDA also start in the low speed. After 1990’s the FPDA activity then become more intense and provide changing the IADS (Integrated Air Defence System) to (Integrated Area Defence System). The collaboration of land, air, and water exercise become the training system which related with their own capability. That is why in FPDA later expanding its kind of training into diverse exercise.
The Establishment of ASEAN

It is only less than five years differences of when FPDA and ASEAN established. ASEAN established at 1968. In that year, Indonesia itself already changed its president into President Soeharto leadership. Even though Indonesia also still struggling with the internal turbulence on its domestic situation. ASEAN established under five pioneers’ countries, Indonesia, Malaysia, Singapore, Thailand, and Philippines. The first objective of ASEAN establishment is to build neutral zone of regionalism. This is suitable with the context of proxy war between United States and Uni Soviet in the liberalism and communism. Vietnam was the state that took the proxy war on the ground. The suffering in north Vietnam with its communist ally and south Vietnam with its liberal ally.

Figure 3 : Map of ASEAN Member

Source: https://www.weforum.org/agenda/2017/05/what-is-asean-explainer/

History of ASEAN is not built by single years, at the first ASEAN is known as an ambitious project that can combine all entities in south east Asia to be cooperate and build the same perception of peace building in region. The neutrality of ASEAN as a core values at first is questionable. But by time the ASEAN member is growing, and the deepening of values become more reasonable to achieve. The ASEAN itself embrace the entities and complete the membership with ten entities until now. The non-intervention values of ASEAN also become one of strong value that ASEAN members bear.

ASEAN needs to work more to increase their cooperation. In the same time, keeping the business out from each other to respect every member’s sovereignty rights. It turns out that inside the ambiguousness that ASEAN had in their hand sometimes help the region to be more considerate of each of the entities problem.
Analysis

This writing establish hypothesis: regarding the establishment of FPDA over the possibility of threat perception during Indonesia’s confrontation, ASEAN with its core values draw the new perspective and contribute to the development of collaborative relationship between Indonesia, Malaysia, and Singapore. To prove that, using the concept that Rousseau and Retamero established we have to start with the assumption that after the British leave Malaysia and Singapore, the threat perception is increased towards Indonesia’s confrontation. During the critical time, the British decide not to leave Malaysia and Singapore right away. Instead of that Lee Kuan Yew visit to United Kingdom parliament showed clearly that Indonesia is potential threat to the existence of Singapore as an independence nation. In the same time, the blunt and open confrontation draw serious threat to Malaysia as new established nation as well.

We must see the dimension of power that also shift in the region that contribute clearly in the making of conducive situation in the region. Decision of the British to leave Malaysia and Singapore to its own is somehow become blessing in disguise for the region. So, the open contact between Indonesia and Malaysia in the context of confrontation not taking the serious level. Instead the increasing level from insecurities of threat perception to clear threat also help ASEAN established its core value faster.

Collaborative work of ASEAN is an ambitious project at that time remembering the situation of the regional of south east Asia that full of states newly independence and build their own nations. “In about three more weeks, Indonesia would fully restore diplomatic relations with Malaysia, and soon after that with Singapore. That was by no means the end to intra-ASEAN disputes, for soon the Philippines and Malaysia would have a falling out on the issue of sovereignty over Sabah. Many disputes between ASEAN countries persist to this day. But all Member Countries are deeply committed to resolving their differences through peaceful means and in the spirit of mutual accommodation. Every dispute would have its proper season, but it would not be allowed to get in the way of the task at hand. And at that time, the essential task was to lay the framework of regional dialogue and cooperation.” (ASEAN.org) The collaborative work of ASEAN shows the entities who have been struggling on their own state comes to the reality that all parties in ASEAN are trying to eradicate differences and focus on the goal of ASEAN.

In the end, the work of FPDA contribute to the shared identity values in ASEAN. Even in the end FPDA is established under the commonwealth cooperation among entities, the extra work that FPDA bear is the image of the institution itself. The cooperation lies on the fact that both Malaysia and Singapore needs support from their allies to improve their military capability. But later, the FPDA establishment shows its true nature. The mission of FPDA no longer related with the threat from Indonesia but also help the architecture of regional power in Southeast Asia. FPDA also has the mission to cover humanitarian assistance in Southeast Asia. In this case, FPDA is no longer show its military capability to aggressive term.

ASEAN in the process is creating the community that eligible to build the regionalism who support each other through the threat in economy instability. Later, ASEAN also creating a dialogue that support the peace making, peace building, and peace keeping inside the Southeast Asia. ASEAN is none like regime that manifested its entities’ military capability into force. More than that, ASEAN establish the understanding among their members. The ASEAN Way slowly but sure taking into account of creating conducive environment in Southeast Asia region.

Both FPDA and ASEAN shares the common values of the importance of dialogue among states. FPDA share the the cooperation and willingness to emerge the support for defense system. While ASEAN share the confidence building measure as the main component of cooperation and grow the trust. Both FPDA and ASEAN prove that the cooperation between states remarks the working principles above the interest of each entities inside. Until now both FPDA and ASEAN remains strong and available to embrace cooperation among their members.
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Abstract: This research examine Russian Foreign Policy: BRICS as strategy for promoting Multipolarity and expanding Influence. This research use qualitative research method and use world system theory to analyze Russia, BRICS, and multipolarity. This research find that BRICS is an important tool in Russian foreign policy. Russia is using BRICS to promote multipolarity in international relations and to expand its influence. Russia and BRICS promote multipolarity as an alternative to western dominance. Some of Russia and BRICS’s attempt to promote multipolarity is to strengthen UN and attempt to reform world bank and IMF. The most successful attempt to promote multipolarity is stand up to the west in Iran and Syria crisis. In both crisis BRICS united to thwart the west sanction on Iran and Syria, their attempt is a big success and boost confidence of Russia and BRICS member states. This research conclude that BRICS is an essential tools of Russia to promote its foreign policy agenda and to expand its influence. To make BRICS more efficient and relevant, Russia must deepen ties with its member states. A strong and solid BRICS will benefit Russia in long term.

Keywords: Russia, BRICS, Multipolarity, World System

1. Introduction

Since the end of cold war, the United States is the sole superpower in the world. Because of that the world has become unipolar. Meanwhile Russia is struggling to recover from economic and political chaos following the fall of the Soviet Union. However in the recent times, Russia has regained its confidence and become to pursue assertive policies, one of this policies is crimean crisis and intervention in Syria. These policies become signs that Russia has return to prominence in international politics. Aside from assertive policies, Russia also pioneered the birth of numerous international organization, one of them is BRICS. BRICS was important for Russia foreign policy because it was useful to gain allies and deepens economic cooperation. BRICS member states as emerging countries have one interest that is to change current global order because they think current global order was exploitative and unfair. To counter western dominance, Russia and BRICS has started to promoted multipolarity as an alternatives. BRICS as a International forum is widely discussed in academic circle but so few are researching what they do and what their Goal. This paper will give insight what is what BRICS do and what their Goal. This article will show how important BRICS in Russian foreign policy and its attempt to promoting multipolarity.

2. Method

This Research is using qualitative method to analyze the data. The data is taken from books, journal articles and official documents. This research is using world system theory from Emmanuel Wallerstein. The variables used in this research is geoculture because Russia and BRICS are promoting multipolarity as International norms. After that a conclusion is made.

2.1. World System theory
To analyze Russia in BRICS, this paper will use the World System theory. World System Theory was chosen because the BRICS had begun to challenge the dominance of developed countries in the West. Because of that, it was suitable to analyzed using World System theory. The World system theory also chosen because there are so few literature using this theory. World system analysis is an expression that is two dimensions in construction is the choice of the unit of analysis and the appropriate temporality. This theory proposes the world as a suitable unit of analysis, and analyzes social construction with historical depth (Wallerstein, 2013, p.1). The World System Theory was previously used to explain economic inequality between developing countries and developed countries, but to explain the relationship between developed countries and developing countries both in economic and socio-political contexts.

To conduct an analysis using the World System theory, Wallerstein (2004) uses three variables, namely the division of international labor, the system between countries, and geoculture. The division of international labor according to Wallerstein is the division of countries in the world into three categories, namely core, semi-periphery and periphery. Meanwhile for system variables between countries, Wallerstein states that economic relations in the system between countries are determined by the strength or weakness of the state. Geoculture according to Wallerstein are norms and discourses that are widely recognized as legitimate in the world system. Geoculture relates to values that are accepted in international relations.

Geoculture is inseparable from world system theory, because the current world system is closely related to the values that exist in geoculture. Geoculture is a dominant and widely accepted idea, value and norm (Ojeili, 2014, p.5). It can be said that the world system is inseparable from values and norms. Geoculture can be used to analyze a phenomenon in international relations because the world system geoculture discusses the impact of political economies, institutional arrangements, and cultural identity regarding the division of labor and relations between the core and the periphery (Kap, 2016, p.316). Therefore the values and norms in geoculture can be used to analyze relations between countries in the world system.

3. Findings

The establishment of BRICS made emerging powers have a place to discuss international issues. Russia and BRICS are concerned about world system that considered unfair and only benefits developed countries. Therefore BRICS began calling for reform of the existing world order. This proves that BRICS, especially Russia as a emerging countries, has begun to play active role in international politics. BRICS seeks to create new norms in the world system. Because the current world system according to BRICS is no longer relevant to the present geopolitical reality. Many ideas about a new norm system such as IMF reform and multipolarity were born from BRICS forum. BRICS then actively promoted the idea to countries outside the BRICS to get support.

Since the end of the Cold War, Russia has been a critic of US hegemony. Russia regards US hegemony and the unipolar world system as counter-productive for the international community. Russia then supports the existence of a multipolar system. Denial of unipolarity and recognition of various poles of power for coordination are the basis of the multipolarity concept for Russian diplomacy in the 21st century (Mielniczuk, 2013, p.1081). Modern Russian diplomacy is an attempt to form a multipolar world order because through a multipolar world order, Russia can take a role in international governance and expand its influence. Besides that, the multipolar world order will also weaken western influence which is Russia's main rival in international politics. BRICS is Russia's stepping stone to achieve a multipolar world order.

Multipolarity is a geoculture and new norms carried by Russia and BRICS. Russia and the BRICS consider unipolarity not good for the global system. This was proven when the US and its allies invaded Iraq, instead making Iraq stable, it make Iraq unstable and foster terrorism both regionally and globally. The economic crisis that hit the US and the West is proof that unipolarity is not good. In a global order unipolarity depends on one pillar when the pillar makes a mistake or is hit by a crisis, the world will be unstable. That is why Russia opposes unipolarity and supports multipolarity. Russia sees that thanks to the emergence of a new center of global growth, world governance must be carried out by the collective leadership of major countries so that various regions and civilizations will be represented (Mielniczuk, 2013, p.1081). With the emergence of other powers outside the West, Russia considers world governance, both security and economics, to involve other countries outside the West, so that the global system is more stable because there are more than one pillar that
supports it. In addition to multipolarity, it also provides space for other civilizations to take part in global governance.

In its efforts to create new norms in the world system Russia always coordinating with BRICS. This is because the BRICS is a forum that allows Russia to be in a wider group when interacting with the West (Laidi, 2011, p.7). By collaborating with other emerging powers through the BRICS, Russia is in a stronger position when negotiating with the West when it comes to the issue of global governance reform. Russia is indeed a big country with strong influence, but to make new geoculture, Russia cannot act alone. Russia needs friends to realize the new norms and geoculture. BRICS country is the right country to be invited to create a new international order. Because the BRICS country is an emerging country and not satisfied with the current world system. By joining BRICS forum,. The desire of Russia and other countries to create a new international order is realized more quickly than fighting alone.

As emerging powers, BRICS is confident and seeks to change the international order from unipolarity to multipolarity. One of the BRICS efforts to realize this is to try to make international organizations such as the IMF, the UN and the World Bank more representative, because many international organizations tend to be centered on the West. BRIC’s Vision is to make international organization such as the WTO, IMF and World Bank more representative, but the demands of BRICS members for alternative candidates from developing countries to lead these institutions are always rejected by Western countries (Naik, 2016, p.6). Developed countries always monopolize leadership seats in international institutions such as the IMF and World Bank. BRICS then proposed other candidates from developing countries to lead the institution but were always blocked by the West. The West treats the World Bank and the IMF like a commercial enterprise where the one who has power is the West who has a lot of shares in the IMF and World Bank. It’s ironic because both of these institutions were originally established for the benefit of the whole world. That’s why the BRICS then demanded new geocultures, namely developing countries to be given more votes in the IMF and World Bank. If the developing countries is given more voices in international institution, then BRICS is one step closer to realized multipolar world order

Since the formalization of BRICS as a dialogue forum, the BRICS agenda has always revolved around efforts for economic cooperation between BRICS countries and how to realize a more just world order. The BRICS countries meet with a greater goal of overcoming global economic conditions, reforming financial institutions and regulations and increasing cooperation with one another on a number of international issues that will have a direct impact on the BRICS countries and also affect many developing countries (Naik, 2016, p.6). The discussion of the BRICS forum on a more just world order is important for the BRICS country because it has a direct impact on BRICS. The multipolar world order promoted by the BRICS country benefits the BRICS country because it will increase the influence of the BRICS country in the international system. In addition, it also provides opportunities for developing countries to escape the shadow of developed countries. Russia as the founder of the BRICS and the main proponent of multipolarity played a major role in making this a success.

Russia as a major supporter of the creation of new norms in the world system has done many things to make this happen. For example, in the United Nations, Russia and China act as a counterweight to the West. But not many knew that Russia in the IMF turned out to be quite influential. In several economic forums, Russian representatives were taken seriously. Russian representatives at the IMF, for example, coordinate the position of the BRICS countries, which means that Russia rarely loses votes if there is a vote (Grant, 2012, p.26). This means that Russia has begun efforts to change the existing world system by coordinating the BRICS country. If Russia wants to succeed with its global system reform, Russia and BRICS must coordinate developing countries in international institutions so that they can have one voice. This needs to be done so that reformist proposals that benefit Russia, the BRICS and developing countries can be passed.

Russia and BRICS often criticize the World Bank and the IMF which are considered to be dominated by the West. To counter this Western domination, the NDB (New Development Bank) was born. When BRICS establish the NDB and China opened the AIIB (Asian International Infrastructure Bank) in 2015, they begin to challenge the monopolies of the IMF and World Bank as global lenders (Komlosy, 2016, p.473). BRICS created a new geoculture by establishing NDB and AIIB. Through the establishment of these two institutions the BRICS wants to emphasize that global loans are no longer monopolized by the West. In addition, the NDB and AIIB
are relatively more democratic than the World Banks and the IMF. This BRICS effort is a small step in efforts to create a more just world system.

The BRICS countries are fighting for a more just world order. The BRICS fought for the voice of developing countries to be heard in international institutions because most of the world's population lives in developing countries. In this case, BRICS has actually championed the voice of developing countries, namely by including South Africa in the BRICS forum. The inclusion of South Africa into the BRICS reflects the BRICS concern for Africa and its desire to become an influential global entity with members from various continents (Haibin, 2012,p.2). By including South Africa in BRICS Forum, BRICS proved that they were serious about creating a more egalitarian geoculture. This is important considering that in the old world system Africa was only a spectator, not a big player, but now Africa is beginning to play important role as a player in international politics.

Many criticized South Africa’s entry into the BRICS. They think South Africa’s economy cannot be compared to other BRICS countries, especially China. South Africa is indeed small in terms of economic data, but its real influence on the BRICS comes from its activism on global issues and their large influence on the African continent (Singh and Dube, 2011,p.30). South Africa is important for the BRICS because of its influence on the African continent. It is hoped that with the entry of South Africa into the BRICS, African countries will support the efforts of global reform and enforcement of the multipolarity promoted by BRICS. The inclusion of South Africa in the BRICS is the realization of the creation of new norms in the world system, namely where the African countries are heard in global forums. The Inclusion of South Africa as Africa’s representative in BRICS serve as a symbol that Russia and BRICS are committed to multipolarity.

Efforts to create new norms in the international system is not easy. Many challenges must be faced such as resistance from the established country and a lack of influence from that country. The state has at least one main capital to support the creation of new norms, namely the economy. Economic power does not always mean international influence but it seems that BRICS so far have been able to transform their economic power into international political influences (Singh and Dube, 2011,p.30). The economy is the main capital of the BRICS to change the international system. For example, Russia is able to influence the European Union with its gas energy. This gas energy can be considered as a symbol of Russia’s economic strength because it is one of Russia’s biggest sources of income. Another example is China which is able to influence the global economy. With such a large economic power, the BRICS seems to be able to realize the new norms it aspires to. To realize this, the BRICS must be solid because only solidly the common goal of the new geoculture of multipolarity can be realized.

To realize the creation of new norms, namely multipolarity and a more just world order, the BRICS can start from reforming International Institutions. Global Institutional Reform is the focus of reform because these institutions can be used to protect the increasingly important systemic interests of the BRICS and to reflect their ideal, values and vision for the future world order (Haibin, 2012,p.2). The reform of the Global Institution is important for the new geoculture that BRICS wants to create. Because the existing Global Institutions can be used to reflect the vision and values that the BRICS want in the future world order. Russia is well aware of this as a major supporter of reform of IMF and World Bank institutions. The new geoculture that Russia and BRICS want to create is inseparable from International Institutions. To realize the new geoculture, it seems that BRICS must strive to reform international institutions.

Russian as a founding country of BRICS has long had a desire to reform the existing global order and international institutions. But these efforts often failed by the west. But now with the BRICS, Russia is increasingly confident to reform international institutions and create new norms. This happened because Russia also considered that all BRICS member had a common interest in reforming the international monetary and financial system (Käkönen, 2013,p.7). Russia believes that all BRICS countries have a common interest in reforming the global monetary and financial system. This is where Russia can direct BRICS to create new norms in international relations. Through reforming the global economic system, multipolarity can also develop well. This means that BRICS can be used by Russia to reform the global system.

The creation of new norms in the system of international relations will not be complete without the role of the United Nations. Russia has been calling for the United Nations to be strengthened and said the UN must
undergo structural reforms. From a Russian perspective, UN reform is gradually needed in order to adjust to changes in global political and economic reality (Käkönen, 2013, p.4). Russia considers UN must be reformed so that the UN can adapt to the current geopolitical situation. Because through the BRICS, Russia called for the role of the United Nations to be strengthened in order to solve international problems. Russia and the BRICS pushed for the United Nations Reformation because it was important for the multipolarity they were carrying out. The strengthening of the United Nations is important enough for Russia and BRICS plans to realize new norms in the world system.

Russia has made the BRICS a forum to promote multipolarity. Multipolarity itself is a tradition of Russian foreign policy in the past where Russia sought a balance of power so that there was no dominant power. The goal of post-Cold War Russian foreign policy is to promote the emergence of a multipolar world, in order to contain and balance the magnitude of American power (Degaut, 2015, p.18). Russia as a former rival in the cold war wants to reduce the influence of the United States on the international political stage. To achieve this, Russia then formed the BRICS which became the stage for Russia to promote multipolarity in its interests. Incidentally, multipolarity is a new norm that attractive to other BRICS members, therefore Russia has no difficulty in inviting other BRICS members to promote multipolarity to other countries, especially developing countries. It is a tool to spread Russian influence.

Russia and the BRICS promote new norms in international relations such as multipolarity and global economic reform. Overall BRICS is increasingly confident in facing global issues. One of the global issues of concern to the BRICS is the Syrian crisis and Iran’s nuclear issue. The issue is of concern to the BRICS because the issue is becoming an international concern. The actions taken by BRICS on two issues will influence how the World sees BRICS.

BRICS attitude that opposes Western intervention in Syria can be seen in the BRICS Summit, during which the BRICS emphasized a solution to dialogue for the Syrian crisis. One such declaration was at the 2015 BRICS Summit. The declaration states that the BRICS supports efforts to promote a political and diplomatic settlement of the crisis in Syria through extensive dialogue between parties that reflects the aspirations of all sectors of the Syrian community (BRICS, 2015). This means that BRICS fully supports the solution to the Syrian crisis through the constructive dialogue while still opposing western intervention. One of the BRICS efforts was to participate in the Syrian crisis peace talks in Geneva. This involvement could mean that BRICS is trying to expand its influence in international politics.

Since the Syrian Civil War began in 2011, BRICS has opposed any intervention from Western countries. It seems that the BRICS does not want what happened in Libya to repeat itself in Syria. The BRICS itself further encouraged dialogue among the warring parties in Syria. During the Syrian crisis, the BRICS showed a cohesive response against military intervention, support for the principle of national sovereignty, and support for the political solutions and Geneva peace process (Romanova, 2015, p.32). BRICS consistently fights against military intervention efforts against Syria and supports solutions to peace dialogue in Syria. BRICS seems to believe that only through dialogue that the Syrian crisis be stopped. In BRICS policy in Syria it seems that Russia has a big role in the policy. Given that Russia has an interest in Syria.

Russia has always stated that Russia opposes all forms of intervention, let alone military intervention that the West wants to do with Syria. It turned out that in addition to opposing military intervention, Russia and the BRICS also supported Syrian territorial integrity. This was stated by the Russian foreign minister, Sergei Lavrov, who stated that the BRICS defend the territorial integrity of Syria and against any solutions that similar to of Libya in the Middle East (Herz, et.al, 2011, p.8). Russia and BRICS support the territorial integrity of Syria and oppose all kinds of solutions that divide Syria. This is consistent with the norms of respect for state sovereignty carried out by BRICS. It seems that the Syrian crisis is a springboard for the BRICS to promote new norms of multipolarity in the international system.

Many consider that BRICS is only good at rhetoric without any real action. But the Syrian crisis proved that the BRICS was able to act decisively. The real evidence is that Russia and China vetoed European resolutions in Syria, while Brazil, India and South Africa abstained (Herz, et.al, 2011, p.8). This proves that BRICS is able to be solid in dealing with an issue. The absence of Brazil, India and South Africa implies that the country agrees with the position taken by Russia in Syria but for one reason or another they cannot oppose directly the
resolution that sanctions Syria. This shows that the BRICS can be solid and Russia can coordinate the BRICS political position. In the future, for the BRICS to become more relevant, the BRICS must be more solid. The Syrian Crisis has shows that multipolarity is already take roots in international politics because US and Allies can’t do as they please in syria.

Regarding Iran's nuclear issue, the BRICS opposed military intervention against Iran. Besides that BRICS also supports Iran’s nuclear project because the BRICS does not consider it a threat like the West. BRICS attitude was stated in the declaration of the BRICS Summit in Durban in 2013. The Declaration stated that the BRICS recognized Iran’s right to peaceful use of nuclear energy consistent with its international obligations, and supported the resolution of problems involved through political and diplomatic means and dialogue (BRICS, 2013). So, BRICS supports Iranian nuclear projects and seeks that every issue that arises from the project be resolved through dialogue. The BRICS supports Iran to have nuclear power because Iran is a emerging country just like BRICS. The BRICS countries each have nuclear programs and control nuclear energy. It seems that the BRICS supports Iran because of the emerging countries solidarity. BRICS views that Iran’s nuclear program shows that Iran has progressed as a country and because of that BRICS supports Iran's nuclear program.

Just as BRICS supports Iran’s nuclear program, Russia also supports Iran’s nuclear program. Russian representatives on various occasions supported Iran’s right to nuclear development (Hodde, 2016, p.20). Russia seems to assume that Iran’s nuclear program is natural for a emerging countries. This is different from the West who consider this to be a threat. Russia and the BRICS seem to support Iran because they are fellow emerging countries. Iran nuclear issue shows that the world is no longer unipolar and every country has the right to choose its own development path. This is of course in accordance with the new geoculture of multipolarity carried out by BRICS.

Even sanctions against Iran have weaken but it still makes it difficult for other countries to have economic relations with Iran, including the BRICS country. But the BRICS country has its own way of dealing with this. In addition to the fact that the BRICS rejected US sanctions against Iran, they also tried to circumvent US sanctions against Iran together (Hodde, 2016, p.26). For example, BRICS uses banks outside the global banking system and regulates new trade and energy agreements with Iran (Hodde, 2016, p.26). BRICS is against western sanctions by continuing to do business with Iran using unofficial channel. The BRICS action can be regarded as a resistance to the world system controlled by the West and shows that the BRICS is trying to carry out geoculture and new norms in international relations. It can be concluded that BRICS opposition to Iranian sanction was sign that multipolarity has begun to emerge.

4. Discussions

BRICS as rising powers try to change the existing world order. One such method is to bring new norms and try to make new geocultures in the world system. To achieve this, Russia’s active role is needed because ideas such as multipolarity, reform of global economic institutions and the principle of non-intervention are Russian proposals. This happened because the BRICS agenda was similar to Russia’s foreign policy agenda. It seems that Russia has succeeded in forming policies and opinions in BRICS. Therefore it can be said that the BRICS is an extension of Russian foreign policy.

In an effort to create new norms in the international system of Russia and the BRICS actively promote their agenda such as multipolarity. But to realize the new geoculture, BRICS must remain solid. The issues of Syria and Iran prove that the BRICS can be solid in dealing with an issue. Russia must maintain the solidity of the BRICS. This happened because Russia is like the brain of the BRICS because the BRICS Agenda was mostly from Russia. If Russia manages to keep the BRICS solid, then the new geoculture becomes the goal of the BRICS, not just rhetoric or dreams.

5. Conclusions

BRICS has become an important tools in Russian foreign policies. Without BRICS, Russian foreign policies including promotion of multipolarity will be more difficult to achieve. BRICS also serve as tools to expanding Russian influence to both BRICS member states and non-member states. Because without BRICS, Russia will be seen as another imperialistic powers like the west. One of the proof why BRICS is tool to expand Russian
Influence is BRICS’s multipolarity agenda, this agenda actually was Russia’s Agenda. Because of that it can be argued that BRICS actually is an extension of Russian foreign policy. As long Russia can persuade another member states that BRICS agenda was in their best interest, everything will be fine.

Promotion of multipolarity by Russia and BRICS has started to bear fruits, many countries are accepting the idea of multipolarity. It seems that times was on the side of Russia and BRICS, Russia’s assertiveness and Rise of China has unravel US Dominance. With US influence continue to decline BRICS has bright future and multipolarity can be achieved. To capitalize this, Russia as policy coordinators must held BRICS together and deepen ties with other member states. This needs to be done to make BRICS was more efficient and relevant. A strong and solid BRICS will be beneficial for Russia in long term. Because it will greatly help Russia fulfill its foreign policies agenda and Expand Russia’s Influence

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The Role of Indonesian Government in the Implementation of Halal Tourism through Multi-Track Diplomacy

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Abstract

Multi-track diplomacy is one of the strategies of the Indonesian Government in advancing the halal tourism sector. As one of the democratic countries with the largest Muslim population in the world, Indonesia has great potential to develop halal tourism as a foreign exchange. Moreover, the presence of several parties in multi-track diplomacy can positively contribute to help Indonesian Government through review and analyze about halal tourism sector. This research used multi-track diplomacy in analyzing the role of Indonesian Government in implementing halal tourism. This research also used qualitative approach. The researcher conducted literature study to enrich knowledge about halal tourism. The result of this research is the Indonesian Government has succeeded in realizing halal tourism through multi-track diplomacy strategy. The synergy of the Central Government of Indonesia with the Provincial Governments like Aceh and Lombok Island, other ASEAN states such as Malaysia and Singapore, entrepreneurs, and the use of social media are very helpful for the Central Government of Indonesia in implementing halal tourism.

1. Background

Indonesia is a state with third largest Muslim population in the world, approximately 205 million Muslims population of almost 250 million total of population. Tourism in Indonesia is an important component of the Indonesian economy as well as a significant source of its foreign exchange revenues. The country is a popular tourist destination; from natural beauty, historical heritage to cultural diversity are key attractions. Meanwhile, Malaysia has 18 million Muslims people and Singapore has 14% of Singapore total population. Moreover, based on the State of the Global Islamic Economy Report 2015, the global Muslim travel expenditure, excluding hajj and umrah, is estimated to be worth USD 142 billion in 2014 or 11% of the total global travel expenditure. In Indonesia, Indonesian travellers itself have spend money as much as USD 7.6 billion in 2014. In regional level, the ASEAN tourism industry is already reaping the benefits of the halal tourism market. The report by Thompson Reuters and Dinar Standards notes that countries in the region

118 Thomson Reuters is the world’s leading source of intelligent information and a committed stakeholder of the Islamic Economy.
119 Dinar Standard is a growth strategy research and advisory firm empowering organizations for profitable and responsible global impact. Dinar Standard specializes in the halal food, Islamic/ethical finance, halal travel, Islamic NGOs and Organisation of Islamic Cooperation (OIC) member country sectors.

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such as Malaysia, Singapore, Thailand and Indonesia are leading the industry in terms of the development and health of its Muslim inbound travel ecosystem.\textsuperscript{120}

Based on this fact, a large number of Muslim population and traveller trend of Muslims youths in the three countries could be an opportunity to improve potency and quality of the tourism sector in ASEAN general and particularly in Indonesia. Then, the number of tourist traveling within ASEAN also has increased. The picture below shows the percentage of travel to ASEAN countries in 2014.

\textbf{Figure 1. Share of International Visitor Arrivals to ASEAN 2014}\textsuperscript{121}

Based on the above picture, the intra-ASEAN traveling has highest percentage as 46%. This phenomenon can be good opportunities for the cooperation concerning tourism sector between Indonesia, Malaysia, and Singapore. In traveling scope, hijab traveling appears currently to be trend. They are usually woman backpacker community that travel together. This trend is hobby for Muslim woman right now. Hijab traveling increasingly provides colour in tourism sector. In Indonesia for example, many television stations broadcast programs regarding to hijab traveler, like "Hijab Traveler" and "Diary Laudya Chyntia Bella". Actresses who fill hijab travelings program usually go to places where the Muslim minority, as in some countries in Europe and Asia. They often visited Switzerland, England, Korea, Japan, China, and others.

Indonesia tourism sector is still relatively weak in comparison to Malaysia and Singapore. The country Muslim friendly tourism program has succeeded in attracting more Muslim tourist in Malaysia. In 2014 the Muslim tourist arrivals was 5.27 million.\textsuperscript{122} Meanwhile, Singapore is one of the most successful destinations which has been able to cater to the needs of both Muslim and non-Muslim travelers. Singapore is expected to continue attracting the Muslim tourist. The total Muslim visitor arrivals by 2020 will be 5.19 million compared to 3.14 million in 2014.\textsuperscript{123}

Indonesia is expected to witness an increase in the inbound Muslim tourist arrivals. The overall tourism receipt of Indonesia has also increased in a steady pace. Based on estimation, the receipt from Muslim tourism is around US$ 1.78 billion in 2020. In 2014 the Muslim tourist arrivals was 1.16 million. But, Indonesia has been facing obstacles in tourism sector. Some of the challenges Indonesia's tourism industry face include the development of infrastructure to support tourism across the archipelago and the impact of tourism development on the life of local people. Despite the optimism of officials, there are concerns by some segments of the travel industry that advancement for Islamic tourism could alienate other visitors who want to sunbathe or relax on the beach with a drink. But the Provincial Government insists it can promote halal tourism without affecting the existing industry, and that party hotspots in the area will remain unaffected.

\textsuperscript{120} Ibid., Ahmad Azuar Zainuddin. “The Emergence of ASEAN Halal Tourism Market”.
\textsuperscript{122} “Muslim Friendly Tourism: Understanding the Demand and Supply Sides in the OIC Member Countries”. Standing Committee for Economic and Commercial Cooperation of the Organization of Islamic Cooperation (COMCEC). February 2016, pp. 66.
\textsuperscript{123} Ibid., pp. 94.
Key lesson learnt from the Indonesian efforts on promoting halal tourism is that a well thought out plan should be developed and communicated to the diverse local groups and communities when launching a halal tourism program/strategy. This plan should ensure that halal tourism market and services can co-exist with other traditional tourism markets and services. Therefore, Indonesia can actually learn from Malaysia and Singapore in managing tourism. Then, Indonesia can use it to design the concept of halal tourism as one alternative to improve the competitiveness of tourism sector, increase the number of tourist visit to Indonesia, and further to boost economic growth in the tourist villages. Then, the tourism sector is very people centric. It means, that not only the government can play a role, but also entrepreneurs or often called as Public Private Partnership (PPP). Therefore, this article offers a discussion of multi-track diplomacy that can be applied by the three Southeast Asian countries, namely Indonesia, Malaysia, and Singapore. They can work together and complement each other. They can implement a multi-track diplomacy to develop the tourism sector, given the large number of Muslim tourists who go in and out of the three countries.

2. Research Question

“How is the role of Indonesian Government in the Implementation of Halal Tourism through Multi-Track Diplomacy?”

3. Definition of Halal Tourism Concept

This research refers to the Muslim travel market as reference of halal tourism concept. The Muslim travel market continues to be one of the fastest growing segments in the global travel industry. In 2015, it was estimated that there were 117 million Muslim international travelers. This is projected to grow to 168 million by 2020, where the travel expenditure by Muslim travelers is expected to exceed USD 200 billion. In terms of fulfilling the needs of the Muslim traveler for travelling, there are a few basic requirements taken into considerations in choosing travel destinations, namely

a. Halal Food

Halal food is by far the most important service that a Muslim traveler looks out for when traveling. Acceptability of the different levels of halal food assurance varies among Muslims. The acceptability also varies depending on the region the Muslim travelers are coming from. Having food outlets with proper halal assurance that is easily identifiable is the preferred option sought by Muslim visitors from Southeast Asia and Western Europe.

b. Prayer Facilities

Prayer is one of the central elements of Islamic practice and worship and it is the second of the five pillars of Islam. According to the Pew Research Centre report, 63 percent of Muslims perform the five daily prayers. While traveling, some of them will combine some prayers and perform them three times a day. In order to cater to this need, the services and facilities that are frequented by Muslim travelers need to be equipped with prayer rooms. Another important consideration is the cleansing ritual referred to as Wudhu. Wudhu is performed before Muslims perform their prayers. This requires the prayer rooms to have “foot washing” facilities.

c. Water-usage Friendly Washrooms

For Muslims, water plays a key role in purity and cleanliness, both of which are core aspects of the faith. Physical cleanliness is stressed as an essential component of being a Muslim. As such, special attention is given to hygiene in the washroom. This entails the use of water in the toilets, and it is discomforting for Muslim travelers where the setup for water use is not available. Providing such facilities has become less cumbersome now with the widespread availability of hand showers, bidets or even Japanese-style toilets. Common in

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124 Ibid., pp. 4.
Muslim countries as well as South and Southeast Asian countries, the hand shower is a plumbing fixture placed in a holder against a wall by the toilet.

d. Ramadhan Services

Although Muslims are less likely to travel during the month of Ramadhan, there are still many looking to spend this time away from home, especially if this period coincides with school holidays. In addition, an increasing number of Muslims take holiday breaks during the two Muslim festivals. Destinations looking to attract Muslim travelers during this period need to be able to accommodate their special needs during the month of fasting. One such example is the catering of pre-dawn Halal meals by hotels.

e. No Non-Halal Activities

Muslims consider some activities to be ‘Haram’ or non-Halal. When it comes to traveling, these are generally centered on requiring a family-friendly environment. As such, some Muslims would prefer to avoid facilities that serve alcohol, have discotheques or is adjacent to a gambling resort. Recreational Facilities and Services with Privacy: A sub-segment of Muslim travelers are also looking for recreational facilities that provide privacy for males and females. These include the following: Swimming pools and gyms that provide privacy for male and female use. Beaches, which provide areas for males and females to enjoy in privacy.

f. Recreational Facilities and Services with Privacy

A sub-segment of Muslim travelers are also looking for recreational facilities that provide privacy for males and females. These include the following:

1. Swimming pools and gyms that provide privacy for male and female use.
2. Beaches, which provide areas for males and females to enjoy in privacy.

4. Segmentation of Muslim Travelers Based on Faith-Based Needs

Muslim travelers are not homogeneous in their adherence to the faith-based needs discussed above. In order to cater to these needs from a services perspective, service providers can look at grouping these needs into “Need to have”, “Good to have” and “Nice to have”. It will be described in following picture.

Figure 2. Segmentation of Muslim Travelers Based on Faith-Based Needs

Source: Global Muslim Travel Index 2016

5. Multi-Track Diplomacy Theory

The diplomatic world has been evolving from time to time. Typically, the state – in this case represented by the government – performs official diplomacy or called by the Government to Government (G to G) diplomacy. This kind of diplomacy is called as first track. But along with the strengthening of non-state actors in the realm
of diplomacy, some tracks have opportunity to carry out diplomacy in accordance with its capacity, such as business or private sector, academics, religious communities, and others. Diplomacy that conducted by other than first track, is also called second track diplomacy. Second track diplomacy is needed to foster and strengthen community relationship, increase the degree of diplomacy, and reduce the burden borne by the first track. In reality, a few of phenomenon can’t be touched directly by first track. However, second track is able to observe and analyze these phenomenon because of its involvement in field. They are also easier to build connection with people, because they realize the people-to-people approach in implementing various activities. This concept is called as multi-track diplomacy. This kind of diplomacy is diplomacy framework that reflects the various activities that contribute to the creation of a peaceful situation and conditions.

Based on Louise Diamond and John McDonald’s thought, multi-track diplomacy consists of nine tracks, such as track one is government, track two is non-government, track three is business, track four adalah private citizen, track five is research, track six is activist, track seven is religion, track eight is funding, and track nine is communication/media. Based on multi-track diplomacy strategy of Indonesian Government in promoting the tourism sector through halal tourism, Indonesian Government needs broader diplomatic efforts through the network to other tracks such as entrepreneurs, associations, academics, and so forth. The Indonesian Government can’t work itself to improve the tourism sector quality.

Figure 3. Multi-Track Diplomacy System


6. Research Method

This research applies qualitative research method. The data collection method uses literature study. The author will collect primary data regarding halal tourism from Kementerian Pariwisata Republik Indonesia or Ministry of Tourism, Global Muslim Travel Index (GMTI), and ASEAN Secretariat. Meanwhile, secondary data are collected by wide range of literature regarding halal tourism.

7. The Implementation of Multi-Track Diplomacy

The tourism sector is one of the leading sector in Indonesia. In 2015, the employment is expected to reach 11.3 million people in the tourism sector. Then, tourist arrivals reached 10.4 million people in 2015. The foreign exchange revenue of tourism sector has been increasing, while the exchange of commodities of coal, oil, and gas tend to decrease in period 2015-2019, as projected in the following chart.

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Based on the above chart, tourism sector has good potential to increase the national income. Indonesia has big opportunity to maximize this sector to escalate people welfare through opening new jobs. Indonesia has many kinds of tourism, namely marine tourism, historical tourism, culinary tourism, art tourism, ecological tourism, rural tourism, urban tourism, and Islamic or halal tourism. Halal tourism is already listed in the Strategic Plan of the Ministry of Tourism 2015-2019. Development of tourism destinations is directed to enhance attractiveness and competitiveness of tourism destination in the domestic and global, through: (1) The development of tourism infrastructure, including the design of tourism destinations (Kawasan Pengembangan Pariwisata Nasional/KPPN or National Tourism Development Zone and Kawasan Ekonomi Kreatif/KEK or Creative Economic Zone); (2) The development of various types of tourism, one of them is halal tourism; (3) The enhancement of tourism management and empowerment of tourism destinations including the potential community empowerment in tourism sector. The Division of History and Religion Development in Ministry of Tourism realizes wide range of programs, such as database preparation of halal tourism, the criteria finalization of halal tourist destinations, coordinating the development of halal tourism in national and international forums, national seminars, socialization guidelines for halal travel, and improving the halal tourism management.

The dimensions of destination development strategy and the tourism industry, namely (1) Financial strategy: Cooperation between government and private/Public Private Partnership; and (2) Marketing strategy: Improvement of tourism promotion. In promotion of halal tourism, Indonesia has been realizing (1) promotion strategy of Destination, Origin, and Time (DOT) with Branding, Advertising, and Selling (BAS) in Singapore and Malaysia, (2) the usage of national branding, such as Wonderful Indonesia and Pesona Indonesia, (3) the increasing of event in cross-border tourism destinations, like Aceh, Riau Island, and Batam, (4) the enhancement of digital promotion.

Relating to the implementation of multi-track diplomacy in halal tourism by Indonesian Government, Indonesia practices partnership with first track or called G to G (the Government of Malaysia and Singapore) and third track (private). Indonesia has been cooperating with Malaysia and Singapore to encourage its tourism sector. In Joint Seminar on Islamic Tourism program in Bandung, 26 October 2015, Indonesia and Malaysia build partnership to promote and develop halal or Islamic tourism in order to optimize the potential

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129 Ibid., pp. 39.
of each country in tourism sector. Malaysia will help promote halal tourism in various areas in Indonesia, such as Aceh, West Sumatera, Pekanbaru, Lombok, and Makassar.\textsuperscript{131}

Aceh has acquired World's Best Halal Cultural Destination. In Aceh, the Provincial Government or Pemprov has established the tourism awareness community or called as Komunitas Sadar Wisata to promote and socialize halal tourism. In 2015, 35 thousand of Muslim travelers have visited Aceh. This amount is dominated by tourists from the neighboring country like Malaysia. Provincial Government of Aceh has formed halal tourism volunteer to promote and socialize halal tourism. Meanwhile, Provincial Government of Aceh has also built working group or Kelompok Kerja (Pokja) to ensure halal status in restaurant and cafe. Till 2015, Lembaga Pengkajian Pangan, Obat-Obatan, dan Kosmetika (LPPOM) Majelis Permusyawaratan Ulama (MPU) Aceh has issued 56 certificates halal food products or beverage, including a slaughterhouse in the city of Banda Aceh. Aceh provides free financing for entreprenuer who want to apply halal certification os restaurants and catering. Provincial Government of Aceh through the Division of Sharia Islam Banda Aceh encourages traders to sell food halal and clean food or often called as halalan thayibban. Some of famous restaurants in Banda Aceh are already registered in the TripAdvisor web, such as Solong Coffee, Warung Kopi Solong, La Piazza, Canai Mamak, Mie Razali, Sate Matang D’ Wan, Joel’s Bungalows and Resturant, Rumah Makan Spesifik Aceh, Banda Seafood, Imperial Kitchen, etc.\textsuperscript{132}

Provincial Government of Aceh has been collaborating with Malaysian entreprenuers to sell halal food during one month of Ramadhan fest. Most of them come from Penang and Kuala Lumpur, because good access of air transportation. There are two direct flights from and to Kuala Lumpur – Penang, namely Air Asia and Firefly. Flight schedule of Air Asia is 10 times in one week (Kuala Lumpur – Banda Aceh and vice versa), Firefly flies 7 times in one week (Penang – Banda Aceh and vice versa), and Lion Air flies 7 times in one week (Penang – Banda Aceh and vice versa). Furthermore, conditions of road infrastructure is good enough. Accessibility in terms of availability of information can be obtained through social media is provided either by Provincial Governments and actors of tourism business. Provincial Government provides a website that provides information tourist places, like bandaaceh.kota.go.id and bandaacehtourism.com. In addition, actors of tourism business or travel comunities have been involving itself in wide range of tourist activities, such as acehexplorer.com, inbandaaceh.com, inaceh.com, wisataaceh.com.\textsuperscript{133}

Provincial Government of Aceh has been developing Eid al-Adha travel packages, Ramdhan travel packages, pilgrimage to the mosque, and so forth. Banda Aceh already set tourism branding in 2015, namely “World Islamic Tourism” which launching by Minister of Tourism in March 2015. Aceh has been gradually stimulating the development of various facilities. For accommodation, if two people of the opposite gender will stay in one room at hotel, they have to show marriage book. Moreover, Aceh provided facilitates, such as providing of Qibla direction for praying in each room and halal food. Several halal tourist destinations in Aceh are Masjid Raya Baiturrahman, Museum Nagari Aceh, Museum Tsunami Aceh, Ulee Lheue Beach, and Kapal di atas Rumah.\textsuperscript{134}

Meanwhile, Indonesia and Singapore also have agreed the promotion cooperation of tourist destinations in Indonesia, namely Working Group on Tourism. In addition, Indonesia companies have build partnership with Singapore companies regarding infrastructure projects in Batam. These projects can increase the people- and goods mobility and increase the connectivity among ASEAN countries. Moreover, the cooperation between Indonesia and Singapore companies has increased the entry of food products from Singapore to local retailers in Indonesia.\textsuperscript{135}

In addition, Singapore and Indonesia will expand cooperation in various sectors such as tourism, hospitality, and infrastructure after four Memorandums of Understanding (MoUs) were signed on Monday (14 November

\textsuperscript{131} “Indonesia-Malaysia Kerjasama Wisata Halal”, accessed by http://www.rol.republika.co.id/berita/koran/kesra/15/10/30/nx0z5x1-indonesiamalaysia-kerja-sama-wisata-halal (08/02/2017, 14:30 WIB).

\textsuperscript{132} “Laporan Akhir Kajian Pengembangan Wisata Syariah”. Ministry of Tourism of Indonesia. 2015. pp. 40

\textsuperscript{133} Ibid., pp. 44.

\textsuperscript{134} Ibid., pp. 46.

2016) on the sidelines of Prime Minister Lee Hsien Loong’s leaders’ retreat with President Joko Widodo. According to the Singapore Tourism Board (STB), activities may include destination and port development, human resource development, tourism investments, and private sector cooperation. The agreement was signed by Minister for Trade and Industry of Singapore and Minister of Tourism of Indonesia. Mr Lee and Mr Widodo witnessed the signing which was held at Wisma Perdamaian, Semarang. An agreement to enhance the capabilities of the tourism and hospitality sector. The deal signed by Republic Polytechnic and Indonesia’s Tourism Ministry involves developing a two-year programme to train about 150 Indonesian labor from National Tourism Institutions of Singapore. The participants will also be taught social media and branding, quality and productivity management specific to the industry. Temasek Foundation has committed a grant of USD 494,500 towards the programme to enhance the overall quality of academic delivery for the hospitality and tourism sector. The programme will also be co-funded by the Ministry of Tourism, Indonesia. National Tourism Institutions will work together with Republic Polytechnic of Singapore in addressing tourism issues in Bandung, Makassar, Medan, Bali, and so forth. Republic Polytechnic will also share insights on enhancing the creative and entrepreneurial workforce in the hospitality and tourism sector. 136

Not only Aceh, Lombok is well-known as one of Islands that has been promoting Halal Tourism as new brand. Branding the Lombok Island as “Halal Tourism Destination” are echoed by the various strategies. Relating to the theory of Multi-Track Diplomacy, Lombok has optimized the role of track 1 (the Regional Government of West Nusa Tenggara) and track 9 (public opinion/communication) to promote halal Tourism. Lombok implemented two strategies consisting of internal and external strategy. Internal strategy was undertaken by the Regional Government of West Nusa Tenggara be addressed to local communities to improve the human resources and the service quality. The external strategy is the emphasis on the promotion and packaging appeal to the public. These strategies include: 137

1. Form the National Acceleration Team for Halal Tourism in Indonesia
2. Training from the Ministry of Tourism of the Republic of Indonesia to the Provincial Government residents in West Nusa Tenggara, such as:
   a. Tourist site Security Team formation by involving local youth.
   b. Development assistance from the Ministry of Tourism of the Republic of Indonesia to build Middle East Culinary Centre in Mataram.
   c. Open up the center of souvenir shop in Senggigi Beach.
3. Sustainable Development of halal tourism, namely focus on the tourism development in Central Lombok, by Badan Perencanaan Pembangunan Daerah (Bappeda) of Central Lombok.
4. Achieve the goals to get the first rank in the Global Muslim Travel Index (GMTI) in 2017.”

In other hand, Lombok has used social media to encourage the implementation of halal tourism. The Regional Government has been implementing track 9 namely communication. The Regional Government has own division to promote halal tourism in Lombok through social media known as e-tourism. This promotion strategy uses internet and this is believed as an effective promotional media. In this digital era, most people are able to get internet access to inform tourism anywhere and anytime. Promotion of tourism through internet can be done by creating tourism websites (e-tourism), promoting tourism videos through youtube and social networks, and reviewing the discussion about tourism on Lombok Island. In 2016, tourism website http://www.wonderfullomboksumbawa.com/ has obtained award as “World’s Best Halal Tourism Website” in event of World Halal Tourism Award 2016, Abu Dhabi. 138

In addition, tourism website is supposed to add few features like Frequently Asked Questions (FAQ) and chat room to facilitate people, if they want to ask about tourism objects on Lombok. So, the Culture and Tourism Office should empower and train human resources for internet using. The Regional Government needs Search Engine Optimization (SEO) like Google, Bing, and Yahoo on tourism website to increase the tourism search

136 Ibid.
traffic rankings, so people can easily search for tourism information through the internet. People can use keywords such as beaches, nature adventures (including surfing, diving, etc.), culture, culinary, interaction with local people, and cultural events. Moreover, the Regional Government can engage the startup development in tourism sector, such as ITX and Lombok Travel Mart to promote the tourism sector and help tourist in payment transactions such as payment for travel agents, hotels, transportation, and others. This can provide convenience to tourists in conducting the online transactions. 139

8. Conclusion

The halal tourism sector is a magnet for Indonesian Government. Through this sector, Indonesian Government has a great chance to increase the national economic growth. Referring to the multi-track diplomacy theory, the Indonesian Government has empowered its capacity as a regulator and also several parties such as Regional Government in Indonesia, other ASEAN states (in this context Malaysia and Singapore) as track 1, entrepreneurs as track 3, and social media classified as track 9. Some of these tracks are considered important to facilitate the realization of halal tourism in Indonesia. The Indonesian Government has realized that it can’t move on its own. The government needs a holistic strategy in developing the halal tourism sector. Through these tracks, the Indonesian Government has obtained new insights and knowledge that may not have been touched or not reviewed by the government. These tracks have different insights and views in analyzing halal tourism. New insights from a few tracks can contribute to Indonesian Government in implementing the halal tourism.

References


139 Ibid., pp. 10.

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The Motive of Indonesian Government in Establishing Indonesia Australia Comprehensive Economic Partnership Agreement (IA-CEPA)

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Abstract

Indonesia and Australia are two close neighboring countries and have long established cooperative relations in various fields. One form of cooperation undertaken is the Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA). The negotiations experienced a temporary stop since mid-2013. Indonesia-Australia experienced diplomatic tensions and fluctuating economic relations. After experiencing the peak of diplomatic tensions in 2015, the Australian Government invited the Government of Indonesia to reactivate the IA-CEPA negotiations in 2016. This study aims to explore the motives of the Indonesian government in establishing the Indonesia Australia Comprehensive Economic Partnership Agreement. This study uses descriptive analysis research methods. To explore the motives of the Indonesian government, this study uses the theory of factors that influence the determination of foreign policy and the motive theory behind the formation of cooperation. The results of this study indicate that domestic and decision environment factors are dominant factors in influencing policy making or cooperation frameworks. This study also shows that economic motives are the strongest motives behind the Indonesian government to cooperate with Australia within the IA-CEPA framework.

Keywords: Indonesia, Australia, IA-CEPA, Economic, Motive

I. Introduction

According to Kusumatmadja and Agoes, International cooperation is a relationship and cooperation between countries that arises as a result of non-existent nature and industrial progress, which is a mutually beneficial entity. International cooperation is a way for actors to make the relationships desired by these actors. Indonesia and Australia are two neighboring countries and have long established cooperative relations in various fields. Economically, Indonesia and Australia can complement each other, coupled with the close conditions between the two countries. Indonesia ranks 11th as Australia’s trading partner and market opportunity for Australia. In addition, the cooperation relations between the two countries are strategic partners, with Australia also becoming a new market opportunity for Indonesia. In 2005, the Indonesian President and Prime Minister of Australia agreed to enhance cooperative relations through the establishment of a comprehensive and sustainable economic partnership, through a joint declaration in a comprehensive partnership or CEPA. The launch of the first round of the IA-CEPA was held on November 2, 2010 by the Indonesian President and Australian PM in Jakarta. Cooperation between Indonesia and Australia in the form

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140 Mochtar Kusumaatmadja dan Etty R Agoes, Pengantar Hukum Internasional Edisi Kedua (Bandung: Alumni, 2003). Hlm. 87

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of CEPA will become a new platform that brings Indonesia and Australia to increasingly modern and dynamic trade relations. The Indonesia-Australia Comprehensive Economic Partnership (IA-CEPA) will create a framework for a new era of closer economic engagement between Australia and Indonesia and open up markets and new opportunities for businesses, major producers, service providers and investors. IA-CEPA will be built on existing multilateral and regional agreements including AANZFTA and as complete as possible. Under the IA-CEPA, this production network does not only function to meet local market demand in both countries, but also world market demand known as the global value chain.

In order to go beyond traditional FTAs, IA-CEPA features include the progressive elimination of trade barriers and facilitate trade in goods, services and investment. Technical barriers and trade regulations are eliminated as much as possible, while two-way investment barriers will be eliminated. In addition, rules and standards including product recognition or harmonization will be harmonized and simplified before being approved and implemented by the two countries.

One characteristic of the IA-CEPA that is not owned in other trade agreements is "Early Outcomes". This concept is a jointly arranged agreement which contains economic cooperation whose results can be seen and implemented directly without having to wait for the completion of other negotiations in this agreement. There are nine early outcomes discussed, namely skills exchange development pilot projects, red meat and cattle, financial services, IA-BPG recommendations, vocational education and vocational training, fashion and jewelry design, food innovation centers, drug and food standards, herbal / spa / aroma therapy, and standard mapping projects.

The first round of IA-CEPA negotiation negotiations was held on 26-27 September 2012 and closed on 26-27 March 2013 in Jakarta. In the first round, Australia-Indonesia focused on re-emphasizing the commitment of both parties in negotiating an agreement. In addition, in the first round, Australia-Indonesia discussed and shared about the challenges that will be faced in bilateral trade and investment relations between the two countries. The second round of negotiations was held on July 29-31, 2013 in Canberra, Australia. In the second round, Australia-Indonesia focused on economic cooperation and agreements between stakeholders. The implementation of the IA-CEPA will be a positive foundation for the economies of the two countries. However, IA-CEPA negotiations stopped since mid-2013. The Australian Government is known to have tapped the Indonesian government, namely the President of the Republic of Indonesia Susilo Bambang Yudhoyono, First Lady Ani Yudhoyono, Vice President of the Republic of Indonesia Boediono and Economic Minister Hatta Rajasa since 2009. After the tapping information was spread, it responded by the Government of Indonesia by withdrawing the Indonesian Ambassador to Australia, Nadjib Riphat Kesoema. This is a form of violation of sovereignty by Australia against Indonesia.

The espionage action also made it difficult for Indonesia to trust Australia as a cooperation partner in various fields, including the economy. Tim Harcourt as an economist from the New South Wales University business school stated that Indonesia did not want to carry out investment agreements or any trade after the tapping case. Tensions again occurred in 2015, namely at the time of the execution of the Bali Nine duo. Bali Nine is a special name for nine drug dealers who were captured at Ngurah Rai Airport in Bali on April 17, 2005. Two of the nine suspects were Andrew Chan and Myuran Sukumaran who were Australian citizens. At that time

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143 IA-BPG. 2016. Usulan IA-BPG Dalam IA-CEPA “Dua Tetangga Mitra Dalam Kesejahteraan”. Hal 8
President Joko Widodo rejected the proposed clemency proposed by the suspects. The decision to execute Chan and Sukumaran by President Joko Widodo could not be contested anymore. Indonesia received criticism from the public and the Australian government at that time. The criticism was made by Australia by pull out an Australian Ambassador Paul Grigson from Indonesia on April 29, 2015.

Bilateral relations between the two countries have begun to improve again marked by the return of Australian ambassador Paul Grigson to Jakarta on June 8, 2015. After the return of Paul Grigson to Jakarta is one form of Australia’s efforts to normalize relations between the two countries. After relations between the two countries improved again, Steven Barraclough as the Australian Minister Counselor through the 2015 Indonesia-Australia Business Conference discussed the implementation of the IA-CEPA to improve economic cooperation between the two countries. IA-CEPA can be an appropriate means to enhance economic cooperation because of its comprehensive nature.

Efforts to improve diplomatic relations have been carried out by the Australian government. In November 2015, Australian Prime Minister Malcolm Turnbull who replaced the position of Tonny Abbot as Prime Minister previously visited Indonesia to meet President Joko Widodo. In the visit PM Malcolm Turnbull expressed his desire to reactivate the IA-CEPA negotiations. This resulted in positive results for Australia because on 2-4 May 2016 Indonesia agreed to reactivate the IA-CEPA negotiations in the form of the third round in Yogyakarta. The progress of the IA-CEPA negotiations until the end of the negotiations in August 2018, finalization was completed at the level of the negotiating group leader. IA-CEPA enters a new phase by signing the declaration of completion of the IA-CEPA by the Minister of Trade Enggartiasto Lukita and the Minister of Trade of Australia. This agreement still has to go through a ratification process in the DPR so that it can be promulgated.

IA CEPA negotiations also involve other actors such as the Indonesia-Australia Business Partnership Group consisting of the Indonesian Chamber of Commerce and Industry (KADIN), the Indonesian Employers’ Association (APIINDO), the Indonesia-Australia Business Council (IABC), Australia Chambers of Commerce. The business group jointly gave input to the governments of the two countries in a proposal titled Two Neighbors, Partners in Prosperity: Indonesia-Australia Business Partnership Group Submission towards the IA-CEPA. The proposal contains proposals for agreement and cooperation desired by Indonesian and Australian business actors in the IA-CEPA agreement.

The issue of cooperation between Indonesia and Australia is indeed very interesting to study especially in the CEPA idea. However, not many researchers have discussed the issue of IA-CEPA because the negotiation process is still ongoing. As for some previous studies that have discussed cooperation between Indonesia and Australia as follows. First, a journal entitled “Indonesia-Australia Security Complex and its Impact on the Dynamics of Relations between the Two Countries”. This journal was written by Siti Mut‘iah Setyawati and DafriAgussalim. In this journal, the author uses a constructivism approach. The study uses qualitative research with interpretative analytic methods and inductive thinking logic. This journal explains the conditions of Australia-Indonesia relations in amity aspects (cooperation, friendship, mutual support) and aspects of enmity (tension, mutual suspicion, and friendliness). The conflicts that have occurred since the Timor Leste case and terrorism have made Australia-Indonesia experience a security complex (pattern of integrity and amity). The conclusion of this journal is that the amity aspect is more dominant than the enmity aspect so that Australia-Indonesia relations still continue despite fluctuating tensions. This is due to economic and trade interests between the two countries such as APEC. Australia needs Indonesia as a market and investment destination. While Indonesia needs Australia in terms of sources of capital and economic assistance. In addition, the security, social and cultural interests made the two countries more concerned with the amity aspect. This journal provides insight and supporting data for researchers regarding fluctuating Australian-Indonesian tensions.

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150 Setyawati, Siti Mut‘iah dan Dafri Agussalim. 2015. Security Complex Indonesia- Australia dan Pengaruhnya Terhadap Dinamika Hubungan Kedua Negara. FISIPOl Univesitas Gajah Mada
The second study is a journal entitled "Strengthening Indonesian-Australian Relations". The journal was written by Vinsensio. M.A. Dugis, a lecturer in International Relations, FISIP Airlangga University. In the journal, the author describes several incidents that made Australia-Indonesia bilateral relations tidal. These events included the case of Jenkins Affair, Australia’s tapping of President SusiloBambangYudhoyono and the decision to execute Duo Bali Nine Australian citizenship. The journal also discusses the types of effective diplomacy to rebuild the harmony of bilateral relations between the two countries. The journal uses the concept of diplomacy friendship (mateship diplomacy). In this study, the researcher revealed the fact that the development of the Australia-Indonesia Institute became a framework for new cooperation to restore bilateral relations between the two countries after the Jenkins Affair. The conclusion of the journal was that the two countries could re-implement friendship diplomacy (mateship diplomacy) applied in the mid-1980s to rebuild bilateral relations that had experienced tensions before. The diplomacy emphasized the importance of personal relations between officials, supplementing official diplomatic mechanisms. The manifestation of such diplomacy can be in the form of elite hotline communication. This journal will be used as reference material for cases by researchers regarding the Australia-Indonesia conflict and the efforts of the two countries in improving bilateral relations through the establishment of a cooperative framework after the conflict.

The third study was written by Yeti Andriani and Andre from Andalas University. This research topic is entitled the Implications of the Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA) on Indonesian Foreign Trade. The study concluded that Indonesia Australia was able to establish good cooperation and facilitate cooperation again after the destruction of previous cooperation between Indonesia Australia through the IA-CEPA agreement. Indonesia’s foreign trade to Australia is going well with the minimum Australian customs tariff on Indonesian products. The study uses the theory of liberalism Adam Smith and David Ricardo the method of comparative advantage and absolute advantage.

The difference from previous research with this research is that research emphasizes the underlying motives of the Indonesian government to establish cooperation with Australia in depth in the form of CEPA. This research is also interesting to be investigated further because Australia is not the main trading partner in vital trade sectors, but Indonesia still wants to collaborate comprehensively. Secondly, the political conditions of Indonesia and Australia that had experienced tension because some cases made this research interesting. To explore the motives and factors underlying the Indonesian government, the author will use a factor analysis framework in making foreign policy from Alex Mintz. In addition, this study will also use a model of analyzing factors and motives of a country in establishing free trade cooperation from Solis and Katada.

II. Research Question

This study aims to provide answers to the problems that have been outlined in identifying research problems, about the Indonesia Australia Comprehensive Economic Partnership Agreement, which among other things is to find out the motives of Indonesia in establishing an Indonesia Australia Comprehensive Economic Partnership. Based on the description described in Background, to facilitate the analysis of problems, the authors identified the problem as follows:

Why does the Indonesian government want to establish cooperation with Australia within the framework of the Indonesia-Australia Comprehensive Economic Partnership Agreement?

III. Research methods

The author uses descriptive analysis research methods. In this study, the author will outline the motives behind the Indonesian government to establish an Indonesia Australia Comprehensive Economic Partnership Agreement. Data collection techniques used are library research, namely data collection techniques by looking for data from book literature, information based on literature reviews or good references sourced from

articles, newspapers, journals, the internet and important notes regarding matters relating to the problems being examined by the author.

IV. Theoretical framework

In the process of fulfilling interests, of course there is a motive behind the actor in fulfilling his interests. So that the policy making process becomes important in exploring the motives of a country in the process of cooperation. For this reason, it is very important to explore the motives and background of a country or actor in determining their importance. In this study the author uses the theory of foreign policy making and background motives of an actor to find out the motives of Indonesia in establishing IA-CEPA cooperation.

VI.1 Theory of Factor Analysis of Foreign Policy Taking

The process of foreign policy making refers to the choice of individuals, groups and coalitions that make it affect the actions of a nation in the international community. The foreign policy-making process is an important approach in understanding the behavior of a country, because the way decisions are made can form the final choice. That is, an actor can arrive at different results depending on the decision making process. The uncertainty of the motives of the state in making a foreign decision will be minimized by knowing the process of making a foreign policy.

To deepen the analysis, this study uses the analysis framework of Alex Mintz and Karl De Rouen Jr (2010) as a foreign policy decision factor. According to Alex Mintz, there are four determinants of foreign policy namely the decision environment, psychological factors, international factors, and domestic influence. The decision environment or environment in decision making is a situation where a foreign policy is taken, in this case is a situation that describes the situation when the policy is taken. Some scientists argue that decisions taken by a country under stressful conditions and at external pressures will result in a rigid foreign policy.

The fluctuating and changing state of the international environment greatly influences how a policy is produced so we need to look at the dimensions of the situation in which a policy is formulated and produced. According to Mintz, there are conditions that can affect foreign policy namely limited time, limited information, ambiguity, familiarity, accountability, stress, risk and interactive conditions. Psychological factor, according to Mintz, there are reasons when a country is unable to conceptualize rational actor models, this is due to psychological influences such as factors such as personality and trustworthiness of leaders, leadership style, emotions, images, cognitive consistency, and evoked sets influence and shape foreign policy decisions. A foreign policy is usually very influenced by individuals which is a determining factor for a policy taken, moreover if a country is a dictatorial country then the factor of this psychologist will play an important role in the decision making process. The idiosyncratic factor of a leader in a dictatorial state will make the foreign policy taken by a country clear.

International factors are factors that come not from within the country where Mintz describes international factors is the behaviour of enemies and allies that can influence a country’s foreign policy decisions, while influencing international factors comes from a country’s deterrence policy, arms race, alliances and regimes followed by decision-making countries. The existence of external factors, namely the international world greatly influences how a country makes a decision, because of the considerations taken.

Domestic factors are factors that influence a country’s foreign policy from internal or internal. The state has a national interest that is fought so that in making foreign policy making, domestic factors are factors that will sharpen a policy taken by the State. Domestic factors by Mintz can be economic interests, the role of domestic

154 Ibid. page 43
155 Jonathan Rhenson and Stanley Renhson, The Theory and Practice of Foreign Policy Decision Making, Political Psychology 29(4): 509-536
156 Ibid, page 97-98
157 Ibid, page121-122
public opinion, election process, general election results and so forth. Therefore, Alex Mintz and Karl DeRouenJr consider foreign policy decision factors as instruments to find out what is behind the implementation of foreign policy.

VI.2 Theory in Determining Motives of an Actor in Establishing International Cooperation

In his writing, Mireya Solis and SaoriKatada suggested that there were several factors in exploring the motives of a country to establish cooperation or FTA especially in Asian countries. Some motives in choosing FTA cooperation partners according to Solis and Katada are economic motives, security, and leverage.

Economic motives are divided into two first market accesses, namely the search for new market access and / or expanded through preferential trade and investment liberalization. Second, diversion trading means efforts to avoid exemptions and the level of playing fields by fighting trade and transfer of securities investments from existing FTAs. The security motive is divided into 2. First strengthening security arrangements which means the desire to use economic diplomacy so that it can be cemented with the main security guarantor (extra regional). Second, raising international status means the desire to exercise leadership at a broad stage through collaborative economic projects or to enhance the international image of a country as a centre of trade. Motives Leverage or means influence both from within and from outside. The government often conducts inter-regional and intra-regional negotiations simultaneously, then there is the possibility of influencing other factors. In fact, an important motive in starting the early stages in cross-regionalism was to gain leverage over the evolution of intra-regional integration through at least two main mechanisms, capacity building and precedents. Capacity building means that the need to develop negotiation techniques and cadres of qualified bureaucracy to avoid entrapment in unprofitable commitments or benefit in future FTA negotiations with larger economic partners. Creating a precedent that means a. the desire by policymakers to lock-in controversial economic reforms, thus fending off domestic enemies and increasing the country’s international credibility as intra-regional FTA negotiators. In addition this is also an attempt to set a precedent on negotiation modalities to be included in the next FTA or WTO negotiations.

V. Analysis

In this discussion, the study underlined the two main factors that influence the making of a cooperation agreement or foreign policy using the Mintz and Karl theory, namely the decision environment and domestic influence. This study also uses an analytical framework from Mireya Solis and Saori Katada about the motives in choosing FTA cooperation partners consisting of economic motives, security, and leverage.

V.1. The Factors of Determining Foreign Policy

V.1.1. Domestic Factor

The foreign policy of a country is often influenced by the economic interests of the country. State policies that want to continue to expand the region through bilateral and multilateral cooperation can also be seen as an effort of a State to achieve economic interests where in domestic factors, actors in the State also influence a foreign policy taken. These factors can be in the form of community aspirations from business or interest groups

In the first factor the authors found that there were domestic factors that influenced Indonesia’s foreign policy in collaborating with Australia within the IA-CEPA framework. The presence of business groups that influence decision making is due to business groups, Australia has a strategic value. The business group was also involved in the negotiation process and planning of the IA-CEPA cooperation agreement.

The following are a number of representatives from 2 IA-BPG member business groups who have attended the IA-BPG meeting and contributed to the preparation of the IA-BPG Position Paper as input for the Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA) namely KADIN (Room Indonesian Trade and Industry) and IABC (Indonesia Australia Business Council) or the Australia Indonesia Business Council. Some stakeholders are involved in discussions or negotiations, namely:

158 Ibid, page 129-130
159 Op. Cit. Mintz, hlm 131
In this negotiation, the IA-BPG is consulting with the Australian and Indonesian industries and DFAT to seek advice from individuals and economic actors interested in providing information in the next round of IACEPA negotiations. This is done to expand effective information and considerations to be determined by stakeholders. The consideration that will be negotiated will be the basis of the formation of a rule that binds the two countries in a partnership. So the involvement of economic actors in both countries, both individuals and groups, is a good thing for the results of the IA-CEPA agreement. In this regard, the IA-BPG recommends the involvement of the business community and stakeholders through the establishment of a permanent IA-BPG involving the business community and stakeholders in the IA-CEPA process, continuous and strong involvement between businesses in both countries.

The IA-BPG has approved the following list of recommendations for IA-CEPA summarized in several points, namely tariffs, trade rules and procedures, technical barriers to trade, trade barriers such as import quotas and permits, barriers to human movement, restrictions on foreign direct investment. The IA-BPG group has a large influence on IA-CEPA negotiations, in this case the business group wants to be involved more deeply in the projects contained in the IA-CEPA framework. The group also needs continuous opportunities to provide input, specifically sectoral details from the IA-CEPA and also matters relating to cross-sectors and economic cooperation.

The IA-BPG has also concluded that stakeholder involvement does not need to be limited to business actors only. IA-CEPA must contain provisions for involving broader stakeholders that will have a significant impact on the upcoming IA-CEPA. This must include the media, civil society, universities and local government institutions. The involvement of these stakeholder groups in both countries is needed to ensure high awareness and acceptance. For example, there is general cynicism towards free trade agreements, CEPA and economic liberation in Indonesia. While in Australia negative and outdated views arise about Indonesia, which limits cooperation. This needs to be handled strategically through fostering relationships with stakeholders.

V.1.2. The Decision Environment

Indonesia and Australia have signed various agreements and economic partnerships that show a trend towards a freer trade climate and global economic integration. Indonesia and Australia are also members of the AANZFTA which provide the basis for more open trade between Indonesia and Australia and also with members of ASEAN and New Zealand. The ASEAN Economic Community (AEC) aims to form a single market and joint production base, form a highly competitive economic region, create an area with equitable economic development, and achieve a region that is fully integrated in the global economy in 2015. APEC, where Indonesia and Australia is also a member, encouraging trade and investment liberalization. These things provide examples that can be used as the basis for forming the IA-CEPA. Furthermore, Australia and Indonesia are members of the WTO and G20.

The situation when a country takes a decision can be influenced by time and interactive conditions. Time greatly influences how the policy is made because time is related to the deadline of a policy. In addition to the interactive state of time where leaders make decisions that influence and are influenced by decisions of players or leaders others. Understanding the strategic context in decision making is an important part in understanding preferences, processes, foreign policy making, because the results obtained will affect interests and affect the state of the state either directly or over a long period of time.
V.2. Motives

Mireya Solis and Saori Katada stated that there were several factors in exploring the motives of a country to establish cooperation or FTA, especially Asian countries. Some motives in choosing FTA cooperation partners according to Solis and Katada are economic motives, security, and leverage. The study found that economic motives were the main background of the Indonesian government in establishing IA-CEPA cooperation.

V.2.1. Economic Motives

Indonesia and Australia trade cooperation is a complementary collaboration, in this trade partnership Indonesia provides basic materials and manufacturing products such as crude palm oil, cocoa products, broad wood products, paper and paper, straw tire and etc, while Australia makes Indonesia a meat and meat market. dairy products, wheat, mineral products, their services sector (service travel and business service).

Indonesia is Australia’s fourth largest trading partner in ASEAN and the 12th largest trading partner overall and the 11th largest export market. In contrast, Australia is the 9th largest trading partner for Indonesia and the 9th largest export market. Indeed, the two countries are not strategic partners in trading because they are not in the top 5. The main purpose of establishing cooperation is to facilitate and develop access to the Indonesian market. Behind the formation of cooperation, the goals and motives of a country may not always be implied in negotiations. Every cooperation or agreement must have a goal from each party to be achieved. In the case of the Indonesia-Australia, the main motive of the Indonesian government in agreeing to the IA-CEPA negotiations was the economic motive.

Economic motives are divided into two first market accesses, namely the search for new market access and / or expanded through preferential trade and investment liberalization. Second, trade diversion. Signing this partnership agreement is more likely to be freer trade and a global economy. Of course this makes Indonesia have good opportunities in increasing trade and economic growth. The motives for expanding market access can be realized in several ways.

VI. Facilitate Indonesian exports to Australia.

In the case of expansion of market access or market liberalization, of course Indonesia must have access to Indonesia’s export production itself. From the data obtained below, it can be seen that Indonesia excels in several sectors compared to Australia. One example of Indonesian exports to Australia is the export of Indonesian tropical fruits such as mangosteen. Indonesia’s mangosteen exports have managed to penetrate the Australian fruit market access. The first export of mangosteen fruit is done by PT. Agung Mustika Selaras, Tangerang on September 27, 2012 as an Indonesian exporter. Based on data from the Indonesian Ministry of Trade, national mangosteen production in 2011 reached 117,600 tons with total exports of 12,600 tons valued at 9.9 million US dollars, equivalent to Rp. 94 billion. Mangosteen exports to Australia by air and this is expected to be the first step to open trade for the two countries to be bigger. The aim of mangosteen exports so far is Hong Kong, China, Singapore, Malaysia and the Middle East and in the future the government seeks to export other tropical fruits such as salak, mango and others to Australia and other trading partner countries. This proves that Indonesian products can compete in the international world. With the increasing demand for food products, the growth potential in those sector is very significant and its opportunities depend on the development of cross-border value chains for capitalization to complement each other in production and consumption. Two-way investment, joint ventures, capacity building, knowledge and technology transfer and

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the elimination of trade restrictions are key to increasing trade and investment in this sector. In addition, Indonesia and Australia are the two major mining countries where mining contributes greatly to PNB and exports of both countries. Today, the level of export of Indonesian mining commodities to Australia is very significant, especially oil and gold and Australia is the main provider of mining services. There are significant opportunities for technology transfer and joint ventures, especially in the field of environmentally friendly and renewable technologies and mining equipment and services (METS).

VII. Eliminating Trade Barriers.

According to the 2013 Australian government department of foreign affairs and trade, trade relations between Indonesia and Australia are still relatively low. In 2012, exports of goods from Australia to Indonesia only reached 2.0% of Australia's total exports to the world. Whereas Indonesia's imports to Australia only accounted for 2.6% of Australia's total imports, while according to the Investment Coordinating Board (BKPM) in 2013, for Indonesia the destination of exports to Australia only covered 2.7% and 2.6% of Indonesia's import destinations. In terms of Foreign Direct Investment, Australia is only 3.0%. Australia included its initiative in the white paper on the elimination of trade barriers which are good for its relations with Asian countries, especially Indonesia.163

There are also restrictions on trade such as import quotas and import permits. Barriers to the movement of freer people (MNP) are largely related to the difficulty of obtaining visas and work permits and the lack of mutual recognition of the qualifications of skilled, semi-skilled and low-skilled workers. There is information stating that the applicant continues to have difficulty obtaining a visa for business activities, travel or student visas to visit Australia. Restrictions on the movement of people are naturally felt in the service sector, including specialist services and for low skills positions in the fields of tourism, servants, agriculture, mining and customer service.

VIII. Investment from Australia to Indonesia

Economic cooperation carried out by Indonesia and Australia has advantages for both countries and Indonesia can be an investment target by Australia, only the mining sector is not reached by Australian investment due to foreign investment restrictions and regulations. In 2011, the value of Australian investment in Indonesia reached 87.7 million US dollars, while in 2012 Australian investment in Indonesia reached 743.6 million US dollars. In terms of investment in Indonesia, Australia is ranked 12th as an investment country in Indonesia.

Source: databooks

From these data it can be seen that the emergence of the IA-CEPA in 2012 led to an increase in investment from Australia entering Indonesia. This is an expectation as the IA-CEPA goes on to create new investments from Australia, such as developing two-way investments by building competitive markets, reducing barriers, reducing risks and promoting investment opportunities, including joint ventures.

IX. Enabling Knowledge and Technology Transfer

Technology transfer is a difficult thing to do in a realism view. Countries that have the ability or technology that are good in a field will not just give knowledge transfer to their partners. One of the reasons Indonesia wants to agree on the IA-CEPA is because it allows greater technology transfer by harmonizing standards and regulations; recognition of qualifications; recognition of intellectual property rights; creating a dispute resolution mechanism; establish cooperation in education, training and professional development; facilitate joint ventures and business licensing; and encourage the movement of skilled labor between the two countries.

There are various opportunities that can arise from technology transfer from Australia to Indonesia and these opportunities are cross-sectoral. Australia plays a role in helping Indonesia achieve food security by providing technology and expertise to increase agricultural productivity as well as mining, Mining Equipment and Technology (METS), pharmaceutical technology and environmentally friendly energy. Some examples of knowledge transfer that has taken place are as a tool in the mining sector to increase the manufacture of plywood, this technology is called Blue Scope technology, can be increased to 265 thousand tons of Metal Coating and 160 thousand tons of Metal Painting. Another example that can be seen is the benchmark of Indonesia's food technology to Australia for the development of the agricultural sector and food security.

X. Conclusion

Comprehensive partnership has the consequence that bilateral cooperation between the two countries is carried out thoroughly and covers almost or all fields. This means that the bilateral cooperation between the two countries is not only about elements that are considered strategic, but also covers a variety of fields, such as economics, politics, security and defense and social and culture. Indonesia-Australia relations as a comprehensive partnership can be seen from various collaborations that cover almost all fields including politics, economics, social power and development, education and defense. This collaboration involves government agencies both state ministries and institutions, as well as the private sector formally through agreements, cooperation and dialogue frameworks.

Australia and Indonesia need each other. But on the other hand both countries are not strategic partners in trade and investment. The main motive behind why Indonesia wants to establish a CEPA partnership with Australia can be explained in an economic motive where the Indonesian government wants to create technology transfer, increase exports, lose trade barriers, and enter foreign investment into Indonesia.

Finally, the factors that influence the Indonesian government want to establish cooperation because of the influence or encouragement of business groups. The group wants to be involved in the negotiations and implementation of the cooperation agreement. In addition, other factors that influence are decision environment factors where the state when a country takes a decision can be influenced by time and interactive conditions. Time greatly influences how the policy is made because time is related to the deadline of a policy. In this case the conditions in which Indonesia and Australia are also members of the AANZFTA provide the basis for more open trade between Indonesia and Australia and also with members of ASEAN and New Zealand. The ASEAN Economic Community (AEC) aims to form a single market and joint production base, form a highly competitive economic region, create an area with equitable economic development, and achieve a region that is fully integrated in the global economy in 2015. APEC, where Indonesia and Australia is also a member, encouraging trade and investment liberalization. These things provide examples that can be used as the basis for forming the IA-CEPA. Furthermore, Australia and Indonesia are members of the WTO and G20.
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New Faces of Capitalism in Education Sector: The Case of World Bank Knowledge Economy Program in Developing Countries

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ABSTRACT

This paper will discuss about the World Bank’s projects in liberating the higher education sector in several developing countries that run about 1995 to 2012. The globalization supports the understanding of the importance of knowledge for the economic growth. By Knowledge-Based Economy (KBE) concept, the international institutions like the World Bank catches investment chances in an important sector to produce knowledge, known as higher education. The World Bank in advance composes higher education reforms project in several developing countries like Argentina, Guinea, Romania, Chile, Tunisia, Vietnam, Jordan, Mozambique, Sri Lanka, Ethiopia, and Indonesia. As the matter of fact, this strategy is a form of neoliberalism economics which makes the government pursue decentralization, privatization and higher education commercialization in its country. Although it is said as a “New Economy” which is promised to open more chances for poor and developing countries to achieve development by producing knowledge, KBE even appears as a new faces of capitalism in 21st century.

Keywords: KBE, Knowledge-Based Economy, The World Bank, Neoliberalism Economics, Higher Education Institutions (HEIs), The Developing Country.

Introduction

The Globalization creates such many changes, including the world economic phases toward the 21st century. The world gets more global, integrated, followed by information and communication technology growth, creating new patterns for countries in formulating advance economic strategy. It’s different from traditional economic trend where the employees, physical investment and financial come to be the important factors in production, the economy of the world toward the 21st century marked by the change of “when the knowledge falls before anything else”. It’s known as Knowledge-Based Economy (KBE).

In condition where education is important in supporting economy, higher education sector is considered as a contribution in producing knowledge. The Universities throughout the world have a complex and multifaceted role in developing human capital for an advance knowledge which affects to political, economic, social and cultural progress (Novelli & Selenica, 2014, p. 93).

Position of higher education sector is getting strategic as a motor of building up economy in the globalization era. It pushes the change of some policies in international institutions agenda like The World Bank, Organization for Economic Cooperation and Development (OECD), European Union, and United Nations of Educational, Scientific and Cultural Organization (UNESCO) even World Trade Organization (WTO), also some bilateral aid agencies, international private foundations and regional organizations like European Union. Those international institutions own their roles in bordering the policies agenda of higher education sector in developing countries. The World Bank (with UNESCO) is said as an important institution in conveying the relation between higher education and economic development (Lebeau & Sall, 2011, p. 129). Therefore, in previous decades, higher education sector almost was not noticed by international donor institutions for it was investing in higher education sector considered having low rate of social and economic return (Naidoo,
(Selenica, 2018, p. 40), as result the international donor institutions promoted and advocated basic education more than higher education sector.

The change happened in the globalization era makes The World Bank start considering that investment in higher education can be a contribution key for a country economic growth (The World Bank, 1994, p. 15). The statement above was strengthened by empiric evidence happened in several countries such as; South of Korea, Singapore, China and India. Those countries have been invested a lot in higher education. However, it’s not widely appeared, there is a positive correlation between Higher Education Institutions (HEIs) towards economic growth in those countries (Selenica, 2018, p. 30). The implementation of KBE in globalization era was proven in creating capability for poor and developing countries in accessing, producing, and spreading the information fast from the economic development countries so they could do leapfrog in their countries economic phases (Naidoo, 2011, p. 40).

By the empirical evidence shown the development countries were successful in forming the economic power from their investment in higher education sector, The World Bank formulated the KBE concepts by its institutions. The World Bank Knowledge Economy concept placed education as a key of global economic countries growth, where the knowledge needed, made and applied effectively to push economic growth (Chen & Dahlman, 2005, p. 6). These concepts were considered being able to work if the development countries paid attention to some elements like long term investment in education sector, increasing capability and innovation, modernizing information infrastructures, and creating economic environment to form market transaction (Chen & Dahlman, 2005, pp. 7-9). By doing its version of KBE concept, the World Bank started doing a serious investment in developing countries’ higher education by promising a chance for developing countries to achieve advance economy based knowledge through the role of higher education.

Since the World Bank released a report entitled Higher Education: The Lessons of Experience in 1994 containing four higher education reforms strategies in creating the World Bank Knowledge Economy concept, many cooperation was created between the World Bank and the developing countries’ governments in higher education reforms projects. Several countries coming together with the World Bank in higher education reforms projects during 1995-2012 such as; Argentina, Guinea, Romania, Chile, Tunisia, Vietnam, Jordan, Mozambique, Sri Lanka, Ethiopia and Indonesia.

The World Bank Investment in higher education sector is very supported by the understanding of Human Capital theory usage and neoliberal economic approach (Selenica, 2018, p. 14). The World Bank noticed the higher education’s role and capacity to create human resource. Therefore, the higher education reforms need to be implemented in order to make people experience the qualified HEIs which finally become qualified human resources accepted in the labor market. The involving private institutions in supplying and financing HEIs make more human resources well created. Followed by the increase of people’s income rate (the alumnus of HEIs absorbed by labor markets need), the country’s economic growth will increase either. Once economic growth is achieved, it will trickle down to the poorest and vulnerable, boosting country’s development indicator (Selenica, 2018, p. 14). However, the World Bank developing strategies have received such many critics, even its higher education reforms strategy.

The World Bank idea of creating human resources by HEIs to support the economic growth did not go along with what happened in Spain, Portugal, UK and US. Those countries had an expansion of the knowledge-base and qualification has been accompanied by growing unemployment rather than economic growth (OECD, 2014). Finally, it was clear that higher education improvement not always automatically creating human resources who were able to improve the economic growth (Robertson, 2016, p. 13).

The implementation of higher education reforms proposed by the World Bank has less empirical, and also substantial evidence. In example, if it’s compared with higher education reforms in South Korea.

Higher education reforms strategy in South Korea focuses on renewing the policy so university can be autonomy and flexible in cooperating with many groups. The tripartite research between HEIs, government and industries to do research and development in creating sophisticated technologies was proven in advancing the economic growth in South Korea. However, those countries at first got loan from United Stated of America, but the implementation of KBE through higher education reforms strategy was done by combining
strict government intervention and well-managed economy (Mugasejati, Pratiwi, & Zayzda, 2018, pp. 62-71). One of higher education reforms strategies formulated by the World Bank was diversifying funding source of Public HEIs also supported universities to be autonomy (The World Bank, 1994, p. 4). But, the autonomy status given by university addressed more to private sector could be involved in HEIs organizing, especially in funding, so it did not rely on state budget.

Instead of creating economic improvement, the foreign aid debt through investment given by implementing the World Bank Knowledge Economy concept through higher education reforms project in developing countries even assumed as instrument to liberalize higher education sectors. The implementation of the World Bank Knowledge Economy through higher education reforms made higher education policy of developing countries was in the push-pull dynamics of local and global interests. The higher education falls between state and market. The effort of the World Bank in glorifying liberalization value of higher education became more interesting to study for further because between criticism and less substantial empirical evidence, the implementation of Knowledge Economy concept through higher education reforms become hegemonic in some developing countries. For that reason, “How does the implementation of World Bank Knowledge Economy Concept to liberalize higher education sector in several developing countries?” is going to be answered in this paper. Before answering the question, this paper firstly will be describing the definition of higher education liberalism as an analytics form. Next, the question will be answered by explaining the process done by the World Bank in formulating KBE concept of its institutions becomes higher education reforms run by aid projects in several developing countries to liberate their higher education sector.

NOVELTY

The global condition demands higher education in improving its quality, and the high rate of higher education student enrollment in developing country, was not considered being fulfilled if the higher education systems were not liberated. The reason was developing countries had budget limit to finance quality improvement and answer high demands for this sector. This circumstance had come to be debatable, then it is studied for further in several academic papers by 21-century, included by Birdsall (1996) in “Public Spending on Higher Education in Developing Countries: Too Much or Too Little?”. This debate was the start of discourse about higher education liberalization. As a study appeared over couple decades after, surely this paperwork passed through long debate about higher education budget of developing country. By focusing on the World Bank role, this paper will explain how the debate will be the start of aid arrival and international investment to liberalize higher education sector.

Besides being pushed by local condition (public fund limit), liberalization of higher education sector is also strongly demanded by the global condition. The discourse about liberalization appeared after deciding education as the first over 12 service trading sectors in General Agreement on Trade in Services (GATS) agreed by the country members of World Trade Organization (WTO). Therefore, Knight (2002) in “An Analysis of the Impact of Trade Liberalization and the General Agreement on Trade in Services on Higher Education” discussed how trade liberalization sector and GATS agreement affected to higher education sector in developing countries. The same theme as Knight report, Marijk C. Van der Wende (2003) in “Globalisation and Access to Higher Education”, discussed about increasing demands of higher education will lead the manager into trade system. The study has come to be most reference in discussing the correlation between globalization and higher education liberalization also explained liberalization pressure appearing from countries commitment over GATS agreement. Both articles were not specifically explained the effort of the World Bank in liberalizing higher education sector in developing countries through KBE concept implementation.

The articles about liberalizing higher education sector in developing countries was not only discussing about the public fund limit for education sector, or the entry of education as one of service trading sectors in GATS, but also by the appearance of KBE concept. “Neoliberalism, Higher Education and The Knowledge Economy: From the Free Market to Knowledge Capitalism” (Olssen & Peters, 2007) was a study discussing about economic neoliberalism approach that caused HEIs taken over by private sector resulting knowledge capitalism. The article explained about the creation process of knowledge capitalism, caused by economic neoliberalism practice which was said as one of globalization dimensions, until the market pressure changed HEIs liberalized. Selenica (2018) in “Universities Between State and The Market: Development Policy,
Commercialization and Liberalization of Higher Education” also reported a comprehensive enough study about globalization and higher education liberalization in some developing countries and its correlation with the appearance of KBE concept. Unfortunately, both studies paid less attention to contributions of international institutions like the World Bank on the process of higher education liberalization in several countries. This paper hopefully can give contribution in figuring out the KBE concept implementation by the World Bank to liberalize HEIs in several developing countries.

**ANALYSIS FRAMEWORK**

**Higher Education Liberalization**

Dave Hill in Putra (2016, p. 154) defined higher education liberalization as decentralization policy and regulation which could open private chance, commercial practice, and business management usage in higher education implementation.

The reasons behind higher education liberalization based on Philip G. Altbach, Liz Reizberg and Laura E. Rumbley were free trade market pressure and private sector with profit orientation. Ka Ho Mok then explained that higher education liberalization caused some changes, such as; government subsidy decrease for higher education sector affecting private sector and market participation in higher education system development, management pattern and controlling which firstly was centralized became decentralized followed by policy to corporatize higher education by giving official enterprise status, also HEIs whose finance was supported by government started finding its own finance (Putra, 2016, pp. 154-155).

Putra (2016, p. 155) then correlated higher education liberalization towards three things: 1.) Decentralization and autonomy given to HEIs in improving financial resource from society/private sector; 2.) Government policy in higher education sector supported by privatizing education because of subsidy decrease and financial load to society; 3.) HEIs commercial practice implementation, for example in research or consultation with industry groups. At the end, HEIs liberalization closely connected with the decentralization, privatization and higher education commercialization.

In reference to Joseph Zajda opinion, the decentralization of higher education was a process of creating and deciding policy, power distribution, also funding controlled by HEIs. It is in contrary by centralization of higher education, where a country had a power in controlling those process (Putra, 2016, p. 155). The previous change of higher education system from centralized to be decentralized was the autonomy status of institutions. The change of HEIs autonomy status received such many critics as a start of chaotic student enrollment system, which finally caused HEIs value decrease. The students enrollment no more based on placement test, but based on institutions authority (Hadi, Sitepu, Soraya, Kusumaningtyas, Ndaru, & Arumsari, 2007).

The next, the privatization of higher education, based on Bruce Johnson, is a process of dimension change possession, income, government control and higher education management norms from very public to very private (Putra, 2016, p. 155). Clive R. Berfield and Hendry M. Levin explained that privatization of HEIs shown from the involvement of private groups in implementation, finance, even HEIs control (Hadi, et al., 2007, pp. 145-147).

Then, commercialization of higher education reported more as logic consequent of privatization policy causing government subsidy decrease and its load given to students. HEIs commercialization also caused by the high needs of finance to improve the quality of HEIs (for HEIs faced the demand of fulfilling criteria as qualified universities) (Hadi, Sitepu, Soraya, Kusumaningtyas, Ndaru, & Arumsari, 2007, pp. 164-165). When the government stopped financing the HEIs, then the institutions intensified other financial resources. Derek Bok and Dave Hill described several ways of HEIs in intensifying its financial sources by implementing internal business, such as research, consul, and campus asset rental (Putra, 2016, pp. 155-156).

Referring to analysis framework above, this paper will compile data of the Knowledge Economy concept implementation through higher education reforms projects supported by the World Bank in developing countries pursuing government to do decentralization, privatization and commercialization of higher education. The collecting data method is document-based research and internet-based research,
meanwhile the analysis method is secondary data analysis. This research type of this paper is explanation method. The implementation of Knowledge-Based Economy concept based on the World Bank version is an independent variable in research. In analysis level, the World Bank Knowledge Economy concept is the explanation unit described. Then higher education liberalization is a dependent variable, and becomes analysis unit of this research. From methodology research, this paper uses qualitative research.

DISCUSSION
The Implementation of KBE concept in the World Bank Higher Education Reform Strategy

Knowledge revolution, with globalization growth, bring significant chance to encourage economic and social improvement. However, the country even faces real risks just in case it is not following the fast changes. By those reasons, the continuous economic growth in new economic era extremely depends on success economic improvement strategies, which is involving the usage and creation of the knowledge series as a core of improvement process (Dahlman, 2005, p. 24). Finally, the economic growth is considered extremely depending on knowledge development.

The economic growth depending on knowledge development is known as Knowledge-Based Economy (KBE). Walter W. Powell and Kaisa Snellman (2004) defined KBE as production and services based on knowledge-intensive activities that contribute to an accelerated pace of technological and scientific advance as well as equally rapid obsolescence. The key components of a knowledge economy include a greater reliance on intellectual capabilities than on physical inputs or natural resources, combined with efforts to integrate improvements in every stage of the production process, from the R&D lab to the factory floor to the interface with customers.

The World Bank formulated its framework to measure the implementation of KBE. Each framework is specified by several dimensions, and each dimension is described through several characteristics. The World Bank defines KBE as phenomenon as well as economic concept. “KBE is one where organizations and people acquire, create, disseminate and use knowledge more effectively for greater economic and social development”. The KBE is one that supports the optimal acquisition and utilization of knowledge for value creation (The World Bank, 2004). KBE is also a concept in economy where knowledge created, gotten, spread, and used effectively by entrepreneur, organization community to increase economic and social development (The World Bank, 2003).

According to Carl Dahlman, to get benefit from knowledge revolution need real strategy fulfilled through 4 Pillars named Knowledge Economy Framework as follows:

- The First Pillar: “Economic and Institutional Regime of Economy”
  The institutions and economic framework promoting the knowledge usage.
- The Second Pillar: “Education and Skill”
  Populations are educated to create and use knowledge.
- The Third Pillar: “Information and Communication Infrastructure”
  The availability of dynamic and better information and economic infrastructure.
- The Fourth Pillar: “Innovation System”
  The efficient innovation plans in central organization and research which fulfil society satisfaction (Tocan, 2012, p. 202).

In the second Pillar: Education and Skill, the students’ enrollment in HEIs in developing country become indicator of the World Bank interests. In 1994, the World Bank report entitled Higher Education: The Lessons of Experience which explained that crisis happened to HEIs especially in developing country. By the report, the main problem was in condition that HEIs relied on government financial. As the matter of fact in the condition where fiscal limit, there a big challenge in establishing qualified HEIs with limited financial. In previous years, occurred students’ enrollment ratio increase either in developing countries or in development countries. But, the increase does not go along with teaching quality and research which is decreasing significantly in developing countries public HEIs. Many public systems run a bad HEIs management, and experienced various problems like limited number of staff total and literature, also equipment and less
research development literatures. By those reasons, the World Bank considered that higher education reforms needed in several developing countries.

The higher education reforms were done by 4 strategies formulated by the World Bank, such as: Encouraging greater differentiation of institutions, diversifying the funding of public institutions and introducing incentives for their performances, redefining the role of government, also focusing on quality, responsiveness, and equity (The World Bank, 1994, pp. 4-15).

The Implementation of Higher Education Reform Strategy in The World Bank Knowledge Economy Program

As implication of the strategies formulated, the World Bank committed to take a role to assist higher education reforms in several countries. The World Bank states that the loan and subsidy are external things from international institutions mostly gave crucial affect to a country, however, the amount was less than the total of education budget given by government (The World Bank, 1994, p. 79). From the reasons above, the World Bank started cooperative projects in higher education sectors.

Here are the Knowledge Economy Programs of World Bank’s Higher Education Reform Project in several developing countries that runs in 1995-2012:

Table 1. Knowledge Economy Programs of World Bank’s Higher Education Reform Project in several developing countries in 1995-2012

<table>
<thead>
<tr>
<th>Project</th>
<th>Country</th>
<th>Approval-Closing Date</th>
<th>Commitment Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>AR- Higher Education Reform Project</td>
<td>Argentina</td>
<td>06 July 1995-30 June 2004</td>
<td>US $ 165 million</td>
</tr>
<tr>
<td>Reform of Higher Education and Research Project</td>
<td>Romania</td>
<td>19 Sep 1996-30 Sep 2002</td>
<td>US $ 84 million</td>
</tr>
<tr>
<td>Chile Higher Education Improvement Project</td>
<td>Chile</td>
<td>05 Nov 1998-30 June 2005</td>
<td>US $ 145.45 million</td>
</tr>
<tr>
<td>Higher Education Development</td>
<td>Jordan</td>
<td>29 Feb 2000-30 June 2007</td>
<td>US $ 34.7 million</td>
</tr>
<tr>
<td>Higher Education Project</td>
<td>Mozambique</td>
<td>07 March 2002-30 June 2010</td>
<td>US $ 88.8 million</td>
</tr>
<tr>
<td>Higher Education for Twenty First Century Project</td>
<td>Sri Lanka</td>
<td>13 May 2010-30 June 2016</td>
<td>US $ 40 million</td>
</tr>
<tr>
<td>Post-Secondary Education Project</td>
<td>Ethiopia</td>
<td>16 Sept 2004-01 Sept 2009</td>
<td>US $ 22.7 million</td>
</tr>
</tbody>
</table>

Source: http://projects.worldbank.org
Higher education reform strategies were implemented in Knowledge Economy Programs of World Bank’s Higher Education Reform Project in several developing countries in 1995-2012.

First, encouraging greater differentiation of institutions, including the development of private institution, by way of developing non-university institution, differentiating the field of higher education, and encouraging private provision of higher education. The implementation of this strategy found in higher education reform projects. Argentina government started opening Public HEIs for private groups who proposed to diversify institutions financial resource in order to not rely on public expenditure in 1993. This initiative strengthened by the cooperation project with the World Bank through AR—Higher Education Reform Project (The World Bank, 1995). In Romania, after years of focused on specialization with output orientation, especially engineering (65% from students total in 1989), while social and humanities were abandoned (only 10%) or, - in several spots, dismissed, Romania government in collaboration with the World Bank developing and modernizing higher education that would update traditional field (engineering) and introduce new fields (especially interdisciplinary ones, such as business administration and applied social sciences) (The World Bank, 2003). In 1998, Chile was considered success in doing privatization of HEIs sector that private groups could actively participated in HEIs financing and ownership. But, Chile was considered not ready for HEIs development like developing industrial countries. By inviting the World Bank through Chile Higher Education Improvement Project, the government hoped Chile would reach economic improvement by HEIs important role (The World Bank, 1998).

Second, diversifying the funding of public institutions and introducing incentives for their performance. According to the World Bank, “…if public institution are to achieve higher quality and greater efficiency, governments will need to implement sweeping reforms in financing designed to: (1) encourage the mobilization of greater private financing of higher education, (2) provide support to qualified students unable to pursue their studies for reasons of inadequate family income, and (3) foster efficiency in allocating and using public resources among and within institutions” (The World Bank, 1994, p. 6).

Through Higher Education Reform Support Project in Tunisia, the World Bank helped the government to create legislative reformation and regulation. So HEIs in Tunisia were more open for private investment sector. The government of Tunisia no longer loaded all higher education institutions’ financial components because their operational fee, cafeteria and dorms services were open for non-government financial resources (The World Bank, 1997). The World Bank also helped economic transition process in another countries through higher education reform project in Romania (The World Bank, 2003) and Vietnam (The World Bank, 1998). This strategy also applied by The World Bank to accompany the government revised the fiscal rules and formulated new strategy to strengthen the quality of supplying service and institutions autonomy. It happened in the World Bank’s higher education reform project in Guinea (The World Bank, 1995), Chile (The World Bank, 1998) and Jordan (The World Bank, 2007). In 1998-1999, the only income of Public HEIs in Guinea was from students’ enrollment assumed reaching 400 million GNF. Above all, the Guinea government must subsidy students’ cafeteria load around 6.2 billion GNF. Finally, in 2000 several fiscal reforms done to overcome fiscal unbalance. The reforms done included closing university cafeteria, increasing the dorm fee, increasing students’ enrollment, increasing foreign students’ tuition fee, eliminating subsidy of meal tickets and erasing scholarship for students repeating the subjects/semester (The World Bank, 1995).

Third, redefining the role of government. According to The World Bank, there are three steps to implement this strategy: 1.) Develop a coherent policy framework, specifically related to the scope of the role of the central government in the higher education sector; 2.) Creating greater reliance on incentive instruments to implement policies; 3.) Increasing institutional autonomy of HEIs.

In economic-transition countries like Romania, Tunisia and Vietnam, the World Bank supports government to develop a coherent policy framework regarding the scope of government’s role in higher education sector in order to renew the higher education system that more open to the participation of non-government roles and to create academic freedom (The World Bank, 2003) (The World Bank, 1997) (The World Bank, 1998). In Argentina, the government policy was supported by higher education reforms projects cooperated with the World Bank. Then, the Higher Education Law 1995 came to be a reference deciding larger reforms agenda for giving full autonomy to Public HEIs for administrations, financial resource, staff management and students.
access (Johnstone, 1998, p. 23). In Guinea, since 1989, the governments had struggled in finishing management and pedagogic crises by giving bigger autonomy to institutions. But, the autonomy policy just half implemented because of Public HEIs financial and education management capacity in Guinea which was limited. In addition, the autonomy level and type given to institutions was not clearly defined. So, during the project preparation of Higher Education Management Project done by the World Bank and Guinea government, several works done to create clear framework about organization autonomy and preparing its official policy (The World Bank, 1995).

Fourth, focusing on quality, responsiveness and research. One of the developments after the implementation of reform projects in a number of countries is the acceptance of accreditation as a tool to control the quality and improvement of higher education institutions. One of the implementation of the fourth strategy in developing countries is creating quality assurance bodies and accreditation institutions as tools to control the quality and improvement of higher education institutions. Through higher education reform project, Argentina government has formulating common framework of Public HEIs or Private HEIs through National Commission for University Evaluation and Accreditation (CONEAU) (Johnstone, 1998, p. 23). The government of Chile invited the World Bank in making transparent standard and creating better rules to measure HEIs performance, to do institutions accreditation and keep the quality by creating quality official management of HEIs. Its establishing also done in the World Bank higher education reforms project in Romania (The World Bank, 1998). In Sri Lanka, the government has increasing the relevant and quality of higher education by creating Quality Enhancement Fund (QEF) to allocate resource in increasing bachelor degree program at public or private HEIs; and financed the training aimed specific job and productive up to 10.000 jobless graduates (The World Bank, 2012). One of the policies in Ethiopia which produces from higher education reform are establishing two policy consul institutions for semi-independent universities, Quality Control Institution and Strategic Policy Institution (The World Bank, 2003).

Higher Education Liberalization of the World Bank Projects in Developing Countries

From the explanation about implementation of higher education reform strategy in The World Bank Knowledge Economy Program above, we can conclude that higher education reforms projects given as prescription in answering HEIs problems of developing countries however every country has different social and politic background and various economic condition.

Argentina and Indonesia were in the same condition after economic crisis when decided to cooperate with the World Bank in higher education reforms projects. Because of being faced the limited fiscal condition after crisis, both countries were doing big reformation in many important sectors, included education. The government of Argentina asked for support from the World Bank in formulating several structural reforms aimed to decrease government role, decentralization financial and public service supply also strengthen the government capacity to supply social service (The World Bank, 1995). In another hand, the Indonesian government was challenged to reform all sectors because the crisis left facts about Indonesian bureaucracy cheated by corruption practice, collusion and nepotism that hoped creating transparent and accountability in public institutions, even HEIs (Pratiknya, 1999, p. 190).

Then Romania, Tunisia and Vietnam were in economic transition. The higher education they had before, operated and financed by public also centered controlled automatically were not suitable with democracy culture which was market economic oriented.

Furthermore, the Guinea government, Chile, Jordan, Mozambique, Sri Lanka and Ethiopia aimed to do long term higher education reformation reforms because the system of their HEIs indicated management crisis and pedagogic. Guinea had institutions issues and internal efficiency issues in HEIs sectors (The World Bank, 2002).

Chile worked with the World Bank to do further success of its higher education reforms. The HEIs privatization became key of problems solving in Chile, especially connected to society access to higher education and internal efficiency public expenditures for HEIs. But, the privatization policy even caused the society protests. During May to June 1997 happened a chaos by students of high education institutions demanding financial problem and HEIs management. However, the protests also appeared larger included
concept, identity and HEIs mission in Chile and HEIs role in development also the government role in making it real. Because of the reasons mentioned, the government strictly received the protests, agreed the most urgent financial protests, included doing funding policy revision, opened a dialog about wisdom issues, management and participant, regulation and financial, also strategic perspectives, higher education quality concerned in Chile in globalization, regional development and international cooperation (The World Bank, 1998). Above all the Chile government invited the World Bank to run the higher education reforms.

The Jordan and Mozambique government experienced highly population growth that caused high demand of HEIs. Then Sri Lanka and Ethiopia needed the World Bank to support their long terms higher education reformation. The Sri Lank government would increase the capacity of institutions to achieve bigger relevant and quality at bachelor degree program. The Ethiopia government, specially made HEIs improvement to overcome poverty. The World Bank were supposed to be able to direct for transition agrarian economic to product and service economic based.

Besides various social and politic background, the developing countries cooperating with the World Bank in higher education reforms projects were also in various steps of income level. By promising the advance economic, the World Bank implemented Knowledge Economy concept by HEIs sector reformation. At the first starting higher education reforms project, Guinea, Vietnam, Mozambique, and Ethiopia were the low income countries according to the World Bank. Romania, Tunisia, Jordan, Sri Lanka and Indonesia were the lower middle income countries. In another hand, Argentina and Chile had reached upper middle rate income. During the higher education reform projects, the developing countries did not experience national income level change.

### Table 2. The World Bank’s Country Classifications by Income Level 1995-2012

(During the Implementation of Higher Education Reform Projects)

| Year/Country | 95 | 96 | 97 | 98 | 99 | 00 | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | 11 | 12 |
|--------------|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|
| Argentina    | UM | UM | UM | UM | UM | UM | UM | UM | UM | UM | UM | UM | UM | UM | UM | UM | UM | UM |
| Chile        | UM | UM | UM | UM | UM | UM | UM | UM | UM | UM | UM | UM | UM | UM | UM | UM | UM | UM |
| Vietnam      | L  | L  | L  | L  | L  | L  | L  | L  | L  | L  | L  | L  | L  | L  | L  | L  | L  | L  |
| Mozambique   | L  | L  | L  | L  | L  | L  | L  | L  | L  | L  | L  | L  | L  | L  | L  | L  | L  | L  |
| Ethiopia     | L  | L  | L  | L  | L  | L  | L  | L  | L  | L  | L  | L  | L  | L  | L  | L  | L  | L  |

Notes:

- L: Low Income
- LM: Lower-Middle Income
- UM: Upper-Middle Income
- H: High Income

* The World Bank’s country classifications by income level is calculated based on per capita Gross Domestic Product (GDP).

**Source:** (The World Bank, 2018); (The World Bank, 2018)

By the different background and condition of each country, higher education reform projects as KBE concept implementation showed the effort of the World Bank in liberalizing HEIs sector in developing countries through the same pattern: started by running the regulation to decentralize HEIs, then privatization in HEIs sector and finally HEIs commercialization.

The upper middle income countries like Argentina and Chile generally had run the more liberal HEIs system. Privatization of HEIs by Argentina government after reformations resulting democracy process in 1984, and had been a success key of structural reformation and financial in Chile in 1981. The challenge for
both countries were creating HEIs sector as economic support system-based knowledge. Romania, Tunisia, Jordan, Sri Lanka and Indonesia were lower middle income considered need HEIs decentralization and enlarge private party involvement in HEIs implementation and finance. Then the poor countries like Guinea, Vietnam, Mozambique and Ethiopia still placed the HEIs implementation foundation through aid project from the World Bank.

CONCLUSION: Knowledge-based Economy as a New Face of Capitalism

The emergence of the KBE concept enhances the understanding of the importance of science in order to achieve the economic progress of a country. From there, the role of the higher education sector as a science producer is considered increasingly important so that the World Bank also invests in the higher education sector. The analysis concluded from this phenomenon is: KBE views knowledge as a form of ‘capital’, so that those who master knowledge are deemed to gain prosperity. In other words, there is a capitalization of knowledge.

Then, through the economic neoliberalism approach, the World Bank uses the KBE concept so that private owners can enter and dominate the higher education sector which is considered a science producing institution through the implementation of higher education reform projects. The analysis concluded from this phenomenon is: the emergence of the KBE concept has made higher education to be treated as an economic good, which in this case was carried out by the World Bank to safeguard the sector’s publicity (so that the private sector is also responsible for participating in funding and organizing HEI, so that higher education can be accessed more widely and meet the high demand of the community, etc.

Globalization, knowledge revolution, KBE concept appearance, resulting knowledge commodification through copyright, license, commercial technology innovations. The knowledge became an important capital mastered by countries which could make economic improvement. The countries struggle to master knowledge for prosperity. Those who mastered knowledge would be glory. By economic neoliberalism approach, the World Bank used KBE concept that private owner could join and master the HEIs sector considered as knowledge-producer institutions. KBE has come to be a new face of capitalism. This paperwork explained how KBE concept used by the World Bank to liberalize HEIs sector in several developing countries.

The World Bank as global neoliberalism agent makes HEIs which was country domain, becomes open for private possession and involvement. The awareness that HEIs have very vital role in supporting economy in 21st century used by the World Bank for investment. Referring to Human Capital theory seeing human as production statistic factor, this approach definitely does not see how to empowerment to the poor (Hadi, et al., 2007, p. 169), then the control from HEIs by public also followed by responsibility to advance the intelligence and property of its society. For this case, the society in upper middle income countries like Argentina and Chile probably more capable to compete that more ready for its HEIs liberalization. But, the intervention from the government to make equal HEIs access must be stronger in low income countries.

The strong government intervention must be shown in composing development plans for national interests, not for global interests. The country different condition of fiscal limit, being placed before quality improvement demand and HEIs demands in globalization era come to be main argumentation of the World Bank in composing HEIs reforms strategy. The loan given for liberalizing higher education reforms projects in developing countries. Whereas, HEIs financial problems depend on intention and policy taken by each government. The choice for the government to prioritize the foreign creditor service in order to get another loan, or manage education financial and establish independence country, is not just a technical policy but an ideological choice.

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Globalization and Specialization: How South Korean Company Win in Disruption Era

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ABSTRACT

In the era of disruption like nowadays, specialization to win over globalization become mandatory for all the country. Nonetheless for South Korea, as a special hub for electronic techs and advance industries, Korea seems to take over technological advantage in rather small device or gadget such as smartphone and application. This paper trying to explain how South Korea with their companies could gain profit for the country to win over disruption era with technology and innovation through National Competitive Advantage perspective. Not only Samsung and LG, but this paper also try to elaborate how Korea with their companies like Hyundai, Naver, and Lotte help South Korea to compete in disruption era competitively, in order to examine other industry sectors of South Korea, such as retail, automotive, and internet-based communications.

Keyword(s): South Korea, Disruption, National Competitive Advantage

I. Preface

Disruption means disturbance that mingling with current situation that could interrupt or change arrangement that already exist. The term “Disruption” was defined and first analyzed by Clayton M. Christensen in 1995, and Bagehot (2017) said it has been the most influential business idea of the early 21st century. Meanwhile, globalization means interconnected and integration that consist of widening and deepening of relations between states. Local entities now become global players yet global players become local entities. These interconnected relations could emphasize interdependence between countries. That means reduction of cost could triggering the growth of investment and trading between states. Then, globalization sparks establishment of new actors that have powers other than states, for example multinational companies, interests groups, and prominent figures that can shape the dynamics of global economy. Globalization and Disruption are in parallel situation that connected.

Airini (2017) said In business, a disruptive innovation is an innovation that creates a new market and value network and eventually disrupts an existing market and value network, displacing established market-leading firms, products, and alliances. The Relation between globalization and interconnected relations between nations could lead to a complex interdependence of economic interests. Keohane and Nye (1989) said that Complex Interdependence means a mutualism interactions between actors that caused from international transactions, like flows of capital, people, products, and informations across borders of states. This complex relations means each states could benefit absolutely or partly from a transactions. That’s why each states develop a specialized products or resources that could their main commodity in global economy, such as China with its manufacture industries products, Japan with automotive and technology, Australia with its butcheries, Norway and its salmon, and so on and so forth. Therefore, according to explanation above, complex interdependence strongly relates to how states portrait their potentials into a specialized products that symbolize their economic strength which make them compete competitively in global economy.

South Korea, as a emerging economy and middle power state, according to Alexander Simoes (2016) that almost produce zero in petroleum reserves should import and diversified their exports to fulfill their economic needs and interest. Hence, South Korean economy mainly rely to export their products to fill in the gap in natural resources. Based on Ministry of Trade, Industry, and Energy Statistics until October 2018 South Korean Exports valued in 549,72 million USD mainly exporting electronics such as integrated circuits, mobile phone, electrical machinery, apparatus, appliances, electrical parts, automotive, ships, steels, chemical...
products, and plastics. Moreover, South Korean main export partners are China, the United States of America, Hong Kong, Vietnam, Japan, Singapore.

Meanwhile, South Korean main imports are petroleums, natural gas, food, and live animals and South Korean imports valued in 484,21 million USD. South Korean main import partners are Japan, China, the United States of America, Germany, Australia, Russia, Saudi Arabia, and Qatar. Below is infogram quoted from Premack (2017) that explain about South Korean chaebol that dominate South Korean industry,

Korea with its company such as Samsung, LG, Naver, Hyundai, Lotte could provide South Korea with their specialized commodities such as electronic products like mobile phone, washing machine, rice cooker, refrigerator, LCD television, air conditioner, and kitchen stove, mobile application like electronic comic story platform, chatting service, search engine, and email host, heavy industries like automotive, shipping, iron, and steel, also chemical and confectionary. With strong economy on export, or export oriented with market that already established on every world’s corner, South Korea also easily gained from their commodities of export. Kim Se-Woong (2017) said South Korea’s export grewed thanks to strong demand for electronic components, steel and petrochemical products amid recovery in global economy and revived infrastructure activities across the world and grewed up to double percentage in 2017 Q3.

Chart 1: South Korea’s Export Growth 2017
Samsung, like Peter Bondarenko (2018) said actives in the manufacturing and selling of electronics and computer peripherals. The company doing its businesses through following business divisions: Consumer Electronics, Information Technology & Mobile Communications and Device Solutions. The Consumer Electronics business division produces cable television, monitor, printer, air-conditioners, refrigerators, washing machines and medical devices. The Information Technology & Mobile Communications business division offers handheld products, communication systems, computers and digital cameras. The Device Solutions business division comprises of memory, system large scale integrated circuit and light emitting diode. The company was founded on January 13, 1969 and is headquartered in Suwon, South Korea. Samsung could account up to 17% of South Korean exports at 2013 data according to Jennifer Daniel (2013).

Meanwhile, Reuters (2018) said LG Electronics Inc. is a Korea-based company that at the beginning related with the manufacturing and distribution of electronic products. Along with its subsidiaries, LG operates its business through six segments. The Home Appliance & Air Solution (H&A) segment provides refrigerators, washing machines, air conditioners, microwave ovens, cleaners and others. The Mobile Communications (MC) segment offers mobile terminal equipment. The Home Entertainment (HE) segment supplies televisions (TVs), monitors, personal computers (PCs), security equipment, audios and videos. The Vehicle Components (VC) segment provides automobile parts. The LG Innotek Co., Ltd. (Innotek) and its subsidiaries segment offers light-emitting diode (LED), board materials, optics solutions and others. The Other segment involves in the solar energy business and provision of display materials. Kim et. al. (2004) said that the process of diversification that LG started in 1970s helped LG itself in financial crisis 1997 and made LG became one of top four company in South Korea with more than fifty affiliated firms.

As a major player at home appliances industry, Setyanti (2018) also said that LG invested in such large number investment, such as made plants in Cikarang, West Java, and develop nit just home appliances, but also mobile phone, in the area where another South Korean electronic giant, Samsung invested a plant that also produce electronics, such as television and mobile phone.

Different with Samsung and LG, Naver, another South Korean technology giant, focusing on internet contents and application. Seongnam (2014) said this South Korea’s biggest web portal has thrashed Yahoo and kept Google at bay with has almost 80% of the South Korean search market. Now, Naver plans to conquer the world with its messaging service, Line, and their features, such as Line Webtoon and Line Pay, also its email host, NaverMail and search engine, Naver.com. Seongnam (2014) also said that Naver can lead Line and its features to be main messaging services across Asian countries, like Japan, Thailand, and Taiwan, also next could be Indonesia.

Hyundai, another South Korean giant started as a small construction business when it established in 1947, Albert (2018) said Hyundai grew significantly into a leading global player in South Korean economy. The dominance of Hyundai in South Korean based on Kim et al. (2004) is shown as the ability to expand their business forward by took over Kia Motors and LG Semiconductor. According to Bloomberg data, currently Hyundai Group serves customers worldwide with their diversified corporation, such as automotive, marine, securities, elevators, logistics, educations, and investment management services. From the whole Hyundai Group business, Hyundai Motor Company (est. 1962) and Hyundai Heavy Industry (est. 1974) are the third-largest carmaker in the world and the world’s largest shipbuilding company respectively.

At last, another Chaebol that shaped South Korean industry is Lotte. Lotte is another big company that rule South Korean and also global economy. Lotte was founded in Tokyo in 1948 and started business in South Korea by opened a chewing gum company in 1967. Since then, Lotte expanded into a diverse company consist of services and become global player in food (confectionery, food, liquor), retail (department store, mart, cinema, home-shopping, online commerce), tourism (hotel, duty free, resort, amusement park, logistics, data communication), chemical-construction manufacturing (petrochemical processing, civil engineering, construction), finance (insurance), research and development (foundation, research and development center, education institution, scholarship).

With several global players, it is not a big deal for South Korea companies to win in so called Disruption Era like nowadays, where technology is a big thing in economy and even politics. From that perspective, we want to examine how these global player company could win in Disruption Era with a big deal
of national competitive advantage in international trade and business for South Korea in general. Therefore, proceed from explanation above, this paper trying to explain how South Korean Companies such as Samsung, LG, Naver, Hyundai, and Lotte could win the competition in disruption era with such competitive advantage they could provide for South Korean economy.

In order to deepening the scope of this research theme, we want to look further previous studies and try to conclude the novelty of this research. Several papers that examined lead us to two big themes which are Industry Relation in South Korea and Diversification of South Korean Economy.

The first theme, Industry Relation in South Korea, explains how South Korean Company operate and produce with explanation the current situation with government or how the company can keep up with their challenges. Lee et. al. (1996) explain the current challenges and future strategies for the Korean automobile industry. Lee’s paper used state-business relations theory. Shin and Joh (2016) also made an analysis about South Korea’s mobile broadband explosive growth. The leading actor of this success is Samsung company. The main factors of this success are government support and coordination, supply-side and demand-side conditions, and competition in the market. Premack (2017) said that Economists say South Korea’s dependence on exports, and on the chaebols that dominate its export trade, hold back the economy. These papers under this theme not explain further about how South Korean companies could have upper hand to compete in Disruption Era with such enormous competitive advantage to thrive in global economy.

The second theme, Diversification of South Korean Economy, explained that South Korea should diversify their commodities to survive in the globalised world, like Kim and Lee (2010) said in order to compete in the globalized world, South Korea must focused and developed their tourism sector, neighbor states such as Japan, Hong Kong, Thailand, the United State of America. Also the paper under this theme not explain further about These papers under this theme not explain further about how South Korean companies could have upper hand to compete in Disruption Era with such enormous competitive advantage to thrive in global economy. Hence, there is no paper that explain how South Korean companies could have upper hand to compete in Disruption Era with such enormous impact on South Korean national competitive advantage to thrive in global economy, this paper try to explain the discussion on this particular issue.

After that, even though there is no paper that specifically discussed about South Korean companies could have upper hand to compete in Disruption Era with such enormous impact on South Korean national competitive advantage to thrive in global economy yet, we also examine the benefit of using National Competitive Advantage perspective. Robert M. Grant (1991) said Porter’s analysis of the impact of national environment on international competitive performance demonstrates the potential for the theory of competitive strategy to rescue international economics from its slide into refined irrelevance, while simultaneously broadening the scope of the theory of competitive strategy to encompass both the international dimension and the dynamic context of competition. Also, with National Competitive Advantage could make a country reach higher level of economy on global scale by its global presence by specialization of products or exports commodities coherently, like Gupta, Govindarajan, and Roche (2001) said Global presence makes available to the firm’s managers five value-creation opportunities: to adapt to local market differences, to exploit economies of global scale, to exploit economies of global scope, to tap optimal locations for activities and resources, and to maximize knowledge transfer across locations. Also, Porter argues that with a firm could dominate in local market resource and capabilities, local market demand conditions, local suppliers and complementary industries, and local firm characteristics, it is clear that a firm like that could make an integration between production, Trent and Monczka (2002) said that integrated global sourcing strategies offer the potential for major performance gains.

II. National Competitive Advantage

In the proceeding advancement of International trade theories, especially globalization and specialization, Michael Porter from Harvard Trade School created a modern model to clarify national competitive advantage in 1990. Porter’s hypothesis accepted that a nation’s competitiveness in an industry depends on the capacity of the industry to enhance and update. This hypothesis centered on clarifying why a few countries are more competitive in certain businesses. To clarify this hypothesis, Porter distinguished four determinants that he
connected together. The four determinants are (1) local market resource and capabilities, (2) local market demand conditions, (3) local suppliers and complementary industries, and (4) local firm characteristics.

To begin with, the determinant is local market resources and capabilities (factor conditions). Porter recognized the esteem of the factor proportions hypothesis, which considers a nation’s assets (characteristic assets and accessible labor) as key variables in deciding what products a nation will import or export. Porter included these fundamental components a modern list of progressed components, which he characterized as talented labor, investments in education, technology, and infrastructure. He has seen these progressed components as giving a nation with a feasible competitive advantage.

The second, local market demand conditions. Porter trusted that a modern home market is basic to guaranteeing progressing development, subsequently making a sustainable competitive advantage. Companies whose domestic markets are refined, trendsetting, and requesting powers nonstop advancement and the improvement of new items and innovations. Numerous sources credit the requesting US customer with constraining US software companies to ceaselessly enhance, in this way making a sustainable competitive advantage in programming items and administrations. Along these lines, it requires an interest from the buyer to urge organizations to be versatile and remain focused.

The third, is local suppliers and complementary industries. To stay focused, a company ought to have a supporting industry. By having solid, proficient supporting, and related businesses to give the information sources required by the business, a company will have the capacity to upgrade their intensity. Porter likewise included that specific businesses group topographically, which gives efficiencies and profitability.

The last determinant is local firm characteristics. This determinant incorporates firm strategy, industry structure, and industry competition. Local strategy and industry strategy influence an company’s aggressiveness by characterizing an objective and how to accomplish it. The nearness of contention is expected to trigger the organization to improve with the end goal to keep up and update competitiveness. A solid level of contention between local firms will goad a weight that closes in development and competitiveness.

In addition to the four determinants of the diagram, Porter also noted that government and chance give a part in the national competitiveness of industries. Governments can give impact to the competitiveness of company in the nation with import and export policy. Chance is merely a moment that can lead a company into advantage position and also disadvantage position. Porter’s theory, a firm-based theories, offers an interesting interpretation of international trade era.

According to explanation above, Porter’s theory could be arranged as diamond diagram as below.

![Diagram 2: Porter’s Diamond of National Competitive Advantage](image)

Therefore, to operate the Porter’s theory on national competitive advantage and to examine how Samsung, LG, Naver, Hyundai, and Lotte could win The Disruption Era on behalf South Korean National Competitive Advantage, we adjust Porter’s Diamond of National Competitive Advantage into these diagrams,
Diagram 3: Samsung’s Diamond of National Competitive Advantage

Diagram 4: LG’s Diamond of National Competitive Advantage

Diagram 5: Naver’s Diamond of National Competitive Advantage

Diagram 6: Hyundai’s Diamond of National Competitive Advantage

Diagram 7: Lotte’s Diamond of National Competitive Advantage
III. Analysis

According to Porter’s national comparative advantage theory, we adjust to examine those companies in this research as Samsung and South Korean Mobile Phone Industry, LG and South Korean Home Appliances Industry, Naver and South Korean Internet Industry (Search Engine and Messaging Services), Hyundai and South Korean Automotive Industry, and Lotte and South Korean Food and Retail Industry.

III.1. Samsung

First is Samsung and South Korean Mobile Phone Industry. Korea Trading Agency or KOTRA (2008) said Local Mobile Phone Industry Firm Characteristics are Modern handset designs, Economies of scale through mass production, Customers with sophisticated tastes, Status as CDMA leader, World class mobile communications infrastructure, Diverse multimedia communication service offerings, and Presence of diverse content developers. Then, KOTRA also said that Korea possesses 28.3% market share of mobile handsets worldwide. The market for other mobile communications equipment, such as repeaters, exchanges, and base stations, has formed around the domestic market.

For Local Market Demand on Mobile Phone Industry, KOTRA said for year 2006 for example, production of mobile phone is 17,210,000 Units and 13,404,000 Units for domestic demand. This means, domestic demand on mobile phone is so large and keep growing. Moreover, Indo-Asian News Service (2018) also reported that in first quarter of 2018, Samsung still holds 46% of South Korean Mobile Phone Market and the South Korean tech giant shipped 24 million units in the local market during the fourth quarter of 2017.

Also, Local Suppliers dan Complimentary on Mobile Phone Industry is more than 90% of demand is created by local firms. After that, Local Market Resources and Capabilities on Mobile Phone Industry of South Korea according to KOTRA is raw materials and components are procured domestically, so no difficulty arises in securing materials.

All of These mean, Samsung could benefit from the large market share on domestic market and with strong and up to date innovations that always keep up with the world trends, not only that, Samsung also play important role as trendsetter of global mobile phone industry with its impact that so huge and its exports and production numbers. Disruption Era that mainly rely on technology is not a bug for Samsung, and South Korea in general, since the data above could give us a glimpse that Samsung also a disruptor player that promote globalised interconnectivity with telecommunications and innovative technology, and thank to Samsung that also could input up to almost majority share on 8,7% of total South Korean exports, and 20.1% of total IT communication exports respectively based on KOTRA data, Mobile Phone Industry can be a competitive advantage for South Korea to win in such disruptive era. Moreover, Alex Murray (2015) said, in compare to North Korea, South Korean mobile subscriber is 55 million more than North Korean.

Chart 2: North and South Korean Mobile Phone Subscriber
South Korea company, LG Electronics, is seriously developing in home appliance technology. Based on Statistia, LG Electronics Home Appliance & Air Solution segment alone generated around 18 billion U.S. dollars in revenue in 2017, making it LG’s largest business segment along with the Home Entertainment segment, followed by its Mobile Communication segment. In that same year, LG Electronics also maintained its position as the second largest manufacturer of LCD TVs. Smartphones are also part of LG Electronics’ product portfolio as the company sold 55.7 million units worldwide in 2017, a share of 3 to 4 percent of the global smartphone market.

LG’s local market demand in 2017 mainly concentrated in Kitchen and Laundry appliances. As Business Insider said these two market demands included washing machine, refrigerators, and kitchen stove. LG home appliances products are well-known for its performance and reliability; easy of use; features; and appearance.

Local Suppliers and Complimentary on Home Appliance Industry, especially for LG as a global player in this industry, according to KOTRA (2011) said that this particular industry got support for concurrent overseas market advancement and their investment around the continents by large companies such LG itself and their suppliers in various fields, including their including electric appliances. Therefore, local suppliers and complimentary industry on this field got support and driven by its major shareholder, such as LG itself.

LG Electronics wield a wide range of products same like Samsung. Both company try to compete each other to be leading player in home appliances industry. However, Samsung outperform LG Electronics in LCD TV manufacture. Therefore, LG Electronics focused themself home appliances industry segment of laundry and cooking needs. LG Electronics has similar capability with Samsung as a trendsetter in home appliances industry, a big player, and also a disruptive actors.

Google is nothing in South Korea if compared with Naver. In Local Firm Characteristics on Internet Industry (Search Engine and Messaging Service), Naver has almost 80% of the South Korean search market. Naver started out as an in-house venture by the IT division of Samsung, the country’s largest industrial conglomerate or Chaebol.

For Local Market Demand, South Korean search engine and messaging service industry, or internet user in general according to Ramirez (2017) is nearly 100% of households in South Korea have internet access, so there are about 19 million households in Korea, and 99.2% of them have internet access via optical LAN, xDSL, cable modem, mobile or otherwise. That means 43.64 million people, or 88.3% of the whole population over age 3 now connected to the internet. That large potency on internet based industry, South Korea, through its internet firm, easily winning the disruptive era that based on technology, caused by high internet literacy rate from its population.

For Naver, Seongnam (2014) said a bigger threat is KakaoTalk, a mobile platform and messaging app that, like Naver, offers games, e-books, photo storage and other services, launched in 2010 by a founder of Naver who left the firm. South Koreans now spend more time on it than they do on Naver. Kakao that owned by Daum, another South Korean search engine and internet firms make Naver to go abroad and go mobile through its Line. Line now a free mobile messaging and call service that is now being promoted as the “Facebook of Asia”. Seongnam (2014) also said in November 2013 it surpassed 300m downloads, making it a serious rival for WhatsApp, an American messaging service Facebook is paying $19 billion for. Naver owes half of its revenue to Line in five years, it will have become “one of Korea’s few global players” among internet firm.

Local Suppliers and Complementary Industry and Local Market Resource and Capabilities for internet firms like Naver or Daum is 100% local in South Korea since they are all only need computers to produce all the application and to provide its services. Hence, the software industry capabilities that drive internet firms like Naver are the main cause why technology is so disruptive, Naver that already a global player in this field like Tencent or Google, compete comprehensively through disruption era. Also, since 100% of production is online and local with population that all connected with internet, South Korea is such a great power in disruption era with this kind of competitive advantage.
III.IV. Hyundai

Since Japanese-Occupation of Korea, the embryo of automotive industry already born. Hyundai with Pony opening all the possibilities for South Korean automakers. South Korea with Hyundai now reach, according to KOTRA (2015) world’s fifth largest autoparts industry, with 5 of its companies sit on top 50 global companies, that eventually all of them are Hyundai arms, which are, Hyundai Mobis (7th), Hyundai WIA (34th), Mando/Hyundai International (46th), Hyundai PowerTech (48th), and Hyundai Dymos (49th).

The Local Firm Characteristic as said by Ministry of Strategy and Finance (MOSF), Republic of Korea and Korea Institute for Industrial Economics and Trade (KIET) (2014) South Korean government maintained its focus on domestication of automotive parts by revising the ‘Automotive Industry 5-Year Plan’ and was able to find reasonable solutions to the challenges it faced. Since there are more than 30,000 parts that go into one finished car, the development of the parts industry will not be achieved all at once. Given the characteristics of the industry, parts manufacturers are bound to be small and medium-sized enterprises needing consistent support from the government. That is why the automotive parts industry needs sustained policy support even after achieving full localization of automotive parts. Furthermore, when foreign automakers enter the domestic market, the government should encourage close collaboration between these global companies and local auto suppliers.

Local Market Demand in Automotive Industry of South Korea strongly pushed by the government. Ministry of Strategy and Finance (MOSF), Republic of Korea and Korea Institute for Industrial Economics & Trade (KIET) (2014) said as a fully Korean-made vehicle was developed, foreign automobiles became one of the fully restricted import items. Not only that, the government reduced various taxes for the vehicle class of the Korean-developed model, leading to the expansion of market demand. The market itself already shaped at level 4,561,000 vehicles per production year at 2012 and keep growing.

Then, Local Suppliers and Complementary Industry is 100% locally made by all of Hyundai subsidiaries and spin-offs, including KIA and Genesis. After that, the Local Market Resource and Capabilities of South Korean Automotive Industry are 100% locally run. Hence, all of these mean that Hyundai, as the the largest producer of automotive in South Korea and according to OICA (2016) is the third largest automotive producer in the world behind Toyota and Volkswagen, is the major player and trendsetter in world’s automotive industry and Disruption Era is not a big deal for Hyundai. South Korea’s national competitive advantage easily boosted as well with Hyundai give a massive impact to South Korean economy since data explained above and also according to Ministry of Trade, Industry, and Energy of Korea (MoTIE) data (2017) automobile exports advance 1.3% to $3.8 billion in June and produced mainly by Hyundai and its subsidiaries and spin-offs.

III.V. Lotte

The Local Firm Characteristic of Food and Retail Industry in South Korea are so varied. Despite the varieties of the characteristics, There is a general choice for national brand products or products that have long been known by the people. Like many other countries as well, quality is very important, that is why if the quality of the foreign product were really better, Korean will change their taste. Moreover, Price is less important than quality.

South Korean consumers are very health-conscious. Flanders Investment and Trade (2014) said that South Korean consumers always searching for foods that are healthy or have specific health attributes, since South Korean population has a long tradition of food use in medicine, and the popularity of these kinds of food products remains strong. That is why “bio” or natural food is growing every year. It is also important that South Korean customers are very sensitive to food safety issues. Once a “food horror” gossip gets famous, that food reputation is damaged fast.

In Local Market Demand, according to USDA (2017), South Korea by nature relies very heavy on imports to fulfill its food and agricultural needs. Since Korea is over 70% mountainous terrain, the land there unsuitable for commercial farming. Therefore, most of the possible farmland is exclusively for rice production. Its population of 51 million yet over 90% of Koreans live in urban areas which account for 17% of the land space. In addition, over 50% of the population lives within or in the direct vicinity of the capital city, Seoul.
Moreover, the local food processing industry relies very much on imported products for raw materials, intermediate ingredients, and additives.

Arid lands yet successful food and retail companies that also become a global player perhaps best describing South Korean Food and Retail Industry. Lotte for example, with divided to several subsidiaries, including The leading local beverage producers, Lotte Chilsung Beverage Co. Ltd. Or the domestic confectioneries that offer tough competition to exporters. The Korean confectionery company, Lotte confectionery, is also active on the world market, such as Lotte has bought the Belgian company, Guylian.

For retail, Lotte with Lotte Dept. Store has 44 stores across Korea, the biggest in South Korea also to fulfill the demand, similar with its competitors, like Shinsegae or Hyundai Department Store, Lotte also securing themselves in The Local Suppliers and Complementary Industry. For example, the business umbrella of Lotte Shopping Co. (one of the leading large scale retail companies in Korea) includes supermarkets (Lotte Super), hypermarkets (Lotte Mart), department stores (Lotte Department Store), convenience stores (Seven Eleven Korea), outlet shopping malls (Lotte Outlet), duty free stores (Lotte DFS), health and beauty shops (LOHBs), TV home shopping (Lotte Home Shopping), and Internet shopping mall (Lotte.com), Lotte LHP Distribution, Lotte World, Lotte Hotel and Residences, and Lotte World Mall. Lotte Shopping Co. with Lotte Super and capitalization over 1.9 trillion won and 555 stores, is the largest supermarket chains in Korea.

Local Market Resource and Capabilities of South Korean Food and Retail Industries, according to US Department of Commerce (2016) accounted for the import of foreign food gradually growed for 19% in 2010 and for 32.7% in 2011, yet in 2012 there was a slight decline in the import. However, The South Korean retail market size reached to KRW 296 Trillion (USD 255 Billion) in 2016. Between 2012 and 2016, the Korean retail industry grew by CAGR of 3.2%. It maintains a growth rate slightly higher than the Korean GDP growth rate.

Furthermore, there is a strict import legislation. According to Flanders Investment and Trade (2014) The Korean Customs regulations are severe on phytosanitary measures, GMO and labeling. There are onerous inspections and/or customs clearance procedures. Beside active government that protect their food market, adaptation to the Koreans tastes and marketing also a high marketing costs. This mean that, in such a globalised era, South Korea maintain its food market original or pure with slightly changes, yet according to Food Export Association of Midwest and Northeast of USA (2015), some Korean food processors like Nongshim, CJ, Daelim, Samyang, and, especially Lotte have investments a lot, for example, in China, US, Russia, Vietnam, Indonesia, and Chile. Lotte even sell their final products in the foreign countries and also export them to other countries as well as to South Korea to regain profit.

In such so called Disruption Era, South Korea could defend their taste and even promote or export their taste all over the world. The Korean government has also been giving the industry with financial and promotional support under the “globalization of Korean cuisine” campaign. In the end, it takes a long time to regain trust in the safety of that food product in South Korea, because South Korea is a hip, trendsetting country in Asia.

South Korea is developing the brands of K-pop, not only Korean drama series and films, electronics products, but also K-food. Lotte as one of the major global player in Food and Retail Industry, giving many innovations that breakthrough and innovative to some extent, such as Lotte Dept. Store at Jamsil zoning their food hall to Authentic: Korean food, Exotic: Other Asian foods, and Heritage: Western foods, opening some international branch of their Lotte Department Store, Lotte Mart, Lotte DFS, and even Lotte Hotel around the globe. Also Pepero Day (11/11) a day that dedicated to and mainly based from one of famous Lotte Confectionery products, Pepero, a long-stick biscuit covered with flavours, such as chocolate, cookies and cream, and others. Furthermore, with all explanation above, in the end, South Korea could gain a significant national competitive advantage in food and retail industry, as well mobile phone, home appliances, internet industry (search engine and messaging services), and automotive.

IV. Conclusion

To sum up, this paper is attempting to outline that in this globalized and interconnected world, any actors, especially non-state actors, has a chance to be a disruptive actor. Disruptive means an innovation that
replace or modify the current market and value network. Many disruptive actors grab the opportunity by creating a specialized product. An innovative and disruptive actor mostly driven by scarcity of natural resources. This is what happened to South Korea. At least, there are 5 South Korean companies (Samsung, LG, Naver, Hyundai, and Lotte) that try to survive with this condition.

Porter’s national competitive advantage theory is used in this paper in order to explain the particular issue. Porter argued there are several determinants that made a few countries are more competitive than the others. The determinants are local market resources and capabilities, local market demand conditions, local suppliers and complementary industries, and local firm characteristics. From these determinants, we try to apply it to the 5 South Korean companies.

We found that the first company, Samsung, is dominated mobile phone industry in South Korea and also a big actor worldwide. Samsung’s capability is also unreachable by other mobile phone company challengers. As a trendsetter, leading, and disruptive actors, Samsung gives South Korea a big win in this disruptive era. The second company, LG, became a big player in home appliance industry. This caused by the local suppliers and complimentary of LG is LG itself. The support from many party boost LG role in disruptive era. Along with Samsung, LG is also a trendsetter, leading, and disruptive actors. Naver, as the third company is enjoying themselves in South Korea search engine and messaging service market as the majority. High rate of internet literacy and preference of South Koreans benefited Naver as a disruptive actor. Naver, as the third company is enjoying themselves in South Korea search engine and messaging service market as the majority actor. High rate of internet literacy and preference of South Koreans benefited Naver as a disruptive actor. Afterward, Hyundai is another South Korean company that ruled in automobile industry as the third largest producer in the world and the first in South Korea. Supported by a restriction of foreign car in South Korea, Hyundai deliberately produced mass of automobile. The last company that examine in this paper is Lotte. This company has varied brand, from food until retail industry. Lotte Food industry is probably facing a serious problem because of South Korean agriculture capability. The lack of natural resource made South Korea rely to import for raw materials. Lotte retail industry grow faster that Lotte food because the technology that South Korea has to produce the product.

Therefore, this paper concluded that Samsung, LG, Naver, Hyundai, and Lotte managed to survive in the globalized world and became disruptive actor in disruptive era. This means South Korean has more national competitive advantages from some other countries. It also imply that South Korean economy is rapidly growing by their companies activity, also business climate and policy that fully supported by the government.

Bibliography


New Faces of Capitalism in Russia (Study of Climate Change and Its Impact Toward Russia’s Economy)

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Abstract

The issue of global warming is one of the emerging issues as a result of massive industrialization. The world community responds to the phenomenon of climate change by made legal framework called the Paris Agreement in 2015. Russia is one of the leading sources of CO₂ emissions countries and participating in the signing of the Paris agreement. However, Russia still has not ratified the Paris agreement into their national legislation. This paper addresses the reason for Russia’s government delayed the ratification process of Paris agreement. The author applies qualitative approaches and quantitative data in this research. This research deployed environmental approaches. This article finds that Russia gets economic benefits when climate change through warming temperatures that cause increasing number in agricultural production and new trade routes can be opened through the Arctic or northern sea route (NSR) while temperatures getting warmer. Also, the Russian government gets many profits from natural gas, that is eco-friendlier than coal, as a result of massive consumptions.

Keywords: Russia, environment, climate change, economy, Paris agreement

Introduction

The issue of climate change is one of the emerging issues that the world faces. United Nations defines climate change as “change of climate which is attributed directly or indirectly to human activity that alters the composition of the global atmosphere and which is in addition to natural climate variability observed over comparable time periods” (United Nations, 1992). Climate change is the impact caused by massive industrial activities. Waste from industrial activities that use 90 million tons of coal for 24 hours can cause air pollution and make the atmosphere thinner each day (Gore, 2013). Industrial waste contains CO₂ compounds which can cause greenhouse gas effects and heatwaves to be trapped in the Earth. Therefore, the temperature on the earth would change evolutionarily. The period 1995-2007 was the period when the warmest temperature since 1850 (Lever-Tracy, 2010). 1998 and 2005 were the two warmest years. Since 1900 there has been an increase in temperature of 0.18°C (Lever-Tracy, 2010). Thus, the biggest cause of climate change is industrialization.

The world also responds to the phenomenon of climate change. United Nations (UN) initiated the establishment of an United Nations Framework Convention on Climate Change (UNFCCC) that focuses on environmental preservation through control of the activities of member countries in 1992. Followed by the 1997 Kyoto Protocol that set limits on emissions and the 2012 Doha Amendment which focuses on greenhouse activities. Since the end of Millennium Development Goals (MDGs) 2015, the Sustainable Development Goals (SDGs) were adopted in September 2016. Unlike MDGs, The 17 SDGs deal with environmental and climate change issue. Shortly after the SDGs summit on September 25-27, 2015, climate change conference was held on November 30 – December 12, 2015, in Paris. The Paris agreement was adopted on December 12, 2015 and opened for signature on April 22, 2016. On October 5, 2016, the threshold for entry into force of the Paris Agreement was achieved. Paris agreement aims to limit average temperature to well below 2°C above pre-
industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels (United Nations, 2015).

### Table 3 Top 10 Leading Sources of CO₂ Emissions

<table>
<thead>
<tr>
<th>Country</th>
<th>CO₂ Emissions</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>26.83%</td>
</tr>
<tr>
<td>USA</td>
<td>14.36%</td>
</tr>
<tr>
<td>European Union-28</td>
<td>9.66%</td>
</tr>
<tr>
<td>India</td>
<td>6.65%</td>
</tr>
<tr>
<td>Russia</td>
<td>5.03%</td>
</tr>
<tr>
<td>Japan</td>
<td>3.09%</td>
</tr>
<tr>
<td>Brazil</td>
<td>2.33%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>1.7%</td>
</tr>
<tr>
<td>Canada</td>
<td>1.69</td>
</tr>
<tr>
<td>Mexico</td>
<td>1.68</td>
</tr>
<tr>
<td>All other countries combined</td>
<td>26.99</td>
</tr>
</tbody>
</table>

*Source: World Resources Institute, 2017 (Friedrich, Ge, & Pickens, 2017)*

Russia is one of the countries participating in the signing of the Paris agreement. However, Russia still has not ratified the Paris agreement into their national legislation. Based on the table above, Russia is included in the ten largest contributors to atmospheric CO₂ emissions by 5.03%. Emissions produced by energy activities are the biggest contributor to Russian gas emissions (World Resources Institute, 2017). On June 1, 2017, President Donald Trump from the U.S. announced that his administration withdrew from Paris Agreement. Trump’s attitude received a response from President Russia Vladimir Vladimir Putin. President Vladimir Putin suggested that the agreement is not binding until 2021, so there may still be time to renegotiate the deal so that the U.S. will decide to remain (Reevell, 2017). Vladimir Putin’s attitude reflected how relaxed Russia faced the Paris Agreement.

This paper addresses the reason for Russia’s government delayed the ratification process of Paris agreement. The article is built by the argument that Russia gets economic benefits when climate change through warming temperatures that cause iceberg at the North Pole or the Arctic to melt. Therefore, new trade routes can be opened through the Arctic or northern sea route (NSR). Also, Russia’s northern mainland has also warmed up and has an impact on increasing economic activity which was previously unproductive due to the cold climate. The author applies qualitative approaches and quantitative data in this research for explaining the correlation between environment and economy. This research gathered data from several official sources.

The scope of this paper is limited only discussing the ecology dealings with economy aspect in Russian. This paper includes two stages of analysis. First stage analysis is explaining the environmental approaches in Russia. Second stage analysis is explaining economic situations and international trade activities of Russia that used the northern sea route from 2011-2017 as the impact of climate change.

Previous researchers have finished analyzing Russia’s attitude towards the Paris agreement. Some suggest that climate change has successfully encouraged Russian economy (Orlov & Aeheim, 2017) (Leppänen, Solanko, & Kosonen, 2017). However, previous studies provided just only regarding economy, not used an environmental approach that lies on economic motives.

The significance of this paper comes from three considerations. First, climate change is an emerging issue that the world faces now. Second, the attitude of Russian government toward climate change will help Indonesian people to more aware and push the government make public policy that focuses on climate change, as Indonesia is on of the countries that predicted to sink in 2030, as a result of rising sea water. Third, the
significance of this research lies in its novelty as it deploys environmental approach as the main framework and combines it latter with quantitative data.

Environmental Approaches in Russia

A pastoralist approach is an approach to observing environmental issues which consider that nature is a combination of aesthetic and moral values whose harmony is the responsibility of humans as children of nature. Pastoralism is an anti-modernist view, especially economic activity in the era of capitalism or socialism. The golden age is the best time for pastoralists because in those days humans still had harmony with nature through the ways humans still use organic ingredients, live farming, and of course idealists (Weiner, 2000).

In contrast to pastoralism, ecological approach overrides individual position on nature because harmony is destroyed when civilization occurs. This view has discourse on the threat posed by human civilization (especially economic expansion) to the ecosystems that exist in this nature. So, the need for the contribution of technocrats in the field of ecology to compile the economic policies of a country so that there is a harmony between human economic activities and environmental sustainability. The culture of environmental preservation must also be maintained amid economic expansion carried out by major countries (Weiner, 2000).

Finally, a utilitarianism or wise-use approach views that the principle that needs to be built in the use of ecosystems for the economy is the principle of efficient use of natural resources and the principle of sustainable use. The goal mostly for economic growth. The use of natural resources needs to be used wisely whether it is harmful or useful. The use of natural resources for utilitarianism must have benefits for the economy of the country or state-oriented (Weiner, 2000).

Impact of Climate Change on Russian Economy

Russia could get positive impact from climate change, mainly regarding economic aspects. The climate in Russia will be warmer than before as a result of climate change. Based on Koppen’s classification, most regions in Russia are included in the warm, humid continental climate category which on average is the warmest temperature of each year is 10-15°C and the coldest can reach below -3°C. So that with global warming, most the Russian region will experience an increase in temperature and can stimulate the lives of the Russian population, especially in terms of the economy. Average of annual temperatures in Russia are shown in Chart 1. Average warming from 1991-2015 has increased by ±1.26°C.

![Chart 1 Average of Temperatures in Russia](Image)

Source: (Average Annual Temperatures of Russia, n.d.)
Regarding geographical condition, Russia has an area 17.1 just km² lies from Europe until Asia. North-west Russia and East Siberia have experienced the most significant increase in temperature compared to other regions in Russia. Projected temperature changes in Russia are shown in Map 1. North-west, East Siberia, and even Arctic region will experience an increase in temperature between 5-8° C until 2050 as a result of climate change or global warming.

Map 1 Projected Temperature Changes in Russia for 2050

Climate change also contributes to increasing the value of agricultural productivity in Russia. Harvest season in Russia can take longer. The northern region of Russia will be livelier, and the land can be used for planting are like in the region of North Caucasus and southern. Sunflower seed and sugar beets had the highest average annual average growth by volume at 6.5 percent and 6.1 percent, respectively during 1999-2013 (Rada, Liefert, & Liefert, 2017). The State of Agricultural Commodity Markets 2018 is published by FAO. Based on the report, the increased importance of emerging economies such as Brazil, China, India, Indonesia, and the Russian Federation has been a major development in world agricultural markets (FAO, 2018). Higher temperatures that increase in higher latitude are projected to result in increases in agricultural production, as in Canada (2.5 percent) and the Russian Federation (0.9 percent) by 2050 (FAO, 2018). Moreover, crop yields are projected to rise due to climate change, as well as, in Canada (27 percent), some European countries (16 percent), Mexico (8 percent), the Russian Federation and the Caucasus (4 percent) by 2011-2015 (FAO, 2018). The Russian Federation will import less and export more due to higher temperatures, resulting in a 35.5 percent decline in its net imports by 2011-2050 (FAO, 2018).

Based on the IMF report, Russia has a positive impact on climate change. Data shown in Chart 2 accounted for an increase in temperature of 1 ° C which can increase the GDP value by 0.9% in Russia’s economy. Mongolia is the highest with 1.4% in every climate warming of 1 ° C. Apart from Russia and Mongolia; there are other countries in Central Europe and Central Asia that get a positive impact on the phenomenon of climate change.
As mentioned before, the Arctic region will experience an increase in temperature between 5-8°C until 2050. Then, these conditions can result in the melting of the north polar iceberg or Arctic. Moreover, the new trade route via northern or Arctic has already opened to stimulate the Russian economy. New trade routes between Russia and Asia can be via the North Sea Route (NSR) while the iceberg has melted in the Arctic. So that trade costs can be more efficient because the expedition through the northern route is a fast way to enter Asia, especially East Asia. Since the mid-1930s, the Soviet Union’s administrative had established meteorological stations called “ice-watch” (Josephson et al., 2013). The goal was to open the Arctic route from Murmansk to Arkhangelsk, to the Ob, Enisei, and Lena deltas, and then to the Kolyma, Indirgika, and Anadyr Rivers of the Far East (Smolka, 1937).

The chart above (chart 2) shows that most of the northern path traversed by the Russian-flagged vessel with a total of 163 from the year 2011 to 2017. Panama (18) in the second position, followed by Liberia (13) and Finland (10). Norway in the fifth position with nine vessels and China in sixth with seven vessels. Hong Kong
and the Marshall Islands also use trade expeditions through the northern sea route with a total of six from 2011-2017. The Russian ship trade route that passes through the Arctic mostly has destinations to Russia's domestic ports with a total of 163 expeditions. The most active local ports in Russia in the 2011-2017 data period are Arkhangelsk Oblast, Ob Bay, Anadyr, and Murmansk.

Regarding exports, most of the expedition's destination is to China with five expeditions. Followed by the expeditions to Sweden and Finland with each one expedition. In sort, the northern sea route is vital route for local and international trade for Russia.

### Table 4 Climate change is a global threat in our country

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain</td>
<td>89%</td>
</tr>
<tr>
<td>France</td>
<td>72%</td>
</tr>
<tr>
<td>Sweden</td>
<td>64%</td>
</tr>
<tr>
<td>Germany</td>
<td>63%</td>
</tr>
<tr>
<td>UK</td>
<td>59%</td>
</tr>
<tr>
<td>Poland</td>
<td>42%</td>
</tr>
<tr>
<td>Russia</td>
<td>35%</td>
</tr>
</tbody>
</table>


Public opinion can be used as a factor in measuring the urgency of forming public policies. Only a minority of the population in Russia, especially in the north-west and East Siberian, understands and is aware that climate change is happening in their local environment (Anisimov & Orttung, 2018). Although local scientists have accurate measurements of changing climate patterns, the majority of Russian does not have a clear conception of what is happening (Anisimov & Orttung, 2018). Based on the survey results from the Pew Research Center above (Table 1), when compared to other world communities, Russian has the lowest perception regarding the issue of climate change as a threatening issue. Only as many as 35% of the Russian people consider climate change a threat. Russia's position is not far followed by Polish society, which is only 42%. The first position of the community concerned with the issue of climate change is occupied by Spanish people with 89%. Surprisingly, Swedish people, most of whom are near the Arctic, are very concerned about the issue of climate change with a survey of 64%. Thus, the Russian government does not have the urgency to form national legislation on climate change or about environmental preservation.

Vladimir Putin, as the President of Russia after the Paris agreement, his decision affected the direction of Russian policy in environmental issues. In Russian Energy Week International Forum, he addressed biggest responsibility in the control of glass gas emissions is not only for Russia. Russia is not the biggest global emitter, passing Asia and the United States. The solution is to find alternative energy sources in production. Some addresses revealed below.

“We have signed the relevant Paris agreements and taken up our responsibilities. We have implemented the first stage of the Kyoto Protocol, and now the Paris Agreement will replace it. We have taken up all necessary responsibilities and will adhere to them. The question is not about reducing the usage of coal for domestic needs; we are not the largest emitter; the US and Asian countries emit much more. Here, we are not the leaders. We sell a lot of coal, but also not more than anyone else and we only help cover the demand. The question is not about us, but about modern technology that uses primary energy resources (Putin, 2018).”

In addition, President Putin urged businessman to use more natural gas resources in the production process. Petroleum gas is the most environmentally friendly energy resource than coal. Furthermore, Russia is the top 15 biggest petroleum gas exporters in 2017 by US$4.7 billion (Trade Map, 2018). His addresses mentioned below.
“...These alternative sources are very important, but we will not be able to go without hydrocarbons in the next decades. People will have to use them for many decades to come. We mostly speak about oil, but coal is what is used most. We are speaking about the need to use electric cars, but where will the electricity come from? From the socket? Okay, from the socket, but how did it get there? First we need to burn coal to produce electricity, while gas remains the most environmentally friendly energy resource. So we need to take a comprehensive approach to all such matters (Putin, 2018).”

Furthermore, Russia becomes the largest gas consumer country in the world. As shown below in Table 2, Russia is one of the top leading gas consumers in the world below beneath the U.S. in the number one. Gazprom and Rosneft are two major companies owned by the Russian government. The two companies are two large companies engaged in the production and distribution of natural gas across Russian territory and exports.

<table>
<thead>
<tr>
<th>States</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>707</td>
<td>722.3</td>
<td>743.6</td>
<td>750.3</td>
<td>739.5</td>
</tr>
<tr>
<td>Russia</td>
<td>423</td>
<td>423.6</td>
<td>409.6</td>
<td>420.2</td>
<td>424.8</td>
</tr>
<tr>
<td>Iran</td>
<td>160.4</td>
<td>180.9</td>
<td>191.9</td>
<td>201.4</td>
<td>214.4</td>
</tr>
</tbody>
</table>


Russia’s economic pattern simplifies this research to be analyzed using an environmental approach, especially utilitarianism or wise use approach (Weiner, 2000). Russian economy likely improved due to several conditions (1) the warming of temperatures in much of northern Russia (north-west and east Siberia) (2) melting ice in Artic so that it opens alternative trade routes (3) agriculture projected to rise due to climate change. By ensuring those conditions, could be said that Russian has managed to get benefit from climate change, in other words, economic growth, so it fitted with utilitarianism or wise use approach (Weiner, 2000). The Russian economy was being improved before they signed the Paris agreement. Russia has yet to question climate change, traced by their public opinion. Climate change is the trigger for economic growth for Russia, especially in areas that were previously vacuum due to the cold climate. Russia has the privilege to force other countries to be aware more about the use of resources that are more efficient and eco-friendlier than coal such as natural gas. Due to Russia is top leading gas consumption in the world right after the U.S.

Conclusion

Climate change is an emerging issue in the world. Industrialization is the main cause of climate change due to released CO$_2$ to the atmosphere which can make greenhouse effect by production waste that used coal as the main energy. The United Nations initiated controls on CO$_2$ emissions through the framework of the Paris Agreement. Russia is one of the countries that has signed the Paris Agreement but has not ratified it into national legislation. The data collected in this study show that Russia is enjoying the economic benefits of climate change. First, the climate in Russia will be warmer than before mostly in north-west Russia and East Siberia. Then, harvest season in Russia can take longer and an increasing number in agricultural production. Finally, the Arctic region will experience an increase in temperature. As as result, the new trade route via northern or Artic has already opened to stimulate the Russian economy.

Moreover, Russia is top leading natural gas consumption in the world. Natural gas’s waste is eco-friendlier than coal and indeed more efficient. Last, Gazprom and Rosneft are two major companies owned by Russian government that played major role in in the production and distribution of natural gas. As a result, the Russian government continues to get a lot of profits from natural gas. By using environmental approach, Russia’s
attitude is accordance with the concept of utilitarianism. Utilitarianism focuses on economic growth, efficient use of resources, and state-oriented. So, the Russian government does not have the urgency to immediately ratify the Paris agreement that wants to reduce carbon emission gas to below 2°C before next UNFCCC meeting on 8-20 November 2021.

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The Sluggish Development of Indonesia 
Space Technology: Analysis from Structuralism

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Abstract

The development in the use and exploration of space is growing rapidly along with the increasing benefits of space technology for human life. Countries seek to master space technology to maximize its benefits to people’s lives. In an increasingly interdependent world system, nations use bilateral and multilateral economic diplomacy to achieve it. However, economic diplomacy, especially the transfer of space technology, has not been effective for Indonesia. In fact, Indonesia is still very dependent on other countries in high level space technology. Thus, need for analyzing what’s challenge in Indonesia’s transfer of high level space technology? The method used in this study is the content analysis depicting Indonesia's dependence on the transfer of space technology according to structuralism. From the analysis it is found that Indonesia is experiencing the dependence of space technology because dominance of space faring nations in negotiations, it is limited by alliance made by space faring nations, and the provision of technology outdated by space faring nations.

Keywords: dependency, economic diplomacy, Indonesia, space, technology transfer

Introduction

Space is increasingly becoming one of the current strategic issues of the country through the industrial revolution 4.0. Space technology is highly qualified to run a production base through artificial intelligence. Even become a technology that is necessary because the exchange of data through the internet will be greater so that requires a large bandwidth. Then the fiber optic infrastructure will require the satellite’s wireless infrastructure to sustain those needs. In addition, space technology also brings various positive impacts for countries such as maintaining the sovereignty of the country through satellite imagery. Furthermore, secure information in the face of asymmetrical warfare (Nugroho, 2014). Then, increase the soft power, which will increase the position of bargaining power in international politics (Nye, 2004). In addition, space technology can play a role in the economic development of the country, even increasing it through the commercialization of space. Therefore, the mastery of space technology is important to be owned by Indonesia.

Diplomacy in the field of space has been commonly referred to as space diplomacy. One of the popular space diplomacy is to use economic means. Economic diplomacy in the mastery of space technology has been used by various countries, both space faring nations and space emerging nations. Diplomacy is done in all levels of economic diplomacy. It begins from bilateral, regional, multilateral and transnational levels. So, Indonesia should use this momentum to further enhance economic and commercial diplomacy in the mastery of space technology. Economic diplomacy focuses on economic policies on an international level such as global financial stability, promoting economic growth; commercial diplomacy focuses more on export-side increases, direct investment such as FDI, and access to raw materials and technology (Berridge, 2015). Associated with technology, then the economic diplomacy instrument that is suitable to be used is the incentive that is by technology transfer. Indonesia should be able to maximize this diplomacy at all levels of Indonesia’s cooperation ranging from bilateral to multilateral levels. Thus, the effectiveness of this diplomacy can be measured by the achievement of technology by Indonesia.
The potential of domestic space diplomacy from the domestic side, among others: geographical position that is passed by equator, has a large ocean, has an institution of space, master one-level sounding rocket technology, micro satellite technology, remote sensing for mapping and emergency response, science utilization space for monitoring of falling objects, space weather, radio communications. The potential of Indonesian space diplomacy from the international side, among others: identity as the largest Muslim majority country in the world, the largest country in Southeast Asia, the democratic developing countries, equatorial islands crossed by the equator. These domestic and international potentials provide Indonesia with a high bargaining power in aerospace diplomacy. However, Indonesia also faces the challenge of space diplomacy which also comes from domestic and international side. From the domestic side, Indonesia faces technological and human resource challenges that are still not qualified, large funding needs, lack of political will elite and public support. Then from the international side, Indonesia must face the prevailing international regime, the dominance of space faring nations, environmental standards to sustainable development. So, Indonesia should be able to use its potential in facing the challenge to achieve the mastery of space technology.

Indonesia is one of the pioneer countries in Asia in the development of space technology. After independence in 1945, Indonesia established the National Aeronautics and Space Agency (LAPAN) in 1963. In 1964, Indonesia successfully launched its first rocket called Kartika 1. The achievement placed Indonesia as the second country in Asia after Japan that has been able launching a homemade rocket. Indonesia continues to develop the use of space technology. In 1976 Indonesia had a Palapa communication satellite purchased from the United States (Moltz, 2012). Later on, Indonesia has a homemade LAPAN A2 satellite which was successfully launched by riding an Indian rocket by 2015. In 2013, Indonesia has Law no. 21 on space. In 2016, Indonesian orbiting satellites also increased from the private sector with the launch of the BRIsat satellite as the world's first satellite banking, purchased from private US companies. In 2017, Indonesia successfully built Antenna S-X Band Mission Control Center.

Based on these achievements, the mastery of Indonesia's space technology is increasingly qualified from year to year. Nevertheless, Indonesia is still less superior than many countries, even Malaysia has managed to send astronauts into space. Indonesia’s efforts in mastery of this technology should get the full support of government, business groups, and academics. This is because the space technology is high tech, high cost, high risk. In addition, public support is also very important because the political system of Indonesia is democratic. The mastery of Indonesia's space technology is currently lacking the attention of national and public elites. So its achievement still seems simple and not become national pride. In fact, this technology is very relevant Indonesia used in the form of an archipelagic country to maintain sovereignty and achieve prosperity.

Significance of this paper entitled Indonesia Space Technology in International Political Economy to measure the difficulties faces by Indonesia in economic diplomacy particularly technology transfer in space sector. The diplomacy should bring Indonesia become one of space mastery countries now. In contrary, Indonesia still need other countries help to develop space technology and the most important to launch Indonesia’s space object or satellite. Previous research about economic diplomacy and Indonesia space technology has done yet. There’s research entitled Engineers and Political Dreams: Indonesia in the Satellite Age (Barker, 2005). The research explains national elite from various group in Indonesia were helped spread space technology discourse in general and satellite in particular. The groups consist of engineers, entrepreneurs, and officials. In his paper, he also uttered that Indonesia become more aware for economic measurement from space technology after satellite age begins.

Thus, the subject matter of this paper is how far Indonesia economic diplomacy success in space technology sector. Remembering, Indonesia has established cooperation at bilateral, regional, and multilateral levels. However, Indonesia still difficulties in achieving the mastery of space technology. That’s by looking agreement in space technology sector. The agreement should state transfer technology. In an effort to achieve these goals, so this paper seeks to analyze factors influence the Indonesian space technology transfer. With the formulation of the problem what’s challenge in Indonesia’s transfer of high level space technology?

In an effort to answer the main question above, then the theoretical basis that the author use as a tool of analysis is a structuralism perspective. The structuralism view focuses on economic power and class conflict.
This paper is purposed to find weakness of Indonesia diplomacy in space technology sector. It will complement the strength, opportunity, and threat as one analysis to develop Indonesia diplomacy in space technology sector. The results of this paper are expected to be an input for determining the position of Indonesia in initiating, approving and adopting an agreement of space technology.

Analytical Framework

This paper uses a structuralism approach to answer the problem formulation. The structuralism view focuses on economic power and class conflict. Structure in structuralism is global economic system. The current global economic system of capitalism is unfair, exploitative, and interdependent. The main theses of structuralism according to this paper are: First, structuralism is not only a tool for acting in scientific analysis of the existing capitalist order but also the basis for moral criticism of the inequality and exploitation that capitalists produce.

Second, the structuralism analysis framework is the only one that allows us to look at the international political economy from below, from the perspective of a depressed, poor, and third world class. Third, the view of structuralism raises the issue of human freedom and its application in shaping national and global institutions. Fourth, structuralism focuses on the dynamics of international political economy. Structuralism views capitalists and other modes of production as drivers of conflict, crisis and change. So what is now is a system or structure that emerges at a certain time and can be replaced on a day with different political economic systems (Balaam, Veseth, & Dillman, 2014).

The structuralism approach is very relevant to describe international inequality. Under the assumption of this approach, in technology issues, it is also described the dependence of developing and poor countries on developed countries. The presence of a framework of cooperation with developed countries will not result in technology transfer due to several factors. The first factor, developing and poor countries must pay royalties or patents in developed countries. The second factor, developed countries want profit repatriation. Third factor, the transfer of technology provided is an outdate technology for developed countries.

In this approach also developed the concept of modern world-system. The modern world-system is understood as a set of interaction networks that connect all social-individual analysis units, national and tribal states, transnational actors, international territories, and global structures. The most important structure of the world-system today is the power hierarchy between core and periphery, where cores dominate power and wealth, then exploit weak and poor peripheries. However, it also developed a structure between the two that is semi periphery (Chase-dunn & Grimes, 1995). So Indonesia in this case is classified as a semi periphery state because it already has some ability of space technology. Nevertheless, Indonesian technology is still very far behind by the core state or space faring nations.

So, Indonesia is still dependent on other countries to build and launch high level satellites, build and launch high grade rocket capabilities, launching sites or spaceports. Indonesia depends on one of the technology mastery through international cooperation. Indonesia maintains an international cooperation in the field of space in the form of bilateral, regional, and multilateral. However, in the three stages of diplomacy, Indonesia is still not able to achieve these expectations. All forms of loans, grants, machine grants and technology gained by Indonesia are a neo-capitalist form. Thus, it only increases the dependencies solely paid back by Indonesia with foreign exchange and access to tracking, telemetry, and control (TT & C) in the territory of Indonesia. It should be capital flows in the form of investment, the satellite industry that makes the invention of knowledge and technology, so it can be commercialized and exported. Thus, it will shape the development of local industries and economic growth of Indonesia (Uche, 1994).

Method

The method used in this paper is descriptive that describes specifically the situation as well as the scope of the relationship of social phenomena (Neuman, 2014). With these methods data and information collected first and then processed by understanding, identifying and classifying data relevant to the subject matter and the use of theory. Data and information gathered related to Indonesia’s space technology diplomacy. Data and information are then analyzed by describing the phenomenon being studied and then to interpret the phenomenon.
The technique of analysis is called content analysis which is a technique to test information in written documents or other communication media (Neuman, 2014). System analysis of the text by analyzing the form and substance so that will be obtained the meaning contained in it. In this article, the authors read the entire Indonesian space technology agreement that is still valid then group the terms of agreement in the aspect of the type of diplomacy; bilateral, regional, multilateral. After that, analyze it using the concept of structuralism.

Data collection techniques used is the method of literature that is through various references to both scientific journals, books, and other relevant sources. The library references were obtained from the National Institute of Aeronautics and Space (LAPAN), internet and library sites. In this paper will be more focused to answer the problem formulation by using factor indicators of the failure of technology transfer in the world system according to structuralism approach. The scope of the discussion will be divided into three levels of diplomacy by Indonesia, among others: bilateral, regional, and multilateral. This paper uses data from books, journals, and other relevant information media. By using content analysis methods that explain factors in technology transfer in various levels of diplomacy based on structuralism view.

Result and Discussion

International political economy cannot be separated from technology issues. Looking at the history, international economic system changes with birth of the industrial revolution. Today we are entering a fourth industrial revolution, which relies on artificial intelligence. Thus, economic activities such as production process will use more robot technology with internet base (BPPT, 2018). Through this technology the production process will be more efficient so that economic value is more competitive. Coupled with the international economic system that is interdependence then these advantages will greatly affect each country. So, this momentum is very useful for countries that already have artificial intelligence technology to further enlarge the economic benefits of international trade, to further attract consumers.

Artificial intelligence technology is one of space technology. Space technology through spin off benefits has contributed to human life in various fields. Such as the fields of health, communication and information, banking, transportation, agriculture, fisheries, and other socioeconomic benefits (UNOOSA, 2018). Space technology not only offers products and services that can be commercialized but also great benefits for better human life in the future. Especially with the effort of mining the asteroid in space as a substitute of the natural resources of the earth that cannot be renewed then this technology is very important to ensure energy security in the future. In addition, this technology also led to a new field of employment of trained workers in various fields of utilization of space technology.

Indonesia is a semi-integrated country or emerging space nations in the space technology. With these various technological benefits and their relevance to the current industrial revolution, this mastery of technology is a must. Indonesia is still dependent on core countries or space faring nations in high-tech space technology. Indonesia still has to buy high-resolution satellite images (Lura, 2017), piggy back in orbit satellite, Indonesia was struck by the international regime of Missile Technology Control Regime (MTCR) that controls exports of rocket components (Bakara, 2005), dominance of space faring nations in various levels of cooperation. So the mastery of Indonesia’s space technology is highly dependent or dependent on space faring nations. Thus, in order to maintain political and economic sovereignty, Indonesia must also sovereign in space technology.

Now, Indonesia is still very dependent on other countries in satellite launch through piggy back. Piggy back is riding a satellite rocket launcher other countries like India in 2007 for the launch of LAPAN TUBSAT and 2015 satellite for the launch of LAPAN A2 satellite, France in 2016 for the launch of BRIsat satellite. Later, LAPAN A3 satellite is planned to be launched with the help of piggy back rocket of Chinese satellite launcher (PUSTEKSA T, 2016). With this dependence, Indonesia cannot determine its own satellite launch time. Indonesia must wait for the satellite rocket launcher program of other countries. Thus, the launch of Indonesian satellites has often delayed the launch schedule.

Meanwhile, in the effort to develop its own rocket launcher satellites, Indonesia has limited access because it does not include core state alliances on rocket technology or MTCR (Bakara, 2005). Likewise in the procurement of satellite images of very high resolution, Indonesia is still very dependent on core countries. These countries include: the United States, Europe, Japan, China, India. Indonesia, in this case LAPAN still rely
on 14 satellite imagery data provided by these countries. Satellite images include: WorldView2, WorldView1, Quickbird, GeoEye, Ikonos, Pleiades, SPOT 5, SPOT 6, Alos, Kompsat 2, Kompsat 3, Rapideye, TerraSAR X (Radar Sensor), and Radarsat 2 (Radar Sensor) (Lura, 2017).

Indonesia's move to achieve the sovereignty of space technology through technology transfer cooperation, which is one of the instruments of economic diplomacy. Economic diplomacy focuses on economic policy on an international level such as global financial stability, driving economic growth. One of these diplomacy derivatives is commercial diplomacy that is more specific on the side of increased exports, direct investment such as FDI, as well as access to raw materials and technology (Berridge, 2015). Indonesia in its diplomacy also focuses on economic diplomacy in general and commercial in particular. Indonesia's cooperation with various countries in the effort of space technology transfer can be through research cooperation, coordination of joint technology utilization, information technology distribution, technology demonstration, education and training, trial and analysis of technology use (Rochman, 2002).

Indonesia has cooperated with various countries on various levels of diplomacy. The different levels of cooperation or negotiation are not exclusive so that each level can complement each other, be an alternative choice, or be the basis for the form of negotiation between these levels (Woolcock & Bayne, 2011). However, it encountered many obstacles that still have not achieved the mastery of space technology by Indonesia. Thus, the identification of barriers at various levels is expected to provide a solution for Indonesia in achieving that goal. Therefore, the author divides it into three levels of diplomacy that has been done by Indonesia. The author focuses diplomacy as the behavior of inter-state relations with others in international politics through official agents and peaceful means (Bull, 1977). In an effort to transfer space technology, the Indonesian government is represented by LAPAN as Indonesia's national focal point in the field of space.

A. Bilateral Diplomacy Level

Bilateral diplomacy is a form of diplomacy that has existed since the diplomacy came to be called traditional diplomacy. This diplomacy emphasizes the principle of two-party negotiation behavior. This diplomacy develops due to several factors, including: industrialization; political democratization, political representation of domestic interest groups, diplomatic challenges to negotiate with dominant parties, and not achieving what is expected from other approaches or levels of diplomacy. However, this diplomacy also faces the challenge of limiting the agreement to the fixed period of the agreement so that instability occurs when the term of the agreement expires (Pigman, 2016), expenditures and time dependent on effective negotiations or vulnerable tariff increases and the benefits to be reciprocal or positive sum game, so to maximize profits must be a powerful party of the other party.

As the definition of Kiatpongsan bilateral economic diplomacy is a form of economic relations between two more institutionalized countries (Kiatpongsan, 2011). So this paper highlights the form of technology transfer cooperation between two institutionalized parties from different countries, among others: state space agencies, universities, and state-owned and private companies. Indonesia, in this matter represented by LAPAN has conducted bilateral technology transfer cooperation with various countries. These countries include: Japan, China, Germany, France, Netherlands, United Kingdom, United States, India, Ukraine. Cooperation is done in varying time. Cooperation was done with the focus of different space technology. The effectiveness of bilateral cooperation can be seen through the various achievements that have been obtained by Indonesia.

Generally, Indonesia made bilateral cooperation with core countries or space faring nations. Within the framework of the partnership it is seen that high-level space technology transfer does not occur. This framework make transfer medium space technology level. Cooperation is like the use of shared space technology and joint research. Thus, at the level of bilateral diplomacy, Indonesian diplomacy faces difficulties.

B. Regional Diplomacy Level

Countries in a geographical region with the same political consciousness often form an institution called regionalism. Regionalism is socially constructed and politically contested (Jayasuriya, 2003). An international system that has become increasingly dependent on one another by globalization has given rise to the state's
response to cooperation. Cooperation or negotiation of countries in a particular region is called regional diplomacy. Thus, regional diplomacy is a means by which the national interests of the country are presented in international and regional forums. This diplomacy refers to the behavior of relations among countries that fall within the same geographical area. Diplomacy at this level has both domestic and international pressures.

According to Nye, regionalism is a collection of countries that are linked on the basis of geographic conditions and mutual dependence. According to him, the region is an ambiguous concept because it sometimes means to cover all international behavior or organization regardless of geographical content (Nye, 1968). This is reaffirmed by the definition of regionalism, which can also be said to be a transnational partnership to achieve common goals and solve common problems, whose members may consist of groups of countries such as Asia Pacific, linked to geography, historical similarity, Insights, 2014).

From the above explanation it can be seen that regionalism in the new sense is not only limited by regional similarity. Regionalism can be described as a functional relationship binding many countries with political, economic, and cultural heritage, often based on geographical advantage, and if "old" regionalism centers on relations between neighboring countries, new regionalism increases the prospects for countries to be able to merging itself with other countries outside their specific geographic area (Nanan, 2010). As time passes, the motive behind the formation of regionalism begins to shift with the economic motive that has the potential to create a single force within the region (Fawn, 2009). Regional organizations are encouraged to pursue stronger economic relations, to promote shared political understanding, and to gain mutual security.

Diplomacy at this level is evolved due to globalization as well as the threats of both political, social, cultural, and transnational (Hettne & Soderbaum, 1998). This level of regional diplomacy is indispensable for solving problems in international relations. Region is the front page of the country in conducting international relations. Thus, the region can be a buffer to the state in achieving national interests as well as in the face of international challenges or threats. In the field of space especially in the effort of mastery of space technology, Indonesia has joined a member of several regional institutions. Indonesia located geographically in Southeast Asia, including within ASEAN and Asia Pacific region.

Indonesia’s regional cooperation with various regional institutions, generally geographically close areas. In the ASEAN region, Indonesia is the most developed country in space technology. So in cooperation at the ASEAN level more to the collaboration and dissemination. Then, APRSAF is initiated by Japan to boost cooperation among countries in Asia Pacific. Then, APSCO is an organization of space cooperation in the Asia Pacific region made by China. However, the member countries of this organization are the majority of periphery countries so high-level space technology transfer has not been possible. Thus, at the level of regional diplomacy, Indonesia has not been able to obtain the expected high level technology transfer. Indonesian diplomacy at this level is more of a collaboration and dissemination.

C. Multilateral Diplomacy Level

Globalization brings about the development of international issues that the state cannot overcome. The complexity of the problems facing the country requires the participation of all countries to solve it. Thus, multilateral diplomacy emerged to address the problem. According to Keohane, multilateral diplomacy explains the nominal definition of multilateralism as the coordination of national policy in groups of three or more countries (Dent, 2002). Later, Ruggie also describes the definition of multilateralism as an institutional form that coordinates behavior among three or more countries based on principles and without regard to particular interests of parties or strategic urgency that may exist. Thus, according to Ruggie, multilateralism has three main elements: the general principles of behavior, the pursuit of indivisible goals, and the dissemination of the spread (Dent, 2002).

Multilateral emerges due to unlimited collective threats and the need for an unconditional collective response by the state. Then, multilateral will remain an alternative choice for the country. Coupled with the current growing international economic system, as well as the emergence of global interdependence among nations becomes an additional factor in favor of multilateral negotiations. As economic linkages and interdependencies develop in a globalized global economy, domestic economic policies become more multilateral. Thus, domestic policies will increasingly interconnect with international policy. However,
Multilateral economic diplomacy involving many countries makes multilateral economic diplomacy more difficult in reaching agreement.

Multilateral economic diplomacy is more used in the making of common rules. Multilateral is more needed in global environmental problems for all countries to engage. Cox therefore explains new multilateralism as an effort to form civil society and political authority on a global scale in building global governance systems from bottom up (Dent 2002). Multilateral diplomacy is popular for semi-periphery and periphery countries because they can build coalitions. Building coalitions is an important factor in the functioning of multilateral economic diplomacy. The most significant diplomatic coalition in the space field is the equatorial state. This coalition promotes special treatment initiatives on multilateral diplomacy and shares the understanding that a country with a certain geographical position is entitled to special provisions to ensure the security of its country. At the practical level, the success of multilateral economic diplomacy depends on its ability to be proactive and to win the trust and cooperation of all parties, including proper coordination between the economic sectors relevant to government and the private sector (NN, 2015).

Based on the data, Indonesia has done a lot of multilateral cooperation. Multilateral diplomacy is popular for Indonesia as Indonesia can form coalitions with other semi-peripheries in fighting for its interests. This is evidenced by the entry of Indonesia in the coalition of equator countries to get special treatment in multilateral negotiations. However, in multilateral negotiations agreement is difficult to achieve and the dominance of core countries. So, high-level space technology transfer cannot happen. Thus, at the level of multilateral diplomacy, Indonesia has not been able to obtain the expected high level technology transfer. Indonesian diplomacy at this level is more of research collaboration and participates in making or overseeing the rules of international space activities.

Indonesia’s bilateral (LAPAN, 2018b), regional, and multilateral (LAPAN, 2018a) cooperation which is still in force in the field of space offered by LAPAN, see table below.

<table>
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<tr>
<th>Various Level of Diplomacy</th>
<th>Parties</th>
<th>List of Agreement</th>
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<tr>
<td></td>
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<td>Memorandum of Cooperation between the National Institute of Aeronautics and Space of the Republic of Indonesia and the Japan Aerospace Exploration</td>
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<tr>
<td><strong>Indonesia-Germany Cooperation</strong></td>
<td><strong>Amendment to the Implementing Arrangement Between the National Institute of Aeronautics and Space of the Republic of Indonesia and the Technische Universität of Berlin of the Federal Republic of Germany for the Project of Sounding Rocket Technical Cooperation. Partner of Cooperation: Technische Universität Berlin. Script Type: Amendment. Validity: 2 years. Time of Signing: 04-09-2017.</strong></td>
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<tr>
<td><strong>Indonesia-Dutch Cooperation</strong></td>
<td><strong>Memorandum of Understanding between the National Institute of Aeronautics and Space of the Republic of Indonesia and the National Aerospace Laboratory of the Kingdom of Netherlands Concerning Joint Cooperation in the Research and Development of Aerospace Technology. Partner of Cooperation: National Aerospace Laboratory (NLR). Script Type: Memorandum of Understanding. Validity: 5 years. Time of Signing: 07-07-2015.</strong></td>
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<td><strong>Regional</strong></td>
<td>**The Asia-Pacific Regional Space Agency Forum (APRSAF) <strong>Active membership since 1999, membership fee does not exist. Areas of cooperation include: 1. Provide a forum where the institutions involved in the science of space, technology and its application and international organizations in the Asia-Pacific region come together to exchange views,</strong></td>
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<tr>
<td>Organization</td>
<td>Membership and Fee Information</td>
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<tr>
<td>The Asia Pacific Space Cooperation Organization (APSCO)</td>
<td>Active membership since 2005, membership fee does not exist. Under the APSCO Convention, the areas of cooperation offered include: 1. Space technology and its utilization program; 2. Earth monitoring, disaster management, environmental protection, communication and navigation satellites; 3. Space Science Research; 4. Education, training and exchange of researchers / technology transfer; 5. Establishment of a data bank center for APSCO program development and dissemination of information or technical program of APSCO activities; 6. Other cooperation programs approved by APSCO member countries.</td>
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<tr>
<td>ASEAN Sub Committee on Space Technology and Applications (SCOSA)</td>
<td>Active membership, membership fee does not exist. SCOSA aims to enhance collaboration in the programming, application and implementation technology of the project and the operation of this project for sustainable development in the ASEAN region</td>
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<tr>
<td>Center for Space Science and Technology Education in Asia and the Pacific (CSSTEAP)</td>
<td>Active membership, membership fee does not exist. CSSTEAP is oriented towards knowledge dissemination on relevant aspects of science and space technology through training programs in the areas of: 1. Geographical Information Systems and Remote Sensing; 2. Satellite Communications; 3. Global Meteorological and Climate Satellites; 4. Space Science and Atmospheric.</td>
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<tr>
<td>United Nations Platform for Space-Based Information for Disaster Management and Emergency Response (UNSPIDER) added to UN-SPIDER Regional Support Office</td>
<td>Active membership since 2013, membership dues do not exist.</td>
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<tr>
<td>International Geosphere Biosphere Program (IGBP)</td>
<td>Active membership since 1992, € 2650 membership dues. Area of cooperation: 1. Coordinate international research on a global and regional scale in the process of interaction between life science, earth chemistry and physics and its interaction with human systems (socio-economic) by developing international research strategies in key areas-land, sea, atmosphere (and their interactions), Earth systems, the climate of the past; 2. Promote research activities that can enhance capacity building to enhance the scientific capacity of developing countries, such as training workshops, post-doctoral networks, etc.; 3. Bridging international science and international policy (Intergovernmental Panel on Climate Change, UN Framework Convention on Climate Change, Millennium Ecosystem Assessment); 4. Supports the Earth Science System network; 5. Promote standard methods; 6. Guiding and facilitating global database development; 7. Coordinate model and data comparison and manage data.</td>
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</table>
| International Astronautical Federation (IAF)                                 | Member since 1974 active membership, membership fee € 1467. Areas of cooperation: 1. Advancing knowledge of space and accelerating the development of space assets by facilitating global cooperation; 2. Establish,
<table>
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<th>Organization</th>
<th>Memberships and Activities</th>
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<tr>
<td>Committee on Space Research (COSPAR)</td>
<td>Member since 1964 active membership, membership fee € 4320. COSPAR promotes the scientific research of international space at an international level, with emphasis on exchange of results, information and opinions, and provides an open forum for all scientists to discuss issues that may affect scientific studies of space. This objective is achieved through: 1. The holding of scientific meetings, publications and other means; 2. The use of various means of space (including balloons); 3. Provide means for quick publication in the journal Advances in Space Research; 4. Promote the use of the science of space for the benefit of mankind and for adoption by developing countries and new space-faring countries, especially through a series of capacity-building related practical skills that enable researchers to participate in international research programs of attractiveness; 5. Organize, on a regional scale, scientific exchange and public approach to specific research topics, in colloquium and symposium; 6. Provide input to the UN and other intergovernmental organizations (where appropriate) on the issue of research on space or assessment of scientific issues in which space is concerned, e.g. Group on Earth Observations (GEO).</td>
</tr>
<tr>
<td>Group on Earth Observation (GEO) - Global Earth Observation System of Systems (GEOSS)</td>
<td>Active membership, membership fee not available. GEOSS simultaneously handles nine areas of great importance to society. It aims to empower the international community to: promote sustainable agriculture, conserve biodiversity, react to climate change and its effects, protect themselves from natural disasters and human-caused disasters, manage ecosystems and energy resources, understand health hazards from the environment, safeguard water resources and improve weather forecasting capabilities.</td>
</tr>
<tr>
<td>Scientific Committee on Solar Terrestrial Physics (SCOSTEP)</td>
<td>active membership, $ 500 membership fee. Area of cooperation: International Magnetoospheric Study; Solar Maximum Year; Middle Atmosphere Program; Solar Terrestrial Energy Program.</td>
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<tr>
<td>United Nations Office for Outer Space Affairs (UNOOSA)</td>
<td>active membership, membership fee does not exist. Responsible for promoting international cooperation in peaceful space utilization and conducting international workshops, training programs and projects that include remote sensing, satellite navigation, satellite meteorology, tele-health and space science for developing countries, as well as a focal point for satellite image demand for disaster response and international emergency response.</td>
</tr>
</tbody>
</table>
Based on information above, Indonesia strive getting space technology power through cooperation or negotiation at various levels of diplomacy, such as: bilateral, regional, and multilateral. Diplomacy is a means of achieving national interest or foreign policy instruments through negotiation using political, military, economic, and socio-cultural means. Nowadays, economic diplomacy becomes popular in contemporary international relations studies. It happened because the international world is increasingly interdependent and the use of economic policies tends to be more effective (Vandana, 1996). Economic diplomacy according to Heijmans, has five instruments as follows: commercial diplomacy, trade diplomacy, financial diplomacy, incentives, and sanctions. Countries in economic diplomacy, he considers, among other things: political and economic relations, the relationship between domestic and international pressure, the relationship between government and other actors such as private companies and non-governmental organizations (Heijmans, 2011). Thus, the economic diplomacy of a country can take the form of five instruments, which are determined by three relations factors by the state.

Indonesia seeks to get the transfer of space technology from all the various levels of diplomacy. Indonesia in its diplomacy with various countries in the effort of space technology transfer can be through research cooperation, coordination of joint technology utilization, information technology distribution, technology demonstration, education and training, trial and analysis of technology use (Rochman, 2002). Based on existing data, so much cooperation has been done and there are also many cooperation that has expired. However, until now Indonesia still does not have high ability to high-level technology. Based on the description before, Indonesia diplomacy at bilateral level made with core countries or space faring nations. At the regional level, Indonesia exploits regional institutions of ASEAN and Asia Pacific more broadly. Then, at the multilateral level, Indonesia continues to seek to maximize its role in the international arena such as UN agencies and other global institutions of interest.

At each level of diplomacy, Indonesia is a party that has a bargaining position as a semi-periphery state. So Indonesia cannot necessarily impose its interests. Indonesia's negotiation behavior at every level of diplomacy is limited by the dominance of core state parties. Although in negotiations in theory each party is at the same level in cooperation. However, in practice, the dominance of the core state has always been the main thing that the semi-periphery and periphery countries must face in negotiating at various levels of diplomacy. The core country is a party that has the capability of space technology and limits its access to technology by making an alliance of MTCR (Bakara, 2005).

Based on that, Indonesia in the effort of technology transfer with core country will not get access just like that. Reciprocal principle in bilateral diplomacy makes a party who has power dominate the negotiation. We can see from the agreement, Indonesia couldn’t get strategic matter, even core countries are collaborating on technology transfer with Indonesia due to Indonesia’s strategic location potential as a location to conduct TT & C. It is, as the document of the active cooperation agreement the majority of cooperation in TT & C program. Limited space technology transfer expected by Indonesia can be understood as the limitation of Indonesia in negotiation or effort of customer dependency in technology transfer cooperation by core country.

In cooperation of transfer of Indonesian space technology with core country in various level of diplomacy, Indonesia is known to experience technology dependency. First, Indonesia does not get the high level space technology expected because of Indonesia limitation in negotiation. It is limited by the position of Indonesia as semi-periphery. The core country that opens the framework of cooperation for technology transfer with Indonesia through the agreement of the use of space technology for peaceful purposes, such as: England,
Netherlands, France, Germany, Japan, and China. These countries work together to uphold the principle of reciprocity. In this case, core state domination in cooperation agreement was found.

Second, Indonesia is set by core countries as customer of high space technology. It was seen by the transfer of technology provided is an outdate technology for the core state. That is the third factor of technology dependencies with the existence of the outdate technology. In this third factor Indonesia experienced in technology transfer with China. Indonesia as per agreement will get rocket technology one level (RI, 2013). Though Indonesia already has such technology and China has developed a satellite launcher rocket. Not only has that, core countries also made an alliance on rocket technology called MTCR. Thus, while Indonesia has sufficient budgets to pay royalties or patents from core countries, Indonesia cannot get access to the desired technology. So, the first factor of technology dependencies by pay royalties doesn’t occur because trade on high level space technology especially rocket is prohibited here. Thus, there’s no profit repatriation too.

Therefore, the transfer of high level space technology from core countries or space faring nations to Indonesia in the level of bilateral, regional, multilateral diplomacy cannot be occurred. That is because Indonesia experiences technology dependencies. However, the findings in this paper find that the technology dependency factor is not only based on the three factors described in structuralism. The technological dependence is also due to the presence of international institutional factors limiting the transfer of technology, plus the dominance of the core state in the cooperation agreement. Thus, Indonesia in the transfer of high level space technology experienced dependencies of technology due to several things, among others: first, Indonesia is dominated by core countries in the negotiation of agreement; secondly, Indonesia is limited by core countries alliance namely the MTCR regime; third, Indonesia in the transfer of space technology with core countries often get outdate technology.

Conclusion

The conclusions that can be drawn from the above discussion related to the what’s challenge in Indonesia’s transfer of high level space technology?, due to, among others: the strong dominance of space faring nations in negotiations, the limitation of technology access by space faring nations alliance, get outdate technology from space faring nations. When associated with the theoretical basis that the authors use, the results of this paper support the concept of technology dependence structuralism in which technological dependency factor there are three namely the obligation of royalty or patent payments, the existence of profit repatriation, and the provision of outdate technology. However, in this paper the authors found only the provision of outdate technology, in this case the space technology as a strategic technology experiencing dependencies also due to strong dominance of space faring nations in the negotiations and restrictions on access through space faring nation’s alliance.

References

Book


**Government Document**


**Journal**


**Website**


Indonesia's Policy on Tackling the Fly Ban Problem: Reinventing Garuda Indonesia Expansions into European Union

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Abstract
The Year 2007 was a difficult time for Indonesia due to the issuance of sanctions from the European Union which left the country. The sanction came up with the implementation of a flight ban imposed by the European Union on all Indonesian airlines. This situation looks worse when a ban on flying is also imposed on Garuda Indonesia, which was a flag carrier or national airline of the country. As a Flag Carrier, Garuda Indonesia does not only play a role as an airline that serves flight between regions, but also acts as an agent for tourism promotion, culture and hospitality of Indonesia. Therefore, the Indonesian government and airlines such as Garuda must take role to get the flight ban lifted. Indonesia also needs to increase its relationship focusing on cooperation in the field of air transport with the European Union and the world civil aviation management organization which is ICAO. In addition, Indonesia also has diplomatic challenges to get EU and ICAO assistance in improving its flight safety and negotiating the EU to accelerate the revocation of Garuda Indonesia flight ban.

Keywords: International Political Economy, Economic Diplomacy, State Business Relations, aviation safety

1. Introduction
In 2007, it was a critical period for Indonesia due to the condition that all airlines within national and private status must get a ban on flying into the EU regionally through the European Union Flying Ban. The problems that arise was the main airlines of the country, namely Garuda Indonesia which experience a flight ban along with other Indonesian airlines. The interests of Indonesia was building the economy of tourism which also contributed from the EU citizens and Indonesia consumers who can be relied upon the role of Garuda Indonesia as a major airline (Yulisman, 2018). Although the role of other world airlines can provide access to European tourists, Garuda Indonesia still plays a crucial role because it can provide a direct flight path without transit, build a positive image of Indonesia through the field of air transport and increasing the airline role to supports the nation’s economy as State Enterprise. In this case, Garuda Indonesia also become the agent in promoting the country through internet sites or direct promotion to consumers which is not only done by showing the airline service, but also show various essences of Indonesian culture.

The author sees the aspect of International Relations here specifically in the understanding of the international political economy which is shown by the state business relations of the Indonesian government through partnering with Garuda Indonesia as a flag carrier airline which give contribution for the national economic development. Therefore, the authors consider that the government should strive towards Garuda Indonesia's affirmation in improving its safety and quality aspects to gain EU aviation market and become a leading player in the development of air transportation services in Indonesia. In addition to economic development efforts, the issue of flying ban also provides a critical view of relationship and mutual trust between Indonesia and EU. The author also views that the aviation sector as part of economic activities undertaken by the state as well as Garuda Indonesia that can deliver tourists between Europe and Indonesia by direct flight. In explaining the issue of flight ban, the authors use a framework that refers to the concept of New Economic Diplomacy initiated by Stephen Woolcock and State Business Relations to explain the view of relations between Indonesia with its flag carrier airline and the European Union.
2. Theoretical Framework
2.1. Stephen Woolcock (New Economic Diplomacy)

The concept used by the author in discussing Indonesia’s efforts to deal with EU flight ban is the New Economic Diplomacy which was initiated by Stephen Woolcock. This concept emphasizes the state as a diplomacy actor who plays a role to perform various forms of negotiation related to economic development. Although the state is not the main actor, its role is still needed in opening market access for companies in the face of global competition. The purpose of economic diplomacy tends to be crucial to economic improvement goals.

Economic diplomacy of a country often done by making decisions through combining various policies from the aspects of trade, investment, finance and development in one volume (Nicholas Bayne, 2010). This goal makes economic diplomacy becoming important as a fundamental understanding of how each country interacts with other countries bilaterally, regionally and multilaterally by involving non-state actors in enhancing their economic growth.

Related to the flight ban case that will be discussed, the author explain how the economic diplomacy was done by Indonesia against the EU in freeing Garuda Indonesia to be taken out from the flight ban list. However, how does the flight path have anything to do with Indonesia’s economic development efforts against the EU? Of course, the aviation sector becomes one of the fundamental aspects to be able to mostly invite tourism by providing acces in short period of hours efficiently as Indonesian airlines can able to have direct flight routes between Indonesia and Europe to increase national economy. These efforts are then undertaken by Indonesia with the policy of economic diplomacy to the EU. Through this explanation, the research questions discussed in this writing will be on “how Indonesia’s efforts to seek revocation of Garuda Indonesia ban?”

In this writing, the author focuses on Stephen Woolcock’s view of modern economic diplomacy. Stephen Woolcock sees modern economic diplomacy as not just talking about diplomacy in the form of trade and investment, but also looking at how, non-state actors, transparency expansion, labor migration and the environment are the question of current economic diplomacy. In contrast to previous forms of economic diplomacy that focused on trade as it did during the cold war.

Through Stephen Woolcock’s new economic diplomacy concept, various state and non-state actors are strived to integrate and engage in meaningful decision-making for the country’s economic development resulting in a balanced profit from one another. This economic diplomacy effort is also aimed at linking the country to global economic integration to the state or other actors along with domestic parties which aims to seek action of economic activity with a wider market, trade and investment globally (Cercel, 2007-2017).

The author operates the concept of New Economic Diplomacy by explaining the Indonesian government’s efforts in saving its main carrier from the EU flight ban. In this regard, Indonesia seeks to facilitate access to tourism for its citizens who wanted to travel to the EU region and oppositely for EU citizens who wanted to visit Indonesia. In addition, the authors also assume continued political economic partnership which also has an ongoing cycle of ease in cooperation with investment flows as well as ease of tourist access between Indonesia and the European region. Therefore, the focus of aviation cooperation will result in greater opportunities with more significant flight routes for the economic growth of two regions.

If we examine more deeply why the effort to abolish this ban is important as one of the economic diplomacy of Indonesia to the EU, this is because economic growth can also run through air transportation service. The advantage that Indonesian airlines get through their flight routes to Europe and other overseas region shows advantage for the good country image.

State-owned airlines like Garuda Indonesia always become the pioneer of Indonesia’s aviation industry for not only attracting European consumers, but also attract consumers from another countries to fly with
Indonesian Airlines. This effort would contribute to the increasing number of visits passengers from any countries to Indonesia which would increase the country's foreign exchange earnings. In addition to growing the country's economy, Indonesia's economic diplomacy towards the EU can also increase its confidence in the EU for sustainable economic cooperation. The authors view that the diplomacy done by Indonesia in order to remove the flight ban can show the greatness of commitment in cooperating with EU. Furthermore, the opening of market access through the aviation industry demonstrates the commitment that Indonesia is very open to accept both the openness of political economic cooperation and the presence of foreign investors from the European Union to Indonesia. Therefore, the decision to lift the EU flight ban may serve as a reflection of Indonesia's diplomatic achievements and efforts in the technical field to improve and strengthen the safety of Indonesian aviation (Foreign Affairs Ministry, 2016). This view is in line with the Indonesian Foreign Policy in opening trade access, Investment, market expansion and other forms of economic expansion as described by Stephen Woolcock.

2.3. State Business Relations

The State Business Relations more precisely explains how the state took the business sector as a significant step of economic growth. Implementation of State Business Relations is believed to be effective through transparency, mutual relationships, credible commitments, government policy stability, taxes and expenditures that support up to strong coordination between government and private sector (Sen, 2015). The role of the state in the view of State Business Relations tends to be less binding on movements compared to private sector. However, the authors see that the state remains acting in overseeing the effectiveness of corporate business activities which remains favorable to the state.

The explaining of State Business Relations became the reference for the authors that actors' relation in the case of flight ban stated in Indonesian government collaboration with its airlines. In this case, Indonesia is considered as a state which incorporated with Garuda Indonesia airline where the activities remain the same as other airlines acting as private sectors.

Explanation of theory in State Business Relations is used by the author to explain how Indonesia continues to encourage each airline to comply with various regulations issued by the ministry of transportation. As with the safety aspect, every Indonesian airline is required to be disciplined to meet operational standards issued by the Ministry of Transport and International Regulations. The role of airlines here is also seen from how the development of the company can be a driver of the country's economy through taxes, promotion of culture and tourism until the opening of access flight path for domestic and foreign tourists to explore the entire country. In addition to the role of airlines, there are also state efforts by providing expenditures in funding requirements for airline operations to the development of airport infrastructure in providing airplane parking space. This situation shows how State Business Relations explain the mutual relations between countries and companies as an economic development effort.

3. Problems

As already known, the important role of tourism investment for Indonesia's economic growth, requiring high-quality and safe air transport in for mobilization. With an Indonesian airline that can explore all areas of Europe, the airline can act as an agent in promoting growth between Indonesia and the EU region. In addition, the Indonesian government is also hoping for the development and enhancement of its cooperation with the European Union in a comprehensive manner. This was pursued in Partnership and Cooperation Agreement (PCA) where one of its approach is about cooperation on air transportation management. Therefore, the authors also consider the management of aviation industry here as an economic activity. Garuda Indonesia was also the only airline that has been exploring the EU region by airming and landings. In addition to influencing the existence of the indonesian aviation system, Garuda Indonesia also became the driving force of Indonesia as a tourist destination for European tourists although there are other global airlines that can open between EU and Indonesia. However, as the only Indonesian airline to explore the EU region, Garuda represents the image of Indonesian tourism sector that buoys European tourists.

The problem that occurs here is the implementation of the EU flight ban impact on the closure of Garuda Indonesia airline flight market. In addition, Indonesia's global airline competition was also facing difficulty with
the imposition of this flight ban due to the limited space of expansion routes if Garuda Indonesia cannot fly to
the EU which decrease the nation’s aviation industry opportunity for global expansion. This then impacted to
the worse view of the Indonesian aviation industry especially for Garuda Indonesia which has been the image
of the country. Besides that, the EU flight ban could give threat that other countries might create the same
policy like EU by enforcing flight ban to any Indonesian airlines. The problem was arising when Saudi Arabia
and South Korea plans to enforce flight ban to Garuda Indonesia like the EU. The threat was crucial for Garuda
Indonesia as it provide 32.000 umrah and hajj passengers every month with 12 flight per week (Liputan 6,
2007). Garuda Indonesia also serve 5 flight to South Korea every week with 75 load factor in every flight
(Merdeka, 2007). Concerning this data, the closure of European routes for Indonesian airlines is an economic
sanction that injures the image of the country including its aviation sector.

The low quality of the aviation safety aspect of Indonesia was the cause of the flight ban which marked
various incidents in the history of the Indonesian aviation industry. However, over time, Indonesia continues
to fix itself internally, by restructuring the safety of aviation to conform the ICAO regulations which is part of
UN agencies and recognized as a standard of international flight rules. Externally there are efforts of diplomacy
by Indonesia to build more intensive political relations with the EU, one of which aims to remove the ban on
flying.

In order to drive the wheels of economic activity, why does Indonesia sees aviation industry as a crucial
framework? Of course, the aspect of national interest also gives effect so that Indonesia should attempt to
revoke the EU flight ban especially to support Garuda Indonesia. in order to follow international standards, the
Indonesian aviation authority rely on ICAO regulation. This was an effective method to apply since EU aviation
standards also follow the ICAO regulations.

In regulating international aviation regulatory standards, ICAO also has a significant role by making
particular membership internally. The membership is called ICAO Council States or the so-called ICAO member
states. The ICAO Member States are from permanent members of ICAO who later raised their status to
parliament. The divisions of the countries in the council members are grouped into 3 categories. The
categories are “category I” which is composed of countries acting as the main responsibility in prioritizing
important aspects of air transport. “Category II” consist of countries that contributes to the provision of civil
aviation air navigation facilities. Meanwhile, “category III” are for countries that becomes a geographical
region representation.

Indonesia political interest to become part of the membership of the ICAO category III council in which
previously only became a permanent member state. This objective is in the interest of influencing the more
favorable global policies in aviation for Indonesia (Kemenhub, 2016). By achieving these objectives, Indonesia
could play a role as a representative of the Asia Pacific region in flight navigation and authorized to control 45
percent of the world’s tracking routes. This is certainly beneficial for Indonesia as more airlines travel world
routes across Indonesia airspace. With this, the economic benefits are also increasing with the amount of
airline flying through the airspace of Indonesia. Dwisuryo Indroyono Soesilo’s who was Indonesian
Coordinating Minister of Internal Affairs stated that this target would be a special envoy of the Minister of
Transport for ICAO on 28 August 2015. Indroyono states that with the stipulation of Indonesia as a member
of the ICAO board, would strongly fight for political and legal economic interests and putting Indonesian
technicians in ICAO to get the assistancy of experts from ICAO. The other interests that Indonesia could
also have was saving the economic expenditure through the use of avtur biofuel that tends to be more
efficient. This can encourage the use of the country’s palm oil for the movement of the economy (Mukri,
2016). Therefore, it can be seen that non-flight aspects can affect when Indonesia succeeds in becoming ICAO
board member. In addition, ICAO’s board membership was a suggestion for Indonesia to improve its aviation
industry growth. Therefore, the effort to lift the EU flight ban was considered crucial for Indonesia to get a
high bargaining position as the candidacy of ICAO council board member.

Efforts by Indonesia to reopen flight routes to Europe certainly cannot be separated from the role of the
Ministry of Transportation. A government agency engaged in transportation, one of which is air transport. The
Ministry of Transportation was continuously working to overcome the critical service of Indonesian airlines
which always viewed by the international community. Therefore, the Ministry of Transportation has an important task in overcoming the problem, especially the prohibition of flying to the European Union.

As discussed in this paper, specific information about how the Indonesian government and the Ministry of Transportation are fighting for lifting the European flight ban. This explanation of the interaction between actors is also important to show how crucial is the world trust to the Indonesian air transport services. Moreover, airlines like Garuda Indonesia have been certified by IOSA (International Air Transport Association) as a measure of their international recognized capabilities and can be aligned with other global carriers in the world. So the Ministry of Transportation saw the importance of Indonesia to re-engage with other actors globally in order to show the image of the aviation industry equivalent to IOSA (Public, 2008).

The importance of trade and tourism investment becomes a crucial field to be discussed by the governments of the Republic of Indonesia and the European Union which also involve the Indonesian aviation industry to flourish. Recorded to 2009, two-way trade between the two regions grew by 6% annually. With 750 companies from EU countries investing in Indonesia and vice versa some Indonesian companies are emerging to invest in Europe. A study from Oxford Economics says efficiency, productivity, trade, connectivity, investment, tourism and living standards form from the basis of growth in the aviation industry (Repulika, 2009). As well as increased trade can be pursued from the delivery of goods within a shorter travel time because it is done through air transportation. Not only that, the authors also see how the aviation industry is also a driver of the national economic growth of Indonesia because Garuda Indonesia airlines also act as a non-actor who can integrate with the Indonesian state actors to simultaneously reach the market advantage of the EU route expansion. From the aspect of growth through investment, Garuda Indonesia could also increase the investment of aviation industry by placing routes in EU cities until the access routes become profits for airlines and countries in order to increase capability within competition of the airline in global level.

Discussing the competition, Garuda Indonesia airlines must also compete in the airline market with several European airlines such as Air France, Lufthansa, KLM, Turkish Airline as well as Middle East airlines like Emirates Airline, Etihad Airways, Qatar Airways, Kuwait Airways, Saudi Arabian Airlines, etc and also with other Asian Airlines. However, the openness of flight routes to Europe would also increase opportunities for every Indonesian airline to compete. So with the lifting of the EU ban, Indonesia have the chance to embrace domestic airlines in order to attract the attention of global consumers, especially the European Union to increase profitable profits for the national companies and countries.

The sector that influences the contribution of Garuda Indonesia Airlines in flying to Europe was tourism as emphasized previously by the author. Starting from 2007 to 2010 recorded an increase in the number of tourists of Europe to Indonesia which is indicated by the Central Bureau of Statistics with a record number of European tourists to Indonesia was noted from 796,730 and increased to 1,038,420 in the year 2010. In contrast the bureau recorded a number of Indonesian tourists flying to Europe amounted to 8.9 million annually (Statistics, 2015). The increase in foreign tourists was also a signal for air transport services, especially Garuda Indonesia to open flights to Europe and strengthen competition with various global airlines serving EU and Indonesia routes. Moreover, the airline were capable to serve direct flights between Europe and Indonesia compared to other airlines that still require passengers to transit with more time spending. So it looks different from other airlines that still serve routes between Europe and Indonesia by requiring passengers to transit in their airlines homepage. This strength of Garuda Indonesia proved that aviation service users do not need to spend more time with transit through the use of airlines outside the Indonesian flag.

The author also provides an explanation of how Indonesia’s economic growth through the tourism sector in synergy with domestic airlines as well as interaction among other actors namely the European Union. The combined factors of the aviation industry under the flag of the state is considered by the author as the heart of the country in supporting a sustainable economic wheels because it affects the increased tourism that helps the national economy increase. Although aviation is a less visible sector of the economy, Indonesia’s aviation industry is also used to invite sustainable tourism because it acts as a transportation service in a short time for tourists.

On the other side of the discussion in this paper is the relations between Indonesia and the EU politic that runs after the imposition of a ban on flying. The architecture of the political economic relations between the
Republic of Indonesia and the EU requires a strong foundation such as mutual trust in building cooperation which is important for both parties. Economic diplomacy conducted by the Indonesian government against the EU also aims to strengthen more comprehensive economic cooperation with the EU through the PCA program. One of the most important efforts made by the Indonesian government at that time was to pass all domestic airlines from the EU blacklist. Improved air transportation services was done by the Indonesian government with domestic airlines to increase the EU’s confidence in undergoing political economy cooperation. Indonesia's interest in improving the welfare of its people also requires significant progress in economic growth. Therefore, a comprehensive cooperation with the EU is needed along with the resumption of flight routes to the European region which is also devoted to Garuda Indonesia as a mode of air transportation for residents of both regions.

Looking on the different side, the EU government also hopes to gain the trust of the Indonesian government in the field of comprehensive economic cooperation, by revoking the ban on several Indonesian airlines flying Indonesia to its territory. With the revocation of this flying ban, it is expected that the trust gained from the Indonesian government can also survive and increase. So that the economic cooperation agreed in Partnership and Cooperation Agreement (PCA) can also be enhanced as a stimulation of economic growth from the cooperation.

The Indonesian government also sees the lifting of the EU flight ban as a reflection of the achievement in diplomatic efforts and Indonesia's technical efforts to improve which is also part of the task of the Ministry of Transportation. The effort to lift the ban is also expected to benefit Indonesia and the EU such as expanding market access for Indonesian airlines and providing more aviation options for European consumers (KEMLU, 2016). In an effort to restructure Garuda Indonesia, the Indonesian government seeks to improve safety to other operational areas until it ends in the Indonesian government’s diplomacy towards the EU so that the airline could be released from the flight ban list.

4. Efforts to lift the EU flying ban

4.1. Improved safety of Garuda Indonesia

In improving the ability of the aviation industry, the Indonesian government, especially the Ministry of Transportation has revamped the aviation industry, where one of it was Garuda Indonesia. This reformation was done from the weak managerial side by requiring a budget that was not small. Other problems were also on budgetary income which was not proportional to the need for funds in improving airline operations (Mckendrik, 2006). This then made the government continue to pursue the needs of economic development in other areas so that the state budget can continue to increase the needs to fix the state flag carrier continuously. In the wake of the EU’s flying ban on Garuda Indonesia, the government began its efforts by re-establishing airline operations focused on aviation safety. Attempts to negotiate with the EU commission are seen by authors as something that can not work without any improvement on aviation safety. Therefore, the improvement in the safety side needs to be addressed as a domestic effort by the government, especially the ministry of transportation with the management of Garuda Airlines itself.

The increase of Garuda Indonesia aircraft capability to aviators continues to be done simultaneously with the improvement of ATC services to support the safety of flying. The Ministry of Transportation continued to do so because after the implementation of the EU flight ban, the ratings of all Indonesians, especially Garuda Indonesia which was falling from category 1 to category 2 based on ICAO assessment. The rating was also stated by the FAA which denotes Garuda Indonesia as an unsafe airline. This condition was a threat to the Indonesian government for accepting heavy domestic homework to re-raise its national airline ratings to category 1 of ICAO.

Looking at the rules to meet standards-compliant needs, airline operations must meet safety standards that have been imposed by national and international regulators based on ICAO and United States agencies’ provisions referred to as FAA as ICAO was presented an international institution where the rules can be a benchmark for regulators and airlines in Indonesia. Moreover, the rules of aviation industry management in EU also adopted from what was set by ICAO. Therefore, Indonesia could follow the provisions of ICAO international rules to be able to adjust the standards of flight operational rules of the European Union.
In a book entitled "Sovereign in the Air: Building a National Aviation Image", Indonesian Air Chief Marshal retired Chappy Hakim split the category of international flight regulation starting from the airline's obligation to ensure all aircraft operated in accordance with the standards specified by the producing plant. The proof of airworthiness was certified by a license called the “Certificate of Airworthiness” which is updated annually. This is accompanied by an Air Operator Certificate license which can be evidence that an aircraft owned by an airline is feasible to fly. The next standard in meeting flight safety is enhancing the capability of airline aviators who will take control of the aircraft. In managing the readiness of the pilots to control the aircraft, government agencies along with the airlines should pay attention to the capabilities of its operators to ensure that safety can be guaranteed. Among them is by checking urine tests, retraining the pilots in the simulator as well as training on the emergency anticipation in order to meet emergency procedures. In addition, the navigation capabilities of each airport or Air Traffic Control are also continuously upgraded to direct each aircraft safely while flying (Hakim, 2010).

Increased addressability to avoid incidents continues to prevent accidents from recurring. In 2017, Garuda Indonesia president director Pahala Mansury also explained that his airline was still aware of Human Error. The occurrence of Human Error was triggered by exhaustion on the part of the flight. So it needs a comprehensive understanding in managing air traffic for efficient and safe working productivity (Tempo, 2017).

4.2 Indonesia's Diplomacy Against the European Union to Strive for the Revocation of The Fly Ban

In order to strive for the lifting of Garuda Indonesia’s flight ban, the government continued to work on improving the airline’s flight safety. However, the government also hopes that the lifting of Garuda Indonesia’s flight ban can be quickly carried out by the European Union. Indonesia’s other foreign policy at the time was the Diplomacy to the EU Commission as part of the sustainability of mutual trust.

The diplomacy of the effort to lift the flight ban was done with the acclamation which was attended by Indonesia and 28 European Union countries (Detik News, 2010). This step was taken as part of Indonesia’s diplomacy against the European Union. As time passes, Indonesia was continuing to fulfill its commitment to improve the safety of Garuda Indonesia in order to get a good bargaining position for lifting the flight ban.

In an effort to lift the flight ban, the EU was certainly not the only hope for Indonesia diplomacy purposes. The government at that time also saw ICAO as an important organization. The reason for ICAO’s positive assessment of the aviation world of Indonesia may affect the EU for the trust of lifting Garuda Indonesia Airlines flight ban which can also increase the importance of Indonesia’s position as an ICAO board member. The Indonesian government’s actions seek the lifting of the flight ban were also made in the Strategic Summit on Aviation Safety in its territory from 2-6 July 2007 which was also attended by ICAO president (Hakim, 2010). Through Safety Study Group sessions, Indonesia’s Minister of Transportation Safii Djamal and Presidents of ICAO Roberto Kobeh Gonzales successfully agreed on Indonesia’s commitment to improve flight safety and ICAO’s commitment to support the quality of the Indonesian aviation industry (kemenhub, 2007). This meeting was expected to get the attention of the European Commission to lift the flight ban being targeted to a success. Moreover, the regulation of flights adopted by the European Union is the result of adoption of ICAO.

The sustainability of Indonesia’s collaboration with ICAO eventually emerged a detailed framework in which the two managed to agree on a bound agreement on improving air traffic management, quality systems to implementing training programs. The enormous commitment of ICAO was increasingly becoming a support for the management of Indonesia’s air transport to convince the world like the European Union that Indonesia has the quality of the airline industry that meets international standards. The cooperation agreement has been in place during the flight ban on Garuda Indonesia in 2007 regarding the technical development of safety until supervision in the management of Ministry of Transportation capability in 2009 which was the lifting of Garuda Indonesia flight ban (Prabandari, 2016). Through these collaborations, it can be seen in the effort to lift the EU flight ban, the interaction of international relations actors involved ICAO in order to get a positive assessment from the EU.

Diplomacy over the EU in the effort to lift the flight ban continues together with Indonesia’s attempts to diplomacy against ICAO. Therefore, Indonesia continues to diplomate the EU and ICAO simultaneously in order
to lift the flight ban as soon as possible against Garuda Indonesia. As part of the Indonesia-EU cooperation framework, diplomacy continues as an effective step to strengthen the relationship between the two actors through various agreements. Diplomacy for the abandonment of the flight ban which eventually became a concrete step for Indonesia in continuing to improve Mutual Respect and Mutual Trust to the European Union (Kemenlu, 2016).

The Indonesian approach begins with carrying out the ban on flying with the German government. The destiny was that Indonesia expected the trial runs that resulted in the lifting of the flight ban by Garuda Indonesia. The meeting brought together Foreign Minister Hassan Wirajuda and German Foreign Minister Frank Walter Steinmeir on February 28, 2008. The result of the hearing went ahead with the decision to fly Indonesian airlines to continue their flights to Europe. Although the flight ban has not been revoked, Indonesia managed to bring the German airline Lufthansa, to help Indonesia improve its ability (Kemenhub, 2008). Through the signed agreement, Germany should be able to send technicians to conduct an audit or review of Garuda Indonesia. Another approach to the EU was done by Indonesia in cooperation with the Dutch government for the discussion of the flight ban. At that time attended by Director General of Air Transportation Jusman Syafii Djamal with the aim to re-open Garuda Indonesia route to Amsterdam Netherlands (Tempo, 2009). In this meeting, Jusman Syafii strives that the development of the route to Amsterdam, Netherlands could run by considering that the city has a potential flight market. The result of Indonesia’s bilateral diplomacy against the Netherlands and Germany was considered to be quite effective where EU countries are willing to send aviation engineers to help Indonesian airlines to be more qualified and competent in their role as part of the national aviation industry. Although the EU does not directly lift the flight ban, Garuda Indonesia continues to work on improving its safety aspect and continues to play an active role with its quality operations so that the airline’s image enhancement becomes more convincing to get revoked.

As a flag carrier, Garuda Indonesia continues making internal improvements to improve the safety and quality of its services in promoting the essence of Indonesian culture. After the introduction of the EU flight ban, the airline continues to operate with increasing quality which can regain consumer confidence and even gain the feasibility of flying back to the EU. The results of Indonesia’s meeting with ICAO and the European Union became an opportunity for Garuda Indonesia to prove that the airline showed a significant role to continue to serve consumers in the aviation industry. In addition, the EU also provides an opportunity for Garuda Indonesia to explain the progress of their condition over time (Kemenhub, 2008). Efforts made by Garuda Indonesia was also supported by the EU aviation technician who performs audits every 3 months along with the recommendation of regulator until the Indonesian aviator airline operators can grow. The routine audits were conducted to ensure that Garuda Indonesia could correct the findings of errors that resulted in the entry into force of the flight ban. The audit report was also conducted by the International Air Transport Association (IATA) which then be followed by the EU Commission (Detik, 2008). Given the results of the IATA audit, the EU was also increasingly easy to take decisions on the revocation of Garuda Indonesia where its commercial flight rules guidelines are guided by international rules.

Various government support continues to be made for Garuda Indonesia in improving its safety standards. Even the Indonesian government itself also issued Law no. 1 of 2009 on aviation rules to every domestic airline so that they would follow the national standard rules in operating its entire fleet based on this regulation (Perpres Republik Indonesia, 2009). This regulation was issued directly by the President of the Republic of Indonesia so that Garuda Indonesia airlines have a clear benchmark to be used as guidance when making revisions. In improving its quality, Garuda Indonesia continued to develop with the addition of new aircraft such as Boeing 737, Airbus 330, Boeing 777, human resources enhancement, promotion through Electronic Travel system of professional services to consumers to punctuality (Garuda Indonesia, 2008).

In the process of Indonesian diplomacy to attempt lifting the EU Ban, Indonesia has held an international meeting called Strategic Summit on Aviation Safety in Indonesia in 2007 and interacted with ICAO as an effort to improve the trust of international institutions regarding the aviation industry of Indonesia. However, the hope of getting a repeal of the flight ban still puts the EU’s attention in mind. Therefore, this is the concern of the Indonesian government by interacting. At the end of the determination of the decision to lift the ban on Indonesian airlines, the trial was held on 30 June to 2 July 2009 (Kompas, 2009). During the hearing, the EU
Aviation Safety Commission filed Garuda Indonesia as a consideration to get revoked of the flight ban. However, the final decision was delayed by the outcome of EU decision which was on pending.

In 2 weeks later, the EU Commission finally declared the decision that the flight ban against Garuda Indonesia being revoked (Gelling, 2009). The Indonesian government’s efforts to adjust the results of safety reforms to the diplomacy process in the trial that took place after the enactment of the ban on flying. These results indicate that the Indonesian National Airlines are viewed more globally, especially among EU consumers. However, Indonesia still hopes Garuda Indonesia’s growth will continue to increase as it goes in the face of global aviation industry competition. After the lifting of the flight ban, Garuda Indonesia has successfully opened the Jakarta-Amsterdam route in 2010 which of course it can be an effort to improve the country’s image through the aviation industry sphere. In addition, the existence of Garuda Indonesia which has successfully reopened the route to the EU region after the lifting of the ban can lead to European consumer confidence in using Indonesian airline flights.

5. Conclusions

Following the analysis above, the EU flight ban is an issue that must be noticed by Indonesia. Because the ban was also pointed at Garuda Indonesia which is also a national carrier stand under the banner of the country. Therefore, in order to improve the existence and move the wheels of the national economy, the Government of Indonesia continues to seek diplomacy for the purpose of obtaining the lifting of the EU flight ban.

Garuda Indonesia flight safety was also done simultaneously with the efforts of Indonesian government diplomacy supported by the Ministry of Foreign Affairs to accelerate the lifting of the flight ban can be immediately enforced. This diplomacy also serves as positive gain for Indonesia to get help from ICAO and the EU by getting further input from foreign aviation experts who will contribute towards improving the safety of Indonesian aviation world. Through this effort, Indonesia is not only expecting the EU’s trust to get the lifting of the flight ban, but also to gain the trust of ICAO as an international civil aviation agency. Therefore, the interaction between actors here can be seen involving Indonesia, ICAO and the European Union.

6. Author’s View

The Author sees that the role of Garuda Indonesia as a national carrier is also significant while remaining operational but with increasing safety improvements. Not only that, Garuda Indonesia also plays the role of economic diplomacy so that the airline can work on the EU route in increasing its income. This effort is also a promotion of Indonesian culture and hospitality. In addition, Garuda Indonesia had a great idea to make cooperation with EU airlines such as KLM and Lufthansa to increase capability in growing expansion and managing safety operation. Through the results of this analysis, it can be seen that the Indonesian government and Garuda Airlines continue to work together in continuous diplomacy efforts to lift the European Union flight ban in 2009 with satisfactory results. Author also justified that safety and diplomatic improvement effort was able to make Garuda Indonesia re-open its flight routes to the Netherlands and the UK up to now.

References


The Political Economy of the Post Reformasi Indonesia Sugar Industry: From Liberalization to Protectionism

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Abstract

This article discusses the phenomenon of the transformation of the Indonesian sugar industry from liberalization to protectionism. The displacement is caused more by internal factors than by external factors. The aim is to protect the Indonesian sugar industry. Post LoI with the IMF, the Indonesian sugar industry experienced liberalization with the entry of imported sugar. The tariff applied is only zero percent. There was a tug of war between the Indonesian government and the IMF. Some presidents resisted the IMF. Meanwhile at the farm level there was a demonstration to demand that the government protect the sugar industry. This was immediately followed up by limiting sugar imports by appointing producer importers (IP) and limited importers (IT).

Keywords: liberalization, sugar industry, protectionism

Background

1997-1998 economic crisis is a crisis of massive scale that hit the Asian states such as South Korea, Thailand, Indonesia, and Malaysia. This crisis is contagious and shakes the economies of these countries. The currencies of these countries depreciated quite deeply. The crisis has also resulted in social and political crises such as in South Korea, Thailand and Indonesia. Indonesia is the worst country to experience the impact of the crisis which can still be felt today. To deal with the crisis, countries experiencing a crisis are asking for assistance from the IMF. The IMF provides loan funds with a number of conditions that must be met. These conditions are in the form of economic prescriptions that must be carried out by the countries affected by the crisis. The recipes are referred to as Structural Adjustment Programs (SAPs). SAP is in the form of a number of economic reforms that must be carried out by these countries which include trade liberalization, privatization and deregulation. These programs are part of the Washington Consensus launched by the IMF and World Bank (Primahendra, 2006).

Indonesia was asked to liberalize its economy. One of the sectors that must be liberalized is the agricultural sector. Indonesia was asked to open a domestic market for imported agricultural products. In the October 31, 1997 LoI there was no mention of the liberalization of rice and sugar, but by removing imports, trade monopolies and food price controls by Bulog. Indonesia is required to set a zero percent tariff on rice and imported sugar commodities. This caused Indonesia to be flooded with imported sugar (Khudori, 2005).

Liberalization or trade liberalization is an action to make the trade regime neutral closer to a trade system free of government intervention. Supporters of liberalization believe that the market mechanism is more effective than the state in regulating the economy. The interference of the state will make the economy inefficient. Market mechanism that governs the economy. Liberalization supports broader autonomy for the public sector. The state only acts as a regulator. New countries function if there is a disruption to the market. Liberalization also means the elimination of tariffs on imported products. The state must not set rates (Greenaway, 1993).
Supporters of liberalization believe that without the state, the market will not run perfectly. State involvement only creates distortions in the economy. The idea of liberalization stems from economic liberalism which guarantees individual independence in the economy. With the slogan "laisser passer, laisser faire" economic liberalism seeks to create independent onomomers from the state.

After the 1998 reform, Indonesian sugar prices fell. The Indonesian government succeeded in increasing local sugar production by three million tons. The Indonesian government is trying to resist pressure from the IMF by negotiating with the IMF. The Indonesian government is trying to protect Indonesian sugar commodities. The Indonesian government applies protectionism to local sugar commodity.

Protectionism itself can be defined in several categories. The IMF classifies several new measures of protectionism into several categories (The Rise of Protectionism, 1978): (a) clause l escape (escape clause), (b) anti-dumping policies and balancing tasks, (c) adopting non-tariffs, and (d) increasing trust to the bilateral arrangements that limit the quantity of trade and outside international regulations in force. Two more that can be added here are (e) government assistance to industry (f) exchange value manipulation (Tan, 1979).

The sugar industry has experienced liberalization and protectionism. In SAPs required by the IMF, The Indonesian government was asked to liberalize the rice and sugar market. Indonesian rice and sugar trade must be submitted to the market mechanism. Import tap must be opened wide. The Logistics Agency (Bulog) must release its capital on rice and sugar. But efforts to resist liberalization continue. President Abdurrahman Wahid held negotiations with the IMF. The government was represented by Coordinating Minister for Economy Kwik Kian Gie, Finance Minister Bambang Sudibyo, and BI Governor Syahril Sabirin negotiating with the IMF. Even though it was running hard, the IMF set up a proposal for the application of import duties proposed by the Indonesian government. The same thing was done by President Megawati Sukarnoputri. Negotiations continue. President Megawati tried to stem imported sugar (Khudori, 2005).

The change from the sugar industry liberalization policy to a more protectionist policy is an interesting phenomenon studied. Since the adoption of the sugar liberalization policy required by the IMF, government policies have always been inconsistent over time. There is a tug of war between the Indonesian government and the IMF. The IMF continues to pressure the Indonesian government to set a zero percent tariff for sugar imports. Meanwhile in the country, there is an extraordinary rejection from both sugar cane and other sugar stakeholders. Economically, Indonesian consumers benefit more from the entry of imported sugar. But the impact is the destruction of the national sugar industry. The national sugar industry is known to be inefficient and high-cost. For so long, the Indonesian sugar industry has not experienced significant modernization. Milling machines in the government’s sugar factories are old-fashioned and some are still Dutch.

Research methodology

The research in this article uses a qualitative approach with document study methods. This research is descriptive by describing the phenomena to be examined. The technique of data collection is done by collecting data from various sources such as journal articles, books, news on the internet, and research reports.

Research question

How was the transformation of Indonesian Sugar Policy from Liberalization to Protectionism?

Framework

Free trade in Indonesia has been started since 1985 for agricultural products. However, this was later renewed by eliminating various types of tariffs since 1994 when Indonesia hosted the Asia Pacific Economic Cooperation (APEC) meeting in Bogor. The need to reduce and eliminate tariffs undertaken to cope with the economic globalization era started when World Trade Organization (WTO) is formed on January 1, 1995 (Pangestu, 2003). In this case, agricultural products from several countries also experienced the elimination of tariffs.

The IMF’s role in the world political economy arena often raises questions. On the one hand it provides very large loans that are very much needed by developing countries. But on the other hand the IMF provides
requirements that can undermine economic sovereignty in one country. The IMF plays an important role in the economic crises that occur in the world. When countries in Latin America experienced an economic crisis in the 1980s, the IMF gave a fairly large loan. But the existence of the IMF cannot be separated from the Washington Consensus, an agreement between the World Bank, the IMF and the US Treasury. This consensus was initiated by John Williamson of the Institute of International Economics (IIE) in Washington, DC\textsuperscript{164}.\textsuperscript{[1]}

Charles Gore (2000) in his article \textit{The Rise and Fall of the Washington Consensus as a Paradigm for Developing Countries} said that the Washington Consensus had become a paradigm for developing countries in carrying out their economic development. Even underdeveloped countries also use the recipe for the Washington Consensus. The Washington Consensus has become a universal convergence between developed and developing countries\textsuperscript{165}. The Washington Consensus has a universal economic ideology. The Washington Consensus has been popularized since the 1980s. The Washington Consensus challenges the dependency theory and structuralist theory commonly used in the analysis of international political economy. The Washington Consensus leads a country’s economy towards economic liberalism.

There are three main components of the Washington Consensus, namely privatization, liberalization and deregulation. There are actually ten elements from the Washington Consensus, namely:

1. Government budget discipline;
2. Directing government spending from subsidies to public sector spending, especially in the education, infrastructure and health sectors, as supporting the growth and service of the lower middle class;
3. Tax reform, by expanding the tax base;
4. The interest rate is determined by the market and must be maintained positively in real terms;
5. Competitive exchange rates;
6. Market liberalization by removing quantitative restrictions;
7. Application of equal treatment between foreign investment and domestic investment as an incentive to attract foreign direct investment;
8. Privatization of BUMN;
9. Deregulation to remove barriers for new economic actors and encourage markets to be more competitive;
10. Legal security for ownership rights.

The IMF, World Bank and the US Treasury are the main supporters of the Washington Consensus. They recommended macroeconomic improvements and control of inflation to IMF patient countries. The IMF and World Bank strongly emphasize the economic integration of a country with the world economy. The economy of one country must be open to the free market. Thus, the flow of foreign capital can enter and exit freely.

Trade liberalization is another requirement. Trade in a country must be liberalized by decreasing or even removing import tariffs. The flow of products from other countries must be free to enter without significant obstacles. Trade liberalization is expected to increase comparative profits. The IMF and World Bank attach great importance to trade liberalization because of their perspective. This will create transactions that are equally profitable. They believe that trade liberalization will create high economic growth.

Whereas privatization refers to efforts to divest government-owned shares in state companies. Privatization can mean privatization of public companies. The assumption of privatization is inefficient state-owned companies. In accordance with neoclassical principles, state involvement in the economy must be minimal. The state only acts as a regulator or night watchman.

In the 1980s and 1990s, the Washington consensus became a development paradigm in developing countries, especially those who became IMF patients. The Washington consensus prescriptions that are often called neoliberalism refer to Reaganism and Thatcherism. US President Ronald Reagan and British Prime Minister


Margaret Thatcher in the 1980s privatized state companies in the US and UK. For reasons of efficiency and greater profits, Reagan sold state companies to the private sector.

In the context of developing countries, the privatization of public companies has implications for the high cost of public services. The public service sector is managed rationally. The economic principle in the sense of seeking profits applies to the public service sector. Public service is no longer a state's obligation to society, but rather a search for profit.

**Results and Discussion**

The journey of the sugar industry in Indonesia has been long enough since the VOC era in the archipelago. The VOC monopolizes all proceeds from the sale of strategic agricultural commodities such as rice, sugar cane, indigo, coffee, tea and pepper. VOC is the first multinational company in the world. He has great power. The King of the Netherlands was also listed as a shareholder in the VOC. The Dutch government gave the VOC the right to have its own army and its own warships. With the warships the VOC regulated the trade in agricultural commodities in Indonesia. The VOC set a low price for rice and sugar cane belonging to farmers. The VOC implemented trade monopsony in Indonesia.

The sugar industry turns out to have a long historical footprint. Since the era of forced cultivation of sugar cane has become the belle of the Dutch East Indies colonial government, European businessmen and traders. Their interest is due to sugar cane having a high economic value and high calorie content. Sugar is needed as a sweetener in a variety of foods and drinks. Almost no food does not need sugar as a mixture. The white crystal sugar produced by sugar cane is needed as a source of energy for human activities. In addition, sugar cane derivative products also have high economic value. The journey of the sugar industry in Indonesia can be seen from several times that will be related to the liberalization and protectionism of the sugar industry in Indonesia since the colonial era.

**VOC Monopsony Era (1602-1799)**

The Dutch trade mission led by Cornelius de Houtman anchored in Banten in 1596. They soon learned that the archipelago was an archipelago rich in crops. They were interested in making profits from the archipelago’s crops. Because the population of the Netherlands is so small that it is impossible to carry out land conquests, instead a monopsonist strategy and monopoly are chosen to govern maritime control. Dutch entrepreneurs formed the Verenigde Oost-Indische Compagnie (VOC) as a single trading business (monopoly) in Indonesia. The majority of the shares are owned by the Dutch king. As a company, the main purpose of the VOC is to reap maximum profits. The VOC monopolies received fierce resistance from the kingdoms in the archipelago. The VOC then built a very strong army which was funded by the company. The existence of the VOC relied heavily on its war power in maintaining trade monopolies.

The sugar industry in Indonesia at the beginning of the 17th century was still in the phase of introduction and growth. Chinese immigrants are pioneers of the sugar industry in Indonesia. They introduced sugar-making techniques that relied on human, animal and windmill power. The sugar industry initially only developed around Batavia. Because the population of Batavia was very rare, it was forced to bring in seasonal workers from the cities on the north coast of Java, especially Cirebon, Tegal, and Pekalongan. This dependence causes sugar factory operations to not be sustainable. The owners gradually moved the location of the sugar factory from Batavia to the main area of East Java. This location is considered suitable for the sugar industry because there are extensive irrigated fields and abundant labor. All of that encouraged the development of the sugar industry in East Java which eventually became the basis of the development of the sugar industry.

At that time there was no specific policy towards industry and sugar trading in Indonesia. But the VOC controlled the entire commodity trade including sugar cane. The purchase price is set as low as possible. The sugar purchased is then exported to Europe. This monopsony-monopoly practice works effectively because it is forced by military force. There is also no production policy. Local trade is prevented, including the trade in rice that has developed far before, so that domestic sugar consumption can be reduced as low as possible and exports can be pushed as high as possible. This is done to get the greatest possible profit (Khudori, 2005).
The Era of Forced Cultivation

The sugar industry is a strategic industry in Indonesian agriculture. Since the days of the Dutch East Indies, sugar was an important commodity that was exported and produced huge profits for the Dutch East Indies government and the private sector. Planting sugar cane in the Dutch East Indies had begun since the period of forced cultivation (1830-1870). This era of forced cultivation is the most exploitative era in colonial history in Indonesia. The forced planting regulation stipulates that each village must deposit 20 percent of the crop to the Dutch East Indies colonial government. Villagers are also required to work on government plantations as much as 20 percent of their working days. In fact, the forced planting period left a deep sorrow for the Indonesian people at that time. The Dutch East Indies colonial government through its native accomplices acted arbitrarily to the indigenous population.

Forced labor or forced labor imposed on indigenous people lasts longer and is more miserable. Many indigenous people have died because of forced labor, especially farmers. Most farmers are forced to surrender their produce in the form of rice, sugar cane and indigo. The Dutch East Indies colonial government benefited greatly from this indigenous people's agricultural trade. At this time sugar cane began to be known as a plant that produces sugar. Advances in agricultural technology allow processing of sugar cane into granules of crystal sugar. The inhabitants of Java have cultivated sugar cane plants for a long time. Sugarcane is a native plant of Indonesia.

Ethical Politics Era

During the period of economic liberalization in the Dutch East Indies, the Dutch East Indies colonial government invited foreign investors to invest in the Indies, including in the sugar industry. Foreign and local private companies have sprung up. One of them belongs to the Chinese sugar king Oei Tiong Ham who owns a sugar company based in Semarang and has branches in several cities in Asia and Europe. The sugar industry has enjoyed its glory in 1930 with a peak production of 3 million tons, with a total of 179 sugar factories, a land area of 176,592 ha, and a productivity level of 14.79 tons which placed the Netherlands East Indies as the second largest sugar exporter in the world after Cuba (Yanto Togi Ferdinand Marpaung, 2011). Until now, the sugar industry still holds a strategic position in the Indonesian economy.

Instrument Policy principal in the sugar industry is Constitution Agrarian 1870 (UUA-1870), and Constitution Tariff 1872 (UUT-1872). Constitution first (UUA-1870) gave certainty and guarantee mastery land very important for development business plantation or industry sugar private sector. Constitution second set stage Planting Forced that starts end of 1878 and abolished same once in 1892. Law that is a liberalization effort sugar on future political ethical more many profitable Chinese immigrants (Khudori, 2005).

Guided Democracy Era

On future this, nationalization industry not do in a manner mature. Management experience stagnation and production also declined. Government do centralization and trading sugar. Management industry and system commerce sugar arranged direct by the government. This corresponding with design economy and Democracy Guided that proclaimed government (1959-1965). This is based on by instability political and liberal economy (1950-1959). Government should designing reset institutional alternatives farm business cane people who are of a nature more fair that drives efficiency industry sugar.
Government involving network distribution sugar derived from bureaucracy government start from level province to level village (RT / RW) as executor distribution sugar. That’s early from total governance control commerce sugar by the State as part from implementation economy guided. Problem availability land cane for factory sugar overcome with issued Regulations Government Replacement Law (Perpu) Number 38 of 1960 (Khudori, 2005). Regulations that is give power and authority to Minister Agrarian for set large minimum land that must be provided by one village must planted sugar cane. That is, land that is permanent to be belongs to residents the village. Owner land will be given money rent “worth” according to regulations issued and set by Minister Agriculture.

At a glance provisions that is similar regulations issued on future Planting Forced. However more civilized because of an owner land will be given money fair rent according to conditions set Minister Agriculture. Pattern still permanent the same. For manage factory sugar, based on Constitution Number 19 of 1960 and Regulations Government Number 141 of 1961 was formed Body Leader General State Company of Sugar Plantation (BPU-PNPG). Body that led by board director appointed and dismissed by Minister Agriculture. With pattern management as that, accordingly theoretical factory sugar only function as executor technical production sugar only. All capital comes from from Department Agriculture through BPU-PNPG. In Constitution Number 1960 set that companies private combine self in Peers Organization (OPS) and Similar Company Combined (GPS). In connection it was formed Joint Sugar Company and the PGTP status was changed become OPS- Intermediary Sugar. Selection on administrator or members GPS / OPS Sugar do by BPU-PNPG works same with Military Area Command (KODAM) local for centralization system commerce sugar and prevent infiltration Party Indonesian Communists (PKI).

New Order Era

During the New Order government, the Logistics Affairs Agency was appointed as the only body entitled to monopolize the trade and distribution of sugar in Indonesia. To ensure the sugar industry can run well, the New Order government issued a number of regulations such as Presidential Instruction (Inpres) No. 9/1975 April 22, 1975 concerning the People’s Intensification Cane Policy (TRI). The purpose of this Inpres is to increase national sugar production and the income of sugarcane farmers. The essence of the policy is to make farmers become managers on their own land with government support through financial loans, technical guidance, improving the marketing system by involving KUD, and creating a cooperative relationship between sugar cane farmers and sugar mills (Supriyati, 2013).

In the early 1990s, national business performance continued to decline, both in terms of area, productivity and production. To overcome this problem, the government issued Presidential Instruction No.5 / 1997 which aims to optimize the synergy and the role of sugar cane, plantation companies and cooperatives in the development of the sugar industry. The Instruction also reinforces the role of the Minister of Agriculture in the development of the sugar industry, both through the provision of seeds and technical guidance, increasing the role of research institutions and eliminating various levies that have nothing to do with community sugar cane development. But the Inpres was revoked by Presidential Instruction No. 5/1998 which freed farmers to plant profitable commodities in accordance with Law No. 12/1992 (Supriyati, 2013).

Reformation Era

The government tried to accelerate sugar production and productivity through the production policy of 2003/2004. In addition, the government launched sugar self-sufficiency in 2007 with a production of three million tons and an average productivity of 8.0 tons of sugar / ha (Supriyati, 2013). In addition to the production and input policies, the government issued a distribution policy and sugar trading to maintain supply stability and sugar prices in the domestic market. Intensity and distribution and trade policies are more than production and income policy. The dynamics of distribution and trade policies in the history of independent Indonesia are divided into four main stages that must be observed, namely: the policy of the era of isolation (1980-1997), the era of free trade (1997-1999), the era of transition (1999-2002) and the era of protection and Promotion (2003-present).

In the Age of Isolation, Presidential Decree No. 43/1971 is one proof of government intervention in sugar marketing. The Presidential Decree gives authority to BULOG to maintain price stability and supply of
granulated sugar. To be more effective, the Presidential Decree was supported by the Letter of the Minister of State No. B. 136 / APBN Secretary of State / 3/1974 which explains the Presidential Decree. In the 1970-1980 period, the amount of sugar stocks controlled by BULOG was around 50-80 percent of the total stock. The implementation of the TRI program increased the sugar portion of farmers, so the sugar stock and supply outside the Bureau of Logistics increased. Therefore, since 1980 the Logistics Bureau purchased domestic sugar production and distributed it to the market.

In this era a number of policies were issued. One of them is Kepmenkeu No. 342/KMK.011/1987 concerning the price of sugar. The main instrument of the policy is the provenve price and selling price of sugar managed by BULOG. It aims to stabilize the price of sugar in the domestic market, increase government revenues, affordable sugar prices, and guarantee the income of sugarcane farmers and sugar mills. This policy is dual purpose, but there are conflicting objectives, such as increasing farmer income versus affordable prices and increasing government revenues.

Furthermore, the era of free trade occurred when the economic crisis began to hit Indonesia which was marked by the elimination of domestic isolation. In an effort to improve economic efficiency, the government issued Decree of the Minister of Industry and Trade No. 25 / MPP / Kep / 1/1998 which no longer gives the BULOG monopoly to import strategic commodities, including sugar. The biggest implication of this policy is that imports are wide open because at that time the import tariff was zero percent. It was an era of flood of imported sugar into the Indonesian market.

When the economic crisis began to decline in 1999, the price of sugar in the country actually declined significantly. The decline was caused by the continued decline in world sugar prices, the strengthening of the rupiah exchange rate, and the absence of import tariffs. In the year the average world price on the international market was US $ 137.3 / ton, while the rupiah exchange rate at that time reached an average of Rp.7,100 / US $. As a result, the price of sugar parity at that time reached its lowest point of Rp. 1,800-1900 per kg. This resulted in pressure of domestic sugar under pressure.

This situation marked the policy of the transition era. To protect producers, in this Transitional Era the government issued Decree of the Minister of Forestry and Plantation No. 282/KPTS-IV/1999 which again sets the provenve price of sugar at Rp. 2,500 per kg. This policy turned out to be ineffective because it was not supported by an adequate plan of follow-up, for example the government did not have sufficient funds. On the other hand, plantation SOEs that manage sugar also do not have sufficient funds to implement the policy. As a result, farmers’ sugar prices continue to experience uncertainty.

To overcome this problem, the government through the Ministry of Industry and Trade issued Ministerial Decree No. 364/MPP/Kep /8/1999. The main instrument of the policy is limiting the number of importers by only allowing producer importers. With this policy, the government can limit and control the volume of imports in addition to having more valid data regarding the volume of imports and stock. Thus, domestic sugar prices and sugar prices at the farm level can be increased.

The policy of producer importers is apparently still less effective, both to lift the price of sugar in the domestic market and to control the volume of imports. Although there is no adequate supporting data, the failure is mainly due to too much domestic sugar stock and the presence of illegal imported sugar. This situation keeps the price of sugar in the domestic market low. Therefore, the pressure of farmers and sugar mills on the government to protect the domestic sugar industry is getting stronger. Responding to this pressure, the government issued an import tariff policy through Decree of the Minister of Industry and Trade No. 230 / MPP /Kep/ 6/1999 which imposes import tariffs of sugar by 20 percent for raw sugar and 25 percent for white sugar. Although it still causes controversy, this import tariff policy can gradually lift the price of sugar in the domestic market.

The ongoing pressure faced by the domestic sugar industry and the increasing awareness that other countries are doing intensive protection, the government has developed a policy known as the Protection and Promotion Policy Era. This policy is basically intended to create a more equitable competition engine for the domestic sugar industry. For this reason, in mid-2002, the government’s sugar policy issued a policy aimed at controlling imports by limiting importers to only being producer importers (IP) and registered importers (IT)
and limiting the volume of imported sugar. The sugar imported by producer importers is only intended to meet the industrial needs of the IP, not for trading. On the other hand, to become IT, at least 75 percent of the raw materials from IT PG come from farmers. This policy is stated in the Decree of the Minister of Industry and Trade No. 643 / MPP / Kep / 9/2002. Another essence of the policy is that the import of sugar will be permitted if the price of sugar at the farm level reaches a minimum of IDR 3,100 / kg. The government also stipulates that the specific tariff for importing raw sugar is IDR 550 / kg (equivalent to 20%) and white sugar IDR 700 / kg (equivalent to 25%) which is valid until now. This policy is expected to increase domestic prices so that national sugar production becomes more competitive to stimulate farmers to grow sugar cane.

On September 17, 2004, the import trade policy was revised to reinforce or strengthen the essence of the policy being the Decree of the Minister of Industry and Trade No. 522 / MPP / Kep / 9/2004 concerning Provisions on the Import of Sugar. Sugar Registered Importers (IT) that obtain import permits may not transfer their sugar imports to other companies, but may work together. The government determines the quality of sugar (refined sugar, white sugar, and raw sugar) which may be imported by producer importers. IT that imports sugar must support sugar at the farm level of IDR 3,400 / kg. Implicitly, IT has a clearer obligation to guarantee that the price of sugar at the farm level is a minimum of Rp.3,400 / kg.

The series of national sugar policies during 2000-2004 have produced positive results, namely increasing the price of sugar in the domestic market which is significantly above the price of sugar in the world market. It is hoped that such protection and promotion efforts can be continued in the future so that the national sugar industry becomes increasingly competitive.

Wahyuni et. al (2009) reviewed the policy of the sugar industry since the colonial period until 2008. The synthesis of Wahyuni et. al (2009), that from the history of the rural industry since the era of colonialism until now, learning can be obtained in aspects of production, trade, institutions, as well as research and development (Supriyati, 2013).

In the aspect of production / productivity at the farmer and factory level, some of the lessons learned can be as follows: (a) Increased production through forced area expansion will not be sustainable, such as forced planting, guided economy, and TRI; (b) Increasing factory investment does not have to be done at the expense of farmers (cheap land rent, cheap labor costs); (c) Not in place if farmers subsidize the government (forced planting system); (d) Support for land policies, must be mutually beneficial for both PG and farmers. The provisions of land rent must follow economic dynamics, such as land markets and inflation. Low land rent causes farmers to be reluctant to rent their land to PG. This has caused limited land availability for PG in the 1950s; (e) To protect producers, determine the cost of purchase (HPP) of sugar. The HPP policy becomes ineffective if it is not supported by adequate follow-up plans. With an adequate plan, this policy can be an incentive to increase production; (f) When the price of industrial sugar continued to decline and the sugar industry was on the verge of bankruptcy, the government issued a policy aimed at controlling imports, by limiting the industry to only become a producer industry (IP) and registered industry (IT); (g) The development of refined PG, which is intended to help meet the sugar needs of the food and beverage industry, must be in synergy with the development of ex-sugar cane PG.

In the aspect of trade, some of the lessons that can be learned are as follows: (a) Trade policies that are monopsony will result in prices not competing. Monopoly policy will also harm consumers; (b) Liberalization of trade before colonialism only benefited the government, while free trade liberalization in the 1990s caused domestic prices to decline, so that sugar cane farmers were harmed; (c) Establishment of marketing agencies such as BPB (Joint Marketing Agency) and consortiums require capital support, BPB established in 1968 cannot function optimally due to limited capital. But the company must be bankable. Capital support from banks for not bankable companies raises new problems, seen from the case of the consortium; and (d) the appointment of BULOG as an agency tasked with maintaining the stability of domestic sugar prices, but leading to monopsony and monopoly.

In the institutional aspects, some of the lessons that can be learned are as follows: (a) Policies must be supported by institutional readiness, for example, nationalization policies and guided industries are less successful because institutions and HR are not ready. The rapid nationalization of PG has not been balanced.
Conclusion

The transformation of the Indonesian sugar industry from liberalization to protectionism is mostly caused by internal factors, rather than external. The IMF is trying to open up the Indonesian domestic market for global products. This has resulted in the invasion of imported foreign agricultural products such as rice, sugar and horticultural products. The deadly invasion of Indonesian agricultural products. Indirectly this has an impact on the welfare and income of farmers.

For farmers, IMF-imposed trade liberalization to the Indonesian government is clearly detrimental. The import flow of foreign agricultural products flooded the domestic market at lower prices. Fruits from China, the United States, New Zealand, Brazil and the European Union are sold in traditional markets. Indonesian consumers in the end prefer imported products rather than local ones. This "taste" colonization resulted in the production of domestic agricultural products not competing with foreign agricultural products specifically made for export purposes. While the production of Indonesian agricultural and horticultural products is only intended to meet the domestic market. The lack of infrastructure in various regions in Indonesia causes the process of transporting local agricultural products to be more expensive than imported products.

In the case of the sugar industry, sugar cane farmers are victims of the sugar import liberalization policy. They then organized themselves through the Indonesian Sugar Cane Farmers Association (APTRI) which tried to negotiate with the government. They asked the Indonesian government to limit sugar imports by appointing Importer Producers (IP) and Registered Importers (IT). They asked the Indonesian government to negotiate with the IMF. They demanded that the Indonesian government protect the national sugar industry.

The Indonesian government runs protectionism against national sugar production. There is a political will from the government towards the development of the national sugar industry. Institutionally, various changes were made. Various deregulations which made it difficult for farmers to be revoked. This protectionism was mainly carried out since the days of President Megawati and Minister of Industry and Trade Rini Soemarno. President Megawati Soekarnoputri who replaced President Abdurrahman Wahid was very concerned about the problem of sugar in this country. President Megawati also negotiated with the IMF. But in the end President Megawati Soekarnoputri took a stand against the IMF. The restrictions on sugar imports by President Megawati and Minister of Industry and Trade Rini Soemarno are a form of resistance to the IMF. But the IMF cannot do much and allow protectionism to occur.

The heavy import of sugar, both legal and illegal, caused the government to protect domestic sugar. After the end of cooperation with the IMF, President Susilo Bambang Yudhoyono adopted a policy to rebuild the Indonesian sugar industry. President SBY even launched sugar self-sufficiency in 2007. But this sugar self-sufficiency plan was unsuccessful. Nevertheless, there has been an increase in the amount of Indonesian sugar production. In addition, the Indonesian government opened the domestic private sector to invest in the sugar industry. The opening of new sugar cane fields was carried out in several regions in Indonesia such as Lampung, South Sumatra, North Sumatra, and North Sulawesi. The government seriously wanted to revive the glory of the sugar industry like in the colonial period. The vision is good but not based on the fact that the ability of the Indonesian sugar industry is still limited compared to other countries such as India and Brazil.

Indonesian protectionism is carried out to protect the sugar industry and the domestic agro-industry sector. Unfortunately, Indonesia does not yet have a blueprint for developing the domestic agricultural industry. This is very unfortunate considering the economic globalization is running fast. Transportation of agricultural products is going very massively through land, sea and air.

President Joko Widodo is very aware of this. Therefore, he highly prioritizes infrastructure development in Indonesia. So that in the future, the process of transporting Indonesian agricultural products
runs quickly and cheaply. This is very important considering the defeat of Indonesian products compared to foreigners is due to expensive transportation.

The construction of this infrastructure must also be related to the sugar industry. The difficulty of Indonesia exporting sugar is also due to infrastructure factors. The facilities provided by the government are very minimal and old-fashioned. Therefore, in the future the protectionism of the sugar industry can be aimed at meeting domestic needs and for exports.

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Rival States, Rival Firms: A Comparison Of Shinzo Abe And Xi Jinping’s Diplomacy Towards Myanmar

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Abstract
This article examines the diplomacy of Japan’s Shinzo Abe and China’s Xi Jinping towards Myanmar during 2011-2017 period. This article then tries to find out whose diplomacy works out the best in Myanmar by comparing Abe’s and Xi Jinping’s using triangular diplomacy. Triangular diplomacy is also used to find out the strategy of both countries in Myanmar by analyzing the relations between the government to government, the government to company, as well as the company to company. Myanmar is known for the least developed country than any other countries in South East Asia, but with recent political and economic reformation, it then steadily rises up to be potential country. Both Japan and China has been intensively placing their influence in Myanmar’s economic rise since then. Both countries are using Myanmar as the benchmark of their attempt to overpower each other in South East Asia. This article finds out that Xi Jinping’s diplomacy works effectively in Myanmar from his intense approach on people-to-people diplomacy, foreign direct investment and trades, as well as long-term relationship factor. This article also concludes that the rivalry between Japan and China in Myanmar is a zero-sum game for Japan.

Keywords—Japan, China, triangular diplomacy, Myanmar, economic reformation.

INTRODUCTION
China and Japan are undoubtedly the two most influential countries in the world. Being seen from the gross domestic product (GDP), China holds the number one biggest economy in the world and Japan sits in the third throne (The Heritage, 2007). While these two countries are neighbor, they are also known as eternal rival as well. These two countries’ rivalry has started since long ago, enough to start a war between them in the past. The relations between China and Japan, or known as Sino-Japanese relations sure are complicated. They have to maintain good economic relations even though their political relations getting worse each day. This was worsened with the rise of China in the 2000s, the same time when Japan experienced an economic stagnation. Many corporations in Japan began depending on China’s market even after Japan came back from economic stagnation, and Japan government was worrying about an excessive dependency on China (Ohashi, 2004, p. 175).

Sino-Japanese rivalry has also entered a global arena, including South East Asia countries as well as the ASEAN institution. South East Asia is considered as potential region in the world which consists many excel developing countries such as Singapore, Thailand, Malaysia, and Indonesia. This one good region, of course, did not escape the eyes of China and Japan. South East Asia is made as an ‘arena’ for China and Japan rivalry (Yang, 2003, p. 314). These two countries even have a great involvement in the ASEAN institution through ASEAN Regional Forum (ARF), ASEAN Plus Three (APT), and ASEAN Defense Ministerial Meeting Plus (ADMM+) (Chung, 2013, p. 801). Through them, China and Japan is competing to get ASEAN and its members to be on their side. In their rivalries which involving South East Asia region, China and Japan was mentioned to be more interested in preventing each other’s domination in the region rather than promoting regional cooperation (Chung, 2013, p. 824).
Both countries recently are also targeting the used-to-be-least developed countries in South East Asia region, which are Cambodia, Laos, Myanmar, and Vietnam or the CLMV countries. The CLMV countries have been showing some significant economic improvement these past years which make them become potential, especially Myanmar. After going on a long isolation under Junta (military) government, Myanmar has finally opened up to the world in 2011. When a new government led by Thein Sein was formed in March 2011, with the political and economic reformation promises, Myanmar started to change bit by bit (Qingrun, 2013, p. 1). This reformation then led to economic liberalization which let Myanmar opens itself to the whole world.

The rivalry between China and Japan in the South East Asia region is not something new, they even embark their rivalry to the new potential ‘arena’; Myanmar. Even though it is called a new ‘arena’, both countries relationship with Myanmar has started long ago. China and Japan made use of Myanmar’s reformation as their way to strengthen their domination inside. China has the advantage of an early start and being Myanmar’s trusted “Paukphaw” or sibling (Kudo, 2009, p. 265). That being said China already has its root planted in Myanmar for long time even when Myanmar was still in isolation. Japan, on the other side, is also known to have “historically friendly relationship” with Myanmar up until 1988, when the Junta took power and led to quite a rapid drop in Japanese aid and investments (Hong, 2014, p. 2).

With Myanmar’s new political and economic reforms, Japan’s comeback was seen as an important start in rebuilding the two’s relationship. In 2012, Japan, with Shinzo Abe as the elected prime minister, pointed that South East Asia, especially Myanmar, as the new market to revitalize its economy and regional profile decades of stagnation. Shinzo Abe’s visit to Myanmar in 2013 was made as a starting point of Japan’s comeback to Myanmar after a long hiatus (Hong, 2014, p. 4). In his visit, Abe also mentioned that Japan would waive off the debt of US$ 1. 74 billion as well as ODA loan of US$ 503 million (Chaudhuri, 2017, p. 97). Public’s hype over this matter increased the demands of Japan’s products in the markets, hence increasing the trade activities between the two countries.

The competition between China and Japan in Myanmar is seen as a tie or a win-win game by Hong (2014). Hong viewed that even though China has many advantages to win over Myanmar, Japan still hold a special place in Myanmar. Even though it is nowhere being near for Japan to match China position in Myanmar, demands over Japanese products are high because of their quality, thus increasing the trade activities bit by bit. In his article, Hong also stated that Myanmar’s foreign relations does not need to raise a zero-sum competition between China and Japan, for the two countries offer Myanmar different types of engagement and make it a win-win game (Hong, 2014, p. 19). Though Hong’s statement is not wrong, the competition between China and Japan is real, and the fact that Myanmar is used as one of their stepping stones in conquering South East Asia is also real. Rather than ignoring the competition between China and Japan, Myanmar needs to take a very careful note of this competition because it could either giving advantage for Myanmar or bringing Myanmar into havoc once again.

Though it is said that Japan has made a good comeback and has a chance beat China in Myanmar, however, is it possible with China’s influence rooted deeply in Myanmar? This article finds out that China still holds the biggest influence in Myanmar despite experiencing an eclipse during the earlier years of Myanmar’s reformation. China and Xi Jinping’s change of diplomacy towards Myanmar is able to maintain its position as Myanmar’s number one partner, beating Japan and Abe’s diplomacy. This article analyzes China’s Xi Jinping and Japan’s Abe diplomacy by using triangular diplomacy. This article uses Susan Strange’s triangular diplomacy as its research frameworks. Triangular diplomacy itself is a concept that analyzes the relations between government to government, government to company, and company to company (Stopford, Strange, & Henley, 1991, p. 22). Triangular diplomacy is being used in this article in order to analyze the strategies and diplomacy of China and Japan in Myanmar. It is also being used to find out whose diplomacy works the best by analyzing the relations between the two countries’ trade and government relations with Myanmar. This article itself starts with a brief introduction to the topic, followed by various previous researches and the research framework as the first part. The explanation about Myanmar’s political and economic reformation as well as a chance of market potential goes at the second part. The third part analyzes about China and Japan diplomacy in Myanmar during 2011-2017 periods. The comparisons and results of the diplomacy are put in the fourth part. The last part concludes the entire article’s analysis and gives the final conclusion.
MYANMAR’S POLITICAL AND ECONOMIC REFORMATION

As one of the member of ASEAN, Myanmar is one of the least developing countries of all members, following Cambodia, Laos, and Vietnam. This was caused by the oppression of the Junta or military government, who has cause Myanmar’s fall since their lead. After taking the new government in March 2011, Thein Sein started what is called as political reformation as their first agenda after being released from the Junta government. However, as the first year of the new government run, the higher-ups realized that it is needed to also reform the economy in order help maintaining the political condition and enhance stability (Qingrun, 2013, p. 2).

Myanmar’s long isolation has made the country reach a poor state, despite being rich in natural resources. Foreign countries also put their investment on hold during this isolation era. Even though China stuck close to Myanmar during the isolation era, the people of Myanmar felt that it was not enough for they did not feel any meaningful economic change. Thein Sein was then elected in 2011 with promises of reformations and changes, starting from suspending the construction of Chinese-funded Myitsone hydroelectric dam project, which led to people’s cheers of the new government’s openness to public opinions (BBC, 2015). The political reformation seemed to walk steadily as the new governments release many prisoners from the previous government, consisting of activists and protesters. This was then followed with the EU suspending most of its sanctions against Myanmar in 2012 (Asia Times, 2017). Thein Sein used this opportunity to announce that the country would start on a new phase of economic reforms (Qingrun, 2013, p. 2).

Political and economic reformation initiated by former President Thein Sein were a benchmark for Myanmar to spread its wings to the whole world and improving stability as well as development in the country. The economic reformation requires Myanmar to undergo an economic transition. The economic transition process itself has three pillars that require macroeconomic stabilization, price and market liberalization, as well as restructuring and privatizing state enterprises (Lim & Yamada, 2102, p. 2). The semi-civilian government also stated a five-year plan which focused on GDP growth of 7.7 percent to 2016, a 6.1 percent increase in the industrial sector as part of GDP, a rise in GDP per capita, increasing the foreign investment, and improvement on the country’s resources (Qingrun, 2013, p. 3). It was quite a hard work for Myanmar’s new government, but many developments could be seen not long after. Foreign investors starting to glance at Myanmar’s potential and Myanmar was also looking for investors who are willing to help developing its infrastructure, transportation, telecommunication, as well as industrial sectors. Myanmar provides quite much to attract foreign investors, starting from cheap labors, natural resources, and a strategic position between South East and South Asia (Forbes, 2018).

Even though the political reformation has started from 2011, the economic reformation has just started in 2012. China was kind of in a dilemma with Myanmar’s reformation, for there were anti-China sentiments going on and Thein Sein suspended the Myitsone hydropower dam project which caused the downfall of China’s FDI flows to Myanmar. Japan was more than ready to jump and replace China’s position in Myanmar. The analysis of China’s diplomacy to bounce back from anti-China sentiments as well as Japan’s diplomacy in making a comeback in Myanmar after a long hiatus are explained in the third part of this article.

JAPAN’S ABE AND CHINA’S XI JINPING DIPLOMACY IN MYANMAR

Basically, diplomacy is “a set of assumptions, institutions and processes – a practice – for handling certain kinds of relations between human beings” (Sharp, 2009, p. 13). In International Relations discipline, “diplomacy is nothing less than reason made manifest on the international stage and that its pedigree is intrinsically and indelibly liberal” (Sharp, 2009, p. 38; Keens-Soper, 1974). In the development of diplomacy studies, a concept on triangular diplomacy arose in order to understand how the competition of a country’s government and corporations with another country’s government and corporations can be connected to achieve each others’ mutual economic interests (Stopford, Strange, & Henley, 1991, p. 19). In the context of competition for economic cooperation between China and Japan towards Myanmar after Myanmar’s political and economic reformation, triangular diplomacy can be one of the research frameworks to understand the phenomenon. Triangular diplomacy analysis in this article is focused on understanding the comparison of China and Japan’s diplomacy towards Myanmar to build economic cooperation which profitable for each country.
Japan’s Abe Diplomacy in Myanmar

Japan was once a country that held a dominant position in economic and trade relations in South East Asia region. However, that very position has taken a 180 degree turn since early 1990s. When Japan’s economic and trade relations in South East Asia region waned down, China’s economic and trade domination was starting to go full throttle in the region. In fact, China’s development at that time makes it ASEAN’s largest trade partner in the region (Hong, 2014; Chinese Youth Daily, 2008).

Japan was Myanmar’s biggest trading partner, until the Junta under the name of State Law and Order Restoration Council (SLORC) took over and ruled Myanmar in 1988. Japan economic relation with Myanmar dropped with that. Japan’s aid or ODA and investment to Myanmar were also rapidly dropped at that time. These two economic relations were going up and down until the historic election in 2010 and Thein Sein was chosen as civilian president and made some reformations (Chaudhuri, 2017, p. 97). The political reformation in 2011 was the starting point of many changes in Myanmar’s body. It then followed by economic reformation in 2012, along with the sanction lifting announcements. Japan, who has been eagerly waiting for this chance, was more than ready to jump and take advantage of this opportunity (Chaudhuri, 2017, p. 96). When Shinzo Abe was elected as prime minister again in December 2012, Japan has been adjusting its South East Asia policy and renewing its relationship with Myanmar in the context of its diplomatic strategy in South East Asia (Hong, 2014, p. 2). That very diplomatic strategy though, is no more than a strategy to repress China power in South East Asia and conquer the region once again by using the new-potential Myanmar.

After being elected as the prime minister in 2012, Abe immediately toured South East Asia region as part of his new policy. Other than countering China’s power in the region, Abe’s new South East Asia policy is also aiming to stabilize Japan position once again in the region and increasing Japan’s economic activities after waking up from a long stagnation. South East Asia is necessary for this plan because the region has been Japan’s number one and biggest market. Abe’s tours included a visit to the ‘new’ Myanmar in 2013. His visit that time was the first time Japan’s prime minister has visited the country again since 1977. Abe’s visit to Myanmar in 2013 turned to be a public diplomacy for Japan. Starting the visit with a declaration that Japan would waived off Myanmar’s debt of US$ 1.74 billion and ODA loan of US$ 503 million through the Japan International Cooperation Agency (JICA), Japan successfully took the public’s attention (Chaudhuri, 2017, p. 97). Japan has been giving ODA loan to Myanmar even when they have limited relationship during the Junta reign. ODA is one of Japan’s ways to keep a certain country closer to Japan, including Myanmar. Japan has been using this ODA diplomacy in many countries, especially South East Asian countries since long ago.

Former President Thein Sein’s made a Western policy to counterbalance China’s economic influence in the country, which opened Japan’s chance to move easier in Myanmar (The Diplomat, 2013). FDI from Japanese investors flowed a lot to Myanmar after that economic reformation, especially after Abe’s visit; trade activities from both countries were also increasing tremendously. Japanese investors were encouraged to invest in the ‘new’ Myanmar. It was said that at least 35 Japanese investment projects were going underway in Myanmar; the biggest ones led by Mitsubishi, Sumitomo Corp, Marubeni Corp were plans to develop Thilawa Special Economic Zone (Thilawa SEZ) near Yangon (Hong, 2014, p. 4). Thilawa SEZ is an industrial park said to be the biggest in Myanmar and first industrial park in South East Asia (Chaudhuri, 2017, p. 97). Japan promoted employment, industrialization, as well as economic development in Myanmar through Thilawa SEZ. Japan’s Abe agreed on full support regarding the development of Thilawa SEZ. Japan believed that the success of Thilawa SEZ would encourage political stability and local economic modernization (Hong, 2014, pp. 4-5). Through Thilawa SEZ too, Japan strengthened its influences in trades and investments in Myanmar, cornering China whose dam project was suspended by Thein Sein at that time.

Japan’s diplomacy in Myanmar has not really changed through the time; it is just a little bit more aggressive and putting China on the agenda in Abe’s era. Japan and Abe put up a kind of public diplomacy by visiting the country, waiving the debt, and promising more ODA loans to Myanmar as the proof of strengthened government to government relations. Japan also uses ODA as an approach to strengthened economic relations with local corporations. In its government to corporate relations with Myanmar, Japan gave a big loan for the development of Myanmar’s Thilawa SEZ, while believing that the development of Thilawa SEZ would boost the local economic modernization (Hong, 2014, pp. 4-5). Myanmar gives Japan full access, to help developing
the industrial park, including constructing the buildings and infrastructure. Japan’s big shots corporations like Mitsubishi and Sumitomo Corp were already plunged in to the project, along with Myanmar’s local corporation.

**China’s Xi Jinping Diplomacy in Myanmar**

Political and economic relations between China and Myanmar are dynamic. Various political transformations that happened in both countries are a determinant factor in every change of their foreign policy towards each other. On the other side, in geographical aspect, China and Myanmar’s position is coterminous, and this makes they are in need of each other in term of economic cooperation in order to fulfill each country’s economy needs. Based on those conditions, China’s economic diplomacy strategy towards Myanmar is done by making use of two processes; adaptation process towards political transformation both countries and utilization process of geographical position.

Since 1953, trade and economic relation between China and Myanmar have increased, along with China’s increased needs over Myanmar’s rubber products and Myanmar’s consumer rice market (Zhi, 2018, p. 153). After Myanmar’s Junta took over the government in 1988, the economic cooperation between the two countries still went strong. Even though the international world, driven by the US, pushed every country to run the economic sanctions towards Myanmar, China did not seem to care enough to make the policy to limit or stop the trade and economic cooperation with Myanmar, unlike Japan (Hong, 2014, pp. 5-6). Because there was different attitude between China and Japan towards the Junta reign, China had a more strategic position to do an economic diplomacy and building a strong economic cooperation with Myanmar over decades. The real example of China’s superior position compared to Japan when doing government to government economic diplomacy towards the Myanmar’s Junta can be seen when Prime Minister Lee Peng visited Myanmar in 1994 and 1997, he agreed to give a RMB 70 million loan and also agreed on a new economic cooperation agreement (Hong, 2014, p. 8).

When Myanmar started to undergo a political transition and with the withdrawal of Junta reign from the government, China was experiencing a diplomatic shock towards Myanmar; especially when the US$ 3.6 billion Myitsone dam project was suspended (Hong, 2014, p. 8). However, after the political and economic reformation as well as the democratization of political-government happened in Myanmar, China started to change its diplomacy and geostrategic policy’s direction towards Myanmar (Lanteigne, 2017, p. 1). The direction change in China’s diplomacy and geostrategic policy was done through the network building of trade and development cooperation towards the Great Mekong Sub-region (GMS), which involved four other countries beside Myanmar; Cambodia, Laos, Vietnam, and Thailand. The direction of China-GMS diplomacy and geostrategic policy is China’s process in reusing the geographical position that is directed in building trade connectivity between China and Indochina peninsula. Besides trade connectivity, GMS trade and development cooperation is also directed by China to increase the utilization on GMS’ countries huge resources, such as water, forestry products, and energy (Soong, 2016). Xi Jinping also made a ‘people to people’ diplomacy towards Myanmar, which is diplomacy where China government arranged several friendship tours targeting many Myanmar’s parties, especially National League for Democracy (NLD), civil society organizations, as well as local media groups for building better understandings between the societies of the two countries (Hong, 2014, p. 20).

Other than GMS cooperation network building, economic diplomacy between China and Myanmar after political and economic reformation was also directed into the building of Bangladesh-China-India-Myanmar (BCIM) economic cooperation network. China’s policy to build BCIM economic cooperation network was set on 2013, together with other six cooperation networks in One Belt One Road scheme (Ljungwall & Bohman, 2017). In the government to corporate relation, China government gave development fund for Myanmar’s SMEs in helping the infrastructure construction process. Meanwhile in corporate to corporate relation, China’s corporations were building cooperation networks with the corporations in the sub-regional of GMS and BCIM, including Myanmar’s SMEs, to build infrastructures supporting economic integration (Bernhardt, Dickenson-Jones, & De, 2017).
COMPARISON AND RESULT OF BOTH COUNTRIES' DIPLOMACY

Shinzo Abe and Xi Jinping made use of Myanmar’s economic reformation pretty well. After Abe was made Japan’s prime minister in 2012, he immediately made a South East Asia policy; to rise up from Japan’s stagnation by increasing economic activity in South East Asia. He paid visit to many South East Asia countries, including Myanmar. For Myanmar, Abe’s visit was rather special, because Abe is the first prime minister who visited Myanmar since 1977. This visit affected Myanmar’s public greatly and increased public’s trust toward Japan. Abe’s public diplomacy immediately took an effect and resulting in the great increase of Japan’s FDI flows to Myanmar. After Myanmar’s political and economic reformation between 2011 and 2012, Japan’s FDI took an immense flow to Myanmar; this can be seen in the table 1. Japan made use of the moment and offered Myanmar investments in many sectors. Not only that, when Myanmar finally opened up to the world, Japan even promised to provide the country as a backing for a host of many new development projects, such as rail network, health facilities, and energy capacity (Forbes, 2018).

The opposite happened with China and Xi Jinping. Right after Thein Sein was made into Myanmar’s prime minister in 2011, he immediately suspended the Myitsone dam project backed by China. There was also a kind of anti-China sentiment going around Myanmar’s public. China’s FDI flows to Myanmar fell quite deep in result and many China investors were reluctant to put their investments in Myanmar. This slump continued on until 2015 and finally took a turn in 2016 when Aung San Suu Kyi, Myanmar’s de facto leader, made Beijing as her first destination after becoming the country’s leader (South China Morning Post, 2016). Suu Kyi’s visit to Beijing relieved the tension between China and Myanmar, and once again welcoming China’s investors to Myanmar. Xi Jinping also made a ‘people to people’ diplomacy towards Myanmar, which is diplomacy where China government arranged several friendship tours targeting many Myanmar’s parties, especially National League for Democracy (NLD), civil society organizations, as well as local media groups for building better understandings between the societies of the two countries (Hong, 2014, p. 20). Xi Jinping’s people to people diplomacy was also used when Myanmar faced a big humanity crisis regarding Rohingya ethnicity in Rakhine in 2015. Xi Jinping stated that China would always stand beside Myanmar regardless the world’s sentiments on Myanmar’s government regarding the humanity crisis. The anti-China sentiments died down and China’s investors were starting to put their investments once again, resulted in the sky-rocketing flows of China’s FDI in Myanmar as seen in the table below:

Table 1. Flows of Inward Foreign Direct Investment (FDI) (in million US$)

|  | YEAR |  |  |  |  |  |  |  |  |
|---|---|---|---|---|---|---|---|---|
|  | MYANMAR | CHINA | 1,520.90 | 670.60 | 482.20 | 792.60 | 70.54 | 52.44 | 205.48 | 302.50 |
|  | JAPAN | | 0.20 | 2.20 | 31.10 | 36.00 | 37.72 | 95.05 | 16.03 | 44.54 |


Having an early start and geo-strategically advantaged, China become Myanmar’s number one partner. Because of that, China has been remaining Myanmar’s only “Paukphaw” or sibling up until now, despite the anti-China sentiments. After Japan stepping down from ‘the biggest partner’ title in the Junta reign, China quickly rose up and taking the title of Myanmar’s biggest partner. China’s influence became big in Myanmar for two decades. When Myanmar was undergoing a reformation under the new government in 2011, the China-funded Myitsone dam project was suspended by the president and an anti-China sentiment was going on in the country, causing their long-time relationship to loosen. FDI flows from China were dropped after that, but not the goods trade. It seemed that Myanmar is still dependent on China’s goods even after that.
Right after the reformation in Myanmar that causing China’s position in Myanmar to distress; Xi Jinping changed the direction of China’s diplomacy and geostrategic policy towards Myanmar (Lanteigne, 2017, p. 1). He made a development and trade cooperation network towards the Mekong sub-region or GMS, which including Myanmar, Cambodia, Laos, Vietnam, and Thailand. By building the network, Xi Jinping was hoping that the economic relation with Myanmar would not sever just like that. The GMS network seemed like working quite efficiently for China’s goods trade relation with Myanmar did not die down. China’s trade relations with Myanmar were still going strong despite the things that happened between them at the start of political and economic reformation. Instead of going down, the goods trade statistics between those two countries were steadily increasing. Some sectors even doubled their number of trade since the political and economic reformation started.

Japan’s re-emergence into Myanmar’s economy barely had a little influence on China and Myanmar’s trade relation. Even though Japan’s FDI were flowing tremendously and the goods demands were increasing in Myanmar’s market, China remained unbeatable at this game. Xi Jinping’s change of direction in his diplomacy and geostrategic policy seemed like its working well. The goods demands had not really died down, despite China’s image in Myanmar at that time. Xi Jinping also learnt the hard way from Japan’s diplomacy and strategy in re-entering the ‘new’ Myanmar. China started using a kind of public diplomacy named ‘people to people’ diplomacy towards Myanmar. This kind of diplomacy is unlike the usual China, whom never cared a bit about what the public says. It just proofed that Myanmar is that important for China’s economic relations, considering Myanmar’s location that strategically connects South East Asia and South Asia. With the so-called people to people diplomacy, China managed to maintain its trade relations with Myanmar. China even managed to counter Japan’s influence in Myanmar after re-entering Myanmar in 2011. The statistics of Myanmar and China’s goods trades in the reformation era can be seen in the table below.
Table 2. Top 10 Myanmar International Merchandise Trade Statistics (IMTS) with China (in US$)

<table>
<thead>
<tr>
<th>COMMODITY</th>
<th>YEAR</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes</td>
<td>2010</td>
<td>13,028,059</td>
<td>17,061,905</td>
<td>25,498,351</td>
<td>19,674,375</td>
<td>1,094,912,976</td>
<td>1,876,933,618</td>
<td>1,512,591,962</td>
</tr>
<tr>
<td>Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof</td>
<td>2011</td>
<td>229,626,397</td>
<td>484,882,297</td>
<td>341,646,750</td>
<td>667,936,600</td>
<td>904,480,498</td>
<td>665,721,745</td>
<td>788,758,986</td>
</tr>
<tr>
<td>Cereal</td>
<td>2013</td>
<td>106,166,447</td>
<td>185,717,925</td>
<td>284,958,068</td>
<td>424,531,685</td>
<td>923,282,364</td>
<td>972,239,252</td>
<td>828,055,960</td>
</tr>
<tr>
<td>Natural, cultured pearls; precious, semi-precious stones; precious metals</td>
<td>2015</td>
<td>97,707,537</td>
<td>149,878,962</td>
<td>225,693,222</td>
<td>243,328,420</td>
<td>408,344,513</td>
<td>838,533,271</td>
<td>742,062,854</td>
</tr>
<tr>
<td>Sugars and sugar confectionery</td>
<td>2016</td>
<td>55,516,188</td>
<td>625,892</td>
<td>255,847,760</td>
<td>524,622,399</td>
<td>743,827,252</td>
<td>358,675,173</td>
<td>280,451,642</td>
</tr>
<tr>
<td>Apparel and clothing accessories; not knitted or crocheted</td>
<td>2017</td>
<td>392,315</td>
<td>842,780</td>
<td>12,861,752</td>
<td>52,574,471</td>
<td>14,597,537</td>
<td>250,899,783</td>
<td>1,209,567,944</td>
</tr>
<tr>
<td>Apparel and clothing accessories; not knitted or crocheted</td>
<td>2019</td>
<td>2,228,566</td>
<td>10,104,497</td>
<td>27,086,638</td>
<td>57,066,916</td>
<td>64,903,688</td>
<td>62,942,121</td>
<td>114,610,418</td>
</tr>
</tbody>
</table>

Source: ASEAN Statistics Data Portal (https://data.aseanstats.org/trade)

Even though Japan remained close with Myanmar at a certain distance during Junta reign, the trade relations between Japan and Myanmar explained it all. Japan’s trade with Myanmar was in a slump until 2012. Japan also decreased their ODA loans to Myanmar right after the Junta took over the country. Myanmar’s economic reformation in 2012 and Abe’s visit to Myanmar in 2013 were the starting point of the two countries’ bilateral relation revival. The revival of Japan-Myanmar bilateral relation has enhanced public trust in Myanmar, adding the anti-China sentiments to boot. Using Abe’s public diplomacy and ODA diplomacy, Japan manage to steal public’s attention and trusts. Public trusts toward Japan has made Japan to move easily in Myanmar and thus demand over Japanese products are also increasing, resulting the great enhancement of Japan goods trade with Myanmar.
## Table 3. Top 10 Myanmar International Merchandise Trade Statistics (IMTS) with Japan (in US$)

<table>
<thead>
<tr>
<th>COMMODITY</th>
<th>YEAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vehicles; other than railway or tramway rolling stock, and parts and accessories thereof</td>
<td>53,614,747</td>
</tr>
<tr>
<td>Apparel and clothing accessories; not knitted or crocheted</td>
<td>102,093,494</td>
</tr>
<tr>
<td>Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof</td>
<td>114,521,895</td>
</tr>
<tr>
<td>Electrical machinery and equipment and parts thereof</td>
<td>8,393,265</td>
</tr>
<tr>
<td>Iron and steel</td>
<td>891,930</td>
</tr>
<tr>
<td>Iron or steel articles</td>
<td>7,228,682</td>
</tr>
<tr>
<td>Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes</td>
<td>87,566</td>
</tr>
<tr>
<td>Natural, cultured pearls; precious, semi-precious stones; precious metals</td>
<td>6,569,210</td>
</tr>
<tr>
<td>Cereals</td>
<td>63,600</td>
</tr>
<tr>
<td>Sugars and sugar confectionery</td>
<td>8,209</td>
</tr>
</tbody>
</table>

Source: ASEAN Statistics Data Portal (https://data.aseanstats.org/trade)
Japan and Abe sure made a good comeback to Myanmar in these past few years. Waiving off the debt of US$ 1.74 billion as well as ODA loan of US$ 503 million were a good start for Japan re-engagement’s diplomacy with Myanmar (Chaudhuri, 2017, p. 97). However, if we compare Japan and China goods trade with Myanmar, China and Xi Jinping sure still way above Japan. Although Japan has been going steady with its result in trade with Myanmar, it is still below China achievement. As a matter of fact, when China-Myanmar trade was experiencing a fall down in 2011 until 2015, Japan could not even beat China’s achievement in the goods trade that time. It is likely that China’s influence in Myanmar is quite strong that the anti-China sentiments that happened between 2011 until 2015 did not really affect the trade relation between the two countries. Looking at the trade achievements between China and Japan with Myanmar after the economic reformation until 2017 period, it can be said that it is still a zero-sum game for Japan rather than a win-win game. Japan’s effort to seek for Myanmar’s alignment in going against China in South East Asia region was rather futile in this case. Xi Jinping’s people to people diplomacy almost likely to completely beat Abe in Myanmar with no way out. It seems that even in a new ‘arena’, Japan could not counter China’s domination in the region.

CONCLUSION

The economic rivalry between Japan and China has entered ASEAN countries, including Myanmar. Myanmar has become one of potential arena for Japan and China to overthrow each other, especially since its recent political and economic reformation in 2011. Japan, of course, did not want to miss this good opportunity and starting the attack right after Shinzo Abe was made the prime minister in 2012. China, having the advantage of the long-term relationship with Myanmar also made good opportunities of the reformation. Even though there were problems with Myitsone Dam Project before, but China successfully bounced back in 2016 and remains its strong economic relation with Myanmar.

Japan and China then use trade and FDI as diplomacy to gain Myanmar’s alignment. Using Strange’s triangular diplomacy, the article finds out that Xi Jinping’s diplomacy is more effective in making Myanmar on China’s side. Japan sure has made a good progress since 2012, but China still holds the title of Myanmar’s number one economic partner. Having advantaged by its geo-strategic and long-friendly bilateral relation with Myanmar, China easily overthrow Japan’s influence in many trade sectors by using what is called as people to people diplomacy, a diplomacy targeted to Myanmar’s parties, civil society organizations, and local media groups. By using people to people diplomacy, China builds trust over Myanmar’s public, hence China’s liability rose up once again and affected on people’s demands over China’s goods and making Chinese investors to put their investments at ease again in Myanmar. Using China’s diplomacy, which already covers government to government, government to corporate, and corporate to corporate diplomacy, Xi Jinping successfully beats Japan’s Shinzo Abe in Myanmar.

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Abstract

The Global Financial Crisis forces every government to immediately issue its economic policies in overcoming the impacts that have resulted in a decline of the country’s economy. Several countries have failed to restore their economy after the crisis, while on the other hand there are governments that have succeeded in bringing their countries out of the economic downturn due to the crisis. In the event of the Global Financial Crisis (GFC) which captured the world’s attention in 2008, as one of the first countries to experience the economic impact of the crisis that began in the United States, Canada succeeded in becoming the only G-7 member country which immediately arose by re-experiencing economic growth a year after it had collapsed due to the impact of the crisis. Therefore, through the research question Why Canadian Government Can Bring Canada Out of the 2008 Global Financial Crisis? And apart from the economic point of view regarding the policy mechanism taken by the Canadian government so that it succeeded in bringing Canada out of the crisis, this scientific work sought to see from the side of the Veto Player interaction of the Canadian government in the international political economy.

Keywords: Global Financial Crisis, Veto Player, Canada.

Introduction

The financial crisis is a term used to describe the situation when the real financial asset (property) and non-real financial asset (stock, bond, and other banking products) are experiencing a fall in value of a very significant price. At present, the financial crisis can be associated with being marked by the ‘banking panic’ and the economic recession as the result of this phenomenon. In addition, the collapse of basic values of the domestic and international stocks quickly and sharply which can cause the collapse of the banking and investment sectors, resulting in a domino effect on other sectors that have an impact on declining of public purchasing power, intelligent unemployment, to the falling of national economic growth index.

The Global Financial Crisis (GFC) that hit the world in 2008 has left a significant impact especially for the economy of the United States and European countries to date. The worst economic crisis in the world since the Great Depression in the 1930s stems from the high failure of subprime mortgages in the United States which caused the explosion of property seized by US banks and impacted the collapse of the US banking sector. That disaster begins by the bankrupt of one of the giant global financial corporate, the Lehman Brothers. One of the factors that caused the economic downturn experienced by the United States due to the 2008 financial crisis lay in government policies in the economic sector. In the 1970s, the United States government established a policy of deregulation of the financial sector resulting in low government control in
regulating the banking sector. This also contributed to the financial crisis increasingly spreading out of the United States when creditors were unable to pay off debts from various international financial institutions.\textsuperscript{166}

However, by referring to international economic growth data reported by the World Bank, as one of the first countries affected by the economic crisis in the United States, Canada succeeded in showing a trend of economic growth returning to the point before the crisis began rapidly compared to the United States and European Union. According to data released by Statistics Canada, St. Louis Federal Reserve, Canada has managed to score a growth rate shortly after being affected by the crisis of the United States, namely in 2009.\textsuperscript{167} The role of the Canadian government which was then led by Prime Minister Stephen Harper along with the parliament which is controlled by a Conservative Party coalition and Canadian banking supervision institutions was considered successful in bringing Canada out of the crisis immediately with policies that strengthened the government's role in regulating the provision of banking credits and banking institutions as a whole in Canada.

In order to do so, this paper is organized into the following structure. First, the paper explores the existing literatures on prevention and resolution of the financial crisis, Canada in 2008 global financial crisis, and the veto player analysis in financial crisis studies. Second, this paper uses the veto player theory as a problem formulation in order to present the other view of the state’s effort to resolve the global financial crisis. Furthermore, this paper contributes a new and alternative viewpoint on existing literatures that believes the global financial crisis can be resolved by the economic approach rather than analyse the veto player of the economic decision as discussed in this paper.

\textbf{Literature Review}

The theme of the Global Financial Crisis (GFC) has been widely discussed and studied from various perspectives, giving rise to various debates regarding the factors causing the financial crisis, the process of the financial crisis, the mechanism to spread the impact of the financial crisis, to the most appropriate policies to overcome the crisis financial. In the theme literature review raised in this paper, the study of literature is divided into studies on the prevention and resolution of the financial crisis, Canada in the 2008 global financial crisis, and veto player analysis in the study of the financial crisis.

\textbf{Prevention and Resolution of The Financial Crisis}

In the discussion of the financial crisis, the study about causes, prevention, and resolution of the financial crisis has always been the topic that underlies that discussion. When looking at the phenomenon of the financial crisis in the perspective of liberalism, there are three prescriptions that can explain the causes, as well as the best prevention/resolution of the financial crisis.

The first opinion is the view of Orthodox Liberals. Milton Friedman said that market freedom/liberalism will bring prosperity and economic growth. Therefore, in looking at international financial problems (financial crisis), liberal orthodox groups believe that the financial crisis is caused by the inability of the management of domestic banking institutions and the low quality of government policies in managing state finances, not because of the liberalization of capital flows itself.\textsuperscript{168} Orthodox Liberals also considers that the best way to prevent a financial crisis is by prevent the speculative loans which could increase the risk of a crisis. Therefore, this view also criticizes the IMF which is considered to contribute in providing a ‘moral hazard’ to the country by providing the development assistance and debt bailouts.

The second view is a combination of Orthodox Liberals and Institutional Liberals. Susanne Soederberg said that domestic inability to manage finances was the main factor that increased the country’s vulnerability to financial crisis, but global financial institutions such as the IMF and World Bank were considered useful to help the country overcome the financial crisis by forcing the state to carry out the economic transparency and\textsuperscript{169}


encourage the economic liberalization policies. Then the third view about the financial crisis is a combination of Interventionist and Institutional Liberals. James Tobin said that market freedom is not a profitable thing, therefore the state must take over to protect its economy. This view also says that the financial sector will operate properly if were monitored and regulated by the government. To overcome the financial crisis, this view also supports the existence of a strong global financial institutions which formed to provide the bailouts for the countries which affected by the crisis.

From the three views on the financial crisis in the great view of liberalism, orthodox liberals and institutional orthodox views dismissed the financial crisis as a result of economic liberalism, while looking at the 2008 global financial crisis, the liberalisation of banking sector applied by the United States was then became the factor that started the crisis. Therefore, James Tobin’s view of government interference in the banking sector is considered important in protecting the country’s economy. The same thing was stated by Theodore Cohn who argued that by learning from the Asian financial crisis and the global financial crisis in 2008, government interference in banking control and supervision was considered very relevant to save the country from the economic problems. Then in an effort to resolve the financial crisis, the strong financial institutions are also needed to develop and be utilized by the state to obtain bailouts that can be used to carry out the stimulus policies in the face of the financial crisis.

Canada in 2008 Global Financial Crisis

There are some literatures that studies Canada as a country that managed to overcome the effects of the global financial crisis 2008. Virginia Torrie thinks that what causes conditions in Canada and the United States to be very different when affected by the 2008 global financial crisis reflects the different economic systems adopted by the governments of both countries. The United States has laws and economic regulations that are quite liberal so that the United States government has minimal control in banking and mortgage affairs (mortgage loans) which are controlled by the private sector. While Canada has a conservative government system in regulating the country’s economic and banking sectors. The Canadian government has quite strict regulations in granting credit, so that every banking and credit activity in Canada is carried out in the supervision and inspection of the government. In the case of mortgage loans, the Canadian government through Canada Mortgage and Housing Corporation (CMHC) supervises and takes over all mortgage / mortgage credit financing in Canada. Regulations about lending in Canada also have strict procedures by setting minimum standards that must be met so that the subprime mortgage rate in Canada is very low, therefore when affected by the financial crisis in the United States, banks in Canada are not experiencing a recession.

Similar things about the differences in the economic system adopted by the Canadian government were also expressed by Renee Haltom. Haltom said that in fact the financial system in Canada has the same banking services as those provided in the United States and Eurozone. But the difference is how the service is given to the community. In comparison, the United States has 7,000 banking institutions and a group of regulators. Each banking institution in the United States based on its deed of establishment can be regulated by the Fed, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, or even the state so that it has various regulations on banking services to the public. While Canada only has 80 banking institutions where six of them control around 93% of the Canadian banking market. Referring to the International Monetary Fund (IMF), Canada only has one body that has authority over the regulation of banking activities. Through a single regulator, namely the Office of Superintendent of Financial Institutions (OSFI), all banking services in Canada such as bank deposits, lending, insurance companies, pension funds, and other banking products are under their supervision. Therefore, the diversity of banking regulators in the United States and several European countries which are able to trigger competing in providing banking product and service innovations has actually caused the collapse of the banking sector due to the high failure

173 Haltom, Renee, 2013, Why Was Canada Exempt from the Financial Crisis?, Econ Focus, Fourth Quarter.
rate of credit payments. Then Haltom argued that the Canadian financial system was previously criticized by economists because overly strict regulations and slow innovations in banking products were precisely the factors that caused Canada to rise quickly from the global financial crisis.

Next, various other opinions were expressed by Eugenia Correa and Mario Seccareccia regarding the 2008 global financial crisis. In expressing the global financial crisis that also engulfed Canada, Correa and Seccareccia argued that this was due to the process of economic integration in the North American region in the North American Free umbrella of regionalism Trade Area (NAFTA). NAFTA which actively promotes regional growth, prosperity and stability through the North American region’s trade and financial integration in its formation has caused the economies of the three countries (the United States, Canada and Mexico) to be vulnerable to shocks regardless of the power of resources economy owned. Likewise, what happened during the global financial crisis in 2008, the impact of the crisis in the United States quickly affected the economically integrated country with the United States, including Canada, and even the impact immediately spread to Europe and other parts of the world. Then regarding the cause of Canada’s success to immediately rise from the crisis due to the control / supervision of the Canadian government on the banking sector that is more stringent than the United States and more structured compared to Mexico. Policy Response or policy response issued by the Canadian government is also considered appropriate in an economic perspective and its relationship with NAFTA.

The three opinions revealed that the economic system adopted by the Canadian government and the regulatory system that regulates all banking activities in Canada were the cause of Canada’s success rising from the global financial crisis in 2008. However, the arguments in Virginia Torrie's writing and Renee Haltom’s writing were more focused on the Canadian economic system/ regulation that was implemented before the 2008 global financial crisis occurred. Then the opinion of Correa and Seccareccia also emphasized that it was the Canadian government’s control of the banking sector that caused Canada to immediately rise from the crisis. Regarding the policy responses taken by Canada, Correa and Seccareccia expressed it from the point of view of economics and regionalism (NAFTA). The difference in lending policies, especially mortgage credit, the differences between the liberal US government and the more conservative Canadian government, and the differences in banking regulators in Canada with the United States and European Regions also existed before the 2008 global financial crisis. The link between banking institutions and the economy throughout the world as one of the effects of globalization has made the Housing Bubble phenomenon in the United States immediately have an impact on countries that have high interdependence in terms of intensity, especially in the banking and economic sectors. According to data reported by the World Bank, all countries in the world experienced a sharp decline in the rate of economic growth in the period 2008-2009 (the period of the global financial crisis). Therefore, the author argues that indeed the economic system differences in Canada and the banking regulatory system applied by Canada which is quite conservative can prevent the occurrence of ‘domestic banking panic’ due to the crisis in Canada and can reconstruct the economy more quickly. However, given the condition of Canada which also experienced a decline in Canadian economic growth, it was the process of policy formulation issued by the Canadian government that played a crucial role in restoring Canada’s economic growth quickly compared to other G-7 countries.

Veto Player Analysis in Financial Crisis Studies

The only previous literature that used the Veto Player concept in conducting a study of the financial crisis was the writing of Joseph St. Marie, Kenneth Hansen, and John Tuman. St. Marie reviewed the financial crisis in Asia through a Veto Player analysis approach in the four major Asian countries that were considered successful in overcoming the financial crisis in 1997, namely Hong Kong, South Korea, Singapore and Taiwan. In his view, St. Marie stated that in the Veto Player case in the economic system of Hong Kong, South Korea, Singapore and Taiwan played an important role as regulators when the country faced a financial crisis. St.'s
Marie view focused more on the development of the bureaucratic system that took place in the four Asian countries compared to the MacIntyre writing which examined the topic of the Asian financial crisis in the Philippines, Indonesia, Malaysia and Thailand.

Therefore, in order to fill the gap of variations in perceptions regarding Veto Player in the case of the 2008 global financial crisis in western countries, the authors wanted to analyze Tsebelis' Veto Players theory in a transparent manner by operationalizing it in the case of Canadian government policies in overcoming the 2008 global financial crisis.

### Veto Player Theory Methodology and Problem Formulation

Tsebelis put forward a veto players theory that could explain strategic behavior from a group of actors or even individual actors in positions of legislative and executive authority. This approach consists of several main assumptions. First, the actor is maximally selfish. Second, the veto player approach assumes that actors have access to get all information about their opponents and their political preferences. Third, it is assumed that there is no cost to a transaction in the political process. Then, Tsebelis added that the veto player is an individual or a group of the highest decision makers (decision makers) who can change the status quo. In the modeling, Tsebelis divides the veto player into two types, namely institutional and partisan. In this paper, the type of veto player that best fits the conditions of policymakers in Canada is the institutional type in which the veto player in the constitution has the power to take the highest decisions, namely the legislature and executive. Therefore, it departs from a general assumption regarding veto players, namely the lower internal cohesiveness of veto players, the less likely that government can make credible policy. so that this paper will analyze the cohesiveness between veto players in producing a government policy. Therefore, the formulation of the problem How Can Interaction in the Canadian Government Bring Canada Out of the 2008 Global Financial Crisis? Will be answered through Tsebelis player veto analysis.

### Veto Player Analysis of Canadian Government in the GFC 2008

Canada is a Commonwealth federation of the United Kingdom. Therefore, constitutionally the top of Canadian state leadership is on the throne of Queen Elizabeth II. In carrying out his state duties, a Governor General is given a direct mandate by the ruler of the United Kingdom as Canada's head of state. However, the head of the Canadian government is led by the Canadian Prime Minister who is the leader of political parties who won the most parliamentary seats in democratic elections.

In determining each economic policy step, there are three veto players namely the Canadian prime minister, the senate or the Upper House and the Canadian legislative parliament or the House of Commons. During the 2008 financial crisis, the Canadian government was controlled by the Conservative Party which won the 2006 general election for the Liberal Party which had held parliamentary seats for 12 years. The victory of the Conservative Party when it brought Stephen Harper, a Canadian economist who held the seat of leadership of the Conservative Party was appointed as Prime Minister of Canada. When the impact of the global financial crisis began to be felt by Canada due to the fall of Canadian oil prices and export commodities to recession, the Harper government immediately made efforts to stabilize the financial sector. The Canadian government immediately issued a regulation that prevented 'six major' Canadian banking institutions from conducting banking and credit activities that could increase the risk of 'banking panic' or 'banking shock'. But this can only save Canadian banking institutions from collapse like the United States, the rate of economic growth through the Canadian Gross Domestic Product value indicator continues to experience a very significant decline, forcing the Canadian government to immediately issue policies that can restore the Canadian economy.

In accordance with its position as a veto player in Canada, Prime Minister Stephen Harper has the power to be a decision maker in the formulation of fiscal policy. However, to be able to pass a fiscal policy proposal submitted by the executive government, the policy must get approval from the senate or Upper

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178 Ibid.
179 Ibid.
House and the legislative parliament or the House of Commons of Canada. However, in the Canadian parliament the Conservative Party has not reached a majority vote in the parliamentary seat (minority government) which has resulted in the House of Commons Canada parliament rejecting the policy proposal put forward by Prime Minister Stephen Harper. Therefore, to smooth government policies that are considered very urgent, Prime Minister Stephen Harper together with the Canadian Senate (Upper House) controlled by the Conservative Party agreed to advance the General Election time. With the advance of the general election to October 14, 2008, then Prime Minister Harper along with the Conservative Party can mobilize public support through various programs to improve the economy due to the crisis as campaign material compared to the Liberal Party which is less able to provide economic programs better than The Conservative Party.

The strategy carried out by Prime Minister Stephen Harper by advancing the timing of the General Election turned out to be quite appropriate considering the Conservative Party won a majority seat in the Lower House legislative parliament in the Canadian House of Commons so that various fiscal policies to overcome the 2008 global financial crisis including stimulus programs could be implemented. The House of Commons Parliament approved proposals submitted by Prime Minister Stephen Harper and the Stimulus Fund in order to resolve the 2008 global financial crisis can be realized on January 27, 2009.

The various programs or policies issued by the Canadian government later proved effective and brought Canada to be the only G-7 country that could immediately rise from recession due to the 2008 global financial crisis. Evidenced from the 2006-2012 Gross Domestic Product growth data, seen since experienced a recession in 2008 due to the global financial crisis, after the issuance of the Canadian government policy in 2009 the Canadian GDP growth chart again climbed faster than the United States even exceeding the United States GDP growth rate for two times since 2011. Then the Canadian government also managed to restore the number of labors that had declined quite sharply due to rising unemployment in the global financial crisis 2008. The Canadian government has succeeded in returning the workforce far faster than the United States through its protectionist or conservative economic and banking sector policies.

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Therefore the various achievements of the Canadian government shows that the coherence between the three veto players in Canada, namely the Prime Minister, the Upper House Senate, and the Parliament of the House of Commons, can produce good economic policies such as the concept of 'the lower cohesiveness of veto players, the less likely that government can make credible policy' which was stated in the veto player theory by Tsebelis.

**Conclusion**

The global financial crisis in 2008 was an event which at that time could not be avoided by any country, especially western countries, which had direct and significant interdependence and exchange of economic activity with the United States. The occurrence of economic recession, weakening export value, declining purchasing power, increasing credit failure rates, especially mortgage or mortgage loans, rising unemployment rates, and a drastic decline in the value of the country’s economic growth have been the impact of the crisis in all affected countries. Therefore, the government needs to be able to provide the best solution through economic policies that can immediately restore the country’s economy before the crisis. The occurrence of the global financial crisis in 2008 also showed that the government’s economic policies that were too liberal, or the low level of government supervision in the regulation of the economy and banking sectors could increase the risk of ‘banking panic’ and the financial crisis.

In the 2008 global financial crisis, Canada as one of the first countries affected by the housing bubble in the United States also felt various effects of the financial crisis. However, the Canadian government succeeded in overcoming the crisis through economic policies and regulations set by the government or Veto Player in Canada. The Canadian Prime Minister, The Canadian Upper House Senate, and Parliament of the Canadian House of Commons are three Veto Players in each of the Canadian government policy decisions. Therefore, the interaction between the three determines whether the policies taken by the government in overcoming the 2008 global financial crisis will effectively bring Canada back from the crisis or not. The result is Canada’s success rising from the global financial crisis in 2008 due to interactions between Veto Players in Canada that have similar views/Cohesiveness.

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ABSTRACT

This paper explains the reasons for Indonesia does not take retaliation toward US in Family Smoking Prevention and Tobacco Control Act case, even though Indonesia has received authorization to execute retaliation by WTO arbitration bodies. In some recent papers merely examine retaliations in general with different cases and learn more about juridical facts. However, these papers have not yet explained the reasons that Indonesia could not retaliate US. This phenomenon can be analyzed through asymmetric power in which Indonesia, although get authorized from WTO, is powerless due to the Indonesia’s power is smaller than US power. Therefore, this paper argues that Indonesia does not take retaliation toward US due to there is asymmetric power between Indonesia-US. That was proven by GDP, bilateral trade, FDI and the most important things that Indonesia signed the MOU that US offered to end FSPTCA trade dispute. Literature study and causal process tracing become research methodology applied in this paper. Furthermore, this paper concludes early that, asymmetric power between Indonesia-US and some other preferences as reasons that Indonesia does not take retaliation toward US.

Keywords: Retaliation, Indonesia, USA, Asymmetric power, Family Smoking Prevention and Tobacco Control Act (FSPTCA)

INTRODUCTION

The escalation of international trade activities from time to time is a sign that the state believes that through international trade activities it has a positive spill-over effect for the global to the local society. This is in line with the opinion of Joseph Stiglitz (2005) who argued that international trade can have a significant positive effect on economic growth and development. The World Trade Organization (WTO) - previously called the General Agreement on Tariffs and Trade (GATT) - which was instituted in Geneva, Switzerland, 1 January 1995 became an important point where the WTO as an international institution that regulates international trade activities. Almost all countries (developing and developed countries) enter to multilateral free trade arrangements and participate in WTO institutions. Indonesia itself has involved in the WTO institution since 24 February 1950. Hatta (2006) said that UU No. 7 year 1994 became concrete evidence in the process of Indonesia’s ratification of the Agreement Establishing the World Trade Organization as an original member.

Looking at the world that is increasingly globalized (borderless), it is also linear with increasing international trade to fill basic human needs. Since the 1950s, international trade activities (exports) from countries around the world experienced an average increase of 6 percent per year (Oatley, 2004). Even international trade activities year after year grow faster than output, which has the effect of bringing greater openness and interdependence (Cohen, 2008). The data implies that the escalation of international trade activities is an important instrument for countries in the world in the case of fulfilling their national interest. It cannot be denied, the increase in international trade activities also has an impact on several international
trade conflicts / disputes. The reason is, countries in the world want to fill their national interests in various ways, not infrequently, taking a method that harms other parties / countries in terms of trade.

The clash of national interests between countries is the one of causes of trade disputes reflected in the WTO (Winarno, 2014). This is a form of WTO adjustment from its predecessor - GATT, by not only regulating international free trade regulations, but also has a trade Dispute Settlement Mechanism (DSM). Based on the principle of peaceful dispute resolution, there are at least two methods, namely diplomatic negotiations between disputing countries and through the path of an independent (legal) justice system (Malanczuk, 1997). Since the establishment of the WTO, at least 544 disputes have been brought to the WTO (WTO, N.d.). This mechanism has become one of the good news for WTO members, especially for developing countries today to create a strong trade dispute system. Based on article 22 of the Dispute Settlement Understanding (DSU) agreement WTO listed that the agreement for settlement of trade disputes within WTO institutions must go through four stages of settlement, including consultation, appellate, appeal and implementation. The stages reviewed in this paper are the implementation process, in which there is the concept of retaliation.

Retaliation is the action of a country in trading toward other countries as a result of not fulfilling the final decision on the dispute decided by the WTO Dispute Settlement Body (DSB) –appeal body. This process can be realized when the respondent party does not replace losses suffered by the complainant party. Retaliation is also the last option for disadvantaged countries to resolve trade disputes between the two countries. In formality, the existence of this DSM, especially retaliation, has become a "breath of fresh air" for developing countries to increase their bargaining position in the trade sector. In contrast to the reality, countries that win disputes - especially developing countries - do not necessarily have the courage to propose retaliations even if the losing country does not want implementing the DSB's final decision until the time limit has been determined (Davey, 2005). These instruments are even more used by developed countries, such as Canada, the European Union, Japan, US (Quadrilateral) and Canada being “the most diligent country” - seven requests - followed by US and European Union - with six requests each (Bonomo, 2014). Indeed, many developing countries have proposed trading to the DSB WTO, but the end of result that developing countries is a winner and developing countries do not implementing the result, often developing countries lose the courage to implement retaliation. Furthermore, there is no role model for developing countries doing retaliations and developed countries use it more than developing countries.

This happened with Indonesia which did not take any measures of retaliation in trade toward US in the case of Family Smoking Prevention and the Tobacco Control Act. Historically, on 22 June 2009, the National Institutes of Health (NIH) & Food and Drug Administration (FDA) gave a health study to the US congress regarding tobacco rules by issuing a legal product about FSPTCA (fda.gov, n.d.). This legal regulation was issued aiming to protect public health, the tobacco industry to be environmentally friendly until arrangements for packaging and marketing prohibit the production and sale of flavoured cigarettes, including clove cigarettes but not menthol cigarettes. This legal product was felt by Indonesia as a violation of the principle of non-discrimination toward the WTO agreement on Technical Barriers to Trade (TBT) so that Indonesia felt a loss of trade activity with the US. The climax, 7 April 2010 Indonesia officially reported and requested consultation with the WTO regarding the dispute over the trade in US clove cigarettes with Indonesia (wto.org, n.d.). On 22 June 2010, Indonesia officially requested the formation of a panel in the WTO Dispute Settlement Body session to resolve trade disputes (kemendag.go.id, n.d.). This step was a follow-up to post-consultation Indonesia in the unsuccessful stage while at the same time fighting for the value of Indonesia’s trade in the tobacco and processed products sector (clove cigarettes) in the US market.

On 2 September 2011 the panel body decided that the US was proven to violate the article in the technical barriers to trade (TBT) agreement due to it had an impact on the ban on imports of Indonesian clove cigarettes but did not prohibit the production and sale of menthol cigarettes as “like products.” But the US appealed to the WTO appeal body on 5 January 2012, to review the decision of the panel body regarding the FSPTCA case. On 4 April 2012, the WTO appellate body issued a decree explaining that US violated WTO provisions as a form of trade discrimination (kompas.com, 2012). So that US must carry out the decision of the appeals body to adjust US legal products with appellate decisions no later than July 24, 2013. Until the time limit set by the WTO, US has never implemented the appellate body’s decision until a specified time.
The negative response from the US to the WTO appeals body's decision made Indonesia angry. Not necessarily silent, Indonesia strives in 2013, Indonesia requests authorization to WTO arbitration to carry out retaliation toward US. As a follow-up, the WTO arbitration body authorized Indonesia to carry out a retaliation with the amount of retaliation value authorized to reach US $ 55 million (beritasa.com, 2014). Furthermore, as a country based on law, Indonesia understands that the decisions of WTO bodies must be carried out by every member, not looking at developing and developed countries. Although Indonesia has been authorized by the WTO to retaliate toward US with an authorization value of US $ 55 million, Indonesia has never realized it. Not through retaliation, October 3, 2014, the case was completed with Indonesia agreeing to sign the MOU offered by the US. This is the important gap / puzzle as the main material in this paper. Based on this description, it can be used as a research puzzle in this paper. The author would like to analyse in-depth about reasons Indonesia received the MOU that offered by the US to close Family Smoking Prevention and Tobacco Control Act case. Therefore, the finding in this paper that Indonesia does not retaliate US due to there is asymmetric power between Indonesia-US. That was proven by GDP, bilateral trade, FDI as economic power. The most important things that Indonesia signed the MOU that US offered to end FSPTCA trade dispute, this indicates that Indonesia does not have the capability of the 3 points of the MOU proposed by US as political power.

Some previous scientific paper tried to examine the retaliation of juridical (legal) aspects that were applied to the steps or efforts of its application, especially in banana cases between the European Union and Ecuador (Puspita, 2017). Other previous paper explained in general that retaliation actions - in particular (Martin & Vergote, 2008) became a beneficial instrument for the state with the aim of making efficiency that had an impact on the maximization of shared welfare in a trade relationship. More specific, this showed that retaliation is important feature from every balance of efficient and to replace experienced loss in goods and services trade (Abbott, 2009). On the other hand, several previous papers such as (Phoon, 2013; Bonomo, 2014; Whiteman, 2010; Spadano, 2008) generally examine that developing countries do not retaliate toward other countries in hopes of complying with the WTO ruling. There are other preferences (offering new negotiations) among those that make developing countries not retaliate. Furthermore, Spadano (2008) said that he stands on the argument that this retaliation is a good thing in deferring TRIPS obligations is legal, it deserves other arguments that developing countries have little potential to encourage the main trade forces that are reluctant to immediately comply with WTO decisions. The similar study was also found in the paper (Dyan, 2017) examining the process of resolving trade disputes by Indonesia with several countries with various dispute cases at the WTO.

THEORETICAL BACKGROUND

Although the existence of the power concept itself has been long, but until now, in many scholar there is no single definition or indicator of power itself. Some prominent definitions explain that power is the ability to make or reject change, or often known as the ability to get what you want (Nye, 2011). Some scholars try to explain more about various types of power, although there is still no standard division to the characteristics of power itself. Joseph Nye (2011) divided the concept of power into 3 parts, military power, economic power & soft power. All three have their own strength in helping the country to get their specific goals. For Steven Lukes (1974), power can be understood in three forms, by naming relational power, structural power & infrastructure power. Furthermore, relational power emphasizes where in the situation country A has more power over country B insofar as country A can give effect to country B according to its will and not be done otherwise.

This phenomenon becomes a problem when 2 countries that have different power in an interaction, both in the form of cooperation, conflict and so on, this form is often called asymmetric power. Pfetsch (2011) states that asymmetric conditions or imbalances can be interpreted as structural conditions that can be found between most social and political relationships and in the relationship between parties that are not equal, it is easier to have a relationship between the small and the great, the weak and the strong, and the rich and the poor. This asymmetric relationship is often identified as an unfair and asymmetrical relationship that creates a negative connotation. If further elaborated on the two concepts above, it can be said that there is an ability that is owned by state or non-state actors in making changes or influences to get what they want,
but in unbalanced conditions. Asymmetric power is the root of all violations of individual freedom - and, furthermore, all the damage that has been caused from countries with large power and other power states.

Parties who are able to control the interaction process will get results according to their wishes. The existence of power that is owned by the state in terms of resources or other capabilities that are useful becomes the overall picture of the position of a country in the international system (Pfetsch, 2011). In this condition, instinctively, a country with more power will tend to apply it to interactions with countries with less power, both bilateral, multilateral and regional level. Big power country will provide some good preferences and push small power country to accept it, where the preference that given is an impossible thing to realized independently. So that way, indirectly more power countries will get greater benefits -material and non-material from the process. The reality of international relations says that power and the existence of historical factors are determining factors for other countries in their current relationship. Re-marking this historical factor influences the perception of retaliation from other actors so that the results are determining in current policies. Therefore, the interaction of countries with other countries in conditions of asymmetric power can be understood as matter in international relations and of course countries must gain more power to remain a bargain tool for their interactions.

DISCUSSION

In this part of the paper will analyse that the phenomenon of retaliation in process of DSM WTO toward trade dispute recognized with all WTO members -especially developing country- as a formula to strengthen their position. But formally, that is not agree with reality. The problem arises in a trade dispute, when developing countries win the process and are given authorization for retaliation it is often not implemented with several considerations in the decision-making process. This phenomenon often occurs when developing countries have trade disputes with developed countries. Interaction or pattern of relations and economic and political factors that are interesting for further review.

The analyses in this paper, it is interesting to discuss that both of them have an important role in the trade flows of the two countries assuming that the two countries get the maximum benefit. This is evident in the trade in clove cigarettes. Head of Aliansi Masyarakat Tembakau Indonesia (AMTI) said that majority or 99 percent of the US population smoked Indonesian clove cigarettes and the export market share of Indonesian clove cigarettes in 2007 cigarette exports to the US$ 11.165 million, then dropped to US$ 9.7 million in 2008 and declined again to in 2009 it was US$ 8,338 million, he even added that the sales potential could reach US$ 200 million per year (antaranews.com, 2010). It is clear that there are problems in the trade relations of clove cigarettes. The decline in exports that occurred here began with the issuance of a policy on the prevention and control of young smokers "The Family Smoking Prevention and Tobacco Control Act" policy issued by the US FDA agency and in 2009 approved by the President Obama and the US Congress.

Responding to the policy, Indonesia submitted the policy to the WTO as a violation of the principle of non-discrimination in the WTO TBT agreement which caused losses to Indonesia. A long way taken by Indonesia to get justice from DSB WTO due to the FSPTCA. Even though the panel's results declared Indonesia as the winner, US immediately moved quickly to appeal toward the WTO appellate body. However the appellate body's result decided that the FSPTCA must be adjusted to the recommendations of the WTO due to it violated the principles of the WTO according to the date set by the WTO. Until the date, US did not make an FSPTCA adjustment to the WTO recommendations, therefore make Indonesia request a retaliation authorization from the arbitration body of US$ 55 million. Surprisingly, this case ended with the agreement reached between the two countries by signing the MOU. On October 3, 2014, Indonesia and US notified DSB that they had reached a mutually agreed solution, so that the two countries withdrew all requests submitted to arbitration / DSB (wto.org, n.d.).

It is interesting to in-depth analysis, when Indonesia as a winner on trade dispute and can request authorization for retaliation toward US but it has not happened, but Indonesia has more agreed to sign an MOU agreement with US. The asymmetric power from both of countries is one of the causes. This can be explained from economic and political aspect. Firstly, from the GDP sector. The striking GDP distortion between the two becomes an important input as a reinforcement that the existence of asymmetric power is matter. In 2018, US still ranked first in the world's largest GDP with a figure of US$ 20,412,870 Billion, while
Indonesia was ranked 16th with a figure of US$ 1,074,966 Billion (statisticstimes.com, 2018). The asymmetry of GDP is evident between the two countries. Based on the data, of course the US economic power which is in the first place will have implications for political power which will lead to the magnitude of influence in the constellation of international relations. So in this case, the economy of US that is bigger than Indonesia is another factor that determines the “power” of US toward Indonesia. Secondly, asymmetrical power that developed in this paper is reflected in bilateral trade asymmetry. In particular, US since 2009 exports of US goods to Indonesia have increased from US$ 5.1 billion to US$ 7.4 billion, while imports of goods from Indonesia have also increased initially at US$ 12.9 billion to US$ 19.1 billion (id.usembassy.gov, n.d.). Although Indonesia’s profits are higher than its trade with US, the products sold to US are agricultural products, plantations and so on, whose low economic value. But US sells its products to Indonesia are products that have high technology so they have high economic value. Moreover, Indonesian people do not have the capability to talk about technology. Thirdly, asymmetric power in this paper is reflected in foreign direct investment (FDI) both on them. The US foreign direct investment (FDI) is getting stronger: in 2009, US FDI in Indonesia reached US$ 16 billion and Indonesia’s FDI in US go up to 175 percent from 2008, amounting to US$ 256 million, even US became a country third largest investment contributor in Indonesia (id.usembassy.gov, n.d.). This shows that FDI is important tool to increase their bargaining in international system. It cannot be denied that the entry of FDI is a good instrument to improve the welfare and economy of the people.

The data can illustrate that the US economic power that is larger than Indonesia indicates that the power that we have can be used as an important instrument for our country. As Pfetchs (2011) states that power in terms of resources or capabilities is useful in providing a comprehensive picture of the position of the state in the international system also in analysing the role of power in international negotiations. In this context, the power of the US outlined in the previous paragraph is higher than Indonesia’s power will have a big influence on the international world even though Indonesia. This distortion is possible, however, due to an asymmetrical game in which the results are closely related to the different strengths of the actors in the negotiation and economic arena. Various asymmetries have determinant effects in the outcome of the process of making rules or disputes. This was proven by the two countries signing the MOU to agree to stop the clove cigarette case.

In the MoU there were written 3 good points. Firstly, US would provide additional generalized system of preference (GSP) facilities that exceeded certain limits over the next five years and would consider the demand for other export product from Indonesia. Secondly, US promise and agree does not to complain about the prohibition or restrictions on exports of mineral materials applied by Indonesia, and would not interfere with the market access of cigars and cigarillos products of Indonesia to the US market until further arrangements would not be arbitrary or discriminatory toward a product that is detrimental. Thirdly, US will help Indonesia to improve the enforcement of intellectual property rights (IPR) so that Indonesia can get a better status in terms of IPR enforcement (cnnindonesia.com, 2014).

Explicitly Indonesia might get more benefit from the existence of this MOU, for example the value of retaliation authorized by Indonesia toward US is only US$ 55 million, while with the signing of this MOU Indonesia gets a more significant value added 3 points of MOU. Nevertheless implicitly, the US actually gets more benefit in this case due to the condition of US power is greater than the power that Indonesia has. Indonesia with a lower power than the US has no other choice when accepting the MOU preferences made by the US. The reason is that from the 3 points of the MOU, it is something that is needed for Indonesia, in other words, only US is able to provide these preferences that are needed by Indonesia.

The existence of the Generalized System of Preference (GSP) Facility is important for developing countries including Indonesia. The GSP program, which began in 1976 that aims to support developing countries by reducing customs and import taxes for nearly 5,000 products from 123 countries including Indonesia and it is the fourth largest beneficiary of the GSP program after India, Thailand and Brazil (Indonesia-

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183 The Generalized System of Preference (GSP) is a US unilateral policy regarding special access given to industrial and agricultural products from developing countries to enter the US market.
184 Intellectual property rights refers to creations of the mind: inventions; literary and artistic works; and symbols, names and images used in commerce. Intellectual property is divided into two categories: Industrial Property includes patents for inventions, trademarks, industrial designs and geographical indications.
investment.com, 2015). It can be said that Indonesia is an active country in trade interactions with the US, even ranked 4th in the US GSP recipients, increasingly showing the powerlessness of the two countries. This GSP point is a vital instrument for the development of the Indonesian market in the US, of course without GSP, Indonesia will face various difficulties in developing the Indonesian market in the US. As Hirschman (1945) said that the concept of power is not a definite measure, but the relative market size of the disputing parties can be considered a dominant factor due to it has an impact on other significant strength factors in the operation of dispute resolution systems to influence the outcome of justice and become a bargaining resource due to of the benefits related to market opening or the threat of market closure. This point also shows that Indonesia can get benefit as well as possible to increase exports to US, due to several facilities provided such as duty-free facilities to US market, making Indonesian products more competitive (neraca.co.id, 2012).

The next point is the existence of US agreement on MOU to Indonesia related to the development and enforcement of IPRs. Therefore the Southeast Asia region is a very competitive region and protects IPRs of each country. It is surprising that Indonesia, according to the index that measures the IPRs system in the results of the GIPC study, that Indonesia is ranked 43 out of 50 countries, still below Singapore, Malaysia, Brunei Darussalam (cnbcindonesia.com, 2018). Some previous paper said that the lack of awareness of Indonesian people about IPRs due to less intense socialization, law enforcement on protection and respect for IPR in Indonesia is still weak. This condition is unfortunately for Indonesia, due to Indonesia has ratified the TRIPs agreement and is obliged to satisfy the agreement, if you don't want sanctions / fines. On the other hand, business people will always compare the level of protection of intellectual property rights in each country as a consideration for doing business / investment. This IPRs is also important for increasing of the creative economy where creators can produce goods without having to worry about the goods produced by the other party being patented. Regarding this point, the US is assisting Indonesia in its intellectual property rights work plan which contains, among others, discussion of IPRs best practices rules according to the commitment of the two countries and cooperation programs to encourage respect and protection of increasingly modern intellectual property rights (aa.com, 2018). Absolutely, this point can help Indonesia get out of the Priority Watch List (PWL) list.185

The next interesting point is US promise and agree not to complain about the prohibition or restrictions on exports of mineral materials policy applied by Indonesia. This point is a reality that the asymmetrical power conditions of the two countries are matter. See at this point, Indonesia will get big problems or “fear” when US retaliate a trade dispute in return. When US conducts a counter trade dispute toward Indonesia, it is likely that the US will ask Indonesia to change the policy, while the policy has maximum benefits for Indonesia. The policy on the export of Indonesian mineral materials was set in 2014, this has a positive impact on the decline in illegal alloy practices, encouraging the development of processing industries, increasing economic growth, reducing the impact of environmental degradation and increasing its economic value by 13.6 times (tribunnews.com, 2016). Even though it has not been maximized, Indonesia must utilize this potential for the national economy Indonesia. Negative impacts can also trigger major shocks in the global industry, especially for stainless steel companies that make everything from kitchen equipment, cars and buildings. Including US alloy companies, PT. Freeport has the most impact on this policy.

Economically, US has a low economic value and tends to be more profitable for Indonesia. Therefore Indonesia gets economic value which was authorized for retaliation only amounting to US$ 55 million, while with this MOU, Indonesia gets significant economic value. But the study of international relations, not only looks at profit economically, there is political profit obtained by the US in the process of this trade dispute. The US proved itself as a superpower due to the DSB WTO’s decision as a strong legal legitimacy and a developing country, Indonesia could not influence US domestic policies related to the control of clove cigarettes. In line with Shaffer (2005), which states that often weaker countries may agree to US requests based on bilateral agreements to obtain or maintain access to US market, and in the process gain profits from developing country competitors. Furthermore, if viewed from the legal strength of the MOU, it is “a gentlemen agreement” that cannot be equated with an agreement, therefore if one of the parties does not implement the MOU point, it cannot be submitted to the international court of justice or WTO (Alfaini et.al, 2015). The

185 Priority Watch List (PWL) is a list of assessments made by the US government towards their trading partners and their spill-over effects on the development of the economic industry.
US with its power was able to pressure Indonesia by signing an MOU to end the trade clove cigarette dispute, while the legal strength of the MOU was non-permanent, so US could not do the MOU points and could not be brought to court.

Based on this case, it seems that the power owned by each country is a determining factor in bilateral and international interactions. The greater power owned by a country also has implications for the position / influence held in the international / bilateral relations. The US will more easily influence its bilateral interactions with Indonesia with US national interests. Looking at this phenomenon, asymmetric power that occurs in the international world is a construction of developed countries so that they still have a big influence on the basis of the power they have. Developing countries will still be "followers" in the influence of developed countries due to of the lack of power they have. It becomes an important learning for Indonesia and some developing countries to increase the power they have as important capital in the international political constellation.

CONCLUSION

The dispute settlement mechanism at the WTO is a “fresh air” for WTO member countries, especially developing countries that often face dead ends in trade disputes with developed countries. In this mechanism, particularly the implementation phase there is the concept of retaliation regulated by the WTO. Although this is an important instrument for developing countries, its application often does not work. Moreover, trade disputes are faced by developing countries with developed countries. Due to there are determinants of this not working, such as the asymmetry of power between the two countries is a matter of matter in international political economy.

As a case, Indonesia has a trade dispute with US regarding the US Family Smoking Prevention and Tobacco Control Act policy which is suspected to disrupt the Indonesian clove cigarette market in the US. This case has been brought to the WTO dispute settlement body which states that the US policy violates the WTO most favoured nations principle by implementing a trade barrier, especially the WTO body has invited Indonesia to request compensation or execute retaliation. But this did not happen, due to Indonesia and America agreed to end it in the MOU agreement with 3 points discussed in the previous sub-chapter.

The acceptance of the MOU agreement by Indonesia indicates that there is an asymmetric power owned by both of them. The US with its power is able to give other preferences to Indonesia with the MOU agreement. The US can push Indonesia to sign the MOU as the best solution for them. Perhaps for Indonesia the MOU agreement reached economic value significantly, but politically, US received more benefits. The US as a superpower is able to defend the interests of its domestic policies related to the control of clove cigarettes without being influenced by Indonesia even though the DSB WTO’s decision as a decision has permanent legal force. This also indicates that power can make bargaining tools at the same time determine the position of a country in the international constellation.

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Abstract

The world is currently facing an enormous challenge that has a crucial impact on various aspects of life that affect billions of people in the world, from climate change, depletion of natural resources, land degradation, and deforestation. NGOs in developing countries like Indonesia prioritize their attention to environmental issues since they are directly impacted by the negative effect of global industrialization that often ignore the damage they cause to the environment. Along with this, the financial sector does not escape the cruciality of environmental issues. Rather, it is now the new focus of ‘environmental rehabilitation’ and green initiatives. The banking sector is one of the vital parts of Indonesian economy as their activities simultaneously support each other to continue to grow. However, social and environmental problems often arise from economic activities that allow industrial expansion to grow rapidly and uncontrollably. The bank provides financing and loans to its customers to carry out the production of the company, therefore the banking sector cannot be separated from this giant environmental degradation problem, because it possess the ‘sacred grail’ for activities that cause negative impacts on the environment. Therefore, an integrated global environmental governance that include from small to big actors in global finance is required to actualize the sustainable finance agenda.

Keywords: Sustainable Finance, Sustainable Banking, Environmental NGOs, Global Environmental Governance.

Economic, Social and Environmental Sustainability

Global challenges such as pollution, climate change, depletion of natural resources, poverty and economic inequality are serious threat to society. In the 1987 UN released a report ‘Our Common Future’, addressing these issues which then defines sustainable development as a development that meets the needs of the present and future without compromising the rights of future generations (Report of the World Commission on Environment and Development: Our Common Future, 1987).

There is a growing understanding that the business sector needs to implement sustainable practices in order to survive in the future, and that there are no other alternatives to sustainable development. This signifies a shift from traditional doctrine that states ‘business is business’ (Friedman, 1970). The business sector does not escape the emergence of sustainable development. Companies cannot escape the impact of development problems because they also need a safe and stable environment in order to able to operate effectively. This increasing recognition of this problem as a shared problem will encourage more innovative approaches to find a ‘win-win solution’.

The sustainable development paradigm that is adopted by Indonesia carries out a principle called 3P, Profit (economic), People (social), and Planet, in a balanced, inclusive and harmonious manner (PASPI, 2017). The concept of sustainable development will only be thoroughly adapted and realized only if it has the 3P aspect that is entirely sustainable, not only one of the three aspects, and that is yet to applied in the Indonesian palm oil industry. In reality, Indonesia, which is one of the largest palm oil producers in the world, has experienced environmental damage and deforestation. In this regard, the palm oil industry in Indonesia that is currently
rapidly growing, is responsible for the destruction of millions of hectares of tropical forest. This certainly rings so many alarms in the terms of sustainability.

The economic growth of a nation, and the stabilization of a nation’s financial status depends a lot on its banking sector. It is evident since the banks are one of the significant sources of financing instrument for many projects a nation has. With that logic, the banking sector has a major role in promoting environmental sustainability by funding any industry and apply the sustainable developments value, such as the 3P principle as said before, or adopting a ‘green investment’. Therefore, the bank could provide environmentally responsible funding in the projects that they invest in. This is important because Indonesia and other developing countries must have the capabilities to manage their financial systems if they do not want to be negatively affected by global influences. In the economic perspective, financial market crises that occur in a number of developing countries are not only caused by domestic conditions, but rather from the influence of developing countries.

Viewed from a business perspective, green investment actually has its own challenges for investors. Green investors often consider green investment as more expensive than any conventional projects because of several aspects. First, green investment usually requires technology that is innovative and could be limiting the quota of human resources. Second, the incentives obtained by green investment are also still minimal (TuK, 2017). Of course, this is because with any environmental-related projects, the effect is supposed to be seen in the long terms, not in the near future, since it is supposed to be ‘sustainable’.

Indonesia has a variety of potential plantation commodities, such as palm oil, chocolate, tea, coffee, and so on. Palm oil is the most reliable among all commodities. The goods that are produced by palm oil make a very large export contribution to Indonesia’s economy, so it is safe to say that palm oil industry is one of the biggest contributors of Indonesia’s national income. However, the excess in the expansion of palm oil plantations occurs massively in Indonesia. This includes the conversion of forests and peatlands into palm oil plantations. Thi industry is filled by many problems. The opening of palm oil plantations also often not followed by a necessary attention to environmental and social aspects, including community rights and shifting cultivation.

The inevitable environmental degradation of large-scale palm oil industries occurs variously. That includes loss of biodiversity, increasing gas emissions, massive deforestation, to the spreading of toxic waste. The irony is that palm oil is often promoted by the governments of Southeast Asian countries who produce palm oil as a part of climate change mitigation efforts as a renewable energy source, despite the many facts state that oil palm development is far from environmentally friendly, especially due to the opening of peat carbon-rich plantations (PASPI, 2017). Burning land to open more palm oil plantation areas also often causes severe forest fires resulting in smog that disrupts the health of the population and economic activities not only Indonesia but also the neighbor countries in the Southeast Asia region. The dilemma lies in the fact that the palm oil is widely used in applications in various aspects of human life, and the lives of many people depend on its industry. But these issues certainly contradicts the principles of sustainable development that want to be applied to the Indonesian palm oil industry.

The palm oil industry has many fund injections from various banks and investors that fuel the expansion of palm oil plantations. As financial intermediation, banks are exposed to the indirect impacts of their business and client practices, so banks need to be careful in disbursing loan funds by conducting environmental, social and governance (ESG) risk assessment (Greenpeace, 2017). Therefore, banks need to be fully aware of their role and responsibilities as funders and risk managers. They need to properly carry out responsible financing to debtors who apply sustainability in his business practices. Thus, in addition to the sustainability of the company’s finance, the sustainability aspect of the bank and the sustainability of social, environmental and community rights can also be fulfilled.

The UNDP Indonesia’s country Director, Christophe Bahuet, considers green investment has an extraordinary social and environmental impact. This benefit could be seen in the development of sustainable climate change resilience (Beritagar, 2018). This becomes very important since Indonesia was highlighted in the UNFCCC World Climate Change Conference (COP) 21 in Paris, France, 2015 and considered as one of the largest
emitters of greenhouse gases in the world, mainly due to forest fires for clearing agricultural land. This so-called green investment could be a huge game changing solution in the matter of ‘greening’ Indonesian industries.

Governments, corporations, and forward-thinking organizations with a far-reaching vision need to build awareness and the ability to build a future society that is not only prosperous but also sustainable. This sustainability concept cannot be remained a concept but must be realized into various activities with aim to maintain, improve, and enhancing the quality of the environment. In the economic sector, there is an increase in investment in various forms that lead to a variety of ‘green solutions’. But to realize this concept, all the actors need to have a strong foundation of the sustainable development principle and good governance. Nowadays, more and more business institutions pay attention to and measure their performance not only in financial profits, but also in the term of economic, social and environmental factors. These three points work as a guideline to reach the sustainable development goals.

**NGOs role in Global Environmental Governance**

People and governments are now more used to environmental-friendly or ‘eco-friendly’ system in everyday life, although this was not always the case. A concern for global warming and environmental degradation was frequently seen as a myth and considered as low-politics issue, not high-politics one. However, this issue is gradually changed along with the increasing popularity in environmental studies, even integrated with other studies like economy and political studies, because it is intertwined with such crucial issues like development and sustainability.

Global environmental issues are too complex to be handled by a single sector (UN Global Compact, 2007). There is a growing awareness that the private sector and the civil sector also play an important role in providing solutions for this problem (World Summit on Sustainable Development, 2002). In this case, the business sector is often seen as the cause behind many of the challenges and environmental problems that the world is facing today. However, there is still a confidence going around that the business sector also be able to act as a great force that could be used for mutual benefit in the terms of sustainability (UN Global Compact, 2007).

The development of environmental issue into a global issue is the result of the emergence of environmental movements, also known as the ‘green movement’ that has been going on since the mid-19th century in Europe, and then extends to the United States (Garner, 1996). At that time, the environmental movements could be divided into three categories. First, groups that care about local preservation, second, groups that care about nature conservation186, and third, groups that are specifically interested in safeguarding the conservation of certain animals. These movements then developed rapidly along with the increasing number of members and widespread public attention. In 1950, these green movements had two prominent features, (1) it appears in the form of mass movements and (2) promoting interdependence between environmental problems rather than dwell on a single issue (Garner, 1996).

As the green movement network expands, environmental problems acquired serious attention from almost all countries in the world, especially developing countries which are directly affected by industrialization. The demand for industry that promotes sustainable development for the sake of environmental sustainability became more intense. This only means that environmental issues that were previously considered to be in the low-politics realm are now associated with central issues of world politics. The issue of global environment has since coincided with political and security issues, and become a key focus in international politics. In that case, an environmental governance that includes multi-level partnership is needed to enhance the possibility of an effective sustainable development.

The regime of environmental governance was emerged in the 20th century, marked by the Stockholm Conference in 1972. This conference was the beginning of the existence of environmental issues in international politics. Subsequently, discussions on international environmental issues was again raised at the

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186 Different from the first group who tended to pursue the recreational and aesthetic aspects of nature, the movement of the second group was based more on scientific reasons to promote nature conservation.
Earth Summit that was held in 1992 in Rio de Janeiro, signaling the increasing level of international concern for environmental issues. This meeting was the first time that the government of various countries, NGOs, and international media gathered to discuss environmental issues that were a worry of the world. At the Earth Summit, global issues such as the depletion of ozone and global warming were raised. Afterwards, there came a speculation about the possibility of the formation of a new world order that was not only based on the principle of peace (of human kind), but also concerned with ecological aspects. This is where the concept of sustainable development emerged, which was the result of compromises between representatives of various state delegations, business companies, and environmental NGOs.

Environmental Governance has ‘multi-level’ actors. They can come from the governments, business sectors, and non-state actors such as NGOs and civil society. What tied them together is a common agenda, and that is the sustainable development. For example, The United Nations cooperates with various governments, NGOs, civil societies and other economic actors in order to develop a sustainable development framework that could bring economic and environmental sustainability agendas altogether. This marked the growing influence of NGOs in the dynamics of global environmental governance. The four factors of their influence are; (1) the NGOs must have innovative knowledge and thoughts about global environmental issues, (2) having dedication to goals that are cross-border national and sectoral interests, (3) have a clear representation of their main constituents in the country of origin, and lastly (4) have a network that is transnational and works effectively in building strategic alliances (Isnaeni & Tamzil, 2016:98).

The increasing influence of NGOs in International Relations cannot be separated from the increasing significance and complexity of environmental issues as a global political agenda. NGOs not only attracted the attention of the world community, but showed their fangs and began to active in various policy-making processes. NGOs has the capability for this because they have a wide membership and networking across national borders, have a large budget (from donations from various sponsors who can come from anywhere), and have the power to influence or even sharpen government policies. According to Porter & Brown (1996), there are three categorizations of environmental NGOs, (1) NGOs that are national/international federations such as Greenpeace, World Wide Fund for Nature (WWF), and Wahana Lingkungan Hidup Indonesia (WALHI)\(^\text{187}\), (2) NGOs that are more focused on the issue of conservation, for example The Nature Conservancy, and (3) Environmental think-tanks, like Worldwatch Institute, Forests and Finance, Transformasi Untuk Keadilan (TuK), Mongabay, and World Research Institute.

An Era of Sustainable Finance

Sustainable finance concept is implemented by China who attempts to apply sustainable development principles into its financial sector. In 2007, with the expertise of the International Finance Corp as its guide, China introduced its Green Credit Policy (Nikkei Asian Review, 2015). The policy steered local banks away from lending to business that could harm environment (such as polluting) and lead towards lending to companies that thoroughly manage their environmental and social risks and their opportunities in the green economy.

Global initiatives from several financial institutions have been formed to support sustainable development agenda. Some of the global initiatives such as the RIO+ agreement which includes commitment from developed countries to reduce greenhouse gas emission globally and help developing countries to carry out environmental-friendly economic development programs. The Equator Principles (EP), which are participated by 70 financial institutions has committed not to provide loans for projects worth USD 10 million or more if the prospective debtor does not comply with applicable social and environmental rules and to follow the procedures stipulated by the EP (TuK, 2017).

Green investment in the form of ‘Green Bonds’ have been widely used by various countries in the infrastructure development. In the railway sector, China Railway Corp, Indian Railways and Korea Railroad have utilized this scheme in massive numbers. Not only that, Mexico also uses this scheme to develop airports. In the private sector, there are already several Indonesian companies that issue green bonds globally. For example, Star Energy Geothermal\(^\text{188}\) Limited released a green bond worth 650 million dollars in the US (Think

\(^{187}\) WALHI is a coalition of Indonesian national organizations

\(^{188}\) Wayang Windu
Geo Energy, (2018). Another example is the financial institution Tropical Landscape Finance Facility (TLFF) which released a green bond worth 95 million dollars at the end of February 2018 to fund PT Royal Lestari Utama, a Michelin France joint venture and Barito Pacific Group. And Most recently, the International Finance Corporation (IFC) issued Green Komodo Bond in rupiah denominations that managed to attract as much as 2 trillion Rupiahs or 134 million dollars in demand (IFC, 2018). These bonds are issued to finance underlying infrastructure and climate related projects. This is the first Komodo Bonds issuance by multilateral development banks to invest in climate change projects in Indonesia.

All of the examples above emphasize that the banking sector are generally adopting green activities such as the ‘green bonds’ for the environmental sustainability, along with the sustainability in the development and finance. The concept of Sustainable Banking, which means banking activities that apply the 3P principles will be beneficial to the environment, banking industries as well as the economic sustainability, and it could lead to the greening of industries, and also saving environmental assets for the years to come.

The Demand for Sustainable Banking

Sustainable development as a new paradigm in pursuing economic growth has attracted the attention and commitment of many institution and countries. How importance of this issue is, that the United Nations (UN) is collaborating with various governments, civil society and other economic actors to develop a sustainable development framework that is expected to be able to bring together economic interests along with sustainability and nature conservancy, provide a process of economic transformation and the enforcement of justice. This is based on the consideration that the social and environmental problems have not yet been included in the economic calculations as an important element that needs to be considered. The balance between the interests of gaining financial profit does not mean that it can be an excuse to reduce attention and commitment to protect the environmental aspect and fight towards a better social life.

The United Nations Environment Programme-Finance Initiative (UNEP-FI) is a partnership between United Nations Environment and financial sector which concept was established from 1991 and now has more than 200 member financial institutions from over 40 countries, including two banks from Indonesia, Bank Negara Indonesia (BNI) and Bank Jabar Banten (Maftuchah & Muliaman, 2015). UNEP-FI has the power to order banks to include environmental and social issues in financial sector regulations in countries where the bank is active. For example, regulations regarding social responsibility and the banking environment, or regulations that make a comprehensive assessment of environmental and social risks are mandatory for all banks. These banks must contribute to what the UNEP-FI does to stimulate financial institutions, mainly in emerging markets in developing countries, to behave in ways that are more environmentally responsible (Tuk Indonesia, 2017).

Sustainable Banking or what is also referred to as ‘green banking’ is a form of collaboration carried out by multi-stakeholders, in which banks, governments, NGOs, International Financial Institutions (IFIs), International Government Organizations (IGOs), Central Banks, the community of customers and business communities work together to achieve common goals that are consistent with the values of environmental sustainability. This form of initiative includes internal environmental management, environmental financing or ecological products, environmental audits and reports, also formulates and adopts the principles of sustainable banking and subsequently promote it to other stakeholders (IFC, 2018). Sustainable banking, then, is a ‘tool’ of sustainable finance. As we know, the economic growth of a nation and the stabilization of a nation’s financial status depends a lot on its banking sector. As the heartbeat of the economy, banks should prioritize and promote values that ensure a more robust environment-conscious operations that also foster sustainable use of resources and development.

To be environmentally responsible, banks have to take into consideration which of their debtors that would commit fully to adapt the green principle. Companies that use, sell or trade natural resources i.e. palm oil must take meaningful action to ensure that their supply chains do not result in deforestation or human rights violations. Likewise for banks that provide financial services and invests in the palm oil sector. By providing financial support without an adequate review process of the principles of sustainability, these banks allow destructive practices within the environment, while at the same time planting long-term financial risks for themselves. Financial institutions have the responsibility to use their influence and power on the companies they fund or where they invest to improve their environmental and social performance. In this case, banks
should be more responsible and only do business with companies that respect and adhere to the value of sustainability. Weak regulations and easy access to bank loans are the main reasons why irresponsible companies operate smoothly and seem invincible.

In the United States, green banking concept was initiated by a congressman Chris Van Hollen in March 2009 who proposed the establishment of government-owned green banking initiative with the aim to offer financial services that supports efforts to increase energy use efficiency and to reduce carbon dioxide emissions and other environmental pollutants caused by the creation of renewable energy (Bank Indonesia, 2012). The US congress proposed the establishment of this bank with an initial capital of USD 10 billion given by the US Treasury by issuing ‘green bonds’ with a maximum of fifty billion dollars in bond at one time.

In the other part of Asia, the footprint of sustainable banking could be seen some developing countries such as Indonesia, Bangladesh, Vietnam, Philippine, and Mongolia. At the end of 2013, Mongolian Banks ratified a joint statement about their commitment to sustainable banking. Mongolia’s industry has been growing rapidly, shadowed with a potentially dire consequences for the country’s natural environment and traditional culture. Seeing this risk as a possible threat, Mongolian government published a set of sustainable finance principles with a set guidelines for various sectors like agriculture, manufacturing, construction, and mining (Nikkei Asian Review, 2015).

The Indonesian Financial Services Authority (OJK) released a national strategy to promote sustainable finance in December 2014. The strategy covers a regulation for banking, the capital market and other non-banking sectors to help them grow and adapting a financial system within a sustainable manner while also contributing to national commitments on climate change mitigation and the shift towards a low-carbon economy. Initiated in 2016, OJK works with WWF-Indonesia, an International Non-Governmental Environment Organization to help them arrange the guidelines for sustainable banking and form a project called “First-Movers on Sustainable Banking”. Eight banks with the largest assets in Indonesia such as Bank Mandiri, BRI, BCA, BNI, Bank Muamalat, BRI Syariah, BJB Bank and Bank Artha Graha International. became pioneers in implementing Sustainable Banking practices. This commitment to adapt sustainable finance principle was carried out through a pilot project of collaboration between the OJK and WWF-Indonesia. This program that was implemented by eight national banks to represent almost 50 percent of national banking assets in Indonesia was created with a special focus on the identification and mitigation of risks within palm oil industry as its focus and aims to support the 2014-2019 OJK Sustainable Financial Roadmap (WWF, 2018).

Following the “First Movers on Sustainable Banking”, eight banks who participated in that project continued their pilot projects into an initiatives called “Indonesian Sustainable Financial Initiatives” or IKBI. This initiative was marked by the signing of the Memorandum of Understanding (MoU) for the Establishment of IKBI. The establishment of IKBI is a concrete manifestation of the commitment in implementing sustainable finance practices, especially in the financial services sector.

**NGOs in Implementing Sustainable Banking**

Witnessing a new value is brought by WWF-Indonesia to OJK to adapt, it appears that there is a significant shift in the role of non-state actors in International Relations. From its original role as a pressure group by campaigning and lobbying the government as the creator, now the non-state actors play a greater role in ‘rule-making’ process (transnational rule-making), and even enforce it with the aim to change the behavior of other actors (behavioral prescriptions) so that it could conform to the existing environmental norms, for example, sustainable development and sustainable finance. This is due to the emergence of new forms of power from the non-state political entities, which are far from conventional. This power arose as a result of globalization and the advancement of the information and technology industry, which made it available for them to gain information and advancing their technology and use it as their powers. This gives non-state actors place to be ‘equal’ to the governments, although indeed not in the matter of economic and military strength. Finnemore and Sikkink (1998) argue that international politics is influenced by norms. These international norms can affect domestic norms in a country. International norms are said to be accepted by elites or government through domestic and international public pressure. In this case, international organization such as IENGOs can play a role in disseminating international norms.
Take WWF for example. In August 2014, WWF released a book titled “Environmental Social and Governance (ESG) for Banks: A Guide to Starting Implementation”, aimed at helping banks to calculate credit risk from various business activities that are potentially cause environmental degradation. This operational guide is issued to the banks that are often intersect with business sectors who have not implemented sustainable principles in their activity. This guide to sustainable finance is expected to encourage the Financial Services Institution (LJK) to take into deep consideration the balance of 3P (People, Profit, Planet), protection and management of natural resources, and the participation of all parties in practicing their business.

This collaboration between OJK and WWF-Indonesia and their cooperation with banks shows their commitment to start implementing a systematically sustainable financing principle in the palm oil sector as its pilot project. This project runs for approximately for two years, and the palm oil sector was chosen as its pilot project because the problem of deforestation and palm oil commodities that involves investment and trade that creates an enormous consumption chain. In this consumption chain, the Indonesian palm oil industry has been widely criticized for its unsustainability and is accused of creating big impacts to the social and environmental sectors, such as natural degradations and human rights violations. This sustainable principle, if implemented properly and effectively could be applied to any industries who are considered to have an inevitably high risk in damaging the environment.

Conclusions

People’s participation in every policy or decision making process is one of the important elements in democracy. In the global scope, strong and ‘weak’ countries have different capabilities in dealing with environmental crises. In this case, global environmental governance where International Environmental Non-Governmental Organization (IENGO) is a prominent actor, plays a role as an agent who is determined to improve the conditions of areas affected by ecological degradation. NGOs have three main aspects that are difficult to have, if not impossible by other actors. Those are legitimacy, transparency, and transnationalism. However, giant IENGOs such as WWF and Greenpeace are often considered not representative enough for the little communities and are considered unable to cover the interests of communities (such as indigenous people) who are affected directly in the terms of social and economical or environmental aspect of environmental degradation. In this case, civil society and increasing public participation could help formulate new policies that are more effective, and therefore increasing the legitimacy of global environmental governance in the global community.

Using ‘multi-stakeholder’ partnership will create a transparent political process for the NGOs, civil society, business and private sector as actors, so that they can use the same concept to formulate the best solution to deal with environmental problems. Involving multi-level actors from government, civil society and the private sector will promote transparency and accountability in dealing with global environmental issues, and also make it easier to adapt new norms that could help building an effective global environmental governance.

References


i.e. respectively new norms such as sustainable finance and sustainable banking


Globalization, Neoliberalism and Transnational Advocacy: Case Study on the Implementation of MP3EI in Indonesia

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Abstract
This paper will discuss about the impact of globalization to Indonesia’s development discourse. It centered on the analysis of Masterplan for Acceleration and Expansion of Indonesia’s Economic Development (MP3EI) which is seen as an instrument of neoliberal regime that penetrates Indonesia through globalization. By doing case study on the implementation of MP3EI, this paper finds that globalization has caused harms for common people by making it easier for MNCs and capital owners to exploit Indonesia’s resources for their own benefit. However, through the theory of social capital, this paper also finds that globalization has provided a platform for common people to resist the neoliberal regime by using transnational advocacy network. The connection of local NGOs and their resonance with international NGOs has successfully created a strong social capital to oppose the MP3EI discourse. Ultimately, their joint effort has caused MP3EI to disappear as a discourse in Indonesia. This paper concludes that while globalization is detrimental to common people, it also provides the same people with platforms to resist the injustice.

Keywords: Globalization, Neoliberalism, Social Capital, Transnational Advocacy Network, MP3EI

Introduction
This paper discusses the impact of globalization on Indonesia. Joshep Stiglitz mentions that great expectations with the currents of globalization is to increase standardization or living standards for people in each country. With globalization, every country can play an active role in the practice of international trade, selling natural resource products and other production to other countries, in other side, the influx of foreign direct investment will be increased. Since the end of the 19th century to date, the World Bank has said that exports of goods and services have increased every year, and improvements continue, especially in services (WorldBank, 2017). This proves that globalization is a global integration of countries in the economy.

Discussing the globalization impact on economy, David Held raised three main topics namely; 1) Trade 2) Financial, 3) Production (David Held, 2000). International trade carried out by each country cannot be separated from the movement of capital, labor, and goods. The emergence of MNC / TNC has also resulted in increasingly easy international products to be found throughout the world. People are getting easier to get products at more affordable prices. From the financial side, the flow of foreign direct investment will indirectly help countries that have the potential of Natural Resources but are constrained in the financial sector.

Some of the impacts that will arise with the presence of foreign investment are, 1) the construction of factories, which also indirectly increases the productivity and efficiency of processing natural resources. This increase in productivity will support domestic economic growth by increasing the number of exports and opening new jobs and other trickle-down effects. Another impact that is also an important concern of the flow of foreign investment is technology transformation and the transformation of knowledge to the recipient country. This transformation arose due to the global production network and global value chain schemes carried out by international companies in various countries.
Indonesia, as a country that has a development planning program, sees globalization as an opportunity for sustainable economic development. However, this creates a pressure whereby Indonesia must follow the path of global growth that is inconsistent with domestic conditions. The authors see that globalization is basically an instrument of the neoliberal capitalism regime which assumes that economy should be run by a continuous and never-ending accumulation of capital. This creates a hierarchical world structure in which there is the powerful class (bourgeois) and the oppressed class of society as workers or the middle class (proletarian).

Indonesia's development agenda shows a trend of liberalization of cooperation with other actors in the form of state actors and non-state actors. Indonesia is required to be more open to international cooperation in order to attract capital to finance domestic development. This liberalization also invites privatization where non-state actors, such as investors and MNCs, play an important role in the country's economic development, as well as foreign direct investment (FDI) which makes the government became dependent on investors. Therefore, state interactions are also connected with MNCs and private investors.

One of the global phenomena facing Indonesia today is the implementation of the World Bank program, the Masterplan of Acceleration and Expansion of Indonesian Economic Development in 2011-2025 (MP3EI). Through this program, Indonesia is assumed to be able to carry out infrastructure development for the needs of its people. However, the fact shows that it can also harm the community due to the rights of people who are sacrificed in favor of economic development, as well as evictions of community houses that are harmful both materially and socially.

The establishment of the MP3EI program was conducted by the World Bank on Indonesia as a Good Governance practice. Good Governance itself, according to UNDP, is the application of political economy from the administration of authority to regulate relations within countries at various levels. In addition, the World Bank synchronizes Good Governance with: (1) the implementation of a solid and responsible development management that is consistent with democracy and efficient markets; (2) avoids the misallocation of rare investment funds; (3) the prevention of corruption both politically and administratively; and (4) maintains budget discipline and legal political creation frameworks for the growth of entrepreneurship activity (Sjaruddin Rasul, 2009).

In conjunction with the World Bank's shared framework through MP3EI, it is expected that Indonesia can apply Good Governance practice to demonstrate to the public about trusted governance. Indonesia, together with the World Bank, has established a program of cooperation focused on smooth regulation, strengthening economic and business base and implementing sustainable development (MP3EI, 2011). However, the authors see that the implementation of this program does not focus its practice on the community. Therefore, all things related to the public received less attention. Basically, Indonesia is required to apply the concept of Good Governance which aims to build the welfare of the people who are still a problem in the domestic sphere. Ultimately, it becomes less effective if economic and social inequality still engulfs Indonesian society. Moreover, its application requires the people’s social and economic rights to be sacrificed.

Just like globalization, Good Governance is also an instrument to carry out the privatization and liberalization agenda in Indonesia. This is evident from its implementation which is more concerned with the private sector, the state and the World Bank. This issue can lead to an uneven distribution of the population because middle-income people is forced to urbanize for prosperity (Williamson, 2003). In addition, World Bank funding for this program should also be considered as it will increase the country's debt.

Based on the problems above, the question that will be proposed in this paper is “How globalization impacts the establishment of development discourse in Indonesia?” This question will be answered through a discourse analysis of MP3EI documents and the resistance towards its implementation.

**Theoretical Framework**

One thing that needs to be understood from globalization is that it is part of an international regime under the name of the neoliberal regime. In this regard, Neoliberalism prefers the role of a liberal state with a market-centered orientation. Non-state actors such as international institutions and MNCs also play an
important role in the assumption of Neoliberalism. The problem of this intervention of Neoliberalism is seen when the ongoing global system is detrimental to many other actors, especially the state. For example, the global system by the IMF, World Bank and WTO. The implementation of the institutional economic development system is showing a decline. This condition is caused by the ability of the state, especially the developing countries that are unable to fulfill the tasks of the three institutions. There is a rejection to the opposition to the global development system imposed by the IMF, World Bank and WTO (Gilpin, 2001).

The agenda of Neoliberalism that arises here also emphasizes the importance of investment as a driver of the economy of a region to achieve a steady increase. An economist named Paul Romer also argues that investment in research and development is central to increasing revenue and technological development processes that can bring the economy in balance (Kingsbury, et al., 2012). Thus, investment became the method used by many countries to increase the rate of economic growth. Economic development through this investment is part of Neoliberalism’s agenda which sees the need for the state to open a gate for investment for investors.

This foreign investment is also believed to be the driving force of the nation's economy and prosperity because it is believed to provide significant state benefits. However, the state must also reduce its role so that the private sector can move more broadly. On the one hand, the implementation of the Neoliberalism agenda is a stepping stone in improving the country’s economy, but on the other side also shows the risks and consequences for the people who are the victims of the implementation of MP3EI. This then draws criticism from the view of Marxism. In general, the view of Marxism is more focused on the discussion of society. Marx sees that any application of political economic policy should be aimed at the welfare of society. In this case, several thinkers, such as Burnham (1994) see modern political economy today as vulgar. In addition, Burnham also argued about the failure of orthodox political economy in analyzing the theoretical methods and perspectives on contemporary political economy. This is because Marxism sees increasing global inequalities and only a part of society today feels the welfare generated by economic liberalism.

The author agrees with the view of Marxism that the agenda of Neoliberalism is actually very far from the welfare of society. In this case, the advantages of the Neoliberal agenda can only be felt by developed countries and certain elites in power in developing countries. The inequality that occurs from the intervention of the Neoliberal agenda at the expense of the increasingly oppressed public society and cannot fulfill their rights. Based on Marxist assumption, the launching of the MP3EI program is also causing material and immaterial damage to the lower middleclass people because they must lose their homes as a result of conversion of settlement land into land for development projects.

Capitalism in the viewpoint of Marxism is also explained by Costas Lapavitsas (2013) on the usefulness of financial aid as it does in investments. Lapavitsas explains that in economic development and growth, financialization becomes a spear that speeds up the process. However, improper fund management will also invite a crisis as it did in the global financial crisis of 2007. This situation can arise because of speculation of fund disbursements not reaching the workers and other communities. The authors see the implementation that occurs in the MP3EI program is tends to favor the practices that focus on development without considering the aspect of community assistance. Therefore, the agenda of neoliberalism here raises a polemic between society and even leads to social harm of society.

The view of Marxism has shown how globalization has become an instrument for reproducing social classes on an international level and expanding the gap of inequality between rich and poor. However, the authors see that globalization also offers an opportunity for marginalized people to counter the injustices they experience. This statement can only be understood if we are willing to extend the meaning of capital to include things that are immaterial, such as social values. In contrast to Marx, Pierre Bourdieu (1986) believed that capital is not always economic and material in nature. Bourdieu assumes that the approach to economic determinism and historical materialism emphasized by Marx is a major weakness of Marxian a la socialism. According to him, when capital is understood only as material, there is no solution that can be offered for class struggle, other than through a revolution to seize the means of production. Bourdieu therefore formulates a renewal in the concept of capital to encompass social capital.
In his argument, Bourdieu (1986) states that social capital can be created through the accumulation of social interactions that constitute a network. An individual can then use the network to improve its social status. According to Bourdieu, social capital has been used only by the bourgeoisie to form a network of connections among their peers. Thus, the bourgeoisie becomes so powerful in the social order not only because they control the economic capital, but also the social capital. But if social capital can be equally distributed to the proletariat, it will emancipate them. Here Bourdieu emphasized the importance of the proletariat to create a network amongst themselves and challenge the bourgeoisie for the distribution of social capital. It is in this context that globalization becomes beneficial to the proletariat because it gives them the opportunity to strengthen their networks by interacting at the transnational level. One theory that is relevant enough to explain the marginalized networks at the transnational level is the Keck & Sikkink theory of transnational advocacy networks.

According to Keck & Sikkink (1998), the proliferation of actors in world politics in the era of globalization has created new interactions that are increasingly structured in the form of network. The existence of advocacy networks has become significant in recent decades as they are able to double the channel to access the international system, especially for domestic actors whose movements are heavily restricted within the country. In doing so, Keck & Sikkink argue that transnational advocacy networks have helped transform the practice of national sovereignty. Keck & Sikkink defines a network of transnational advocates as communicative structures as well as political spaces. Under this definition, advocacy networks can be both agents and structures, depending on the context in question. While there are various types of transnational advocacy networks, such as research networks or activists, each has similarities in four aspects: (1) the centrality of a value believed; (2) emphasis on the individual's ability to make changes; (3) able to manipulate information creatively; and (4) using a nonconventional strategy to deliver the message. The third and fourth characteristics are an essential part of the advocacy networking strategy because they are not traditionally powerful actors. Without a monopoly on violent instruments, advocacy networks must use the power of information and nonconventional strategies to manipulate the context that affects the policy-making process in a country. This action is called the term persuasion or socialization.

Keck & Sikkink (1998) later explained that transnational advocacy networks could be an effective means of resistance for marginalized groups. When governments violate or refuse to recognize the rights of marginalized groups, individuals and groups at the domestic level generally have no path to advocacy in the domestic political and judicial arenas. Under these circumstances, transnational advocacy networks will help them to seek connections through the international level in order to express their interests. Advocacy networks at the international level will then put pressure on countries that violate rights, either through the government where they are from or through international organizations. This has led to a pattern of transnational advocacy networking strategies tending to form a boomerang pattern (local-international-local). If this theory is incorporated with Bourdieu’s theory, it can be said that transnational advocacy networks have become a social capital that can be used by marginalized groups to fight back. This will only happen in the era of globalization that facilitates communication and social interaction at the transnational level. Without globalization, marginalized groups will be forced to engage in resistance at the local level which will be difficult because they do not have enough strength to match the state. Thus, globalization has provided an up-to-date solution to answer no loss current problems.

**MP3EI: Reproduction and Amplification of Class-Based Oppression**

On May 20th, 2011, the President of the Republic of Indonesia issued Presidential Decree No. 32 of 2011 on an institution named the Committee for the Acceleration and Expansion of Indonesian Economy 2011-2025 (KP3EI). The KP3EI structure is directly chaired by the President of the Republic of Indonesia along with the Vice President, who is also the Vice Chairman of this institution, while its members include all levels of ministries established in Indonesia (Setneg, 2017). In other words, every state official is part of the MP3EI implementing committee.

The government’s seriousness in building infrastructure and accelerating economic growth is shown by the enactment of the Master Plan for the Acceleration and Expansion of Economic Development (MP3EI) in May 2011. Based on the vision of national development in Law No. 17 of 2007, MP3EI has a vision to "Build
an Independent, Modern, Just and Prosperous Indonesian Society. " The strategy used by the government in MP3EI is to integrate 3 main elements: (1) Develop regional economic potential in six Economic Corridors; (2) Strengthening national connectivity that is locally integrated and globally connected; (3) Strengthening human resources and science and technology in every Economic Corridor. Quoting the speech of President Susilo Bambang Yudhoyono in the MP3EI document, this project has 2 main keywords, acceleration and expansion.

"... The acceleration in the Masterplan program is aimed at enabling Indonesia to accelerate the development of various existing development programs, especially in promoting the added value of the key sectors of the economy, infrastructure and energy development, human resource development and science and technology.

"... the Government encourages the expansion of Indonesia’s economic development so that all Indonesians can feel the positive effects of Indonesia’s economic development ...

In practice, the process of implementing and developing MP3EI is claimed to use an approach that has never been used before, a new approach based on the spirit of "Not Business as Usual." Why not as usual? They argued that MP3EI is built on a new mindset that the success of economic development is not only dependent on the government but is a collaboration between the Central Government, Local Government, State-Owned Enterprises, and Private Sector. The government acts as a regulator, which, ironically, will deregulate all regulations that hamper the rate of investment. The government also acts as a facilitator and catalyst that will provide infrastructure to provide fiscal and non-fiscal incentives. Meanwhile, the private sector will be given a major and important role in economic development especially in increasing investment and job creation (Setneg, 2017).

It cannot be denied that MP3EI is a major program as well as a major project for every involved policy stakeholder. MP3EI is also the focus of the government’s desire to make Indonesia as the world's top 12 in 2025 and the world's top 8 by 2045 through exclusive and sustainable high economic growth (Setiawan, 2014). Looking at the vision and strategy undertaken by the Indonesian government in achieving the goals of advanced economic growth, there are several things that should be examined more deeply, especially the government’s strategy in integrating 3 (three) main elements (Economic Corridor, national connectivity to global area and strengthening human resources).

The classification of regions in Indonesia is aimed to increase the potential of each region. This classification is intended so that the government can identify sectors to be developed, maximize the commodities produced, which will then culminate in providing the necessary infrastructure to facilitate the flow of logistics. The Economic Corridor also gives full authority to local governments and enterprises to formulate regulations and schemes of foreign capital in each region. It means that the local government has full authority to decide with whom they will establish development cooperation.

The authors argue that the pattern of economic development within the MP3EI scheme and the existing strategy shows that the Indonesian government tends to be the servant for large companies, especially the capital owners, not to Indonesian society. This view is reinforced by the presidential speech contained in the MP3EI document:

"... in the short term there will be a number of improvements in the investment climate through debottlenecking, regulation, incentives and accelerated infrastructure development needed by economic actors ...

The quote shows that what they mean by “acceleration and expansion” in MP3EI is simply an expansion for investment for capital owners, not for the people.

Looking further at some MP3EI projects and agendas that have been implemented, we will find some projects that experience obstacles and hurdles. These obstacles arise from some communities, human rights activists, non-governmental organizations, as well as from the side of legislation (gresnews.com, 2013). This phenomenon proves that behind the project’s development, acceleration and economic expansion, there are still many societies that is marginalized because of it. For majority of the citizens, some of the achievements of MP3EI infrastructure causes the reduction of their living space, even causing the loss of "hometown". 

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Decent living areas around the resource-wealth area will be reduced, environmental pollution due to factory waste or waste of projects spreads even more, soil becomes infertile, and other negative impacts of infrastructure development that is not/have not been considered. Decent living space for the citizens in the city will also continue to be reduced over the expansion of land tenure for property and infrastructure businesses.

In this case, the implementation of MP3EI is very much aligned with the agenda of Neoliberalism, especially from the World Bank as its main sponsor. The presence of MP3EI became more focused on how to increase Indonesia's economic growth rate by bringing abundant foreign investment. However, the ongoing program has caused many losses by Indonesian societies who have lost their homes because the land they occupy is replaced by the MP3EI project being built. This ultimately harms the society both materially and immaterially. People not only lose their houses, but they are also deprived of the security they got from the homes they have lived in for years. In the end, in some areas targeted for MP3EI development/projects, we will encounter protests and rejection from the public. For example, the Kulon Progo coastal farmers association in Wahan Tri Tunggal (WTT) and Paguyuban Petani of Kulon Progo Beach (PPLP-KP) voiced the action against Kulon Progo Airport development project (Selamatkan Bumi, 2016). The Chairman of the WTT stated that the land acquisition process is full of intimidation by unscrupulous officials of the state apparatus. Such intimidations can occur in the form of forced land acquisition, children cannot go to school, electricity is revoked, roads closed, etc. (Saroh, 2017). And there are still many examples of rejection from communities in various areas that are caused by intimidation and violence from the authorities.

The protests or rejection of those project occurred because the mega project MP3EI, in the name of development, instead became massive land grabs practice legitimized by the government (Mahanani, 2016). The practice of mass land acquisition is manifested into new terminology brought by the government in MP3EI document as "land procurement" in the name of development for the benefit of the people of Indonesia. It is important to realize that if MP3EI has been achieved thoroughly in every Economic Corridor, then most of the people who live in big cities (Economic Corridor) will be displaced and forced to live in the marginalized area. The marginalized area is formed because the strategic areas have been controlled by businessmen and capital owners who are expropriating the land under the pretext of long-term economic development. The Public and the marginalized hope are given onto activists, and NGOs who were the only actor that continues to fight for their rights.

The Emergence of Transnational Advocacy Network against MP3EI

The various problems generated by MP3EI have resulted in strong reactions from various non-governmental organizations (NGOs) in Indonesia since the first year of its implementation. The issue of agrarian conflict is the first to emerge as an argument for resistance. This is caused by the outbreak of PT. Weda Bay Nickel and Merauke Integrated Food and Energy Estate (MIFEEE) where the company is reportedly in conflict with local indigenous peoples because they have not obtained a permit. Here the NGOs see that the Indonesian government has granted clearance permits for the company without requesting prior approval from the local indigenous peoples. The development of Special Economic Zones (KEK) through MP3EI has provided unlimited authority to the local government to interact directly with investors related to permits of land tenure. The problem is, NGOs think that the local government does not represent the interests of the community. With the emergence of these two cases, NGOs in Indonesia concluded that MP3EI has put aside the people’s right to their land for the sake of development (KPA, 2013). Here, come the various discourses that frame MP3EI as the "Neo-Colonial Economic Development Model."

The term "Neo-Colonial" evokes the image of the long history of Dutch colonialism in Indonesia where Indonesian lands were usurped in the interests of the colonial government. Through this framing strategy, NGOs in Indonesia have succeeded in raising awareness of local communities against all forms of development projects implemented under the MP3EI scheme. One realization of the success of this strategy is the establishment of the Agrarian Reform Consortium (KPA) titled "National struggle against Neo-Colonial Economic Development Model” in 2013. Around 19 NGOs engaged in the protection of indigenous peoples, environmental conservation, human rights enforcement, and the emancipation of women were incorporated
in KPA to produce a text of resistance against MP3EI.\textsuperscript{190} Thus, connections between local NGOs have succeeded in creating a network that brings them together to make MP3EI a common enemy. The quality of KPA as a social capital became visible when the NGOs made the KPA text as the main reference for holding resistance in their respective regions.

Resistance efforts initiated by the KPA did not stop at the local level because the effort was successfully overseen by the NGO International Land Coalition (ILC). In the same year, ILC (2014) released a report titled *Promoting people centered land governance* which analyzes several agrarian problems caused by MP3EI. In the report, they mentioned that MP3EI has aggravated the inequality generated by the agrarian structure. The massive MP3EI development scheme practically removes the community as a development agent because the scheme can only be implemented by the state and capital owners. This kind of development model is considered dangerous because it makes development only meaningful for the accumulation of capital that is centered on a few people. Therefore, the ILC emphasizes the importance of community-based development so that the benefits of development can be equally distributed to all Indonesians. With the inclusion of ILC in advocacy networks to counter MP3EI, NGOs in Indonesia can be said to have joined the major players in international politics, such as the European Union and International Fund for Agricultural Development (IFAD), which fund the ILC report. Here it can be seen how previous resistance efforts which only took place in the local dimension can be elevated to the transnational dimension through the involvement of several international NGOs.

Later, the presence of different types of NGOs from different backgrounds within KPA managed to find new findings to serve as arguments for resistance. In this case, the Indonesian Forum for Environment (Walhi) is one of the most vocal NGOs to voice the dangers of MP3EI for the sustainability of the environment in Indonesia. Walhi criticized the transfer of land functions in some parts of Indonesia into mining areas and oil palm plantations. They argue that MP3EI has enabled such sectoral efforts to breed more freely through the Special Economic Zone scheme. As a result, biodiversity in Indonesia is threatened and local people lose their ecological rights to get a good environment for them (Riski, 2017).

The expansion of the argument against the MP3EI to encompass this environmental issue has subsequently captured the attention of advocacy networks at the transnational level. For example, South Korean-based NGO, the Korean Exposé, released an article condemning the involvement of MNCs from South Korea in the destruction of the environment in Indonesia through the MP3EI scheme. In the article, they state how *"the last paradise in the world"* has been destroyed by the greed of Korean companies and even praised by South Koreans for commercial success (Jackson, 2017). Meanwhile, the NGO REDD Monitor mentions how Indonesia’s deforestation rate has increased sharply after MP3EI was implemented and how REDD has been proven to fail in this country (Lang, 2013). Based on these two examples, it can be seen how the ecological issues in the fight against MP3EI has successfully tangled with transnational advocacy networks that also advocate on environmental issues. Internet technology presented by globalization has succeeded in making advocacy networks at transnational level able to reach MP3EI problem in Indonesia and strengthen the resistance effort.

Then, the resistance efforts against MP3EI in Indonesia gets a new breath with the emergence of arguments about human rights violations. The NGO Kontras are one of the most vocal in this argument where they see that violations of the ecological rights caused by MP3EI are part of human rights abuses. Not only that, Kontras also managed to hook the French-based NGO International Federation for Human Rights (FIDH) to release a report titled *Indonesia: No Development without Rights* in 2014. In the report, they mentioned that the absence of a clear legal framework regarding agrarian rights has resulted in several Indonesian societies has losing their rights to the land which functions as their main platform of production activities and a comfortable environment to live in. They also mentioned that this situation has developed into a serious conflict involving violence between citizens and companies. Not only that, there are also many cases where Indonesian citizens find themselves criminalized simply for claiming their rights to the land where they live.

\textsuperscript{190} The 19 NGOs incorporated in KPA were JKPP, Walhi, HuMa, Epistema Institute, Pusaka, Sawit Watch, AMAN, Solidaritas Perempuan, Elsam, RMI, Bina Desa, Sajogyo Institute, IHCS, SPI, IGJ, KAU, API, Kiara and ARC.
All these issues make Kontras and FIDH conclude that the development scheme through MP3EI has resulted in serious human rights violations.

The collaboration report between Kontras and FIDH (2014) can be regarded as the most influential text of resistance because it gets the spotlight from well-known national media such as Jakarta Post (2014) and Tempo (2014). This then further popularized the discourse on human rights violations caused by MP3EI. The popularity of arguments about human rights violations can be attributed to human rights norms that are considered universal, so they can be accepted easily by the Indonesian public. In contrast, the issue of agrarian conflict generally only resonates with legal observers and victims whose lands are seized while the issue of environmental destruction only resonates with environmentalists and epistemic communities. The issue of human rights violations has advantages over the previous two issues because the human rights principle has long been embedded in the minds of Indonesians through the recognition of human rights in the country’s constitution. Ultimately, the issue of human rights violations has succeeded in attracting the response of the Indonesian government represented by the Indonesian National Commission on Human Rights (Komnas HAM).

In the same year as the release of the Kontras-FIDH report, Komnas HAM (2014) released a report entitled “MP3EI Study in Human Rights Perspective.” Compared with the previously released preliminary texts, Komnas HAM’s report is ‘tamer’ and seems to not to put the blame on the government. The argument given by Komnas HAM on the issue surrounding MP3EI is that the Indonesian government has used the wrong theoretical assumptions in formulating its development model. In this case, Komnas HAM criticized the assumption of economic theory of geography that tends not to consider the people as its variables. Moreover, Komnas HAM emphasizes that MP3EI is a development scheme that has a noble purpose but has problems because it uses the wrong economic model. The solution they provide is for the Indonesian government to implement a human rights-based development model. There are certainly many things to be criticized from the solution offered by Komnas HAM, but in this paper the authors would rather underscore how advocacy efforts undertaken by transnational advocacy networks have succeeded in pressuring the Indonesian government to respond and reconsider their development model, even if the response is somewhat apologetic.

Conclusion

Based on the case study above, we can see how the boomerang pattern occurs to resist the MP3EI. Advocacy by local NGOs has attracted the attention of international NGOs to join in this resistance effort. In the end, intense interaction between local and international NGOs has succeeded in creating a large network with enough power to pressure the Indonesian government. If observed, the government of Joko Widodo today looks much more careful in touching the issue of MP3EI. Despite shaking hands with Susilo Bambang Yudhoyono and declaring that he will continue MP3EI, President Widodo instructed that the term MP3EI must be renamed (Sari, 2014). This gesture is possible only because MP3EI has been reframed by transnational advocacy networks as an economic model synonymous with neo-colonialism. This change of name became important for President Widodo for his government to continue this program with less resistance.

Later, the instruction was followed by an evaluation conducted by the Coordinating Ministry for Economic Team in 2015 to reformulate MP3EI in order not to repeat the same problem (Republika, 2015). As a result, the issue of MP3EI has practically disappeared in 2016 and 2017. In the last two years, there has been almost no news in mainstream media covering MP3EI issues. This phenomenon can be seen from two perspectives: (1) the Indonesian government has successfully reformulated MP3EI into a project whose benefits are truly perceived by the community or (2) the Indonesian government has managed to conceal the depravity of MP3EI so as not to invite resistance and bad news. Regardless of which view is correct, it remains undeniable that transnational advocacy networks have succeeded in influencing the behavior of the Indonesian state, regarding their development model. Thus, intense interaction between NGOs at the local and international level has resulted in a social capital which then becomes a powerful weapon for groups that are marginalized by MP3EI to fight. Again, the authors want to emphasize that all this will not happen without the wave of globalization.
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Saudi Aramco's Expansion to The Republic of Korea Through Oil Energy Cooperation

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Abstract

Saudi Aramco has grown to become the world’s largest integrated energy enterprise. Saudi Aramco has a vision to become one of the worlds leading integrated Energy and Chemicals Company. The oil energy requirement causes Saudi Aramco partnership opportunities to meet korea’s oil energy. The factor of demand from domestic and foreign needs caused Saudi Aramco to expand its business to the Republic of Korea. Cooperation between the Republic of Korea and Saudi Arabia through S-Oil Korea and Saudi Aramco in the field of oil energy, not only to get profits in oil cooperation but Saudi Arabia and Korea also support each other in several factors, namely Saudi Aramco active support of Korea's move into safer energy sources. Business expansion conducted Saudi Aramco expands Saudi Arabian oil markets and businesses outside of its country.

Type of research used is descriptive. Theories used are International Cooperation and Competitive Advantage. The results of the research try to answer why Saudi Aramco has expanded to the Republic of Korea. To understand the problem of the causes of Saudi Aramco starting to expand outside the region, a literature review is needed to find out the motivation of Saudi Aramco’s expansion in terms of economic motivation, business motivation and political motivation. This research is a research with analytical description. Data collection is done through books, journals, news from newspapers and also sources from the internet.

Keywords: Energy cooperation, Saudi Arabia, Expansion, S-Oil Korea, Saudi Aramco.

I. INTRODUCTION

Dhahran is the name of a city located in the eastern part of the country of Saudi Arabia. Dhahran is also the central city of Saudi Arabia’s oil industry which has an oil mining company ARAMCO (American Arabian Oil Company). Since May 29, 1933, the “Standard Oil Company of California” (SOCAL) obtained 60 years of oil exploration rights in Saudi Arabia, namely in the city of Dhahran (Lacey, 1986, p. 219). In 1933, Saudi Arabia gave permission to Socal to explore oil resources in the eastern region of Saudi Arabia. Socal later founded the California Arabian Standard Oil Company (Casoc) to run the collaboration. In 1938, Casoc succeeded in finding oil sources in the Dhahran area. In 1939 World War II broke out, the United States and its allies bought oil from Saudi Arabia. When the Texas oil company joined the company in 1934, the name of the company was changed to the American Arabian Oil Company (Aramco). In 1974, King Faisal again increased Saudi Arabia’s share ownership in Aramco to 60%. In 1980, the government of King Khalid bought the remaining Aramco shares so that all Aramco shares were owned by the Kingdom of Saudi Arabia. But Aramco's foreign partners still manage Saudi Arabia’s oil fields. Aramco's partners include Exxon, Socal, Texaco, and Mobil. Rockefeller owns shares in these four companies. In 1988, during King Fahd’s reign, Aramco changed its name to Saudi Arabian Oil Company (Saudi Aramco). Saudi Aramco also took over management of the Saudi Arabian oil and gas fields from Aramco's partners. (Jatmika, 2000)

Saudi Aramco is a different company from the company that was developed by the United States in 1973. Saudi Aramco has for many years evolved from a pure exploration company to a fully integrated production company as a global oil and chemical company. Saudi Aramco conducts global downgrades in various developed countries such as the United States and the Netherlands, but Aramco also conducts upstream...
exploration in various countries such as the United States, Japan, South Korea, China and also Indonesia. Saudi Aramco manages conventional crude oil reserves, proven to be more than 260 billion barrels and conventional gas reserves of around 285 trillion natural gas. In 2012 Saudi Aramco crude oil production reached 10 million bpd. Oil production for 2012 amounted to 3.5 billion barrels, which is around one in eight barrels of total world crude oil production. (Aramco, 2017)

Even amid a serious regional crisis, Saudi Aramco continues to expand its international strategic reach in upstream operations. In 1990, Aramco approved the existence of equity with the South Korean company SsangYong Oil Refining Company, which is now called S-Oil Corporation. The two companies agreed to jointly own and operate the SsangYong Oil Refining Company located in Onsan. Saudi Aramco expanded its international presence in August 1991, when Aramco bought a 35 percent stake in SsangYong Oil Refining Company in the Republic of Korea. The oil refinery in Onsan, which is on the southeast coast of the Korean peninsula, immediately underwent an expansion project after the agreement was signed, increasing its capacity to 525,000 bpd. S-Oil holds 35 percent of the shares of S-Oil. S-Oil is integrated to produce aromatic lubricant and petrochemical base oils. S-Oil markets petroleum and petrochemical products in Korea through a national distribution and marketing network that includes seven product distribution terminals and nearly 2,000 retail service stations. (aramco asia korea, 2017)

Not only in Asia, Saudi Aramco is also expanding in the United States. Motiva Enterprises, a Houston-based refining and marketing joint venture company between Saudi Refining, Inc. (SRI), namely the Saudi Aramco Services Company, and Shell Oil affiliate, to end the refining and marketing business of the Motiva Enterprises LLC formed by the parties in 1998 and to divide Motiva’s assets between the two companies. The transaction includes a 20-year oil supply contract, requiring Motiva to buy a minimum of 450,000 bpd of Saudi crude oil. (Energy Is Opportunity : Expanding Saudi Aramco Portfolio, 2018)

With the completion of a definitive agreement and receipt of a regulatory agreement from a definitive agreement with Saudi Refining Inc. and Shell Oil affiliate, Aramco Financial Services Company will have 100% ownership and assets owned by Motiva, including full ownership of Motiva Refinery in Port Arthur, Texas and certain distribution terminals. The definitive agreement also includes an exclusive license to use the Shell brand to sell certain products in most of Texas and Southeast. However Ownership changes when Saudi Refining Inc. and Shell bought Texaco's interest and became 50%-50% ownership of Motiva in 2002. After the merger, Motiva owned four refineries in 2004 in the city of Delaware. The remaining refineries in Louisiana and Texas have a combined total capacity of around 740,000 bpd, then the Texas Motiva from 325,000 bpd to 600,000 bpd, which would make it the largest refinery in the U.S. and one of the largest in the world. He will supply additional gasoline, diesel and aviation fuel under the Shell brand to the global market. (Aramco, 2017)

In 2004, Aramco Overseas Company B.V. namely a subsidiary of Saudi Aramco, acquiring nearly 15 percent of the shares in Showa Shell Sekiyu K.K. Showa Shell is the largest oil refining company in Japan which has three oil refineries (Yokkaichi, Keihin and Yamaguchi) with a combined capacity of around 445,000 bpd. The Showa Shell company markets processed products through the Shell branded retail network in around 3,400 gas stations. Headquartered in Tokyo, Showa Shell offers a variety of energy options, including solar energy and pure energy produced from LNG and biomass. (Aramco Asia at a Glance, 2015) Shortly afterwards, Saudi Aramco formed a joint venture with Sumitomo Chemical, and the two companies continue to work with local businesses to deliver technology and services that will benefit both countries.

In contrast to the 1970s and 1980s when the United States and Europe, Saudi Aramco was the main export market which is currently approaching 75 percent of its exports to the Far East, with more than 1 million bpd being exported to China. Saudi Aramco and its subsidiaries have equity interests in domestic and international oil refineries, with a total refining capacity of nearly 4.5 million bpd, Saudi Aramco’s equity stake reaches 2.4 million bpd which makes Saudi Aramco the world’s sixth largest refining company. (Kultgen, 2014) Indications of cooperation between Sinopec and Saudi aramco came from special attention given by King Abdullah of Saudi Arabia. King Abdullah's first visit as King in 2005 was to China, not to the United States.

In 2007 Saudi Arabia built a $ 5 billion refinery in China’s Fujian province, and added a new larger ethylene production facility. A joint venture between a Chinese oil company and Saudi Arabian oil producers generates
profits against Saudi Aramco, the Quanzhou refinery in Fujian, which will exceed the total oil production in Brunei with a capacity of 240,000 bpd. In fact, China agreed to allow Saudi Aramco to open and regulate 600 gas stations in various provinces in China. Instead China received a 30-year contract from Saudi Aramco to supply 30,000 bpd of crude oil. After Saudi Arabia negotiated to build a second oil refinery in Qindao, the negotiations would be the largest project in China with an initial capacity of 200,000 bpd to be expanded to 400,000 bpd. The oil refinery will be operated by Saudi Aramco but Sinopec will be the ownership. (Ghafouri, 2009)

The two oil refinery projects require an investment of $6 million and as a consequence Saudi Arabia is given by Sinopec $300 billion to explore and produce natural gas in Saudi Arabia. Based on the agreement, Sinopec will own 80% and Saudi Arabia 20% of the company’s ownership. (Ghafouri, 2009) Saudi Aramco is also the largest shareholder in the Thalin refinery project in Northeast China, and has entered into negotiations with Sinopec to expand the refinery in Maoming, Guangdong Province. The collaboration has been carried out to build an oil refinery worth 1.5 billion in the northeastern Qingdao port of Shandong Province, along with China Chemicals Corporation SINOCHEN and Ssanyong South Korean company. Saudi Arabia together with the Persian Gulf countries exploited potential developments from the energy market in Asia Pacific. (Calabrese, 1998)

In 2012, Aramco Asia and PT. Pertamina signed a Memorandum of Understanding (MOU) to evaluate the feasibility of developing refineries and petrochemical projects in Tuban and Cilacap. The proposed project will process 200,000-300,000 bpd of crude oil and produce high quality oil and petrochemicals to meet increasing demand in Indonesia and several other places in Southeast Asia. Saudi Aramco also has various sources of domestic oil refineries such as Ras Tanura Riyadh, Jiddah, Yanbu, Petro Rabigh, SAMREF Yanbu, YASREF Yanbu, SASREF Jubail, SATROP Jubail which produce 2901 bpd every day. With the presence of domestic oil refineries owned by Saudi Aramco, Saudi Arabia is the largest exporter in the world and is a country rich in oil reserves. But why Saudi Arabia continues to expand its refineries in various countries such as The Republic of Korea. (Aramco, 2017) The author was interested in discussing the expansion into Korea because The Republic of Korea became the first country to become a business partner from the expansion carried out by Saudi Aramco, not to western countries but because Saudi Aramco invested in the Asia Region.

II. METHODS OF RESEARCH

The author uses a Descriptive type of study that explains how the caftor is the reason Saudi Aramco expands it out of the region specifically to The Republic of Korea. The type of data used is the type of secondary data, namely data derived from the results of interpretation of primary data in the form of books, articles and access to electronic media. The technique of collecting data from this study is a literature study that is searching for and reading books, journal reports, articles, tabloids, newspapers, and internet data both nationally and internationally. While the data analysis technique in this study is a qualitative technique that is by analyzing secondary data and then using theory so that it can be used to explain the events being studied.

III. THEORETICAL FRAMEWORK

Looking at the current development of MNC, MNC can no longer be seen as an actor in the economic field alone. His ability to influence and even intervene politically the government of a country makes the MNC currently explained in terms of political economy. Based on the logic of economics, MNC is a company that tries to gain as much profit as possible. While from political logic, MNC is a strong actor because it is able to influence government policies in a country.

With the advantages of MNCs, host country countries often experience a dilemma. MNC itself is a profit making enterprises. Thus he is indeed oriented to pursue profits, not to improve the welfare of the people in the host country where he invests. However, host country countries also need to attract MNCs to invest in order to get profits from the MNC. But, host country countries must ensure that MNC activities in their country truly benefit host countries. Given the absence of international rules regarding MNC, each country and MNC bargain with each other. Bargaining power between each party depends on the ability of one party to have control or monopolize something that is considered valuable on the other. (Gilpin, US Power and the Multinational Corporation, 1975)
The theory that can explain the strength of the position of MNCs and countries is called obsolescing bargain. This theory can be applied to investments related to natural resources. In investing in natural resources, the MNC initially had bargaining power. MNC monopolizes the capital, techniques and technology needed to process natural resources. But because MNC has invested, MNC is not easy to leave or release the investment that it has invested in one country.

As we know, industries relating to natural resources require high technology and large capital, so the investment itself seems to be a “hostage” for the investors themselves. Even though over time technology transfer has occurred. Here, the position of MNC is weakening, because the technology possessed by the MNC has now been transferred to the host country, so that the host country position strengthens. A stronger host country position can be a tool for taking advantage of MNCs, such as asking for a larger share of the MNC or renegotiating contracts or agreements. In other words, there is a bargaining power from MNC to host country that occurs between the two parties who are interdependent. (Joan Edelman Spero, 2010). But in the end, the relationship between the two actors remained mutually beneficial and balanced. Saudi Arabia remains an actor who has a better position than an MNC. The state has sovereignty that is not owned by the MNC, so the influence of the MNC will only succeed if it is also in accordance with the interests of the country.

The theory that explains the MNC phenomenon is mainly in the MNC expansion factor, namely Michael Porter's Strategy Theory (Porter, 1990) in his book Competitive Advantage explains that MNC has entered the era of international business strategy which can determine the strategy that will be taken by an MNC and the MNC strategy also determines the structure and location to carry out its expansion activities. Porter's Competitive Advantage Theory has 4 determinants, namely, First a condition factor consisting of production factors such as skilled labor and infrastructure. Second, the demand factor is the demand for domestic markets for products or services. Third, relations and supporting industries, namely the presence of supporting industries and relations with international industries. Fourth, firms strategy, structure, and rivalry are how companies are built, operate and regulated in a competitive environment.

IV. RESULT AND ANALYSES

The company’s decision to expand its corporate network into an international multinational company is influenced by several factors. It is undeniable that private companies are profit-oriented, so their decision to go international is to increase company profits. Domestic market expansion that does not favor the company is also considered to be a supporting factor for go international companies. The next factor is the international environment, where economic stability and international politics are believed to influence the development of the business itself. Primarily which has a direct influence on the condition of the destination country. In addition to the two things mentioned earlier, more specifically the things that influence the decisions of multinational companies for expansion in the international sphere are influenced by the ease of access to international markets, availability of resources, and reduction of costs in terms of production (Harrison, 2011).

Under the oil dominated economic structure, Saudi Arabia has been able to maintain its status as the leading nation in the Middle East region based on the enormous amounts of revenue from the chief resource. Since oil is a valuable resource for Korea and Korea is one of the largest oil consuming nations in the world, Saudi Arabia has been one of the most important trading partners over the last fifty years. However, since Saudi’s exports and sales to Korea had been primarily based on oil and no other Saudi goods and corporations have made noticeable profits in Korea, the paper would mainly focus on the success and advancement of Korean corporations and businesses into the Saudi market based on the collected news reports ranging from early 1900s. And among these Korean advancements into the Saudi market, the news reports primarily centered upon the construction boom of the 1970s and the 1980s, and the recent successes of corporations producing electronic devices such as mobile phones and air conditioners. Saudi Arabia has carried out seven five-year economic development plans since 1970 to develop and amplify infrastructures as well as derive various industries based on oil (oil-production, oil-refinery, and petrochemical industries).

However, due to falling oil prices during the 1980s, Saudi economy revealed grave problems related to their economic structure. The economic growth rate dropped from 10% in the 1970s to an average 1.3% in the 1980s. This decline indicated how much the Saudi economy depended on just oil and had no other way to sustain their growth and prosperity if not for the chief resource. Thus, ensuing economic development plans
have included special economic policies to diversify the economic structure in order to stabilize the economy in face of unpredictable oil prices. Also, since the 1990s under the command Crown Prince Abdullah who have been enthroned following the death of King Fahd in June, Saudi Arabia has planned ambitious globalization strategies to recover the dynamism of the growth. The Saudi government has been implementing a strong structural reform and open policy such as reduction of government subsidies, expansion of the private sector, labor market reform and stimulation of the domestic market. (Jatmika, 2000)

In Saudi Vision 2030 (committee), Arab Saudi focuses on three strategic concept to increase Saudi economic prosperity, First, Creating a vibrant society, living in moderation and proud of its national identity, protected by caring families and supported by empowering social and healthcare systems. Second, Enabling a thriving, diversified economy centered on strategic economic sectors, fueled by entrepreneurs and SMEs and underpinned by an educational system aligned with market needs. Third, Building an effective, transparent, accountable, high- performing government that creates a healthy environment for all stakeholders within Saudi Arabia. Furthermore, the Kingdom aims to revitalize its socio-cultural landscape by focusing on ambitious initiatives in education, tourism, sports and entertainment. An objective of this collaboration is to make Saudi Arabia a hub for select industries and services to serve other countries in the MENA region and beyond.

Meanwhile on the Korean Administration Five Years Plan, The Republic of Korea has a plan consist of a national vision, policy goals and strategies, one hundred policy tasks, and a set of consolidated innovative tasks. And five main policy goals is, Establishing a new system of government to realize popular sovereignty in institutions and everyday life, benefitting all citizens rather than any smaller sub-groups individually, Fostering an economy centered on income-driven growth that restores a virtuous cycle in which increased household income boosts consumption, which in turn increases investment and production, and in which economic benefits are equally distributed across the population, Addressing socio- economic inequalities to improve quality of life and strengthen citizen solidarity by increasing state accountability for welfare, childcare, education, safety, and the environment, Bridging the gap between the capital and other regions and promoting autonomy and decentralization by transferring certain powers and budgets from the central government to local government, Ensuring peace and prosperity by establishing a powerful, well-functioning security and defense system that can safeguard the territory and reassure the Korean people.

From Saudi Vision 2030 and the Korean Administration Five Years Plan, The Kingdom of Saudi Arabia and the Republic of Korea have a matched vision, an that's can create additional economic benefits and business opportunities in line with their respective national visions. The Republic of Korea desires sustainable energy sources more than 80% of crude oil imported from the Middle East, and Saudi Arabia has to offer The Republic of Korea’s Supplier of energy (crude oil). Than The kingdom of Saudi Arabia has to offer a Capital fourth large sovereign wealth fund to The Republic of Korea who desires FDI to revitalize private sectors especially SMEs. Otherwise The Republic of Korea has to offer the world class technology and manufacturing to Saudi Arabia manufacturing competitiveness. The Republic of Korea also offers an experience and know-how in building domestic industries to boost private sector industries: 70% of Saudis work in the public sector.

The initial setback, however does not, and should not, diminish the strong fundamentals and huge potential present in relations between Saudi Arabia and South Korea. Three factors — economic complementarity, an absence of political conflict, and favorable historical memory — are particularly important, and in combination they form the basis for optimism. First, the two countries enjoy an unusual level of economic complementarity built on two levels. On the one hand, hardly any overlap exists between their respective areas of comparative advantage or their industrial needs and desires. This originates from the widely different conditions in the two countries, including their industrial structures, timing of the drive for economic development, and regional locations. Saudi Arabia’s comparative advantage has historically laid in its abundance of hydrocarbon resources, whereas South Korea notably lacks natural resources and instead has resorted to a mix of manufacturing and service sectors. As for the timing, South Korea’s big drive for economic development and diversification began in the 1970s, and hence posed very little competitive threat to Saudi Arabia’s most recent efforts under Saudi Vision 2030. The sheer physical distance between the two nations further reinforces their noncompetitive nature. Saudi Vision 2030 takes this condition of structural complementarity a step further by creating several mutually beneficial areas.
According to a report titled “Saudi Korean Vision 2030,” for instance, Saudi Arabia offers energy, capital, strategic location, a large consumer market, and infrastructure market, which meets South Korea’s “desire” for sustainable energy sources, more foreign direct investment (FDI) to revitalize the economy, and an overseas market for its manufacturing companies and infrastructure projects. The reverse relationship is equally robust. South Korea’s technology and manufacturing expertise, pool of skilled engineers and labor, and extensive experience in economic development and trade are extremely relevant to Saudi Arabia’s core objective of achieving a “Thriving Economy.” The mutual needs are substantial and balanced, and the area of competition and conflict remains minimal, establishing an ideal basis on which to explore opportunities to widen and deepen the two nations’ business and economic partnership. Second, few conflicts of interest exist in the political arena. The nature of political relations often determines whether and to what extent the economic potential between states can materialize. A comparison with South Korea–Iran trade relations is a case in point.

The nature of trade and investment is comparable to South Korea’s trade with, and investment in, Saudi Arabia, but South Korea’s economic interaction has been constantly marred by exogenous political events, including North Korea’s suspected assistance with Iran’s nuclear program and international sanctions on that program. South Korea’s relations with Saudi Arabia are quite the opposite, however. Saudi Arabia is also a close U.S. ally, and its bilateral relations with South Korea have historically been mostly free of third-party disturbances. At the bilateral level, neither country has political aspirations outside its own regions, with the result that there are virtually no areas of conflicting interests. Overall, bilateral relations have remained more or less apolitical, and the neutral tone was, and will continue to be, highly facilitative in materializing and expanding economic cooperation.

The Kingdom of Saudi Arabia and the Republic of Korea have a joint vision to strengthen the trade relationship and flow of foreign direct investment between the two countries through business-to-business ties, government-to-government cooperation programs, and scaling up co-operation in third countries in line with the strategic interests of both countries. The private sector is central to ensuring that the joint vision has real economic impact. Saudi Arabia and Korea have identified five areas of opportunity for Saudi and Korean businesses to work together:

1. Energy and Manufacturing
2. Smart Infrastructure and Digitization
3. Capacity Building
4. Healthcare and Life Sciences
5. SMEs and investment

The example of the Partnership Opportunities between Saudi Arabia and The Republic of Korea in the Energy and Manufacturing are Shipbuilding: Shipyard & engine assembly plant. Hyundai Heavy Industries and Saudi Aramco are set to construct shipyards and engine production factories, following a joint venture agreement contract signed to establish a shipyard (May 2017) and an MOU to establish a ship engine joint venture (July 2017). And than High-performance polyethylene production plant. SK Global Chemical and SABIC will consider building a second factory (300,000 tons/year) in Saudi Arabia following completion of the first factory in Ulsan, Korea, in July 2015 (230,000 tons/year).

Joint Venture Business Expansion Activities carried out by Saudi Aramco and S-Oil Korea can help build Saudi Aramco’s strength, increase access to new technologies and customers, create strong competition, speed towards a wider market, and improve dexterity and technology transfer. If the expansion of a company is based on consideration to enlarge or stabilize the profits obtained. This happens because of the increasing demand for products produced by a company. Then a larger market is needed for its production so that it can offset the additional demand or additional market area for the product. The greater the amount of production that can be sold, the more likely it is to get greater profits, so that many companies have the desire to develop and expand their business.

Since 1990 Saudi Aramco has chosen to expand its oil out of the region in addition to economic and business motivation, the expansion of Saudi Arabia through Saudi Aramco is due to the Republic of Korea being a large and strategic market in Asia in the oil market. And South Korea is strategically located between China and
Japan and through the trade in the silk route where Saudi Arabia benefits when the Silk Road is reactivated. Then Saudi Arabia sought out new sources of alliances besides the United States, as well as political policies of the Saudi Arabian government which began to move to the Asian region to be able to maintain the existence of Saudi Arabia outside the Middle East region. As well as Saudi Arabia wants to find new oil sources outside of western countries, one of them is due to the revival of TNC where oil TNCs in developing countries such as China, South Korea, Japan and Indonesia.

V. CONCLUSION

From the available data, it can be seen that domestic oil production, aramco has a lot of oil reserves from its domestic refineries. but why Saudi Aramco continues to expand its business outside the region. In addition to looking for large profits and expanding the market from Aramco's expansion to Korea, there are other reasons that Saudi Arco is expanding. Saudi Aramco is one of the largest state-owned oil and gas companies in the world. Aramco is recorded to handle more than 100 oil and gas fields in domestic Saudi Arabia. Aramco, currently, has a production capacity of 12 million barrels of oil per day. Aramco has the largest proven oil reserves in the world with 260 billion barrels per day. Saudi Aramco's expansion into the Republic of Korea was due to economic motivation and political motivation. One of the economic motivations of the Competitive Advantage Theory is the demand factor. Demand from domestic consumption, domestic industry and high export demand has caused state-owned enterprises to do business. Saudi Aramco's expansion through cooperation in oil energy with Korea S-Oil helped meet Saudi Arabia's domestic oil supply. Then a larger market is needed for products that can offset the additional demand or additional market area for the product. The value of the amount of production that can be sold, so the greater the profit, so that many companies have the desire to develop and expand their business. In addition, Saudi Aramco has benefited from investments in Korean refineries, and Saudi Arabia as a "home country" has benefited in several sectors such as Smart Infrastructure and Digitalization, Capacity Building, Health and Life Sciences, SMEs and investment.

Not only profitable in economic and business factors, there is also political motivation for Saudi Arabia to expand into the Republic of Korea, namely creating economic stability in the country, maintaining sufficient oil reserves in the country, opening up oil investment markets in Asia such as Korea. Oil is strategic and there are various potential MNCs in Asia such as S-Oil Korea, Sinopec, Pertamina, Petronas etc., then look for new energy sources such as renewable energy which can be other alternative energy sources. Saudi Vision 2030 takes this condition of structural complementarity a step further by creating several mutually beneficial areas. According to a report titled "Saudi Korean Vision 2030" for instance, Saudi Arabia offers energy, capital, strategic location, a large consumer market, and infrastructure market, which meets South Korea's "desire" for sustainable energy sources, more foreign direct investment (FDI) to revitalize the economy, and an overseas market for its manufacturing companies and infrastructure projects. The reverse relationship is equally robust. South Korea's technology and manufacturing expertise, pool of skilled engineers and labor, and extensive experience in economic development and trade are extremely relevant to Saudi Arabia's core objective of achieving a "Thriving Economy." The mutual needs are substantial and balanced, and the area of competition and conflict remains minimal, establishing an ideal basis on which to explore opportunities to widen and deepen the two nations' business and economic partnership. Saudi Arabia, through its Saudi Vision 2030 plan, openly and sincerely seeks outside cooperation in learning, designing, and implementing new policies to render its economy and society more diverse, resilient, and ultimately successful in times of global declines in reliance on oil. From the perspective of Saudi–South Korea relations, it naturally offers an exciting window of opportunity. Equally important, South Korea is a keen and capable partner: Its investment power, economic experiences and expertise, and social and political capital uniquely equip Seoul to contribute to, and benefit from, Saudi Vision 2030.
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Agrarian Reform under Joko Widodo’s Administration: Genuine? or Just Another Neoliberal Policy?

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Abstract

This paper wants to examine does agrarian reform policy run by Joko Widodo’s administration represents the genuine agrarian reform as defined in UUPA or Market-led Agrarian Reform (MLAR) policies that represent the neoliberal paradigm instead. In answering the question, this paper has a plot with comparing MLAR to UUPA in the first place and analyzing the result with Jokowi’s agrarian reform. The method of this paper is literature approach, collecting and finding data within document, book, article, etc. and analyzing it. This paper tries to argue that agrarian reform policy under Joko Widodo’s administration only represents neoliberal policy not genuine as defined in UUPA.

Keywords: Agrarian Reform, UUPA, Neoliberalism, Land, Agriculture

Introduction

The neoliberalism which is emerged from global government distrust of the mercantilist mechanism has become the ideal model for the majority of countries, especially developing countries, in order to catch up. Neoliberalism is derivate in policies from various forms by carrying out liberalization and privatization of means of production. This is no exception for Indonesia, which has a close history with international institutions that promote the principles of neoliberalism such as the World Bank (WB), the World Trade Organization (WTO) and the International Monetary Fund (IMF) and transnational corporations who are ultimate beneficiaries. One of the policies that has been applied in Indonesia by those institutions can be seen in agrarian policy.

UUPA formulated during the administration of President Sukarno is known to be characterized by socialism and contains points that emphasize the social function of the land, the need to reform the agrarian structure which is still considered colonial, protection of farmers, farm laborers and so on, which leads to economic equality for the Indonesian people. However, after the resignation of President Sukarno from the government and as Indonesia transformed into a major client for foreign financing (neoliberal institutions) and begin to abandon this law.

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The influence of the neoliberalism paradigm in agrarian policy became large and increasingly far from what was mandated in the UUPA. However, UUPA again rising after the election of Joko Widodo (hereinafter abbreviated as Jokowi) has become President of Indonesia in the 2014 General Election. In the Nawacita and
Medium-Term Development Plan (RPJMN) of 2015-2019, with reference to the Sukarno’s Trisakti concept, the agrarian reform program is again included and is expected to overcome the social inequalities that stem from the agrarian control gap.

Jokowi’s agrarian reform policy is interesting to be studied, because even though it is aimed at overcoming social inequalities, Jokowi’s agrarian reform actually involves the intervention of the World Bank, which is one of the main institutions supporting neoliberalism. On this basis, this paper will specifically try to explore and see how the current Jokowi-style agrarian reform policy is? And whether the agrarian reform style of the Jokowi Administration is the original agrarian reform in accordance with the UUPA? or is an agrarian reform influenced by the neoliberalism paradigm?

This paper will be divided into four parts, namely, the first part will explain the analytical framework of neoliberalism in the agrarian field, namely the Market-Led Agrarian Reform (MLAR), and how its policies affect the third world countries. The second part will describe the philosophical basis of the UUPA as well as the land reform practices that it refers to, and how neoliberalism has been intervened the Indonesian land policies after the end of President Sukarno’s government. In the third part, it will be explained the agrarian reform policy under the Joko Widodo’s administration and whether the policy is influenced by neoliberalism. Finally, in the closing section we will explain how the comparison between UUPA and the Joko Widodo Government’s agrarian reform policy.

**Neoliberalism and Market-Led Agrarian Reform (MLAR)**

* A working model of a society organized through voluntary exchange is a free private enterprise exchange economy what we have been calling competitive capitalism...co-operation is strictly individual and voluntary provided: (a) that enterprises are private, so that the ultimate contracting parties are individuals and (b) that individuals are effectively free to enter or not to enter into any particular exchange, so that every transaction is strictly voluntary. (Friedman, 1962, p. 19)

Milton Friedman explained how collaboration or what he called competitive capitalism can be achieved with 2 (two) conditions, namely, the privatization of companies and individual volunteerism in conducting transactions. The role of the market is very crucial and foremost because the market makes an unanimity between individuals without submission. The state or government can also make a unanimous agreement but more likely to be due to submission, not based on volunteerism (Friedman, 1962). This statement is in accordance with Robert Keohane’s argument where Keohane is (1984, p. 51 dalam Sterling-Folker, 2013) said that International cooperation occurs when states adjust their behaviour to the actual or anticipated preferences of others’ so that ‘the policies actually followed by one government are regarded by its partners as facilitating realization of their own objectives..

However, because there is no true freedom, the role of government is needed, for example, in maintaining social unity, upholding the law and preventing violence against people. In the economic context, the role of this state can be seen in the determination of ownership rights as well as its translation and enforcement, and the stipulation of monetary framework provisions (Friedman, 1962). Friedrich Hayek, in his book, Road to Serfdom, suggests that (1944, p. 24),

“It is rarely remembered now that socialism in its beginnings was frankly authoritarian. The French writers who laid the foundations of modern socialism had no doubt that their ideas could be put into practice only by a strong dictatorial government. To them socialism meant an attempt to “terminate the revolution” by a deliberate reorganization of society on hierarchical lines, and the imposition of a coercive “spiritual power”. “

The statement represented Hayek’s critique on Socialism, which according to him the paradigm was no more than practicing authoritarian actions which became a vital difference with liberalism. However, despite authoritarian actions and other differences between socialism and liberalim, both have similarities, namely equality. However, this similarity was further criticized by Hayek by quoting de Tocqueville who stated that democracy (liberalism) seeks equality with liberation, while socialism seeks equality with restraint and slavery (Hayek, 1944).
The crisis that hit the world at that time was seen by Hayek as the implementation of the policy of socialism. The growth of the role of the state is a fundamental threat to individual freedom. The growth of the role of the state in providing better economic security is the first step towards socialism or fascism. He criticized how a healthy economy is achieved if there is state intervention. If the government prints too many bills, it will destroy the economy. He criticized the social democrats who did not want to admit that the costs for expanding welfare became government debt. According to him, rather than thinking about the number of employment receipts, it is better for the government to manage the money supply to control inflation, where the management must be handed over to the private sector by the state (Balaam & Dillman, 2014).

The practice of neoliberalism has been emerged since the early 1980s which has been promoted by Ronald Reagan and Margaret Thatcher, who at that time was the President of the United States and Prime Minister of England, where the motto voiced by Thatcher at the time was TINA "There Is No Alternative" for economic policy liberal. Reagan concretely applied neoliberal policies by deregulating the banking, energy, investment, trade and large-scale tax sectors (Balaam & Dillman, 2014). Finished in fixing its domestic economy, in the mid-1980s, the United States began promoting globalization - the expansion of economic liberal principles throughout the world - as a process that would expand economic growth and bring democracy to countries that are integrated into this capitalist structure. Emphasizing the role of free markets (uncontrollable by the state), globalization promises to increase production efficiency, disseminates new communication technologies and systems, and generates employment in response to increasing demand (Balaam & Dillman, 2014).

In the late 1980s, the "Washington Consensus" discussed and regulated the benefits of liberal economic policies and their relationship with democracy promoted in the GATT policies which were later institutionalized into WTO, IMF and WB. The success of the laissez-faire policy in the United States and Great Britain, combined with the fall of communism in Eastern Europe in 1990, brought several developing countries in Southeast Asia and Latin America to adopt neoliberal policies. (Balaam & Dillman, 2014), including the Market-Led Agrarian Reform (MLAR) policies promoted by the World Bank.

The program has been implemented in several countries of Asia, Africa and Latin America, with varying outcomes. Successful results are claimed in countries such as Colombia, Brazil, Guatemala, El Salvador, South Africa and the Philippines, but this is challenged and resisted by academics and researchers, various movements of peasant and the landless, based on several factors, including the high degree of discretion it grants to existing landowners, the targeting of a narrow range of better-off, more commercially oriented beneficiaries, and a generally slow pace of land transfer (Lahiff, M Borras jr, & Kay, Market-led Agrarian Reform: policies, performance and prospects, 2007). MLAR advocates the redistribution of land from large to smaller owners via market transactions in order to achieve objectives of both social equity and economic efficiency — the latter through the assumption of an inverse relationship between farm size and productivity (Lahiff, M Borras jr, & Kay, Market-led Agrarian Reform: policies, performance and prospects, 2007).

The deregulation of agricultural markets and dramatic reductions in state support to farmers in 1980s and 1990s had differential effects across commodity groups and types of producers, but have, in the main, been highly detrimental for peasant producers and agricultural labourers, contributing to a growing crisis of rural poverty, unemployment and landlessness (Lahiff, M Borras jr, & Kay, Market-led Agrarian Reform: policies, performance and prospects, 2007). MLAR advocates the redistribution of land from large to smaller owners via market transactions in order to achieve objectives of both social equity and economic efficiency — the latter through the assumption of an inverse relationship between farm size and productivity (Lahiff, M Borras jr, & Kay, Market-led Agrarian Reform: policies, performance and prospects, 2007).

This MLAR policy can generally be grouped into three phases, namely, getting access to land, post-land purchase development, and programme financing (M Borras Jr., 2003). The first phase, getting access to land, is how the beneficiaries can get the land. In According to the proponents of MLAR, cooperation of landlords is the most important factor for any successful implementation of land reform, hence, only the land of landlords who voluntarily sell will be touched; landlords who do not want to sell will not be compelled. The pattern that can also be mentioned as “willing buyer, willing seller” adopts a ‘demand-driven’ approach in land and beneficiary targeting: only poor families who explicitly seek land and only the lands in demand by potential buyers are negotiated for the reform programme (qualified beneficiaries will be provided with funds to be able to buy lands) (M Borras Jr., 2003). In practice, this phase has been executed variously in different
countries, but there is a pattern we can point out as a common model which can be seen in Leonilde Servolo de Medeiros’s (Medeiros, 2007, p. 1509) article as follows:

The starting point was the creation of an association of small producers or landless workers in order to look for a financial agent or state land institute with a proposal for a settlement. Once the request had been analysed, resources would be provided so that it could acquire an area, the value of which was to be agreed with the owner. Next, it would return to government institutions for an evaluation of whether the quality of the land was adequate, whether the agreed price was reasonable in relation to the market for that region and, finally, whether the land deeds were legally sound. Afterwards, a letter of credit would be given to the association, which, through a state financial agent, would acquire the property under market conditions. The finance provided had to be repaid by the association within a certain period.

The second phase as part of the basis to analyze is post-land purchase development. Borras (M Borras Jr., 2003, p. 372) in his article explains that:

The MLAR model takes on the programme implementation sequence of ‘farm plans before land purchase’ and so it argues that farm development is assured because no land will be purchased without viable farm plans that emphasize diversified, commercial farming. And because beneficiaries are given a cash grant to be able to develop their farms, development will be quick (Deininger 1999, 666). A portion of this grant must be spent on privatized—decentralized extension services that are strictly demand-driven. Beneficiaries can hire consultants (e.g. NGOs and cooperatives) to assist them with project plans—an approach that is seen by Deininger (1999) as efficient since accountability between beneficiaries and service providers is direct and the process transparent. Moreover, widespread credit and investments are expected to come quickly because land is acquired via outright purchase and so land titles are honoured as collateral for bank loans.

The last phase explains about the financing programme that will take place after the beneficiaries get their land and have plans to manage it. Kembali mengutip analisa dari Borras (M Borras Jr., 2003) that:

MLAR model adopts a flexible loan-grant financing scheme. Each beneficiary is given a fixed sum of money. The beneficiary is free to use the fund, but in accordance to this rule: whatever portion is used to buy land, that portion is considered as a loan and has to be repaid by the beneficiary (100 per cent of the amount at market rates on loan interest rates)

Based on these three phases, although MLAR is a policy that carries the principles of neoliberalism, in this policy the state is required to complete and guard the vital aspects, namely enhance investment by clarifying property rights and establishing an institutional framework that guarantees the security of these rights; to increase efficiency by facilitating increased transferability of land (use) rights in rental and possibly sales markets; and to improve the integration of land and other (financial) markets; imposing a land tax and establishing land information systems (Deininger & Binswanger, 1999, p. 265).

**UUPA and Agrarian Reform**

UUPA was basically born with the attention of the Indonesian founding fathers regarding the absence of a regulatory basis that clearly regulates agrarian governance in Indonesia. The existing agrarian regulation, the Agrarian Law of 1870 or agrarische wet, is regulations which are considered to be full of the interests of the Dutch colonial government. On September 24, 1960, or 15 years after the proclamation of Indonesian independence, UUPA was officially established as a basis for basic regulations on agrarian in Indonesia. There are 3 basic objectives of the formulation of the UUPA, namely:

1. Current Agrarian Law - Agrarische wet and Forestry Law - are arranged based on the objectives and joint of the colonial government, and others are influenced by it. The basis of this agrarian laws were considered contrary to the interests of the people and the State;
2. The application of past agrarian law contradicts the rules of customary law;
3. Current agrarian law does not guarantee legal certainty, including the issue of dualism for indigenous peoples.

Sukarno as the first President of the Republic of Indonesia mentioned UUPA was born as the legal basis for revolutionary changes from colonial and feudal agrarian relations. In UUPA, the peasant group, together with the workers, placed Sukarno as the pillar of the revolution (Fauzi, 2012, p. 14). Land rights regulation in UUPA, assesses land not only as a private property but rather as a social function. Article 6 of UUPA states that:

any land rights that exist in a person cannot be justified, that the land will be used (or not used) solely for his personal interests, especially if it causes harm to the community ... due to its social functions, then it is a matter of course that the land must be maintained properly, so that it will increase fertility and prevent damage. The obligation to maintain this land is not only borne by the owner, or the rights holder, concerned, but also becomes a burden on everyone (UUPA, part II, article 4)

UUPA also shows strong support for the Indonesian people who work as farmers and farm laborers. This can be seen from the importance of implementing land reform as an effort to improve the structure of land ownership and the agricultural sector in Indonesia (article 10 verse 1 and 2 UUPA) and arrangements for maximum and minimum limitation land ownership (article 13 UUPA):

provisions concerning the minimum limitation land area that must be owned by the peasant so that they can earn enough to live properly for themselves and their family. It is also necessary to have provisions regarding the maximum limitation of land that can be owned by property rights, so that land in the hands of certain groups is prevented... (UUPA, Part II, article 7).

Not only that, in articles 24, 41 and 53 of the UUPA also visionary contains provisions regarding the need for protection for peasants in Indonesia. Furthermore, explained that:

the possibility of using agricultural land by people who are not the owners, for example in rent, profit sharing, mortgage, etc. ... must be carried out according to the provisions to prevent legal relations which are oppression against the weak by the strong ... so for example the use of land on the basis of rent, agreement for profit-sharing, pawn, etc., may not be left to the consent of the parties concerned themselves on the basis of ‘freefight’ ... and prevented ways of extortion (‘exploitation de l’homme par l’homme’) (UUPA, part II, article 7).’

Although thick with nuances of populism in its articles, UUPA itself does not mean flawless. For agrarian academics and practitioners in Indonesia, as mentioned by Gunawan Wiradi and Dianto Bachriadi (2011), there are differences in views when looking at UUPA, namely:

The first view is that UUPA as a statutory regulation requires derivative rules, and therefore every deviation occurs due to deviations in interpretation by holders of power and bureaucracy. The second view sees that the content of UUPA is problematic because it strengthens the principles of the right to control the state, which is not much different from the principle of domein verklaaring in the Colonial Agrarian Law of 1870. (Wiradi & Bachriadi, 2011, p. 4)

Another problem in the agrarian sector which is the focus of attention of the UUPA is the high gap or imbalance of land ownership in Indonesia. Based on data from the first agricultural census conducted by the Government of Indonesia, the pattern of control and ownership of agricultural land in 1963 was very uneven.
The imbalance of agricultural land control in 1963, or 3 years after the enactment of UUPA, showed symptoms of the total implementation of the UUPA still not yet total. These problems are then seen as the impact of the complex agrarian problems in Indonesia, so that other derivative regulations were needed to complement and facilitate the implementation of UUPA. President Soekarno then took steps by issuing a number of other laws and regulations aimed at perfecting the UUPA and accelerating the implementation of land reform. The regulations are namely:

1. Substitute Regulation (Perpu) No.56 / Prp / 1961 concerning limitation on agricultural land. In article 8 of this regulation, it is stated that the minimum area set for farmers, both for rice fields and dry land, is 2 hectares.;
2. Government Regulation No.224 / 1961 concerning land redistribution and compensation procedures;
3. Law No. 21 of 1961 concerning the Land Reform Court in the context of implementing land reform programs aimed at limiting individual land ownership, abolishing absentee land, and redistributing land to poor farmers and those who need land to improve their standard of living.
4. Law No.2 of 1960 in terms of Production Sharing, which aims to reorganize the security system in rural areas which are considered unfair.

The implementation of UUPA has faced challenges and several obstacles, resulting in a dissatisfaction reaction from mass organizations of farmers who consider the land reform program was run slow. Utrecht (1969) mentioning a number of things that are obstacles to the implementation of UUPA:

1. Inadequate land inventory makes it difficult to establish "excess land", and opens up opportunities for fraud;
2. Lack of understanding regarding the importance of land reform as a means of social change for many people. This is evidenced by the actions of landlords who obstruct and avoid the obligation to share excess land;
3. Lack of cooperation among land reform committee members, in part because they were concurrent with other tasks, thus preventing some of them from paying full attention to carrying out the tasks of the land reform committees, and partly because many of the land reform committee members intended to fail land reform case "excess land: even successfully excluded from the necessity as a land reform object);
4. Farmer organizations that support land reform were prevented from playing an important part of the land reform;
5. Farmers were subjected to psychological and economic intimidation by landlords. These landlords prevented farmers from pushing for more efficient implementation of land reform;
6. Difficulty to make a sequence of priorities in land redistribution both because many landlords did not have laborers or because, with changes in registration, the farm workers were listed as people

Table 1
Pattern of Agricultural Land Control in 1963

<table>
<thead>
<tr>
<th>Extent of land Control (ha)</th>
<th>Number of Peasant households (%)</th>
<th>Land Control (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0,10 – 0,25</td>
<td>18,8</td>
<td>3,0</td>
</tr>
<tr>
<td>0,25 – 0,50</td>
<td>24,8</td>
<td>8,3</td>
</tr>
<tr>
<td>0,50 – 1.00</td>
<td>26,5</td>
<td>17,3</td>
</tr>
<tr>
<td>1.00 – 2.00</td>
<td>18,2</td>
<td>22,8</td>
</tr>
<tr>
<td>2.00 – 5.00</td>
<td>9,2</td>
<td>24,8</td>
</tr>
<tr>
<td>&gt;5.00</td>
<td>2,5</td>
<td>23,8</td>
</tr>
</tbody>
</table>

Source: Central Bureau of Statistics 1963
outside the sub-district. Such cases led to fierce opposition between landlords and farm workers or among their own farm workers, which later, often led to fights between various political organizations.

UUPA could not be said to be heard after the end of President Sukarno's administration. Gunawan Wiradi and Benjamin White (2009) mention during the ten-year period between 1966-1976, the topic of agrarian reform and land reform became 'taboo' in the Indonesian government. Factors such as the attachment of the image of the agrarian reform program to the communist movement coupled with the New Order's centralized and capital-oriented development policy resulted in UUPA not to be used as a basis for policy making.

The New Order government even issued regulations, even though it included UUPA as a basis for consideration, it distorted UUPA. The issuance of regulations such as Law Number 5 of 1967 concerning Forestry (hereinafter referred to as the Forestry Law) and Law No. 1 of 1967 concerning Foreign Investment (hereinafter referred to as the PMA Law) is an effort to distort the values of UUPA.\[191\]

In addition to these two laws, the New Order also made land policy reform in Indonesia to be further away from the mandate of UUPA. This was very closely related to the interests of international monetary institutions, which assess Indonesian land policies hampering the emergence of land markets. On this basis, the World Bank, accompanied by a grant from Australian Aid for International Development (AUSAID), offered loans to Indonesia in the form of projects aimed at creating a land market in Indonesia. The manifestation of it can be seen from the Indonesian Land Administration Project (ILAP) which took place from 1995-1999. ILAP was financed by World Bank (US $ 80 million), grants from AusAID (US $ 15.2 million) and Indonesian state budget funds (US $ 44.9 million). ILAP in World Bank documents (1994) aims to:

1. Accelerates a fair and efficient land market, and to alleviate social conflicts over land, through accelerating land registration ... and through improving the institutional framework for land administration needed to support the program;
2. Supporting government efforts to develop long-term land management policies.

Noer Fauzi (2012) said about ILAP, there was a replacement of Government Regulation (Government Regulation No. 10 of 1962 concerning Land Registration) which was derived from UUPA, becoming a new government regulation (Government Regulation No. 24, 1997 concerning Land Registration) which contained the ILAP basis regarding more practical and efficient procedures for land registration. This was further strengthened by the continuation of the second phase of the ILAP program, called the Land Management and Policy Development Project (LMPDP) from 2004 to 2009. The US $ 87.62 million LMPDP project was sourced from World Bank loans (US $ 32.8 million) and the International Development Agency (IDA) (US $ 32.8 million) and domestic funding sources (non-debt) of US $ 22.02 million.

The rise of agrarian reform issues and enforcement of UUPA gained momentum when the New Order regime ended. The reform movement that developed afterwards gave rise to ideas about the importance of UUPA and the implementation of agrarian reform considering the high of agrarian conflicts, land ownership disparity, and rural poverty due to the centralized and capitalistic development of the New Order. Large movements that encourage the enforcement of UUPA are then manifested in the form of birth of TAP MPR No. IX/2001.

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191 Forestry Law, for example, The existence of the Law has practically reduced the scope of UUPA as a regulation for non-forest land with a total land area around 33%. The Forestry Law along with the PMA Law are known to also encourage the development of the plantation industry and massive intensification of agriculture in Indonesia. The PMA Law in this case is used as a basis to facilitate the entry of capital into the Indonesian plantation industry in large numbers. The impact of this is none other than the facilities obtained by plantation companies to open forest areas, or extend the business rights (HGU) as well as to convert HGU holders to plantations which have obsolete HGU (Saragih, 1998, hal. 39).
TAP MPR No. IX / 2001 contains provisions regarding Agrarian Reform and Management of Natural Resources. However, according to Gunawan Wiradi the contents of TAP MPR No. IX / 2001 is essentially ambiguous. Ambiguity of TAP MPR No. IX / 2001 according to Gunawan Wiradi itself can be seen from article 5 paragraph 1 letter a of TAP MPR No. IX / 2001 which is interpreted as an effort to change UUPA as the basis of agrarian law. Even though in fact Article 5 paragraph 1 letter a of TAP MPR No. IX / 2001 encourages a review of various New Order product laws which both explicitly and explicitly contradict with the spirit of UUPA. (Wiradi, 2009, p. 134).

Analysis on the Position of Agrarian Reform in Joko Widodo’s Administration

The discourse of agrarian reform again found its stage when Jokowi and Jusuf Kalla (JK), has become President and Vice President of Indonesia for the 2014-2019 period. This can be traced from Nawacita, as Jokowi-JK called it for his nine priority campaign promises, which stated that agrarian reform is one of the main programs. As a campaign promise, Nawacita has a strong sense of populism because it juxtaposes Sukarno Trisakti values\(^{192}\).

In Nawacita, agrarian reform is placed as an agenda and strategy to build Indonesia from the periphery, starting from the rural to urban. In detail, in Nawacita, the second point in the economic field is mentioned:

We will build food sovereignty based on Popular Agribusiness through ... (2) reducing agricultural poverty and supporting re-generation of farmers through; c) irrigation development, dams, road and transportation facilities, and even market and institutional markets .... (3) commitment to the implementation of agrarian reform through; a) access and asset reform Distribution of assets to farmers through the distribution of farmers’ land rights through land reform and land ownership programs for farmers and farm laborers; land distribution of 9 million ha, b) increase access of smallholders to ownership of agricultural land - Jokowi - JK’s Campaign Document: Jokowi-JK 2014 vision, mission and action program- (2014, p. 29)

After being selected as the winner in the 2014 General Election, the idea of agrarian reform stated in Nawacita is embodied in the National Medium Term Development Plan (RPJMN) for 2015-2019 (BAPPENAS, 2014, pp. 6-81). Furthermore, the implementation of agrarian reform is embodied in the Presidential Regulation (Perpres) No. 45 of 2016 concerning Government Work Plans for 2017. In the regulation, agrarian reform will be realized by granting 9 million hectares of land to farmers, by distributing:

1. million hectares in the form of legalization of assets (0.6 million transmigration land that has not been certified, and 3.9 million assets legalization);
2. million hectares of land redistribution (obsolete HGU and 0.4 million hectares of abandoned land and release of forest areas of 4.1 million hectares).

<table>
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<th>Scheme 1</th>
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<td><strong>Agrarian Reform Implementation</strong></td>
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Source: Presidential Staff Office (KSP) (2016)

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\(^{192}\) See the campaign document of Jokowi – JK on Visi, misi dan program aksi Jokowi-JK 2014

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Apart from the scheme, the Jokowi-JK’s administration also issued a ‘Social Forestry’ program which is mentioned as an Agrarian Reform in the forestry sector. The concept of social forestry is targeted to reach 12.7 million hectares and is expected to be a solution for some regions in Indonesia that are not possible to implement land distribution. The concept of Social Forestry is different from the release of forest areas listed in the agrarian reform scheme. This difference can be seen from the absence of a basis for ownership rights to land document but only permits. (Bakar, 2018).

Although basically the Jokowi’s agrarian reform policy is divided into two categories, it is more focused on releasing the legalization of assets than the redistribution of land. This can be seen from the Presidential Staff Office data which states that until August 29, 2017 the achievements of the agrarian reform included the legalization of assets of 2,861,556 parcels or 508,391.11 hectares and given to 1,327,028 families. For the redistribution of assets reaching 245,097 parcels or 187,036 hectares, given to 179,142 families (Mongabay, 2017). Even though the asset legalization policy seems to be able to overhaul the imbalance of land ownership in Indonesia, it basically does not target the problem of land ownership inequality because the legalization of assets will be the basis of MLAR.

The legalization of this asset is a program that is already familiar to Indonesia. The government before Jokowi implemented this program, but in the Jokowi’s era this program is actually intended to support the agrarian reform policy that he wanted to achieve. In addition to making the assets legalization as a strategic program achieved by the Ministry of Agrarian Affairs and Spatial Planning, in 2018 Jokowi issued Presidential Instruction Number 2 of 2018 concerning the acceleration of PTSL (Comprehensive Systematic Land Registration).

PTSL aims to provide legal certainty and guarantees for land parcels owned by communities, public legal entities and private legal entities held through land registration or land certification (Kementerian Agraria dan Tata Ruang/Badan Pertanahan Nasional, 2013).

The funding of the PTSL program comes from collaboration between the World Bank and the Government of Indonesia. As can be seen in table 1, significant funding in the form of loans comes from the World Bank, amounting to USD 200 million and the rest, USD 40 million, is self-funded by the Government of Indonesia. These costs are included in the components which can also be observed in table 1. Then as for the implementation it can be seen in Scheme 2 below.

<table>
<thead>
<tr>
<th>Table 2 PTSL Financialization</th>
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<tr>
<td><strong>Project Components</strong></td>
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<tr>
<td>Total Project Costs</td>
</tr>
<tr>
<td>Component 1; Participatory Mapping and Agrarian Reform Land Registration</td>
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<tr>
<td>Component 2; Geospatial Data Infrastructure for Environmental and Natural Resource Management</td>
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<tr>
<td>Component 3; Project Management, Institutional Development and Monitoring</td>
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<tr>
<td>Front End Fees</td>
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<tr>
<td><strong>Total Financing Required</strong></td>
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Apart from the funding provided by one of the institutions of neoliberalism, the practice of MLAR can be indicated through the promotion of ownership rights by the state. There are several points that can be seen why ownership rights are very fundamental in MLAR, namely first, clear property rights can prevent wasteful “overinvestment” in protective measures by individuals eager to claim and defend their property rights, second, to increasing demand for investment, as discussed above, secure landownership and the associated ability to use land as collateral can increase the supply of credit from formal sources, third, written records of landownership improve the transferability of property (Deininger &Binswanger, 1999).

As can be seen, the fundamental ownership rights occur because as the main determining factor in the sustainability of the market mechanism in supporting economic growth. As can be seen in the document of agreement between the Government of Indonesia and the World Bank that PTSL is in the context of assets legalization “…will enhance agrarian reform, sustainable landscape management, land governance, social stability, access to land for investments, inclusive growth, conflict resolution, and environmental protection and conservation including positive co-benefits to climate change adaptation and mitigation, and women’s awareness and access to legal land rights individually or through joint ownership” (World Bank, 2018, p. 13).

The requirement to ensure property rights is the result of contradictions with communal rights which are seen as limited. In communal rights, individuals have very secure and normally inherited rights to land events after a period of absence, but they do not have permanent property rights to a specific plot, a limitation that may reduce investment incentives or can be said to be far from the principle of efficiency. In order to
encourage this efficiency, the establishment of freehold titles and the subdivision of the commons were proposed.

**Conclusion**

Although the implementation of the MLAR carried out by Jokowi is not as mature and comprehensive as it has been implemented in other countries - for example Brazil has implemented MLAR comprehensively from the beginning of 1998 called the Ce’ dula da Terra, and contains the Land Bank in it (Medeiros, 2007), or in South Africa which has been radically run with the concept of “Willing Buyer and Willing Seller” since 1997 (Lahiff, 2007) – but it does not rule out the possibility to analyze the policy of Jokowi’s agrarian reform with the MLAR concept because the assets legalization is crucial as the inclusion of this program as the main program in agrarian reform and the position of assets legalization itself as fundamental step in forming MLAR.

Assets legalization is seen to be sustainable with previous land projects in Indonesia, which were funded by the World Bank and other international financial institutions, namely LAP and LMPDP. The indecisiveness of Jokowi’s agrarian reform in rejecting the influence of neoliberalism is also seen from the establishment of further cooperation between the Government and the World Bank on July 19, 2018.

Within the framework of MLAR, land legalization and certification policies are the first step to push land into a commodity. This causes land, which in UUPA is defined having social functions and aimed at the public interest, becoming inclusive with market mechanisms. This sign can be seen from the other objectives of the land certification program that can be used as collateral or pledged as collateral in the Bank as venture capital (Kompas, Jokowi: Agunkan Sertifikat Lahan untuk Modal Usaha, 2018).

However, the tendency of agrarian reform that leads to neoliberalization can be questioned, considering that the Jokowi has just issued an operational basis for agrarian reform, namely Presidential Regulation No. 86 of 2018 concerning Agrarian Reform. The regulation will become the latest legal umbrella for agrarian reform policies, which were previously listed in the 2015-2019 RPJMN. However, Presidential Regulation No. 86 has not been implemented due to the absence of derivative regulations related to the technical problems of agrarian reform. In the future, the implementation of the regulation can become a new analytical basis for other studies to analyze how agrarian reform policies in the Jokowi’s administration.

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Online news


The Balance of Bargaining Power Between Indonesia and Freeport Regarding the 51% Divestment of Shares

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ABSTRACT

Regarding to PP No. 1/2017, the Indonesian government requires Freeport to divest its 51% shares. Initially, Freeport strongly disagreed and showed a response to reject PP No. 1/2017. However, within 4 months, Freeport decided to accept the negotiation initiated by the Indonesian government, regarding the provisions of the 51% share divestment. This paper is aimed to answer the question why Freeport is then willing to negotiate with the Indonesian Government after previously enacting a strict attitude of refusal. This paper applies the Balance of Bargaining Power to argue that Freeport has a weaker bargaining position toward the Indonesian government, regarding the divestment issue. The findings in this paper are concluded (1) Freeport operates in the host country whose government has a powerful governmental bureaucracy, (2) Freeport holds a higher risk of giving up the mining sector investment held in Indonesia, (3) Freeport faces the consequences of economic crisis in developed countries along with the rapid economic growth in Asia.

Keywords: PP No 1/2017, Freeport, Divestment of 51% share, the Balance of Bargaining Power

Introduction

The growth of multinational corporations (MNC) has provided a great influence on the development of contemporary international relations. It is not only economic issues but also touched on international politics. The existence of MNC the present, have been freed from the constraints of the narrow, national economy, and it really has been a "company global" and become a positive force for economic development and prosperity that can reach the entire country. Although the activities of production, distribution, and other activities have crossed the border, but the identity of the MNC is still attached on the country, both the home country as the country of origin as well as host country as the country where it operates.

PT Freeport Indonesia (PTFI) is an affiliate of the MNC Freeport-McMoRan Copper Gold Inc., originating from the United States and countries, operating in Indonesia since the year 1973. PTFI's activities are mining, processing and performing exploration against of copper, gold, and silver. PTFI is located in the area of the plateau in Mimika regency, Papua Province, Indonesia.¹³

On January 11, 2017, the Indonesian government issued PP No 1/2017 on fourth amendment of the PP No 23/2010 about the Operation of Mineral and Coal. The amendment of PP No 1/2017 is to implement the principles set in the UUD 1945 Constitution which states as follow “Earth and water and the natural resources contained in it, must be controlled by the State and used for the greatest prosperity of the people” (UUD 1945 Article 33 paragraph 3). One of the important points in PP No 1/2017 is a change in Article 97, which states that: "the holders of Mining Licenses (IUP) Production Operation and Special Mining Licenses (IUPK) Production Operation, in the framework of foreign capital investment, within 5 (five) years of

¹³ Sekilas Tentang Kami PT Freeport Indonesia (https://ptfi.co.id)
production, must divest their shares gradually, so that the shares shall be at least 51% (fifty one percent) owned by Indonesian government in tenth year". \(^\text{194}\)

PP is a regulation made by the government as the implementation of the provisions of Undang-Undang. PP No. 1/2017 is issued by the government, in order to increase added value of minerals, through processing and refining metal minerals, as written in Undang-Undang No. 4/2009 about Mineral and Coal Mining. Through this regulation, the Indonesian government will maintain effort to realize the domestic mineral refinement and processing facilities, to give an optimum benefit for the country, and to give legal framework for Mining Licenses (IUP) Production Operation, Special Mining Licenses (IUPK) Production Operation, Contract of Working (KK), and Coal Contract of Work (PKP2B). \(^\text{195}\)

The implementation of PP No 1/2017 on amendment to Article 97 requires all KK and IUPK holders, including foreign mining companies like PTFI, to divest 51% of their shares to the Indonesian Government. Previously, PTFI was bound by a KK referring to the 1991 Contract of Work (CoW) and KK is set to expire in 2021. Therefore, to extend their business license, PTFI must divest 51% of their shares in accordance with the PP No 1/2017.

PTFI is obliged to comply with Indonesia’s law and legislation. Yet, they strongly disagree and show a response to reject the implementation of the PP, in particularly regarding the provisions of share divestment, despite the provisions of divestment have been previously arranged in the Contract of Work (KK) and PP No. 23/2010 about the Operation of Mineral and Coal, though only 30%.

PTFI’s refusal was expressly stated on January 16, 2017. PTFI Spokesperson, Riza Pratama, stated that PTFI has not agreed to accept IUPK as issued in PP No 1/2017. PTFI conveyed their disagreement because they felt that they were provided no certainty of investment stability agreement as that in the previous KK, especially regarding the terms of the share divestment. That guarantee is important for PTFI because of their long-term investment plans. \(^\text{196}\)

In addition to the refusal, PTFI said that they would sue the Indonesian government in arbitration. In February 2017, Freeport McMoran (FCX) CEO stated that the Indonesian government had violated the provisions of the 1991 Contract of Work (CoW) and UU No. 4/2009 about Mineral and Coal Mining, by not issuing permits to export copper concentrates abroad. According to Adkerson, PTFI’s right to export has been canceled unilaterally by the Indonesian Government since January 12, 2017. \(^\text{197}\)

As a response, Indonesian government offered PTFI to hold negotiation. On February 22, 2017, Indonesian Minister of Finance, Sri Mulyani, stated that the government set a six-month period to negotiate with PTFI. And, during the time Indonesian government would set a consideration for PTFI on mining permits. \(^\text{198}\)

The negotiation offer did not immediately get a positive response from PTFI. Since February 2017, the negotiation has been ignored by PTFI. But then on May 4, 2017, FCX CEO, said that they had revoked the sue of arbitration on Indonesian Government and agreed to negotiate, in particular the agreement on shares divestment. Negotiations took place on that very day. The Indonesian Government was represented by the Ministry of Home Affairs, Ministry of Finance, Attorney General’s Office, Investment Coordinating Board and Local Government of Papua. \(^\text{199}\)

Here, PTFI has indicated a change in attitude to accept the negotiation initiated by Indonesian government. PTFI was to accept the offer after the company had previously enacted a strict attitude of refusal and a threat to sue Indonesian government in arbitration court. Therefore, the research question of this paper

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\(^{195}\) Ibid., Pendahuluan

\(^{196}\) Kumpulan Artikel Tempo, *Perjalanan Divestasi Saham dan Perubahan Kontrak menjadi IUPK PT FREEPORT*., pp. 3

\(^{197}\) Ibid., pp. 9

\(^{198}\) Ibid., pp. 15

\(^{199}\) Ibid., pp. 26
is why PTFI was willing to negotiate with the Indonesian government regarding the provisions of the 51% share divestment.

Literatur Review

The actual discussion about the relation between Freeport and Indonesian government in the sphere of international political economy is not a new topic. For decades operated in Indonesia, the existence of Freeport as a non-state actor greatly affects the domestic interests of the State. Strong attributes owned by Freeport as an American MNC tended to give space to perpetuate its dominance in exploring natural resources by ignoring the principle of law in Indonesia.

Related contracts that govern the operations of the Freeport Contract of work i.e., judged contrary to the principles of Pancasila and the 1945 CONSTITUTION juridical and raises various issues (Redi, 2016), namely: (1) the existence of an imbalance in the revenue sharing; (2) the problem of imbalance in the bargaining position between the Government and the company at the time of the making of the contract; (3) the problem of occurrence of manipulation, abuse committed by officials, and corruption that occurred in the making of the contract; (4) the transition of power or regime that resulted in frequent changes of policy in conducting mineral and coal mining, which is a philosophical and sociological can influence on the prosperity of the people; (5) environmental problems; (6) the community’s objections over the existence of Freeport who allegedly have committed massive exploitation in Papua without contributing to the prosperity of the people.

In addition, Contract of work also raises legal and social problems of its own (Rahdiyan & Savira, 2017). The legal problem is Indonesian government exposed to a variety of losses thus incurred from the execution of the contract. Social problems mainly related to disputes between Freeport with communities (indigenous) and the issue of environmental damage. Social problems in particular can have implications for the stability of the public security in Papua.

The dominance of MNC and complex relationship with Host Country-State (HCS) especially in third world countries, it is not a new problem this time. The economic impact from the existence of the MNC was able to influence the political issues, caused by the Government’s capabilities are not ready to face the challenges especially the threat to State sovereignty. In addition, the gap between the goals and interests of the MNC and HCS boils down to the failure and disappointment even some of which leads to results that are counterproductive. This is largely due to the international regulations governing the MNC is still very far from expected, which would later make MNC continues to exploit and take advantage of this anarchist system (Said et al., 1995).

Despite the existence of MNC in third world countries has always been associated with controversies in the sectors of the economy, politics, society and the environment, but the majority of the Government seems to be willing to make peace despite of the high level of losses. It happened because they were not able to separate themselves from their access to technology and global markets, and from institutions such as the MNC, that is intersect directly with global access (Kaarbo & Rey, 2011).

Increasing competition resulted in a weak bargaining power of the HCS to the MNC. Thus, the political response of the MNC plays an increasingly important role in maintaining its positions when the competition getting tougher (Kim, 1988). In Southeast Asia for example, MNC largely only serve domestic markets HCS in this area. The MNC are more likely to operate a chain of regional global production rather than giving priority to ASEAN. This is because the MNC is not an industry that is typical in regional production networks in Southeast Asia (Kettunen, 2016).

Nevertheless, the existence of MNC in third world countries do not always have to be attached on the controversy, which puts HCS on the a weak position and as a losers. In India for example, the increase in economic growth and the process that led to the development of the country occurred because the Government is embracing the MNC in the pursuit of its domestic interests. Foreign Direct Investments inflows provided an opportunity for the State to have a supply of capital in their markets. It is obtained through a network of cooperation by allowing MNC freely build in India for years. MNC in India has supported economic
growth by enlarging its market. It also makes India can attract FDI that is using advanced technology (Bakan & Yildirimci, 2015).

In fact, MNCs are surprisingly small compared to many nation-states. In addition, if anything the size of MNCs relative to the size of nations has tended to decline somewhat during the last 20 years. There is little evidence that the economic and political power of MNC has increased in the last few decades. MNCs have not grown in size relative to the nation-states nor have they become more powerful in the last twenty years. And yet the perception is very different. This leads to the conclusion that what has changed is not the economic reality. The big transformation has been in the perception of that reality. Many people now perceive the MNCs as having grown in size and power, while they did not (or not to the same extent) 20 years ago (Loku & Loku, 2016).

Therefore, taking the midline of the debate about the existence of MNC as a non-state actor that influential in domestic policy in HCS, especially in third world countries, the author agrees with Yadong Luo, who argues that, as the world economy becomes more integrated, MNC cooperation with HCS grows increasingly critical yet more complex. In this regard, Vernon’s one major assertion, despite being 30 years old (1971), still holds: The changing nature of dynamic relations between MNCs and a host country is a function of changing goals, resources, and constraints on each party (Luo, 2011).

Research Methods
This paper uses qualitative research methods by collecting secondary data. Whether it’s through books, journals, and data issued by formal agencies.

Result and Analysis
The dominance of MNC in third world countries is the result of a long process that occurs from a interdependence relation between each party that goes with it is very dynamic. Conditions that occur at a particular time one cannot represent or guarantee its continuity in the future. The willingness of Freeport to renegotiate even though it had previously been rejected is evidence that such interdependence will continue to take place in a dynamic condition.

In the last few decades, MNC has experienced growth in terms in number, size, including economic control in third world countries. The flow of FDI from developed countries to these countries began in the early 19th century through the agricultural commodity sector and extraction of raw materials. Then in 1914, the mining, oil and agricultural commodities began to control around 70% of USA total FDI in these countries.

The revival of FDI inflows to the third world countries has been prompted by a variety of factors: falling interest rates in the North, the loosening of regulations on foreign investments in South, rapid economic growth rates in some of the principal host countries, the emergence of debt-equity swaps as a tool for transforming Third World debt into equity investments, and new opportunities to purchase state-owned firms recently privatized by Third World governments (Lairson & Skidmore, 2003).

MNCs and Third World states are engaged in an interdependent relationship. Each party wants something from other, and it is related to interests. In addition to interests, each party both HCS and MNCs also have power relation, which in the interdependent relationship produces what is called the Balance of Bargaining Power. In this concept, each party has an interest in the other party and also capabilities that are different from each other. In the interdependence relationship, the capability of a HCS in enforcing the provisions governing MNC activities is limited by the strength of its bargaining position. While the capabilities of MNC come from the asset package offered by HCS and from their own mobility. If HCS insists on applying the strength of its bargaining position, by forcing regulations that burden the MNC substantially so as to erode potential profits, then they will immediately move, or at least they will try to avoid regulation (Lairson & Skidmore, 2003).

The Balance of Bargaining Power between MNCs and Third World Countries (Lairson & Skidmore, 2003) may vary according to : (1) the characteristic of the HCS, (2) the characteristic of the investment, (3) changes in the international economic environment. Through the concept of the Balance of Bargaining Power can be
seen the presence of dynamic processes which occur in a relationship of interdependence between Indonesia and Freeport that affect changes in power relations and interests of each party. So that, changes the behavior of Freeport which is willing to negotiate after previously expressly refused, was the result of the Balance of Bargaining Power between Indonesia and Freeport that occurs at a particular point are described from the 3 factors of the Balance of Bargaining Power concept.

1. **the characteristic of the Indonesian Government as HCS**

HCS possessing characteristic that render them attractive to foreign investor are likely to find themselves in a relatively strong bargaining position. The more lucrative the investment, the more like it is to be made in spite of heavy host state regulation. Thus Third World countries with large domestic markets, skilled and disciplines work forces, bountiful natural resources, and well-developed infrastructure can afford to drive hard bargains with foreign firms that, presumably, will be eager to gain access the the country and its many economic opporturity.

The wealth of natural resources should be a big potential for the economy of a country. However, natural resources will always be the pent-up potential that if not treated optimally. Indonesia with a wealth of natural resources in the form of copper and gold in Mimika, Papua; aware of the magnitude of the potential. However, with the low technology capacity so haven’t been able to cultivate independently, makes Indonesia become reliant on foreign investors which in this case is the Freeport in cooperation schemes that is set in the contract.

Lairson and Skidmore also added that in addition to natural resources, the characteristics of HCS actually lie in states with large, sophisticated, and honest bureaucracy. These characteristics will make HCS in a better position to bargain on an equal basis with highly skilled MNC negotiators. They will also possess a greater capacity to gather critical information, monitor MNC behavior, and enforce relevant laws and regulations.

HCS has the absolute right to implement regulations that relevant to its national interests. Stiglitz (2007) argues that Corporations are legal entities governments create to enhance the well-being of their citizens by producing certain conditions that are conducive to investing and conducting business. Governments grant certain rights—limited liability—but we have argued that these are not "natural rights" or "human rights" but only instrumental rights, shaped to further societal goals. Thus, the corporate veil can and should be pierced under certain circumstances; limited liability is not intended to make corporations or their officers immune from responsibility for their actions, including environmental damage. Governments have the right and responsibility to pass corporate governance laws, bankruptcy laws, and health, safety, and environmental regulations to further the well-being of their citizens.

Stiglitz also added that foreign individuals and corporations wishing to conduct business within a country should be subject to the rules and regulations of the host country, including the rules and regulations that govern incorporation and bankruptcy. Hence, it is reasonable for governments to require foreign corporations operating within their borders to establish subsidiaries, whose governance and dissolution would be governed by national laws. governments gives limited rights—certain rights and not "natural rights" or "human rights" but only instrumental rights are formed for further social purposes (Stiglitz, 2007).

Looking back on a long journey of Freeport during operations in Indonesia can be inferred that the Government plays a major role in the perpetuate the dominance of MNC's in the country's economy, particularly in terms of share ownership. Contract Freeport McMoran begins during the reign of President Sukarno, through East Borneo Company. The initial contract was later revised by obliging Freeport MCMoran to give results of 60% of mines for Indonesia. Freeport began into a trouble because of that obligation, coupled with the tendency of the American President at the time, John f. Kennedy, who supports it. However it was ultimately not implemented because President Kennedy killed in November 1963, followed by the fall of President Sukarno in 1967.200

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During the reign of President Soeharto, the Work of Contract (KK) I was signed in 1967, with a validity period of 30 years. In the contract, Freeport McMoran Indonesia and pocketed were shares each of 90.64% and 9.36% of PTFI. The process of divestment commenced pad KK II, which set the terms of the release of the shares through two stages. In the first stage, Freeport McMoran's had to release 9.36% of their shares within 10 years of the contract signing. Then, starting in 2001 Freeport McMoran had to release 2% of shares annually to Indonesian Government, until national ownership in PTFI reached 51%. The initial divestment proceeded smoothly, but began to fall apart, when President Soeharto issued PP No 20/1994 about mineral and coal business activities which stated that in order to the domestic investment, foreign investor can have up to 100% of the shares and are allowed buy shares of companies that are already established. So that, through various transfer processes, Freeport McMoran again had a share of 90.64% at PTFI in 1997.\(^{201}\)

During the reign of President Susilo Bambang Yudhoyono, a number of government regulation were stipulated, relating to Freeport. One of them is PP No 23/2010 about the obligation of foreign investor to divest their 20% shares. Then the percentage amount rises in PP No 24/2012, which state that the divestment required gradually to 51% owned by Indonesia. But through PP No 77/2014, the obligation of foreign investors conducting mining activities through underground mining methods (such as Freeport) and open-pit mining only becomes 30% of the shares.\(^{202}\)

The issue of divestment of shares in fact is nothing new. Through a brief explanation in several periods of government, it is clear that in some forms of policy, the share divestment is only an issue but not well implemented. Therefore, in terms of state capability, commitment from state government leaders is needed in making of major decisions to changes or reverse the position of the MNC, especially to regulate the share ownership. The Government of President Jokowi’s big decision has succeeded in making a great change in the ownership of shares in PTFI. The divestment of 51% of shares obligation clearly implies the consistency of the Indonesian Government in taking over the ownership of PTFI.

As a populist leader of democratic country, Jokowi’s administration struggles to encourage PTFI give more contribution to the nation. This is because Freeport has already explored Indonesian natural resources (gold and copper) for more than 40 years. Consequently, Jokowi issued export mining regulation and give special license to Freeport. Previously, Freeport operated mining company under Contract of Work (CoW) with Indonesian government, but it is set to expire in 2021. Therefore, Freeport need to negotiate with Indonesian government to extend their license in exploring and exporting their mining product. Indonesian Government issued special license namely IUPK, wherein it allow Freeport to operate their company until 2041. IUPK tend to give a prominent position to Indonesia, which imposes the absolute authority of Indonesia to revoke the operating permit of the company. Moreover, Freeport was obligated to establish smelters within five years to process refined product before it is exported. (Shobaruddin, 2018).

Thus, from the long drive the process of divestment of shares of Freeport already outlined above, it can be concluded that the Indonesian government at the Jokowi’s administration, had done an affirmation on HCS characteristics. This is evidenced by the product of policies and legislation that are likely to be practical and to the point. PP No. 1/2017 has been clearly set about terms of the divestment of 51%, based on the efforts of the Government of Indonesia in implementing the principles of the Constitution of UUD 1945 poured in, namely Article 33 paragraph 3. Jokowi’s administration strong bureaucracy which is firmly implemented the obligations of divestment has put Indonesia in a strong bargaining position and PTFI in this case Freeport McMoran are in a weak bargaining position.

2. the characteristic of mining investment

The bargaining relationship between the HCS and MNC may vary across different investment projects within the same country. Bargaining leverage shifts to the HCS when projects involve well-known and slowly changing technologies. In various cases, the existance of this MNCs is useful to increase the capacity of state and local private companies through collaborative projects to manage production facilities or act as

\(^{201}\) Ibid  
\(^{202}\) Ibid
competitor. Low-technology foreign investment is therefore often subject to heavy regulation, intense local competition, or even outright nationalization (Lairson and Skidmore, 2003).

Unlike the case with investment projects resting upon more sophisticated or rapidly changing technology are less vulnerable to state the demands. In addition, the success of the investment project is usually very dependent on new technology that must be infused continuously from the home country. Thus, investment projects like this will increase the dependence of the HCS, which will eventually put the MNC in a strong bargaining position (Lairson and Skidmore, 2003).

Investment characteristics also talk about MNC’s fixed investment. Capital-intensive projects typically require large fixed investments in factories and machinery. After these are in place, the foreign firm is hostage to state control due to high sunk costs. Only continued production and sales will allow the firm to recoup its sizable initial outlay. Where fixed investment is low, however, a firm can more easily close up shop and relocate to a different country should state demands prove intolerable. In the end, Lairson and Skidmore conclude that the strongest Third World country bargaining power position was in the mining and raw material investment (Lairson and Skidmore, 2003).

This conclusion strengthens the argument of Stermole and Stermole’s, who stated that although the mining industry is part of the general industrial world, but there are special characteristics of mining investment (Stermole & Stermole, 1996), that is: first, very large capital. The amount of capital needed for the mining industry varies, depending on the type of mining material, method, scale, location and other parameters. Second, a long pre-production period. The duration of the pre-production period depends on the mining method, processing method, size and location of deposits, operational complexity and environmental constraints. This pre-production period ranges from 3 - 12 years. A long pre-production period will have an impact on the amount of capital needed and on the rate of return on capital.

Third, high risk. In addition to the risks associated with large capital requirements and a long pre-production period, there are other risks that affect investment decisions on the mining industry, that is: geological, engineering and construction, economic and political, and mineral market risk. Fourth, nonrenewable resources which have implications for the company’s main revenue from the sale of mining materials, and result in life of mine, depending on the amount of reserves and production level, so that continuous exploration is needed to find new deposits. Fifth, the impact on the environment. Mining exploitation activities will change the landscape, so that it adversely affects the environment. Therefore, the level of concern of the mining industry on the environment must be high. Last is, the nature of indestructibility of product, which impacts on the emergence of secondary markets and the reduction in the percentage of demand for ore/mining materials.

Freeport’s investment is the mining sector that involves very large capital and fixed investment. Based on Lairson and Skidmore argument, the strongest Third World country bargaining power position was in the mining investment, so that, investment characteristics place Freeport in a weak bargaining position and Indonesian government in a strong bargaining position. It was proven when the Indonesian government issued burdensome regulation, Freeport does not dare to relocate to a different country.

3. recently changes in the international economic environment

The Balance of Bargaining Power between state and firms can be vary over time due to a changing international economic environment. During 1970s, for instance, external condition tended to strengthen Third World states relative to MNC. Growing competition among MNCs made it easier for government to play firms off against one another in an attempt to achieve a more favorable bargain. Another international economic factor that favored Third World states during the seventies was the growing availability of commercial bank lending. This provided an alternative source of capital and lessened Third World dependence upon FDI. Able to do without MNCs more easily, government of developing countries tightened regulations and funneled borrowed funds into state-owned corporation that sometimes serves as direct competition to existing foreign firms (Lairson and Skidmore, 2003).
These favorable conditions changed rapidly during the 1980s. Northern recession led to declines in both Southern manufacturing exports and commodity prices. These, combined with higher oil prices and rising interest rates, led to a financial squeeze that culminated in the Third World debt crisis. As many countries teetered on the brink of insolvency, Northern banks drastically contracted their lending operations in the Third World. Suddenly, many Third World countries came to view increased flows of FDI as one of the few available options that might allow them to sustain economic growth while simultaneously digging their way out from under a mountain of debt. Faced with unfavorable international economic environment and chastened by declining investment flows, most Third World states as the eighties progressed were led by their weakened bargaining position to loosen controls of foreign investment, by offering tax, tariff, and regulatory concessions. However, the weakened bargaining position that most Third World states possess vis-a-vis foreign firms (Lairson and Skidmore, 2003).

International economic environment in the last decade began with a global crisis that occurred in 2007/2008. The crisis was caused by the shock of the US macro economy, which was a big blow from the housing credit crisis or Subprime Mortgage. The uncontrolled macro stability forced the US Government at that time, to issue a policy to reduce the Fed’s interest rate from 5.25% to 0 - 0.25%. The financial crisis was followed by the crisis that occurred in Euro Zone in 2010/2011. Even though Europe is the world’s strongest economic region, not all Euro Zone countries have a strong economy, 5 out 17 member countries are in a weak position, that is Portugal, Italy, Ireland, Greece and Spain. The ratio of government debt to GDP of Euro Zone countries increased from 74.4% in 2009 to 80.0% in 2010, with Greece as the country with the highest debt ratio. The ratio of debt and the inability of those countries to improve its economic condition and pay the debts became the trigger for the onset of the crisis.

Both of these crises have had a major impact on the international economic environment in the last decade. One of them is the FDI inflows to the Third World countries such as ASEAN member countries. The ten ASEAN member, are countries whose economic growth is still very dependent on foreign investment, especially FDI. The crisis that occurred in both the US and the Euro Zone, made FDI from Europe, as one of the biggest contributors to ASEAN investment value, declining sharply in the period of the crisis. It is can be seen in graph 1 below.

Graph 1: FDI Inflows from EU to ASEAN before and after 2010.

Source: ASEAN Secretariat, ASEAN FDI database

The global economic crisis of 2007-2008 did have a major impact on the decline FDI inflows to ASEAN, from almost 74 billion US dollars in 2007 to 49.49 billion US dollars in 2008, and to 39.62 billion US dollars in 2009. Despite the fact that global FDI has dropped, but China and India still remain very attractive to foreign investors during that period, which has an impact on ASEAN member countries, which must be willing to experience a decline in FDI inflows. But in a short period of time, the sharp decline was compensated by the recovery that began in 2010, with doubling of revenue; and in 2011, with an increase of 14% from 2010 (Diaconu, 2014).
In addition to the crisis, an important phenomenon in the international economic environment in the last decade is, the economic growth of several countries in Asia, that is China and India. It is certainly encourages changes in the international economic environment, especially in Asia. In the past, Asia was very dependent on FDI inflows from the western economy, but with the development of technology, human resources and capital accumulation in Asia, it has enabled developed countries in the region to invest and produce in neighboring countries.

More important thing is, the increase in intraregional FDI - or foreign investment from Asian countries in Asia - is also associated with the emergence of Global Value Chains (GVCs), in commodity production, which are no longer limited to one country, but spread across various countries because various components are produced separately. By using this method, Asia is now becoming more integrated with Asia, compared to non-Asian regions in terms of investment, especially by East and Southeast Asia.

Based on data from the ASEAN Investment Report 2017, FDI inflows into ASEAN from 2013 - 2016 ranged from US $ 96,723 million dollars to 133,057 million dollars, with 35% -50% of the total investment value coming from Asia (ASEAN, China, India, South Korea and Japan). As for FDI inflows value, graph 2 shows that from 2007-2016, ASEAN was still leading in terms of obtaining global investment value.

![Graph 2. ASEAN FDI Inflows](image)

The more integrated Asia describes the greater trust between the parties. One of them is China with ASEAN member countries. As the country with the largest economic growth in Asia, China has been conducting maneuvers to increase its investment in ASEAN member countries, including Indonesia. One of the sectors targeted are the mining. The need for stainless materials in the Chinese market, makes Indonesia as one of the countries which is rich in nickel, becoming the main investment destination for China.203

Although there has been no signals from the Chinese company is targeting mining which is managed by the Freeport in Papua, but their maneuvering and approach in ASEAN member countries including Indonesia, could not be ignored. Even though it hasn’t been proven yet, if Freeport insisted did fulfilling the obligation of the Indonesian government which is resulted to the expiry of the contract, then it is not impossible if Indonesia still have an alternative with the readiness of China to continue the management of the mining area of it. The alternative of course is very detrimental to the Freeport.

The crises in western countries coincided with the rapid economic growth in Asia, incised new phenomena in the international economic environment in the last decade. This phenomenon influences the attitude of third world countries towards the foreign investment policy implementation. In conditions that still desperately need FDI, they are no longer only depend on western investment. Therefore, the recently changes in the international economy environment places PTFI, as an western investor, in a weak bargaining position and Indonesian government in a strong bargaining position.

203 Tim Viva, China Targetkan Investasi Pertambangan di Indonesia (https://www.viva.co.id/arsip/872338-china-targetkan-investasi-pertambangan-di-indonesia)
Conclusion

The Government of Indonesia issued PP No. 1/2017 in an effort to give an optimum benefit for the country, and to give legal framework for Mining Licenses (IUP) Production Operation, Special Mining Licenses (IUPK) Production Operation, Contract of Working (KK), and Coal Contract of Work (PKP2B). The new regulation requires Freeport as one of the holders of the Contract of Work to divest 51% of its shares. The enactment of the regulation was initially strongly rejected by Freeport, especially in relation to the provisions of the share divestment. In addition, due to the enactment of the PP, Freeport had the chance to sue the Indonesian Government for arbitration by not issuing permits to export copper concentrates abroad.

Responding to the attitude of rejection and threat of sue, Indonesian government offered to negotiate with Freeport regarding the issue of divesting 51 percent of the shares. The negotiation offer was not immediately received by Freeport, but Freeport then accepted the offer and immediately revoked the lawsuit from the arbitration court. Regarding to the fact, the change in Freeport’s attitude is influenced by 3 factors, namely: (1) the characteristic of host country, which is Freeport operates in the host country whose government has a powerful governmental bureaucracy, (2) the characteristic of the investment, which is Freeport holds a higher risk of giving up the mining sector investment held in Indonesia, (3) recently changes in the international economic environment, which is Freeport faces the consequences of economy crisis in developed countries along with the rapid economy growth in Asia.

Reference

Books

Journal articles
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Online News


Institution Report and Regulation


Undang-Undang Republik Indonesia Nomor 4 Tahun 2009 tentang Mineral dan Batubara. http://repo.unand.ac.id/3687/1/Nomor%204%20Tahun%202009.pdf
Distinguished invited speakers, faculty leaders, senior lecturers, seminar participants, ladies and gentlemen. We have come to the end of the final session of the IPGSC.

Throughout the presentations provided by all the participants, we learn that geopolitical issues of balance of power are intertwined with capital moves and transnational relations. Major powers have been drawn into civil conflicts and control of their diaspora; therefore, in a sense societal change triggers disruptions in balance of power among major states. On the other hand, major states - in the case of the US and China - also cause disruptions of global governance through their increasingly unilateral actions. Meanwhile, technological disruptions have meant that states and non-states alike have to work together to make sure their industrial sectors survive; they also allow non-state actors to acquire more comprehensive information and even resources compared to the state in some sectors. To secure the safety of citizens and healthy environment, unilateral actions are far from enough.

Therefore, regional governance is the way for nation-states to survive in the era of disruptions. Regional and global governance must find ways to complement each other, instead of competing with each other, because they can provide specific service to citizens where the sovereign states are lacking in. In order to do this, regional mechanisms need to be more assertive in shaping the behaviour of their member-states.

On the national level, developmental state is still a way to go, especially for unfinished state-building project such as Indonesia. States should be expected to perform responsible governance, where not only all stakeholders are taken into account but also are made accountable to what they have done to create sustainable livelihoods.

The survival of nation-states is not given; they can only be accomplished through strategic and conscious planning. Without balancing social equity and environmental protection with economic development, for example, nation-states will not survive as the failure to maintain the former are the recipes of states’ failure.

The final words of this closing speech are dedicated to the members of the organizing committee of IPGSC who have worked hard to make sure all of the agendas of the conference run smoothly. On behalf of the International Relations Department and Master’s program in IR, I express the deepest gratitude to students of Master’s program in IR and hope that their experience in the IPGSC committee is useful for their future.

Depok, 15 November 2018
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