

Indonesia's Strategy in Facing the Regional Comprehensive Economic Partnership (RCEP)

Dwi F. Moenardy¹, Sintia Catur Sutantri², Djoko Roespinoedji³, Mohd Haizam Saudi⁴

¹Widyatama University, Bandung, Indonesia

²Department of International Relations, International Women University, Bandung, Indonesia

³Widyatama University, Bandung, Indonesia

⁴Widyatama University, Bandung, Indonesia

dwi.fauziansyah@widyatama.ac.id¹, sintia@iwu.ac.id²

Abstract: This article intends to explain how Indonesia's strategy is to face the Regional Comprehensive Economic Partnership (RCEP). RCEP, which was inaugurated in November 2012, is an ASEAN initiative in promoting trade relations between ASEAN member countries (Indonesia, Brunei Darussalam, Philippines, Cambodia, Malaysia, Laos, Myanmar, Singapore, Thailand, and Vietnam) with its main trading partners in the Asia Pacific region, namely China, India, Australia, Japan, South Korea, and New Zealand. RCEP has the potential to provide significant opportunities for business in the East Asia region because RCEP member countries represent nearly half of the world's population and contribute around 30 percent of global Gross Domestic Product and more than a quarter of world exports. This research is qualitative by collecting data through library research. The analysis knife in this research is adding an article on international trade and international cooperation. The results of this study conclude that RCEP has had a negative and positive impact on Indonesia. Collaboration between the government and exporters from Indonesia, regulations for multinational companies from other countries that set up factories or companies in Indonesia to use Indonesian workers, establish cooperative relationships with countries that are trading opponents of China, improve the quality of labor, regional politics and SMEs so that Indonesia is not only a target market, and protection of farmers related to the monopoly of seeds and medicines are forms of internal and external strategies that can be applied in the face of the Regional Comprehensive Economic Partnership (RCEP).

Keywords: International Trade; International Cooperation; RCEP

1. Introduction

ASEAN which was declared in 1967 became the forerunner to the establishment of regional cooperation in the Asian region. In 2015 the MEA was formed which encouraged the expansion of trade cooperation between countries. Changes very quickly occurred in the era of the global revolution so that opportunities and challenges encouraged various countries to establish mutually beneficial cooperative relations (Salvatore, 2004). This form of cooperation is established through a Free Trade Agreement (FTA), which is a trade cooperation agreement that exists between one country or region with another country or region. In 2002 Indonesia joined the FTA, at a time when ASEAN formed the ASEAN-FTA cooperation. Several FTA schemes that have been implemented by ASEAN are through the ASEAN-Korea FTA (AKFTA), ASEAN-China FTA (ACFTA), ASEAN-India FTA (AIFTA), ASEAN-Australia New Zealand FTA (AANZFTA), and Indonesia-Japan Economic Partnership Agreement (IJEPA) (Fukunaga, 2014).

As an effort to expand and deepen economic relations, ASEAN (Indonesia, Brunei Darussalam, the Philippines, Cambodia, Malaysia, Laos, Myanmar, Singapore, Thailand, and Vietnam) with its 6 trading partner countries, namely China, India, Australia, Japan, South Korea and Zealand Recently, the leaders of ASEAN countries initiated the Regional Comprehensive Economic Partnership (RCEP) at the 19th ASEAN Summit in Bali in 2011. Previously, integration in Asia through ASEAN was carried out in 2001 through the East Asia Free Trade Area (EAFTA) and in 2006 through ASEAN +6 Comprehensive Economic Partnership in East Asia (CEPEA). Through RCEP, ASEAN and its trade cooperation partners carry out regionalism negotiations. The principle of RCEP negotiation, in general, is related to consistency with WTO rules, the formation of a broader, and comprehensive regionalism compared to ASEAN + 1 (Karina & Puspaningrum, 2014).

The launch of RCEP in November 2012 in Phnom Penh, Cambodia is an ASEAN initiative in promoting trade relations between ASEAN member countries and its main trading partners in the Asia Pacific region. Business in the East Asian region also has significant potential and opportunities with the existence of RCEP because the 16 RCEP participating countries represent almost half of the world's population and contribute around 30 percent of global GDP and more than a quarter of world exports. Lowering trade barriers and securing better market access for goods and services businesses are the RCEP framework (Asean.org, 2016). The total

population of the 15 RCEP member countries reaches one-third of the world's population and gross domestic product. RCEP has greater value than other regional trading blocs, namely the European Union and USMCA which involve the United States, Mexico, and Canada. Through RCEP, tariff reduction, standardization of customs rules and procedures are carried out to encourage cross-group trade to expand market access between countries that do not have previous trade agreements (Ventura, 2019).

The scope of the RCEP negotiations includes 9 Working Groups (WGs), namely WG trade in goods, trade in services, investment, economic and technical cooperation, intellectual property, competition, dispute resolution, e-commerce, procurement of goods, and small and medium enterprises (UKM). RCEP also has 5 Sub Working Groups (SWGs) under WG Trading in Goods, namely SWG-Technical Regulations and Conformity Assessment Procedures (STRACAP), SWG-Rules of Origin (ROO), SWG-Sanitary and Phytosanitary Measures (SPS), SWG-Customs Procedures and Trade Facilitation (CPTF), and SWG-TR. Under the WG Trade in Services, there are 2 SWGs, namely SWG-Telecom and SWG-Financial (PPI, 2018).

From the explanation above, RCEP is engaged in its scope of activities to make it easier for member countries to get a supply of raw materials, which is a benefit for member countries, including Indonesia. Another benefit from Indonesia's participation in RCEP can be seen from the value of Indonesia's exports to RCEP member countries, which increased by 2.77% in the 2014-2019 period. In 2018, 63.8% of Indonesia's total export value went to RCEP member countries (Indonesia.go.id, 2019).

Besides having a positive impact on its member countries, participation in RCEP is also feared to have negative impacts. The Prime Minister of India, Narendra Modi, stated India's withdrawal from RCEP in November 2019 due to concerns about the negative impact it could have on India's economic conditions if it continued participating in RCEP. Based on this, this study intends to examine how Indonesia's strategy in dealing with the Regional Comprehensive Economic Partnership (RCEP), especially in anticipating the negative impacts caused by participating in RCEP.

2. Literature review

A. International Cooperation

International relations always involve actors, both state actors and non-state actors such as Multinational Corporations (MNCs) / Transnational Corporations (TNCs), Non-Governmental Organizations (NGOs), international organizations, and so on. Kehohane (1984) states that each actor collaborates to achieve their respective interests so that there is an adjustment of behavior between one another which leads to policy coordination (Hasanah, 2019).

The course of cooperation can be carried out through a negotiation process which is carried out because each party knows each other. Cooperation is also a relationship that is not carried out because of coercion or violence and is legalized by law, as happened to the United Nations and the European Union as international organizations. Cooperative relations are built by state actors through international organizations and international regimes to create a set of rules, regulations, procedures, norms which are the expectations of actors in achieving national interests through the scope of international relations (James E. Dougherty and Robert L. Pfalzgraff, 2005).

RCEP is a form of international cooperation between ASEAN and 6 other partner countries in the Asia Pacific region. International cooperation is established because of the dependence between one country and another. This is by the concept of international cooperation which is interpreted as a part of transactions and interactions between countries in the international system which are carried out regularly and are free from conflict. Governments between countries establish relationships with each other to solve problems faced through negotiations to form an agreement or agreement that satisfies all parties (Holsti, 1988).

Holsti also revealed the reasons for the country to cooperate, namely:

- a. Increasing economic prosperity is caused by the limitations of each country in producing the products that are needed by society.
- b. Increased efficiency due to reduced costs.
- c. some problems threaten mutual security.
- d. Efforts to reduce losses arising from the actions of individual countries so that they have an impact on other countries.

According to Milner, international cooperation has two elements. The first element is to assume the actor's behavior is directed towards achieving several goals. Every actor involved does not always have the same goals, but every actor thinks that this is a rational behavior that has been determined by them. The second element is the benefits or rewards generated from the cooperation made by the actors. These benefits also do not have to be the same in size or type, because cooperation has reciprocal value (Hasanah, 2019).

- a. Cooperation between countries is also driven by several factors (Holsti LR, 1955):
- b. The existence of technological advances that facilitate the establishment of relations between countries which leads to increased dependence on one another.
- c. The existence of economic developments and progress that affect the welfare of the nation and state.
- d. The nature of war has changed into a mutual desire to protect each other through international cooperative activities.
- e. There is awareness and desire to negotiate which is one of the methods of international cooperation in solving problems faced together.

B. International trade

International trade was originally a process of exchange between labor and goods and services which was then followed by trading of goods and services where there was compensation for a transaction (Halwani, 2002). Every country that is involved in international trade has a goal of increasing prosperity for its nation and country. The background of implementing international trade can be driven by several factors (Sobri, 2011):

- a. Production equipment is not owned by all countries, the quality and quantity of products of each country will not be the same and the economic conditions of each country are different.
- b. These different conditions cause production costs to differ from country to country. A country may import more goods than produce itself because production costs are greater than the costs of imports from other countries. Trade between countries can also avoid the existence of a type of product with a high enough price due to a lack of production factors needed to provide these goods. So that through international trade each country can get some goods with a lower total cost.

In international trade, the comparative advantage will be created if there is balanced and just trade. In international trade, certain countries that produce products with lower costs have an advantage over these products over other countries. Based on this, each country will participate in international trade activities following the ability of each country to produce a good until finally trade efficiency is created. Each country can also create certain product specialties not because of the superiority of these goods, but by considering lower comparative costs (Brown, 1997).

International trade can also change the price factor for both land, labor, and capital so that it can distribute income within a country. Pricing also causes fundamental changes that lead to shifts in a country. As a result, there can be wealth inequality between countries involved in international trade. Countries that do not have equal support from certain factors can produce more profitable commodities because not all countries can produce the same products (Maiwan, 2015).

RCEP as an ASEAN free trade agreement with its trading partner countries will encourage international trade. Each country can highlight its superior products according to the resources owned by that country. Distribution of labor can also occur because not all countries have adequate labor despite having abundant raw material sources.

3. Method

This research uses qualitative methods and produces descriptive data. This method was chosen because qualitative research can be carried out by researchers in the field of social sciences and focuses on problems related to the behavior and roles of organizations, groups, and individuals. This is following the issues raised, namely regarding Indonesia's strategy in facing the Regional Comprehensive Economic Partnership (RCEP), especially in anticipating the negative impacts caused by its participation in RCEP. Data collection is done through library research by searching for information through books, the internet, and journals to be analyzed with theories in International Relations.

4. Results and discussion

A. RCEP Negotiation Road

RCEP was initially sparked in 2006-2007 when the PRC urged ASEAN to agree to an ASEAN +3 free trade agreement consisting of ASEAN, Japan, China, and Korea. Then Japan also urged ASEAN to agree to the idea of a Closer Economic Partnership in East Asia (CEPEA) with the countries involved, namely ASEAN, India, Japan, Australia, Korea, China, and New Zealand. The birth of RCEP was based on the idea of Indonesia when it became chair of the ASEAN negotiations in 2011. The idea was finally agreed upon by the leaders of ASEAN countries, which then in 2012 other ASEAN dialogue partners accepted the idea. A total of 16 countries consisting of 10 ASEAN member countries plus Japan, China, South Korea, India, and New Zealand officially negotiated and conducted negotiations on 12 November 2012 in Phnom Penh, Cambodia. The RCEP negotiations focus on issues related to trade in goods, services, and investment (Ditjen PPI, 2016: 22-23).

In early 2013, the Trade Ministers from ASEAN countries agreed to appoint Indonesia as the ASEAN Coordinator for the RCEP Negotiations. This agreement was even expanded by 16 ministers from participating countries by appointing Indonesia as Chair of the RCEP Trade Negotiating Committee (TNC). At first, the TNC negotiations in 2013, attended by over 80 delegates from 16 countries participating. However, starting at the end of the third year, there was an increase in the number of delegation members who were directly involved in negotiations. The peak occurred in 2017-2018. At that time, the TNC elders provided direction and achievement targets to more than 800 delegation members who were divided into various working groups and working subgroups. The RCEP negotiations faced obstacles related to the different levels of economic readiness of RCEP participating countries. Different sensitivities and ambitions between developed countries, developing countries, and less developed countries have made the negotiations heated up (Aria, 2020).

The RCEP negotiations have been going on for more than 7 years and have passed 28 regular rounds of negotiations, 13 ministerial-level meetings, and 3 Summit Meetings (Summit). At the 3rd RCEP TKK which was held on November 4, 2019, the heads of state and heads of government of RCEP member countries announced the completion of the entire text of the RCEP agreement. However, India did not participate in the announcement (Directorate General of International & ASEAN Trade Negotiations, 2019). RCEP is the largest agreement in the world and is expected to be able to restore the regional economy, including Indonesia. The Indonesian Minister of Foreign Affairs, Retno Marsudi, stated in the Jakarta Food Security Summit 5 (JFSS-5) that RCEP represented 30.2% of the World Gross Domestic Product, 29.6% of the world's population, 27.4% of world trade, and 29.6% of world foreign direct investment. This is a form of strengthening collaboration and recognition of ASEAN's centrality in the region. The Executive Director of the APEC Secretariat, Rebecca Sta Maria, said that the participation of low-income countries in RCEP was an important thing that was often ignored by many parties. RCEP has set a new standard for international trade relations to be more inclusive. RCEP is proof that the world community still supports globalization and multilateralism (Olivia & Agustiyanti, 2020).

The drafting of the agreement in RCEP was carried out through several rounds of negotiations. In the 1st round, negotiations began on 9-13 May 2012 at Brunei Darussalam with 3 working groups formed in the fields of goods, services, and investment. The second round was conducted on 23-27 September 2013 with a focus on trading in goods. The 3rd round of negotiations in Kuala Lumpur, Malaysia on 20-24 January 2014 with components discussing tariff modalities, non-tariff measures, Technical Regulations and Conformity Assessment Procedures (STRACAP), Customs Procedures and Trade Facilitation (CPTF), Sanitary and Phytosanitary Measures (SPS), and Rules of Origin (ROO). In the investment section, RCEP participants discuss modalities. Due to the aim of expanding the discussion area, four new working groups were formed in Technical and Economic Cooperation, Dispute Resolution (DSM), Competition and Intellectual Property Rights. The 4th round of RCEP negotiations was held in Nanning, China on March 31 - April 4 2014. The discussion was still the same as during the 3rd round of negotiations, namely regarding trade in goods, RCEP participating countries agreed to have deeper discussions regarding tariff modalities, non-tariff, Customs Procedures and Trade Facilitation (CPTF), Standards Technical Regulations and Conformity Assessment Procedures (STRACAP), Rules of Origin (RoO), and Sanitary and Phytosanitary Measures (SPS). The discussion was continued at the 5th round in Singapore (Karina & Puspaningrum, 2014: 33).

The 5th Round took place from 23-27 June 2014 in Singapore with a focus on consulting several issues to accelerate the completion of RCEP negotiations, namely trade in goods, services, and investment. Preparations for the second RCEP Trade Ministers meeting are also discussed in this round. In the 6th round which was held in India on 1-5 December 2014, the discussion of IPR, competition law, and customs were discussed. Next is the 7th round which took place in Bangkok, Thailand, on 9-13 February 2015 discussed the importance of intensifying the discussion in reaching a negotiated settlement at the end of 2015. The 8th round took place in Kyoto on 5-13 June 2015 resulting in progress with the main issue regarding the modalities of trade in goods is not fully agreed upon. The 9th round which took place in Kuala Lumpur resulted in an agreement on the issue of the modalities of trade in goods which at the previous meeting had not been agreed upon. Then the 10th round was carried out which was the target of the end of the negotiation round. However, in this tenth round, RCEP has

not succeeded in agreeing on many issues, one of which is regarding the tariff offer that has been submitted by each country. In the end, it was agreed that the negotiation round should be continued in 2016 (Menta, 2017).

From the series of negotiation rounds carried out, the 11th to 24th rounds were held, which tended to be closed. Until finally the 25th round of negotiations took place on 19-28 February 2019 in Bali, Indonesia and this is momentum towards the completion of RCEP. This round is a full cycle in 2019 involving all Working Groups, Sub-Working Groups, and Task Forces. The mandate of the head of state in November 2018 is for negotiations to be completed by 2019. At this meeting, the maximum contribution is needed to achieve the set targets. Representatives of each country should carry the full mandate of their respective countries because if this free trade pact is successful, it will create the new largest economic bloc in the world whose coverage can reach one-third of the world's economy or half of the global population.

On July 22 - July 31, 2019, in Zhengzhou, Henan province, negotiations for the 27th round of the Regional Comprehensive Economic Partnership Agreement (RCEP) were held and continued with ministerial meetings from August 2 to August 3 in Beijing. China will push for the conference to achieve success. positive ones (Cri, 2019). In the 28th round of negotiations held in Da Nang, Vietnam, it was emphasized again that this round was the final round before the announcement of the "substantial conclusion" of the RCEP negotiations in November 2019. All negotiators who were present were expected to have full mandates and adopt pragmatic solutions and approaches (Ministry of Trade, 2019).

The course of the negotiations was quite tough. It takes RCEP about 7 years to discuss the essence of each FTA negotiation which is still in the form of a draft text Rules of Origin. Of the 40 articles that will be discussed, only 10 have been agreed upon. This means that the completion of the new agreement has reached 25%. The obstacles faced so far are related to the identification of the conference needed by each country, especially the problem of economic power disparities, unbalanced Political Will, different liberalization targets, and the commitment of each country that is a member of the RCEP which has not yet had one voice. Internal factors of each country in terms of imbalance levels of competition and sensitivity of goods and services as well as differences in priorities of trade cooperation are also obstacles for each country. Some obstacles arise from internal factors, including the challenges of the geopolitical map, the global economy, and the trade war between the United States and China.

The course of this negotiation in the concept of international cooperation is an awareness that is carried out by each country as a method of solving problems faced together. The RCEP negotiation round that has been running for quite a long time is due to the problems experienced by each different country, especially in terms of the gap in economic power and commitment that is still not one voice.

B. Benefits of RCEP for Member Countries

RCEP is the largest trade cooperation in the world because it consists of all ASEAN member countries plus China, Japan, South Korea, New Zealand, and Australia which cover 30% of the world economy, 30% of the world's population, and approximately 2.2 billion candidates. consumer. The positive impact of the existence of RCEP for ASEAN is that it can increase regional integration, especially economic integration. Meanwhile, there are also concerns about the impact of negating RCEP, namely the dependence on products from China and the weakening of MSMEs (Yohanes Ivan AdiKristianto, 2020).

In the business world, RCEP has the potential to provide significant opportunities for businesses in the East Asia region and create "The World's Largest Trading Bloc" to encourage increased global production networks, competitiveness, and promote regional supply chains through efforts to increase market access, reduce or remove trade barriers, increase technology transfer, and increase commitment with ASEAN dialogue partners (PPI, 2018). The benefits of RCEP for member countries quoted from the Directorate General of International Trade Negotiations in the Ministry of Trade of the Republic of Indonesia (Ditjen PPI) in 2019 include:

- a. Encouraging the improvement of high-quality telecommunication services
- b. Widened market access and increased competitiveness for service providers and Indonesian workers
- c. Encourage Indonesian investors to invest in all RCEP areas by increasing the investment climate within the region.
- d. There is a positive signal for financial service providers from RCEP member countries.
- e. Mechanism arrangements are in place to better overcome non-tariff barriers.
- f. Support the recognition of professional services in the region.
- g. Facilitating the enhancement of the regulatory environment as well as business opportunities on all fronts.

- h. Encouraging the development of economic capacity and capacity of regional UK.
- i. There are protection and enforcement of intellectual property in the area.
- j. The existence of rules regarding e-commerce as an effort to encourage business actors to take advantage of digital trade in the region.
- k. Expanding market access for Indonesian export products.

From the benefits that have been described above, the concept of international cooperation according to Milner is relevant to the implementation of RCEP, namely there are elements where the behavior of actors is directed towards achieving several goals even though each country can differ in determining its goals. Each country can also get awards and benefits that vary according to their capacity and resources. So that the resulting international cooperation can be reciprocal, mutually beneficial, and complementary.

C. Impact of Participation RCEP Bagi Indonesia

The Indonesian Minister of Trade stated that Indonesia's export data to 14 RCEP member countries during 2015 - 2020 showed a positive trend, reaching 7.35%. Total non-oil and gas exports to the RCEP area in 2019 reached 56.51% of Indonesia's total exports worldwide with a value of US \$ 84.4 billion. Meanwhile, in import activities, RCEP reached 65.79% of Indonesia's total imports from around the world with a value of US \$ 102 billion. The benefits of RCEP will be increasingly felt if Indonesia implements fundamental changes and makes strengthening of competitiveness a permanent agenda in various fields of the economy both in terms of software, hardware, goods, services, large entrepreneurs and MSMEs as well as the government and private sectors (Kemekeu, 2020).

Indonesia also benefits from participating in RCEP. First, there is a projection of an increase in the number of Indonesia's exports by 7.2% through the global supply chain scheme. Through this scheme, Indonesian companies produce raw material products for other countries with minimal import duty assistance (Indonesia produces car batteries to be used for car assembly in other countries). The reduced trade barriers provide opportunities for companies to find factory locations with lower production and distribution costs. One of the driving factors for factory relocation is the condition of workers who have the appropriate skills but at low wages. This is in Indonesia.

Second, there will be an absorption of Indonesian workers. Although Indonesia is known as a country that has cheap labor, the capacity and competitiveness that are high on average are not owned by Indonesian workers, so that their productivity is considered to be still lacking. Therefore, it is necessary to have efficiency in the Indonesian labor market. Minimal trade barriers cause multinational companies to be placed anywhere because the priority is that the factory location provides raw materials with cheaper labor from the company's home country. Data from the Investment Coordinating Board (BKPM) states that in July 2020 7 multinational companies had officially moved their factories from China to Indonesia with a total investment value of IDR 12.4 trillion and were predicted to absorb as many as 30,000 Indonesian workers (Yohanes Ivan Adi Kristianto, 2020).

This is relevant to the concept of international trade which states that in international trade, each country participates in trade activities according to their respective capabilities in producing the production of a good. Each country will also have certain specialties and product specialties. Also, international trade can affect the determination of the price of labor and land. As is the case in Indonesia, where labor with low wages is available in sufficient numbers, thus encouraging multinational companies from other countries to move their factories to Indonesia to obtain lower production costs.

Apart from the positive and beneficial impacts, there are also negative impacts that will be felt by Indonesia. This is due to the presence of China which is considered to be made easier in implementing the Belt Road Initiative (BRI), which is China's long-term plan in building trade and investment routes from the Asia Pacific to Europe. If China succeeds in dominating its role in RCEP and succeeds in running BRI, ASEAN member countries will increasingly depend on China. Data shows that China's foreign direct investment to ASEAN reached the US \$ 719.5 million in 2017. This condition allows developing countries in the ASEAN region, including Indonesia, to be flooded with imported goods from China which has the potential to kill domestic producers. In 2020, Indonesia itself still experiences import imbalance (trade deficit) compared to exports to China, which is US \$ 6.6 billion or Rp. 93 trillion. Another negative impact is the increase in competitors of Indonesian Micro, Small and Medium Enterprises (MSMEs) and this can result in product competition and a reduction in the income of Indonesian MSMEs (Yohanes Ivan Adi Kristianto, 2020).

Transshipment activities are also likely to occur, namely, a condition where goods from Indonesia sent to other RCEP member countries have zero tariffs but are eventually re-exported to Indonesia through the trade remedies facility.

D. India's retreat from RCEP

The trade war between the United States and China has so far resulted in losses for exporters from Asia. This was indicated by the decline in demand for goods from the Asian region, which hampered company growth. RCEP does not invite the United States to join, this indicates Beijing's efforts to counter the influence of the United States in the Asia Pacific region. RCEP can also be an effort to fight protectionist policies that are framed by the United States. By reducing tariffs for many products, RCEP will provide benefits to member countries so that they can help producers from the Asian region to be able to sell more products to the Asia Pacific region (Ventura, 2019).

RCEP is getting bigger when it is followed by India and China which have the largest population in the world. This is an opportunity to combine the two very large Asian economies and is expected to encourage greater cross-border trade and investment in Asia. India's participation is also important because it can balance China with its economic strength considering that India is the country with the largest economy in the Asian region after China and Japan. However, on November 4, 2019, India, which was previously the best with RCEP, withdrew from the process of finalizing a trade agreement. That Indian setback could make China stronger.

The results of the analysis from various sources related to matters that were considered by India's withdrawal from RCEP are:

- a. One of India's domestic problems is the trade deficit, which continues to increase from 7 billion dollars in 2004 to 104 billion dollars in 2019.
- b. Concern over the risk of an abundance of easy products from China
- c. Concern about the abundance of dairy products from Australia and New Zealand
- d. India is less competitive in terms of price and product quality.
- e. Land and workforce management still needs to be improved

E. Indonesia's Strategy in Facing RCEP

Indonesia's participation in RCEP has both negative and positive impacts. In dealing with the negative impacts, it is necessary to prepare various efforts so that Indonesia can remain competitive. This strategy must be carried out internally and externally, including:

This internal strategy can be done through:

- a. Collaboration or synergy of all policymakers, especially the government and exporters from Indonesia to compete with other exporters from RCEP member countries
- b. The MSME sector must be strengthened through workforce training and digital infrastructure assistance so that it can compete with advanced companies.
- c. The calculation of the aspects of labor, regional politics, and SMEs must be prioritized so that Indonesia is not only a target market.
- d. Developing a protection strategy for Indonesian farmers, especially regarding intellectual property rights related to farmers' sovereignty over seeds. This right is due to the many criminalization experienced by Indonesian farmers as a result of the IPR regulation. For example, South Korea and Japan have submitted a TRIPS-Plus proposal which is feared that it will limit access to seeds and medicines due to a monopoly which causes the price of generic drugs to remain high.
- e. There must be flexibility in derivative technical regulations related to RCEP, starting from legal instruments to regulations regarding the domestic component level. The Job Creation Law has also become a momentum in line with the principle of ease of doing business as scheduled by RCEP.
- f. The government is collaborating with the business world to follow a strategy to seize opportunities for RCEP.
- g. Synchronization of strategies for dealing with RCEP with business actors to local governments through socialization regarding benefits, opportunities, agreed-upon matters, policy adjustments, manpower, and all matters relating to RCEP.

An external strategy is carried out by:

- a. Regulations must be made with multinational companies from other countries that relocate factories in Indonesia to use Indonesian workers so that these companies are dominated by Indonesian citizens. This regulation is complemented by rights and obligations guaranteed by law.

b. Indonesia strengthens cooperation with other countries that are China's trade opponents, namely Japan, South Korea, the United States and Australia so that China's domination in the Asian region can be reduced. This is based on the condition of Indonesia's trade balance with China after the CAFTA implementation experienced a large deficit due to products from China flooding into Indonesia.

5. Conclusion

Based on the explanation above, Indonesia's strategy in facing the Regional Comprehensive Economic Partnership (RCEP) is related to the concept of international cooperation and trade to achieve the country's prosperity. Indonesia must organize strategies internally and externally. Internally, Indonesia must increase good cooperation between the government and exporters from Indonesia, conduct workforce training to improve product quality, create superior products that can dominate the market, and protect farmers related to the monopoly on seeds and medicines. Externally, Indonesia should partner with other countries that are China's trade rivals so that there is no surge in Chinese products in Indonesia. Also, regulations must be made with multinational companies from other countries to use Indonesian workers if they are to build factories in Indonesia.

References

- A. Aria, P. (2020). Posisi Indonesia dalam Peta Perdagangan Dunia Setelah RCEP Diteken. Katadata.Co.Id. <https://katadata.co.id/pingitaria/berita/5fb234c0e45fa/posisi-indonesia-dalam-peta-perdagangan-dunia-setelah-rcep-diteken>
- B. Asean.org. (2016). Regional Comprehensive Economic Partnership (RCEP). Asean.Org. https://asean.org/?static_post=rcep-regional-comprehensive-economic-partnership
- C. Brown, C. (1997). Understanding International Relations. Understanding International Relations. <https://doi.org/10.1007/978-1-349-25487-3>
- D. Cri. (2019). Negosiasi Perjanjian RCEP Putaran ke-27 dan Pertemuan Menteri Akan Diadakan di Tiongkok. Indonesian.Cri.Cn. <http://indonesian.cri.cn/20190705/cd9c9313-fed6-2842-92b5-f7b385c56af7.html>
- E. Ditjen Perundingan Perdagangan Internasional, K. P. R. I., & ASEAN, D. P. (2019). Selayang Pandang RCEP. Kementerian Perdagangan, 1–8. https://www.kemendag.go.id/storage/article_uploads/Fb8jI1oDSmNHWU6zHOprsz8M3VwZ7wbVEacCaH6x.pdf
- F. Fukunaga, Y. (2014). ASEAN ' s Leadership in the Regional Comprehensive Economic Partnership. 2(1), 103–115. <https://doi.org/10.1002/app5.59>
- G. Hasanah, L. (2019). Kerja Sama Indonesia-Jepang dalam Joint Credit Mechanism (JCM) pada Pembangunan Rendah Karbon di Indonesia. Padjadjaran Journal of International Relations, 1(2), 142. <https://doi.org/10.24198/padjir.v1i2.26131>
- H. Hendra Halwani. (2002). Ekonomi Internasional dan Globalisasi Ekonomi. Ghalia Indonesia.
- I. Holsti, K. J. (1988). Politik Internasional: Suatu Kerangka Analisis. PT. Remaja Rosda Karya.
- J. Holsti LR, E. P. (1955). On the Burning Temperature of Tobacco. J Cancer Resch.
- K. Indonesia.go.id. (2019). Progres RCEP, Keluarnya India, dan Peluang Indonesia. Indonesia.Go.Id. <https://www.indonesia.go.id/narasi/indonesia-dalam-angka/ekonomi/progres-rcep-keluarnya-india-dan-peluang-indonesia>
- L. Indonesia, D. J. P. P. I. kementerian P. R. (2016). Rencana Strategis Perundingan Perdagangan Internasional Tahun 2015-2019. <http://ditjenppi.kemendag.go.id>. http://ditjenppi.kemendag.go.id/assets/files/statis/statis_20180316_rencana-strategis-direktorat-jenderal-perundingan-perdagangan-internasional.pdf
- M. James E. Dougherty dan Robert L. Pfalzgraff. (2005). Pengantar Studi Hubungan Internasional. Pustaka Pelajar.
- N. Karina, E. N., & Puspaningrum, V. (2014). Diplomasi Ekonomi Indonesia antara Regional Comprehensive Economic Partnership (RCEP) dan Trans- Pacific Partnership (TPP) Pspd (Eva Novi Karina dan Vinie Puspaningrum (ed.); Issue July 2014). Pusat Studi Perdagangan Dunia UGM.
- O. Kemekeu. (2020). Ekspor Indonesia Diprediksi Meningkat 7,2 Persen dari RCEP. Kemenkeu.Go.Id. Ekspor Indonesia Diprediksi Meningkat 7,2 Persen dari RCEP
- P. Kemendag. (2019). Rangkaian Pertemuan RCEP Putaran ke-28. Kemendag.Go.Id. <http://ditjenppi.kemendag.go.id/index.php/berita/foto/detail/rangkaian-pertemuan-rcep-tnc-putaran-ke-28>
- Q. Maiwan, M. (2015). Teori-Teori Ekonomi Politik Internasional Dalam Perbincangan: Aliran Dan

- Pandangan. *Jurnal Ilmiah Mimbar Demokrasi*, 15(1), 109–125. <https://doi.org/10.21009/jimd.v15i1.9114>
- R. Menta, D. R. S. (2017). *Motivasi India Bergabung dalam kerja Sama Regional Comprehensive Economic Partnership (RCEP) Tahun 2012-2016*. Universitas Andalas.
- S. Olivia, A., & Agustiyanti. (2020). Berharap Pemulihan Ekonomi RI dari Kesepakatan Dagang Terbesar Dunia. *Katadata.Co.Id*. <https://katadata.co.id/agustiyanti/finansial/5fb615609c54a/berharap-pemulihan-ekonomi-ri-dari-kesepakatan-dagang-terbesar-dunia>
- T. PPI, D. (2018). RCEP. *Ditjenppi.Kemendag.Go.Id*. <http://ditjenppi.kemendag.go.id/index.php/asean/antar-dan-sub-regional-asean/rcep>
- U. Salvatore, D. (2004). *International Economics* (J. W. & Sons (ed.); Eleventh). Fordham University USA.
- V. Sobri. (2011). *Ekonomi Internasional: Teori, Masalah dan Kebijakan*. BPFU UII.
- W. Ventura, B. (2019). 15 Negara Bikin Kesepakatan Perdagangan Terbesar di Dunia, AS Tidak Diajak. *Ekbis.Sinconews.Com*. <https://ekbis.sindonews.com/berita/1457964/33/15-negara-bikin-kesepakatan-perdagangan-terbesar-di-dunia-as-tidak-diajak>
- X. Yohanes Ivan Adi Kristianto. (2020). Bagaimana RCEP bisa menguntungkan dan merugikan Indonesia. *Theconversation.Com*. <https://theconversation.com/bagaimana-rcep-bisa-menguntungkan-dan-merugikan-indonesia-150453#:~:text=Manfaat kedua dari RCEP ialah,di tingkat kawasan Asia Tenggara.&text=Dengan adanya RCEP%2C integrasi ekonomi,manfaat yang signifikan bagi anggotanya>