Indonesia's Economic Diplomacy at the G20 Summit

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Abstract. This article aims to analyze Indonesia's economic diplomacy in efforts to recover the economic sector after the Covid-19 pandemic at the 2022 G20 Summit. Researchers use qualitative methods by collecting data through literature studies, documentation studies, and internet searches. The results of this study indicate that Indonesia is utilizing the momentum of the G20 presidency through its diplomatic efforts to jointly improve global economic conditions as a result of economic, political turmoil and the spread of Covid-19. This paper also shows that Indonesia's economic diplomacy is directed at efforts to transform the digital economy by paying attention to the Micro, Small and Medium Enterprises sector. It is expected that through this article academics who concerned about economic issues can seek for reference and for stakeholders to formulate policies related to post-covid-19 economic recovery.

Keywords: Economic Diplomacy, Economic Recovery, G20, Indonesia’s Presidency, National Interest

1. Introduction

The Covid-19 pandemic has sent shockwaves through the world's economies and triggered the biggest global economic crisis in over a century. The crisis led to a dramatic increase in inequality within and between countries [1]. Experts are concerned that the economic impact caused by Covid-19 could be bigger than the health impact, and economic growth will slow down [2]. In 2020, the first year of the Covid-19 pandemic, the global economy shrank by around 3%, and global poverty increased for the first time in a generation [3]. The Covid-19 pandemic which spread at the end of 2019 ultimately brought a very bad risk to the world economy including Indonesia, especially in terms of tourism, trade and investment [4].

These conditions of uncertainty filled the issues discussed in Indonesia's G20 presidency this year. Various issues have arisen and are being discussed intensively including the global economic recovery after the pandemic crisis, the transformation of the digital economy, and the energy transition in addition to other issues that are also very difficult to discuss such as the energy and food crises, the geopolitical crisis to the global financial architecture [5]. A country cannot stand alone, therefore bilateral and multilateral cooperation is considered to be able to help and mutually benefit both/all countries in realizing their national interests [6]. Apart from fighting for its national interests, Indonesia also sees itself as a representative of developing countries and is committed to advocating for the development agenda as a priority in the G20 process. Indonesia as a representative of developing countries aspires to create agreements that are more equal and mutually beneficial, including in encouraging economic diplomacy without eliminating the essence value of solidarity among developing countries [7]. So, to overcome this, Indonesia then seeks to maximize cooperation with countries in the world. The government has made every effort, one of which is integration in economic cooperation forums. The G20 as the largest global economic cooperation forum is a momentum for each member country to make changes to their country's economic conditions.

There is no final result to be seen and it is too early to say the final nor result. 19 countries participating in the G20 Summit are carrying out and will continue to echoing the resolutions of the
Diplomacy is an important method in fulfilling a country’s national interests. In a literacy review on the book "Diplomacy" by S.L. Roy, Diplomacy is assessed as a tool for reaching an agreement between countries or international institutions in order to achieve national interests [8]. Through this diplomacy, a country can build and promote its national impression. Diplomacy between countries covers the entire process of international relations, both the policy formation and the implementation. Diplomacy also includes technical operations in order to achieve the national interests of a country outside the jurisdictional boundaries. This is because at this time interdependence between countries is rising which then causes more and more international meetings and conferences to be held in the context of realizing the national interests of each country. In this article specifically, reader will understand about economic diplomacy. Economic diplomacy is not a practice of diplomacy separate from diplomacy in general. However, in a literature review on the book "The New Economic Diplomacy: Decision-Making and Negotiation in International Economic Relations" by Nicholas Bayne and Stephen Woolcock, it is clear that there are several things that differentiate economic diplomacy and the regular diplomacy. One of the main characteristics of economic diplomacy is that economic diplomacy is very sensitive and reactive to market changes and developments [9]. This can be seen from several cases, economic diplomacy can be said to fail if the market offers other alternatives that are more attractive and profitable. In addition, we review the literature from the journal "Economic Diplomacy in South Asia" by Rashid which stated that economic diplomacy is a process of formulating and negotiating policies related to production activities, exchange of goods, services, labor and investment in other countries [10]. Overall, economic diplomacy is an important element for countries in managing economic relations with other countries in order to meet their needs and achieve their national interests.

National interests are formed from the internal needs of a country, such as needs in the economic, political, military and also socio-cultural sectors. National interest is also defined as the concept of a country in conducting relations with other countries in the context of international relations, it is also a main pillar of a country’s foreign policy and international politics. Kalevi Jaakko Holsti in his book "International Politics: A Framework for Analysis", defines national interests as the scope of the territorial integrity of a nation, independence and national survival. According to Holsti, the national interest includes three classifications. The first is core values, something that is considered as the most vital for the country and concerns the existence of a country. The second is middle range objectives, usually concerning in the improvement of a country’s economy. The third is long range goals, namely something that is ideal, for example the desire to create world peace and order [11]. In dividing the urgency of national interests, there are six variables as we quote from the book "Strategic Decision Making" by J. Salus. The first is the Primary Interest, which is an interest that includes the protection of the country’s territory, political identity, and the continuation of the nation’s life against disturbances from outside. The second is secondary interest, which is an interest that is outside the primary interest but contributes sufficiently to that interest. The third is Permanent Interest, which is a relatively constant interest for a long period of time. Fourth is Variable Interest, namely interests that are changing in nature. The fifth is General Interest, which is a general interest that can be applied to countries such as trade and investment. Sixth is Specific Interest, namely special interests not included in the public interest which are more related to one area or a certain time [12].

In addition, there is further emphasis on the concept of national interest. We quote from the book "The Concept of Interest defined in Terms of Power" by Hans J. Morghentau. In the book, the concept of national interest is defined in terms of power which according to him lies between rationale/intelligence or reason which seeks to understand international political contests with the facts and reality that must be understood. In a sense, power is an important instrument to achieve national interests.
2. Research Method
In this research, researchers used descriptive qualitative research method. Qualitative research methods are the tools, techniques and strategies used by researchers to help them collect, interpret and analyze the data they have. In qualitative research, the researcher is an important element because in producing data interpretations, the subjective role of the researcher is needed. Then in collecting data related to this research, this research uses library research. Research data comes from books, journals, articles, trusted online news, and other documents that support this research. This research will discuss how Indonesia utter its national interests in the economic sector through diplomacy strategies, opportunities and challenges in Indonesia's economic diplomacy efforts, as well as the results of Indonesia's role in escalating the post-pandemic economy through the 2022 Bali G20 Summit forum.

3. Results and Discussion
3.1. Indonesia's Economic Diplomacy Strategy in G20 Forum
G20 is a cooperation forum consisting of 19 main countries namely South Africa, The United States, Saudi Arabia, Argentina, Australia, Brazil, India, The United Kingdom, Italy, Japan, Germany, Canada, South Korea, Mexico, France, Russia, China, Turkey, and 1 multilateral cooperation institution namely the European Union (EU). As the world's main economic forum, the G20 has a strategic position to trigger a strong, sustainable, balanced and inclusive global economic growth. Indonesia's presidency at the G20 in 2022 has succeeded in providing an opportunity for Indonesia to lead the world in joint recovery through the theme "Recover Together, Recover Stronger". Indonesia's chairmanship of the G20 provides a great opportunity and momentum for Indonesia to increase its contribution in launching national economic recovery efforts which are carried out in forums with thousands of delegates from member countries and various international institutions.

The G20 Bali, Indonesia 2022 forum activities are carried out through three types of meetings. The meetings of High Level Conferences, also known as Summits in the form of main meetings at the level of heads of state or government, Ministerial & Deputies Meetings/Ministerial and Deputy Level Meetings in the form of meetings with various main focus areas. Finally, there are also working groups and engagement groups which are attended by experts from the G20 countries. In this working group, experts from each country discussed specific issues related to the G20 agenda broadly. The Indonesian presidency began with the hope of uniting a common intention in realizing an inclusive world recovery from the pandemic. For this reason, the Indonesian state provides good hospitality, the Indonesian government has also prepared strict health protocols during the conference. Protocols were established to ensure maximum comfort and security for delegates. Some of the procedures that must be followed by the delegates include preparing a Covid-19 vaccination certificate. Delegates must register their vaccination status through the Peduli Lindungi App.

To provide total comfort and security for the guests, the Indonesian government had prepared a VVIP terminal at Ngurah Rai Airport for state leaders. We offered a modern twist on the traditional Balinese design known as wantilan, this terminal was built to reflect the spirit of local wisdom. The Indonesian government had prepared more than 1,000 units of electric vehicles (EV) as a commitment to the energy transition. This effort is also made to show how countries manage transitions, as well as provide examples of reducing carbon emissions as one of the topics to be discussed.

Indonesia is committed to provide guests with a pleasant stay experience. For this reason, the Ministry of Tourism and Creative Economy has prepared 23 hotels in Jimbaran, Nusa Dua and Kuta to accommodate the delegates. The ministry arranges for hotels in the three areas to achieve 80 to 100 percent occupancy. Minister Sandiaga Uno himself also hopes that tourists around the world will be interested in having a vacation in Bali after the summit ends, because the G20 Summit is the right opportunity to showcase Bali’s extraordinary appeal to leave a positive impression on Indonesia [13]. With the theme of "Recover Together, Recover Stronger", in the G20 forum, member countries including Indonesia attended the meeting which Indonesia divided into two paths. These routes then became Indonesia's economic diplomacy strategy in the G20. The Sherpa Path became the first discussion forum with 11 working groups (WG) and 10 engagement groups (EG). The Sherpa track addresses non-financial economic issues such as development, energy, tourism, education, digital
economy, agriculture, trade, investment, industry, labor, environment, climate change and anti-corruption, foreign affairs, culture, health, and empowerment of women worker initiatives.

The issues discussed in the Sherpa Track working group not limited to:

1. Tourism is represented by the Ministry of Tourism and Creative Economy (Kemenparekraf).
2. Environment and climate sustainability or climate stewardship working group (CSWG). Indonesia sent the Ministry of Environment and Forestry (KLHK).
3. The digital economy is represented by the Ministry of Communication and Informatics (Kemenkominfo).
4. Education or education working group represented by the Ministry of Education and Culture (Kemendikbud).
5. Agriculture represented by the Ministry of Agriculture (Kementan).
6. Energy transition or energy sustainability working group (ESWG) which will be discussed by the Ministry of Energy and Mineral Resources (ESDM).
7. Health or health working group (HWG) represented by the Ministry of Health.
8. Development or development working group (DWG) which will be represented by Bappenas.
9. Anti-corruption or anti-corruption working group which will be represented by the Corruption Eradication Commission (KPK).
10. Manpower or the employment working group (EWG) which will be represented by the Ministry of Manpower (Kemnaker).
11. Trade, investment and industry whose discussion will be represented by the Ministry of Trade, the Ministry of Industry and the Investment Coordinating Board (BKPM) [14].

Apart from that, there are other various activities which are form of cooperation between ministries and institutions – Engagement groups such as culture and creative economy, side events, Research and Innovation Ministers' meetings, and Joint Ministerial Meetings. The Finance Track is the second track of discussion with a focus on discussing six issues related to the economy. The finance track was attended by the minister of finance and central bank governors or you could say Finance Ministers and Central Bank Governors Meetings (FMCBG) as well as Finance and Central Bank Deputies Meetings (FCBD) which were attended by deputies. The priority issue in the finance track is post-pandemic global economic recovery which is packaged in six issues. The six issues in the finance track are fiscal policy, monetary and real policy, investment in infrastructure, financial regulation, financial inclusion, and international taxation. There are seven working groups in the finance track, namely:

1. International financial architecture or international financial architecture working group (IFAWG).
2. Infrastructure or infrastructure working group (IWG).
3. Sustainable finance or sustainable finance working group (SFWG).
4. Framework or framework working group (FWG).
5. G20/OECD inclusive framework.
6. Global cooperation for financial inclusion or global partnership for financial inclusion (GPFI).
7. Financial stability agency work unit. [15]

The results of the meetings will be packaged in ministerial segments which will then be brought to the High Level Conference or Summit.

3.2. Opportunities and Challenges in the Implementation of Indonesian Economic Diplomacy in the G20 Forum

Indonesia has received many opportunities and benefits from its participation in the G20, both as a Presidency and also as a participant in the forum. The election of Indonesia as the G20 Presidency has strategic value for economic recovery and the achievement of Indonesia's national interests, especially in the post-pandemic economic aspect. The momentum of the G20 can be utilized by optimally capitalizing on opportunities and challenges with the aim of optimizing economic recovery and achieving a developed Indonesia.
The G20 presidency has become an arena for proving that Indonesia has become one of the focuses of world attention, especially for players in the economic and trade sectors. This opportunity is utilized by Indonesia and is also a means of introducing tourism and local Indonesian products to the international community, so that it can accelerate recovery and stimulate the Indonesian economy after being shaken by the Covid-19 pandemic. In addition, this meeting can also be used as a momentum for Indonesia to showcase the success of structural reforms in the form of issuing the Job Creation Law and Investment Management Institution (Sovereign Wealth Fund/SWF) and encouraging the optimization of financial inclusion to jointly develop People's Business Credit (KUR) for MSMEs to increase financial and women's inclusion to reach a percentage of 90 percent in 2024. During the pandemic, 8.4 million Indonesian MSMEs have entered the digital ecosystem, including 54 percent of women MSMEs, therefore the G-20 alignment must be able to be transformed into real momentum for the digitization of SMEs. This momentum should be followed by increasing digital infrastructure development and technology cooperation, expanding digital connectivity in an inclusive manner, and increasing digital literacy of MSME actors [16]. Continuing with the discussion above, the G20 meeting also provides an opportunity to boost Indonesia's economy through the MSME sector. The Ministry of Finance estimates that domestic consumption will increase by Rp. 1.7 trillion and domestic GDP will increase by Rp. 7.43 Trillion). In addition, the 2022 G20 Presidency can also accelerate the role of MSMEs and help absorb as many as 33,000 workers in various sectors [17].

Indonesia has a valuable opportunity to be able to lead the G20 member countries in determining the direction of global economic policies for at least six issues, namely: 1.) The global economy and health, 2.) International financial architecture, 3.) The financial sector, 4.) Sustainable finance, 5.) Infrastructure, 6.) International taxation. All of these issues definitely require digital adoption, which is in line with Indonesia's plan, namely optimizing economic digitalization [18].

Apart from getting several opportunities and also being a big platform for Indonesia to show itself, Indonesia also has several challenges in the G20 Bali 2022 forum. One of Indonesia's biggest challenges is the post-pandemic uncertainty, where Indonesia is required to accelerate world economic recovery, amidst the increasing need for funding for developing and poor countries, the threat of inflation, and also the increase in interest rates. In addition, the challenge faced by Indonesia is the increasing burden of public debt. This increase in tax revenue occurred because the business world had just recovered after the pandemic [19].

The overall challenge of the G20 Forum is the geopolitical shock caused by the Russia-Ukraine war. The reason is that this war not only disrupted geopolitical stability, but also catapulted food and energy commodity prices to unprecedented levels. This resulted in global inflation soaring while on the other hand a slowdown in growth continues to threaten. The G20 countries considered that the war had a worse impact on the global economy because it hampered growth rates, soared inflation, and disrupted global supply chains [20].

3.3. Results of Indonesian Economic Diplomacy through the G20 forum
In 2021 there will be 21 million digital economy consumers in Indonesia with growth that will continue to increase significantly, especially in rural areas. With the increasing number of digital economy users in Indonesia, a Memorandum of Understanding (MoU) for Digital Economy Cooperation was signed between the Coordinator Minister for the Economy Airlangga Hartarto and the Minister of Trade of the People's Republic of China (PRC) Wang Wentao. The MoU regulates the existence of a framework and forum in discussing digital economic cooperation between the Government of Indonesia and China.

One of the MoU contents; Joint Promotion Cooperation Plan within the Framework of the World Maritime Axis and Belt and Road Initiative, Memorandum of Understanding on the Joint Development of the Indonesia-China Center for Conservation/Research/Innovation of Medicinal Plants, Memorandum of Understanding on Vocational Training in the Industrial Sector, Memorandum of Understanding on Increasing Cooperation Digital Economy, and; Agreement to Expand and Deepen Further Bilateral Economic and Trade Cooperation.

The Indonesian government and the Turkish government have also agreed an MOU for the construction of the trans-Sumatera toll road which was carried out by the Operations Director of PT
Hutama Karya directly with the Deputy President of the ERG Group Board of Directors from Turkey witnessed directly by PUPR Minister Basuki Hadimuljono. The reason for choosing Turkey to be a partner country in this project is because Turkey is experienced and has high mastery of technology in toll road construction.

Then, there is a hydrogen and ammonia business project by Pertamina with the largest energy company from Saudi Arabia, Aramco, which signed a collaboration for an MOU carried out by the Pertamina CEO; Nicke Widyawati and Mohammed Y. Al Qahtani. Pertamina itself is currently developing a decarbonization program through Carbon Capture, Utilization, and Storage (CCUS), it is hoped that with the provision of hydrogen and ammonia this can play a key role in a climate neutral economy in the future and enable emission-free power plants to transport heavy heating to all industrial process.

The MoU is one of the concrete deliverables from cooperation among G20 members. The scope of cooperation does not only cover the government sector, but also the private sector of the two countries [21]. Indonesia also benefits from holding the latest G20 meetings, the G20 presidency in the midst of a pandemic has proven a good perception of Indonesia's economy and resilience in the period of crisis time. Indonesia is considered successful in hosting the 2022 G20 meeting, which will be held amidst economic uncertainty at the global level, after the Covid-19 pandemic and geopolitical conflicts.

This presidential momentum only occurs once in a generation (every 20 years) and must be utilized as maximal as possible to add value to Indonesia's recovery, both in terms of economic activity and the trust of the domestic and international community. Indonesia can orchestrate discussions at the G20 so that it has a positive impact on the recovery of local economic activity. The G20 Forum is an opportunity to demonstrate Indonesia's leadership on the international stage, particularly in global economic recovery. From a regional perspective, the Presidency emphasized Indonesia's leadership in the field of international diplomacy and the economy in the region considering that Indonesia is the only ASEAN country that is a member of the G20.

Indonesia has become one spotlight of the world attention, especially for economic and financial actors. This can be used to show the great progress that Indonesia has achieved to the world, and then become a starting point for restoring confidence in post-pandemic economic actors. The G20 meeting in Indonesia can also introduce tourism and Indonesia's superior products to the international world [22].

4. Conclusion
Indonesia's presidency in the G20 2022 has succeeded in providing an opportunity for Indonesia to lead the world in recovering together through the title "Recover Together, Recover Stronger". Indonesia has utilized the opportunity to become the G20 Presidency which is aligned with Indonesia's economic diplomacy strategy. This is demonstrated through the division of discussion on issues that Indonesia has provided, namely the sherpa track and the finance track. Indonesia divides into two segments so that the accuracy of the discussion becomes optimal and can accelerate the acceleration of economic recovery. Indonesia also has many opportunities at the G20 2022 agenda. This was used as a momentum by Indonesia to open cooperative partnerships with G20 member countries to accelerate economic recovery in both the financial and trade sectors. Apart from that, as the G20 Presidency, Indonesia also gets indirect opportunities, namely opportunities from the tourism sector and also the MSME economy, especially in Bali as the site for the 2022 G20. Even though there are various opportunities and benefits for Indonesia, several challenges are also facing Indonesia as the 2022 G20 Presidency. These challenges are in the form of economic conditions of post-pandemic adaptation. Apart from that, there are also new challenges that certainly faced by Indonesia, namely the decline in food commodities, especially those caused by the Russia-Ukraine war. Beside of food commodities, global inflation is also a challenge that faced because of the war. However, some of these challenges were finally answered through agreements made between Indonesia and other G20 member countries. The agreement is a concrete action and a manifestation of Indonesia's economic diplomacy in accelerating and accelerating the Indonesian economy. This is also a plus for Indonesia because it has taken advantage of Indonesia's opportunities as the 2022 G20 Presidency.
References


