

6 ADALAH

Buletin Hukum & Keadilan

Indonesian Foreign Policy In Maintaining Multilateral Relations of APEC Members

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Abstract:

Indonesia's assertive foreign policy has significantly influenced the global relations of the Asia-Pacific Economic Cooperation (APEC) group. Indonesia's proactive foreign policy enables it to independently assess situations and develop strategies that serve its national interests unaffected by the impact of dominant political alliances. Indonesia's assertive foreign policy has significantly enhanced the country's significance beyond the Asia-Pacific Economic Cooperation (APEC) forum. APEC, consisting of 21 member nations, collaborates to promote stable economic expansion in the Asia-Pacific region, establishing itself as a significant player in the global economy. Indonesia's involvement in international financial institutions such as the World Bank and Asian Development Bank, along with its proactive foreign policy, has elevated its position as a major player in global monetary and fiscal matters.

Keywords: Foreign policy; Multilateral relations; APEC.

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A. PROLOG

In the framework of the global community, Indonesia's dynamic and unrestricted foreign policy has impacted multilateral ties with members of the APEC. By having a foreign policy that is freely active, Indonesia can make judgments and develop strategies that are by national interests. This flexibility is not constrained by the interests of powerful political blocs in the country. Indonesia has been able to expand its role and interests within the APEC as a result of its open and active foreign policy.¹

Indonesia has actively participated in APEC. Indonesia's independent and dynamic foreign policy has facilitated the enhancement of Indonesia's relations with APEC members and bolstered Indonesia's involvement in the organization. During the 2013 APEC Summit, Indonesia served as the host country and presented strategic proposals that aimed to align its national interests with emerging global trends. Indonesia's open and active foreign policy has facilitated its enhanced involvement and interests in APEC, while



¹ Mila, N., Vida, F., & Adi, D. P. (2020). Sejarah Perkembangan Politik Luar Negeri Indonesia Masa Pasca Reformasi. *Jurnal Pendidikan PKN (Pancasila Dan Kewarganegaraan)*, 1(2), 73-100.

also bolstering its multilateral partnerships with other members of the organization.²

Over the past few decades, APEC has emerged as a highly powerful entity in the global economy. Through this regional forum, member nations have collaborated on several initiatives aimed at fostering stable economic expansion in the Asia Pacific area. The Asia-Pacific Economic Cooperation (APEC) is a regional conference including 21 member countries situated in the Asia-Pacific region. The primary objective of APEC is to promote economic collaboration among its member nations, with an emphasis on sustainable economic expansion, unrestricted trade, investment, and human advancement.³

Indonesia must maintain its ability to carry out foreign policy in order to demonstrate its status as a prominent nation, both economically and fiscally. This includes enhancing its active participation in policy-making within international multilateral institutions, such as the World Bank and Asian

² SOEKARNO, M. P. Dalam masa ORLA (Orde Lama), politik luar negeri yang dilakukan oleh Indonesia tidak lepas dari pengaruh dinamika politik internasional pasca Perang Dunia II yang didominasi oleh Blok Barat dan Blok Timur dalam konteks perang dingin. Banyak negara-negara di dunia ini pun tak lepas dari arus konstelasi tersebut, mereka berlomba untuk menjadi aliansi Blok Barat maupun Blok Timur.

³ Montratama, I. (2017). Quo Vadis politik luar negeri Indonesia. Elex Media Komputindo.

Development Bank (ADB), through the involvement of leaders from the Ministry of Finance.⁴

Indonesia's open and active foreign policy has had a significant impact on its multilateral relations with APEC members on a global scale. This strategy has helped Indonesia enhance its role and pursue its interests inside the organization, while also fostering better multilateral connections with other APEC countries.

B. DISCUSSION

1. A Brief History of APEC (Asia-Pacific Economic Cooperation)

APEC is the abbreviation for Asia-Pacific Economic Cooperation. APEC is a regional economic conference including 21 member countries located around the Pacific Rim. Its primary objective is to foster the advancement of free trade, community development, and economic success across the Asia Pacific area.

The 21 APEC member countries are: Australia, Brunei Darussalam, Canada, Indonesia, Japan, South Korea, Malaysia, New Zealand, Philippines, Singapore, Thailand, United States, China, Hong

⁴ Kusumawardhana, I., & Abbas, R. J. (2018). Indonesia at a Crossroads: The Urgency of "Gender Equality and Justice Act" in Indonesia after Buenos Aires Joint Declaration in 2017. *Jurnal HAM*, 9, 153.

Kong, Taiwan, Mexico, Papua New Guinea, Chile, Peru, Russia, and Vietnam.⁵



The formation of APEC in 1989 was driven by concerns over Japan's economic dominance in the region, the rise of other trading blocs internationally, the increasing economic interdependence among Asia-Pacific countries, and the necessity to explore new markets for agricultural goods and raw materials beyond Europe.⁶

In January 1989, Australian Prime Minister Bob Hawke proposed the establishment of enhanced economic collaboration in the Asia-Pacific area with the aim of increasing productivity. As a consequence, the first APEC meeting took place in Canberra, Australia's capital, under the leadership of Australian Foreign Minister Gareth Evans. A delegation of ministers from twelve distinct nations participated in

⁵ Choi, B. Y., & Heo, I. (2022). Regulatory Similarity Between APEC Members and its Impact on Trade. KIEP Research Paper, Apec Study Series, 22-02.

⁶ Setiadi, E. (2017). Pengaruh APEC terhadap Hukum Ekonomi Indonesia. Jurnal International & Diplomacy Universitas Satya Negara Indonesia, 3(1), 43-58.

the summit, which culminated in a consensus to convene yearly gatherings in South Korea and Singapore.

The geopolitical shifts in the Soviet Union and Eastern Europe served as the impetus for the establishment of APEC. Following the collapse of the Soviet Union and its communist economic framework, Eastern European countries that were formerly under Soviet influence had to make adaptations to their monetary systems. The concept of interdependence among nations arose as the closed communist economic system transitioned to the open liberal economic system.⁷

During the course of APEC, member nations establish a shared framework with the aim of attaining APEC's objectives in trade and investment. The event was named Bogor Goals because to its location in Bogor, Indonesia. The Bogor Goals are aspirational objectives that were adopted by leaders of the Asia-Pacific Economic Cooperation (APEC) at the APEC Economic Leaders' Meeting in Bogor, Indonesia, in November 1994. The primary aim of the Bogor Goals is to attain trade and investment liberalization in the Asia-Pacific region, consequently fostering economic growth and prosperity, particularly among member countries of APEC. The Bogor Goals aim to facilitate unrestricted commerce

⁷ Fitrah, M. (2020). Pengaturan Perdagangan Internasional Dalam Bidang Jasa Presence Of Natural Persons Melalui Mekanisme Gats (Doctoral dissertation, Universitas Hasanuddin).

and investment in the Asia Pacific area. While the deadline for advanced economies has already elapsed in 2020, ongoing efforts are being made to assist emerging economies in reaching their targets by 2025. Continual assessment and adjustment of policies will remain essential in order to address problems and take advantage of opportunities in order to achieve the ultimate objective of the Bogor Goals.⁸

The 27th APEC Summit took place in Malaysia in 2020, with a focus on promoting interdependence and economic and investment integration among APEC member countries. The rising number of enterprises and investors has led to a significant worry regarding foreign investment in APEC countries. Enhanced commerce in goods and services creates avenues for investment prospects. This opportunity has the potential to expedite economic growth and enhance the quality of life in the APEC region.⁹

Throughout its course, APEC faced criticism for advocating free trade agreements that could potentially limit the authority of national and local legislation in safeguarding worker rights, environmental protection, and inexpensive access to medicines. APEC, according to its own definition, is

⁸ Press, U. G. M. (2023). G20 di tengah perubahan besar: momentum kepemimpinan global Indonesia?. UGM PRESS.

⁹ Halim, H., Lai, A. A. L. M. F., & Mohammed, R. U. (2023). Determinants of Stock Performance for Selected Asia-Pacific Economic Cooperation Countries (APEC). *International Journal of Advanced Research in Economics and Finance*, 5(3), 197-207.

the primary platform for promoting economic growth, collaboration, trade, and investment in the Asia-Pacific area. It was created with the aim of advancing economic progress and prosperity in the region and fostering a stronger Asia-Pacific community. The efficacy and equity of his position have been called into question, particularly from the standpoint of European nations unable to partake in APEC and Pacific Island nations unable to participate but will be impacted by his determinations.¹⁰

2. Benefits for Indonesia from joining APEC

Joining the Asia-Pacific Economic Cooperation (APEC) has brought several benefits to Indonesia. Here are some examples of these benefits:¹¹

1. **Increasing Trade.** APEC promotes liberalized and unrestricted trade in the Asia-Pacific region. Indonesia's exports to all APEC countries have experienced significant growth, rising from 29.9 billion US dollars in 1989 to 289.3 billion US dollars in 2011.
2. **Increasing Investment.** APEC has boosted its investment in Indonesia. In 2010, the investment from APEC countries to Indonesia

¹⁰ Ramadhani, N. Z., Tabina, S. R., & Putri, S. A. (2024). Dampak Asia Pacific Economic Cooperation (APEC) terhadap Pertumbuhan Ekonomi di Indonesia. *JURNAL ECONOMINA*, 3(1), 103-115.

¹¹ Subhi, C. P. (2014). Analisis integrasi pasar modal kawasan Asia-Pasifik (APEC): Implikasi diversifikasi internasional periode 2009-2013 (Doctoral dissertation, Universitas Islam Negeri Maulana Malik Ibrahim).

was 9.26 billion US dollars and rose to 10.7 billion US dollars in 2011. Furthermore, it is worth noting that half of the members of the Asia-Pacific Economic Cooperation (APEC) were included in the roster of Indonesia's top 20 investors in 2011.

3. **Increasing Capacity and Human Resources.** The APEC program has contributed to the enhancement of capacity and human resources in Indonesia. For instance, implementing digital skills training initiatives for rural communities and facilitating the exportation of products made by indigenous women to foreign markets.
4. **Increase Opportunities to Exchange Thoughts and Experiences.** Indonesia's participation in APEC offers a platform for the country to engage in extensive and transparent exchanges of ideas and experiences with other nations. Indonesia can engage in policy discussions with other APEC members through this.
5. **Increase Trading and Investment Volume.** APEC presents Indonesia with a chance to enhance the magnitude of trade and investment. By participating in the APEC conference, Indonesia may strategically leverage it as a platform to enhance its exports and attract more investment. Additionally, it can actively seek out potential significant trading partners for the country.

6. Increasing Understanding of International Political Economics-Interests. Indonesia's membership in APEC allows it to gain a comprehensive understanding of global political and economic interests, enabling the country to establish a secure and advantageous position within a system of free and open international relations.

Indonesia has derived numerous advantages from its membership in APEC, such as enhanced commerce, investment, capability, and chances for knowledge-sharing. Additionally, it has led to an increase in both the quantity of trade and investment, as well as a better awareness of international political and economic interests.

3. Indonesia's role in APEC

APEC's stance offers advantages for nations in the Asia-Pacific region, such as Indonesia, by aiding the country's efforts to enhance its economic infrastructure, foster industrialization, and facilitate technological transfers required in the age of globalization. This mitigates future factors that impede the country's economic expansion.¹²

APEC's stance is advantageous for Asia Pacific nations experiencing economic growth as it facilitates market support and export opportunities, enabling

¹² Abdoellah, O. S. (2016). *Pembangunan berkelanjutan di Indonesia: Di persimpangan jalan*. Gramedia Pustaka Utama.

them to acquire the necessary foreign money for industrial development. Prior to the establishment of APEC in 1988, Indonesia's exports of products and services amounted to a mere \$50.56 billion. However, in 2011, the figure nearly doubled, reaching 235.1 billion. The statistics on Indonesia's exports of products and services, gathered from the World Bank's open data sources, clearly shows a substantial increase in exports following Indonesia's entrance to APEC.¹³

Prior to the founding of the APEC organization in 1988, Indonesia's exports of products and services amounted to only 50.56 billion USD. Nevertheless, in 2011, the figure nearly doubled, reaching a total of 235.1 billion. This data was acquired by utilizing goods and services export statistics from the World Bank as an open data source



¹³ Zaini, Zulfi Diane. "Kedudukan Hukum Ekonomi Indonesia dalam Perspektif Globalisasi Perdagangan". Buletin Hukum Kebanksentralan, Vol. 12, No. 1 (Januari-Juni 2015), hal. 17-30.

to highlight the substantial growth in Indonesia's exports following its membership in APEC.¹⁴

4. Indonesia's challenges in managing multilateral relations with APEC members

Indonesia stands to gain several advantages by becoming a member of APEC, including expanded market access and more prospects for economic collaboration. Nevertheless, Indonesia must confront some obstacles when it decides to participate in this regional forum, namely:¹⁵

- a. **Global Competition.** Amidst the intensifying global trade landscape, Indonesia encounters rivalry from fellow member nations of the Asia-Pacific Economic Cooperation (APEC). In order to capitalize on trade prospects in the Asia-Pacific area, Indonesia needs to enhance its economic competitiveness.
- b. **Economic Inequality.** APEC comprises nations with diverse degrees of economic development. Indonesia must confront the task of ensuring that the economic expansion coming from its membership in APEC may be

¹⁴ Ramadhani, N. Z., Tabina, S. R., & Putri, S. A. (2024). Dampak Asia Pacific Economic Cooperation (APEC) terhadap Pertumbuhan Ekonomi di Indonesia. *JURNAL ECONOMINA*, 3(1), 103-115.

¹⁵ Urfah, S. (2017). Pengaruh Keanggotaan Indonesia Dalam Forum G-20 Terhadap Pembangunan Infrastruktur Di Indonesia (Doctoral dissertation, PERPUSTAKAAN).

fair and advantageous for all strata of society, including the impoverished.

- c. Compliance with International Standards. APEC promotes the reduction of trade obstacles and the enhancement of adherence to international standards. Meeting these requirements may necessitate modifications to regulations and business practices in Indonesia.

5. Expanding Indonesia's Diplomatic Network through APEC

Indonesia, as an engaged member of the Asia-Pacific Economic Cooperation (APEC), has been actively working to enhance its diplomatic presence in the Asia-Pacific region. Indonesia utilizes APEC, an organization composed of 21 diverse member nations, as a significant platform to implement robust and enduring economic diplomacy. Indonesia has effectively used the APEC platform to advance progressive and inclusive economic policies within its growing diplomatic network. Indonesian officials have the opportunity to engage and cooperate with counterparts from different nations in the area through high-level meetings and cooperation forums.¹⁶

¹⁶ Yadav, A. S. (2022). Indo-Pasifik: sebuah konstruksi geopolitik. Elex Media Komputindo.

Indonesia has utilized APEC as a platform to advocate for unrestricted trade and the promotion of sustainable economic growth. Economic diplomacy plays a crucial role in fostering mutually advantageous understanding and collaboration in the varied Asia-Pacific region. Indonesia benefits from a robust diplomatic network with other member countries through its participation in APEC. This implies increased prospects for establishing mutually beneficial economic alliances, investments, and collaboration. Indonesia can enhance its national interests at regional and global levels by broadening its diplomatic network through APEC.¹⁷

In addition, engagement within APEC provides Indonesia with possibilities to enhance its diplomatic ties with other nations in the Asia-Pacific region. Not only does this have economic benefits, but it also enhances Indonesia's diplomatic influence on international security, environmental, and social matters. Given the growing significance of the Asia-Pacific region in the global economy, it has become highly advantageous for Indonesia to enhance its diplomatic network by participating in APEC. This enables Indonesia to assume a more proactive role in

¹⁷ Ramadhani, N. Z., Tabina, S. R., & Putri, S. A. (2024). Dampak Asia Pacific Economic Cooperation (APEC) terhadap Pertumbuhan Ekonomi di Indonesia. *JURNAL ECONOMINA*, 3(1), 103-115.

influencing the economic trajectory and fostering collaboration in this highly dynamic region.¹⁸

Indonesia also develops mutually beneficial relationships with strategic partner countries/economies in APEC in several ways. Among others are:¹⁹

First: Indonesia increases cooperation with other countries in APEC through programs that connect Indonesia with other countries/partner economies which are useful for Indonesia's economic development.

Second: Indonesia improves the quality of Indonesia's competitiveness through its activities in APEC. Through APEC's commitment to reducing trade and investment barriers, Indonesia can increase the efficiency and productivity of its domestic economy. APEC helps member countries adopt higher international standards and better regulations, which can improve the quality of Indonesian products and services.

Third: Indonesia ensures that the Asia-Pacific market remains open for Indonesia's superior export products. Through APEC, Indonesia can negotiate

¹⁸ Malik, K. (2020). *Politik Kerjasama Perdagangan Bilateral Indonesia*. Deepublish.

¹⁹ Cooperation, A. P. E. (1996). *Asia-Pacific Economic Cooperation*. APEC Secretariat.

free trade agreements both bilaterally and multilaterally with other member countries. These agreements help reduce or eliminate tariffs and other trade barriers. In addition, through quality improvement and international certification programs supported by APEC, Indonesian products can meet international standards, making them more easily accepted on the global market.

Fourth: Indonesia increases investment by opening opportunities for foreign investors to invest in Indonesia. This can be done by improving Indonesia's ranking in the Ease of Doing Business index by simplifying licensing procedures, reducing bureaucracy, and speeding up the process of obtaining investment permits. Apart from that, increasing the number and quality of Special Economic Zones which offer special facilities and incentives for foreign investors to invest their capital in strategic sectors.

Thus, through APEC, Indonesia can expand its diplomatic network and increase opportunities to advance its national interests at regional and global levels.

C. EPILOG

The Asia-Pacific Economic Cooperation (APEC) has been instrumental in Indonesia's

participation in the expansion of economic cooperation in the Asia-Pacific region. There has been a growth in Indonesia's involvement and interests inside this organization as a result of Indonesia's free and active foreign policy. This has resulted in an increase in Indonesia's capacity and human resources, as well as an increase in investment, trade, and the development of human resources. Additionally, Indonesia has seen an increase in the number of possibilities to share ideas and experiences. To ensure that it is able to secure and place itself within a system of international relations that is both open and free, Indonesia has also strengthened its picture of international political and economic interests.

It is a strategic step that has the potential to deliver major economic benefits for Indonesia to participate in the Asia-Pacific Economic Cooperation (APEC). The expansion of Indonesia's economy is the primary reason for this nation's participation in the Asia-Pacific Economic Cooperation (APEC) organization. Within the framework of the Association of Southeast Asian Nations (ASEAN), Indonesia has the chance to broaden its market presence and boost its investment through economic cooperation, commerce, investment, and the development of human resources. The potential for future cooperation with APEC is tremendous, and Indonesia's participation in this conference helps the country extend its diplomatic network. Having said that, it is necessary to address the numerous difficulties that present themselves as a result of this

collaboration. Indonesia has the ability to make the most of its membership in the Association of Southeast Asian Countries (APEC) in order to foster sustained economic progress and societal prosperity if it employs the appropriate strategy.

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