THE IMPLEMENTATION OF INDONESIA ECONOMIC DIPLOMACY: STRENGTHENING ECONOMIC RELATIONS WITH KAZAKHSTAN, 2015 – 2017

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RECOMMENDATION LETTER

This thesis is entitled “THE IMPLEMENTATION OF INDONESIA ECONOMIC DIPLOMACY : STRENGTHENING ECONOMIC RELATIONS WITH KAZAKHSTAN, 2015 – 2017” prepared and submitted by Nida Sabila Firdaus in partial of fulfillment of the requirements for the degree of bachelor degree in faculty of International Relations has been reviewed and found to have satisfied the requirements for a thesis fit to be examined. I therefore recommend this thesis for Oral Defense.

Cikarang, Indonesia, 2 May 2019

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DECLARATION OF ORIGINALITY

I declare that this thesis, entitled “THE IMPLEMENTATION OF INDONESIA ECONOMIC DIPLOMACY : STRENGTHENING ECONOMIC RELATIONS WITH KAZAKHSTAN, 2015 – 2017” is the best of my knowledge and belief, an original piece of work that has not been submitted, either in whole or in part, to another university to obtain a degree.

Cikarang, Indonesia, 2 May 2019

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THE IMPLEMENTATION OF INDONESIA ECONOMIC DIPLOMACY: STRENGTHENING ECONOMIC RELATIONS WITH KAZAKHSTAN, 2015 – 2017

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ABSTRACT

This thesis aims to discuss explicitly the economic interests of Indonesia to Kazakhstan. By focusing on foreign policy and economic diplomacy strategies carried out by the Ministry of Foreign Affairs of Indonesia in Kazakhstan in the period of 2015 to 2017. This research uses qualitative data analysis conducted deductively. The method used in research to collect data is by analyzing documents from primary sources and interview with the related sources. The theoretical framework of this study consists of Neo-Liberalism, Mutual Interdependence, Bilateral Relations, and Economic Diplomacy. The results of this study indicate that Indonesia by using its economic diplomacy can achieve the national interests in economic sector and can be keen to see the economic opportunities that exist in Kazakhstan. This is indicated by the positive results in the trade sector between Indonesia and Kazakhstan in 2018 which reached 6,822.9 USD. Meanwhile the trade data from 2015 to 2017 showed a deficit which amounted to -10,566.2 USD (2015), -7,769.9 USD (2016), -22,321.0 USD (2017).

Keywords: Indonesia, Kazakhstan, foreign economic policy, bilateral relations, economic diplomacy
ABSTRAK


Kata-kata kunci: Indonesia, Kazakhstan, kebijakan ekonomi luar negeri, hubungan bilateral, diplomasi ekonomi
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Cikarang, 11 May 2019

(Nida Sabila Firdaus)
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CHAPTER I

INTRODUCTION

1.1 Background Of Study

Economy is one of the aspect that crucial for the development of the state. Most of the states has economic strategy in their own way to pursue the national interest. For example, Indonesia. Indonesia still categorized as developing country due to the condition of the level of industrialization is relatively low, the product of export is dominated by raw material or agricultural commodities, the citizens with low educations, poverty and social inequality, high unemployment, and also the interdependence on foreign debt. At least there are 2 (two) reasons for Indonesia government to access Central Asia countries market, i.e.: First, Central Asia countries regionally have big populations and high individual income; Second, Indonesia still needs to improve its bilateral trade and foreign investment to Central Asia countries. Therefore, based on those two reasons, Indonesia government decides to witness ideal Central Asia regions in order to boosting economic activities for Indonesia non-traditional markets and suitable pilot project of strengthening Indonesia diplomacy economy. Additionally, these conditions makes the government of Indonesia concerned that they have to make appropriate strategy for improving foreign economic policy, not only arrange the economic policy within the country but also build the economic relations with foreign country.

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3 Ibid.
runs and make some cooperations in economy that was planned in Soeharto’s regime were obstructed.

Moreover, after the Orde Baru regime collapsed, there are so many problems that must be solved by the next president of Indonesia. B.J Habibie was appointed as the new president. During his era, he was focussed on the problem in Timor Leste that want to separated from Indonesia. Therefore, the foreign policy that was used by Habibie is “Indonesia’s East Timor policy”. After B.J Habibie led Indonesia, Abdurahman Wahid were elected as the next president and has foreign policy “Looking Towards Asia”. The main idea of this initiative was to enhance relationships among Indonesia, India, China, Japan, and Singapore to counter Western influence and reduce dependency upon the West.18

According to the fact, the next president that was led after Soeharto’s regime tend to solved the problem in country due to the international pressure that was caused by the chaotic problems. Therefore in Megawati’s regime, she was focussed on foreign policy of domestic stability, and the importance of foreign policy was downgraded. She was only see the importance of ASEAN and free trade in the South East Asia. The official document of the Foreign Ministry under Megawati clearly stated that ASEAN countries were the first ‘concentric circle’ of Indonesia’s foreign policy priorities.19

Furthermore in 2004, Susilo Bambang Yudhoyono was become the president for 2004 until 2009 and elected in 2 periods. During his leadership, the foreign policy of Indonesia has changed. He used “A Million Friends and Zero Enemies” for strengthening the relations with foreign countries.20 In the history of

18 Kai He, (2007), Indonesia’s foreign policy after Soeharto: international pressure, democratization, and policy change, from : https://www.researchgate.net/publication/31265941_Indonesia's_foreign_policy_after_Soeharto_international_pressure_democratization_and_policy_change/download, retrieved on April 2019
19 Ibid
Under President Joko Widodo, in the second year of the administration, the government cabinet has 13 packages of the economic regulations those are encourage industrial competitiveness, investment and foreign exchange promotion, expansion of access and reduction in production costs, guarantee of wage systems and the right of unemployment, revaluation of assets and access to Islamic finance, move the economy in the periphery, intensive labor and land certification taxes, business certainty and investment aircraft and oil maintenance services for electricity and logistics infrastructure, investment openness, financing access to dwelling time and the pharmaceutical industry, increasing EoDB (Ease of Doing Business) rankings, and providing homes for the citizens.4

In that program, Indonesia places the economy as the key indicator of achievement in its national interests because the economy is an important foundation for maintaining the stability of the country. Mr. Siswi Pramono as the Head of Policy Assessment and Development Agency in Regional Asia Pasific and Africa said that for supporting economic stability in Indonesia, The Ministry of Foreign Affairs see that economic diplomacy is one of the foreign policy priorities with the aim of supporting the point 7th of nawacita program on increasing competitiveness in the international market.5 Therefore, the government tried to make a strategy and also a policy to run a program that had been created to support the development of economy in Indonesia.

In this globalizations era, Indonesia realized that we can not stand alone for achieving the economic interest. Therefore, we also build relations with foreign country trough diplomacy. The development of technology that changing rapidly which also causes information and communication run fast makes the process of diplomacy and relations that occur between individuals or groups from one country to another can take place more easily. This makes it easier for state representatives to be involved in diplomacy, especially in order to fight for their

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5 Ministry of Foreign Affairs Indonesia, (2016), Indonesia and Central Asia : An Effort to Strengthen Economic Diplomacy, pg. vii, Retrieved February 2019
interests. Leonidivna and Oleksiivna said on their journal that economic diplomacy in this era has already shape new pattern of complexity of global economy where the diplomat try to lobbying the economic interest to certain countries and promotes liberalism until it gets benefit for both countries and ratify the agreement or long term cooperation project in economy.⁶

Therefore, Indonesia is seeking the opportunity for expanding partner with some countries that has potential economy, one of that is Kazakhstan. Kazakhstan is located between two continents which is Europe and Asia continents, there is Russia on the north while on the east it borders on China make Kazakhstan become a ‘silk road’ for trade route.⁷ Eventhough Kazakhstan has land locked, but the government have been improving the infrastructure for distribution of goods easily. They have 52 infrastructure projects during 2017 under cooperations with European Bank. The European Bank is interested in regional integration of Kazakhstan and supports this goal by investing in the improvement of the Western Europe–Western China trade corridor.⁸

![Kazakhstan Map](https://www.cia.gov/library/publications/the-world-factbook/geos/kz.html)

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Matter of fact, Kazakhstan is include to Asia Pasific region and has the highest GDP among the other central asia’s country. Kazakhstan known as the country with vast mineral resources and potential economy. According to the results of the geological and economic assessment mineral reserves of Kazakhstan, the most economically significant resources are coal, oil, copper, iron, lead, zinc, chromites, gold, manganese. Northern Kazakhstan serves as the primary resource supplier for the aluminum and gold production, as well as the primary iron ore region of the country. Eastern Kazakhstan is the main region for the polymetallic ore mining. Central Kazakhstan is the primary copper and manganese supplier of the Republic. Southern Kazakhstan contains a unique uranium mining infrastructure involving high-tech underground leeching; the region also provides phosphate materials. Western Kazakhstan offers a large supply of oil and natural gas resources, potassium and boron salts, as well as high-quality chromites.9

The potential of economy in Kazakhstan is not only in mining sectors, but also in agriculture. Indonesia successfully export the palm oil product to Kazakhstan.10 Eventhough Malaysia has almost dominated the palm oil in there, but Indonesia always optimist to see the opportunities in Kazakhstan and try to make cooperations through government visit that always talk about trade relations and any potential issues.

In the history, Indonesia diplomatic relations with Kazakhstan has established since the independence of Kazakhstan in 1991. By the following time, the relations between Indonesia and Kazakhstan formerly in politic expand to economy. The Ministry Foreign Affairs of Kazakhstan stated that in 2014, the


turnover trade with Indonesia amounted to 39.1 million of USD ( which Kazakhstan exports – 4.1 million of USD, import - 35 million of USD ), in 2015 it already reached 49.9 million of USD ( which Kazakhstan exports – 18.9 million of USD, import - 35 million of USD ). In the next year, due to decline in the world economy's growth as a result of the crisis the trade turnover between Kazakhstan and Indonesia in the period of January-October 2016 decreased by 66.9 percent comprising 14.8 million of USD. Kazakhstani exports reached only 1.1 million of USD which was by 92.9 percent lower than in similar period of the previous year, while import fell down by 52.3 percent and amounted to 13.7 million of USD.\textsuperscript{11}

According to the data above, it shows that the turnover trade of Indonesia to Kazakhstan still lower than Kazakhstan to Indonesia. In the last three years, total of import product is greater than export. The result is unfortunately because Kazakhstan is categorized as one of the big population in Central Asia and also have the similarities socio-religious background. By considering those reasons, Indonesia have a lot of opportunities to increase the trade balance.

Both of the countries have willingness to make a cooperation in economy sector. Indonesia and Kazakhstan were signed an agreement and frequently do state visit that discuss about potential economic issues such as food products, tire industry, promoting tourism industry, agricultural products, medicines and medical devices, furniture, textile products, and also the exhibition for introduce each other's products from both countries. Therefore, the writer seen that there is an effort from Indonesia and Kazakshtan for pursuing their national interest in economy sector and need to be further analyzed its potential opportunity and also the strategy that Indonesia use in order to maintain bilateral relation with Kazakhstan.

1.2 Problem Identification

In fact, the implementation of Indonesia foreign policy has 2 (two) main aspects which is pursuing national interests and as an active efforts to contribute on global welfare marked by various multi-dimensional complexity challenges and threats. Besides other traditional issues, the emerging of non-traditional issues and phenomena of dynamics geopolitics and geo-economy, either at global and regional level, is Indonesia responsibility to be face.

Based on Indonesia National Medium-Term Plan (Rencana Jangka Menengah Pembangunan Nasional, RPJMN) and Strategic Plan Rencana Strategis - Renstra), since 2010 to 2014, Indonesia Foreign Affairs has done various priorities sectors of Foreign Policy and also other working programs at bilateral, regional and multilateral. These activities are done aim to strengthen Indonesia roles in international forum with free and active foreign policy or well known as all-directions foreign policy. In practice, good bilateral relations and cooperation with other countries implemented through spirit of a million friends, zero enemy. This approach sharpened by Indonesia specific focus to be a bridge builder for all interests and position at international level as the contributing roles in world order, international peace and global justice. Another Indonesia role is regarding to its participation to overcome international conflicts and mostly in International Organizations, such as: ASEAN, United Nations, G-20, APEC, ASEAN Regional Forum (ARF), Non-Aligned Movement (Gerakan Non-Blok), Organization of Islamic Countries (OIC), ASEAN-Europe Meeting (ASEM), FEALAC and Developing-8 Countries (D-8).

14 Ibid
Matter of fact, the economic relations between Indonesia and Kazakhstan are still far behind compared to other ASEAN countries. In the ASEAN region, Kazakhstan imports goods with a total value of USD 450 million. In 2016, Kazakhstan's imported goods from ASEAN came from Vietnam for USD 200 million (43.7%), Malaysia amounting to USD 100 million (21.5%), Thailand amounting to USD 75 million (16.4%), and Singapore amounting to USD 65 million (14.8%). Meanwhile Indonesia export to Kazakhstan is only USD 13.7 million. This fact is unfortunate because Indonesia has a good relations and it has been built since Kazakhstan's independence until now but in the trade sectors could not shows a good result.

Whereas since the first legalization of diplomatic relations with Kazakhstan, Indonesia already has foreign policy in the economic sector which was finally made a joint statement in Almaty, April 7 1995. The document was ratified by President Suharto and Nusultan Nazarbayev. It was stated that they want to do a consultation and cooperation in politics, economy, trade, and culture. They will also give the foreign aid that needed for expanding the relations between country, social and non government organization, support every entrepreneur for expanding the relations in agriculture, oil and gass, manufactuirng industry, consumers need and they will exchange the high technology and study of science. For addition, both countries will make a cooperation in Economic Social Comission in Asia Pasific (ESCAP).

Unfortunatelly in the three years after the MoU signing, Indonesia met the fallen of Soeharto’s regime after 32 years led as the authoritarian president and was created the cheotic both politic and economic system. After the tragedy of stepped down of Soeharto’s regime, the government of Indonesia were focussed to rebuild the system within the country in order to keep the stability of the governance. This phenomenon also affected on how foreign policy in Indonesia.

16 Ibid
17 Ministry of Foreign Affairs, (1995), Dokumen Pernyataan Bersama Republik Indonesia dan Republik Kazakhstan
bilateral relations between Indonesia and Kazakhstan, SBY regime was open the gate of diplomacy after 17 years was closed. In 2012, the embassy of Kazakhstan was officially established in Jakarta, Indonesia. After that in the same year, Kazakhstan's President Nazarbayev do the state visit to Indonesia on April 12-14, 2012 and Indonesian President SBY to Kazakhstan on 1-3, 2013. The state visit has led Kazakhstan-Indonesia relations to higher levels and has provided a new impetus for further cooperation.\textsuperscript{21}

Whilst interdependence today is not just an economic phenomenon where the various issue areas that are central to global governance today, such as climate change, refugee flows, pandemics, and human rights abuses are precisely add scope, depth, and complexity to the nature of global interdependence. Such a world is best described as a multiplex world\textsuperscript{22}, whose distinctive feature is a proliferation of transnational challenges and a diffusion of ideas, actors, and processes of global governance. The fragmentation of global governance reflects a growing demand for new principles and approaches that cannot be accommodated by a simple extension of the old international order dominated by the United States or the multilateral institutions it created, even though the latter will have their place and role.

After the joint statement has made in 1995, Indonesia and Kazakhstan continue the bilateral relations by ratified memorandum of understanding in 2013 the contents is refer to article 5 of the agreement on economic and technical cooperation in the document of joint statement that was signed in 1995.\textsuperscript{23} In the new Momerandum of Understanding, Indonesia and Kazakhstan have a deal to make the commission to examine opportunities for bilateral economic relations, including industrial and foreign direct investment, and determine new cooperations in economic sector.\textsuperscript{24} The Momerandum of Understanding will be

\textsuperscript{22} Ibid
\textsuperscript{23} Ministry of Foreign Affairs, (2013), Memorandum of Understanding of Indonesia dan Kazakhstan about the establishment of a joint commission for economic cooperation
\textsuperscript{24} Ibid, pg. 4
valid after five years and will be extended automatically if both countries not terminate this agreement.

As explained above, Kazakhstan is a country that has strategic meaning in economic sector for international world. This was marked by the race of the ASEAN countries to take the influence economic benefits for their respective interests. During the era of Jokowi leadership, Indonesia needs to optimize economic cooperation with Kazakhstan due to the potential economy within the country. Therefore, the aim of this research is to analyze the implementation of Indonesia economic diplomacy through ministry of foreign affairs action in improving economic relations with Kazakhstan in the period of 2015 until 2017.

1.3 Statement of Problem

On this research, the writer try to analyzed the strategy of Indonesia economic diplomacy through ministry of foreign affairs in improving economic relations with Kazakhstan in the period of 2015 until 2017. This research has taken three years length of Indonesia economic diplomacy in Kazakhstan. Moreover, the writer research questions as follow:

1. How did Indonesia government implement its economic diplomacy in order to strengthen economic relations with Kazakhstan since 2015 to 2017?

1.4 Objective of the Research

The objective of this research is to:

1. To describe and analyze Indonesia’s foreign policy in economy sector to Kazakhstan.

2. To explain the potential economy in Kazakhstan.

3. To describe and explore Indonesia’s economic diplomacy strategy in Kazakhstan by Ministry of Foreign Affairs of Indonesia.
1.5 Significance of Study

The significant study of this strategy analysis of Indonesia economic diplomacy in Kazakhstan is to know about the strategy that has been made by Ministry of Foreign Affairs in order to enhance the economic sector that become an important foundation for maintaining the stability of the country and also hopefully through this research could be future suggestion for the better development.

1.6 Theoretical Framework

The theoretical and conceptual framework explains the path of a research and grounds it firmly in theoretical constructs. The overall aim of the two frameworks is to make research findings more meaningful, acceptable to the theoretical constructs in the research field and ensures generalizability. They assist in stimulating research while ensuring the extension of knowledge by providing both direction and impetus to the research inquiry. They also enhance the empiricism and rigor of a research.²⁵

Therefore, this research includes several theories that related with the case study and also will be support the idea of this research.

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National Interest

National Interests can as defined as the claims, objectives, goals, demands and interests which a nation always tries to preserve, protect, defend and secure in relations with other nations. National interest remains the main reason for countries to involve in international relations and have international cooperation with other countries.26

National interest is the goal of the country which is then embodied in foreign policy "National interest as a guide to foreign policy" (Griffiths, Terry O’Callaghan & Roach, 2008: 217), where national interests are used as direction in determining foreign policy. National interests are also used to explain and provide support in certain policies. In pursuing national interests, it should be

remembered that territorial security, economic vitality, and domestic (domestic) and foreign political independence are interconnected and the boundaries of both can be blurred (Kegley Jr. and Witkopf, 2004: 160).  

Interests are goals that have been arranged so that they are truly appropriate and fairly accommodating to all people. So the interests of the state are a reflection of the wishes of the people. In some definitions of foreign policy, it can be seen that the role of national interests is the main criterion for decision makers to determine attitudes or actions. National interest is a very common conception, but is a very vital element for a country.

**Foreign Policy**

Foreign policy is both the broad trends of behavior and the particular actions taken by a state or other collective actor as directed toward other collective actors within the international system. Foreign policy actions can be undertaken using a variety of different instruments, ranging from adopting declarations, making speeches, negotiating treaties, giving other states economic aid, engaging in diplomatic activity such as summits, and the use of military force. What becomes clear when one reviews the literature is that scholars are often speaking about different phenomena when they define ‘foreign policy’. Christopher Hill has defined it as ‘the sum of external relations conducted by an independent actor (usually but not exclusively a state) in international relations’ (Hill 2016: 4, italics inserted). However, defining policy as the sum of external actions results in analysis that only explains broad trends in foreign policies and not individual actions and decisions. Foreign policy according to White is ‘government activity conducted with relationships between state and other actors, particularly other states, in the international system’ (White 1989: 1, my italics).  

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Reynolds in his book “Foreign Policy as the Pursuit of the National Interest”, define foreign policy as a government action that aims to fight for national interest. These actions are taken based on references from other bodies / actors / groups that play a role in the international system. On the other hand, Goldstein defines foreign policy as a foreign policy as strategies taken by the government in determining their actions in the international world. Then, Holsti in his book “Foreign Policy Actions: Power, Capability, and Influence” providing an understanding of foreign policy is an action or idea designed to solve problems or make changes in an environment.

From the three expert definitions of foreign policy, the writer can conclude that true foreign policy is a series of actions taken by the domestic government in determining the position of the country in the international system in order to obtain national interest from the results of their interactions with other countries and using foreign policy as an instrument in it.

**Economic Diplomacy**

The emergence and development of economic diplomacy has been triggered by a shift in the direction of international cooperation which has also begun to focus a lot on the economic sphere. International trade is increasingly crowded and the economic orientation of countries in the world is also increasingly significant.

According to G. R. Berridge, the definition of diplomacy is a political activity that allows the actors to pursue their interests, and defend their interests through negotiations, without using force, propaganda or law. Economic diplomacy describe how political and economic activities are closely related in a country's diplomatic activities. Continuous diplomacy activities can also support

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29 P. A. Reynolds, An Introduction to International Politics (Longman, 1971), pg. 35.
30 Joshua Goldstein, International Relations, (New York: Longman, 1999), pg. 147
the bilateral negotiation process or international negotiations going well. The government of a country can take an important role in this negotiation process by utilizing information and economic diplomacy activities that have been carried out by all actors, both state and non-state actor.\textsuperscript{32}

According to Rana (2007) defines economic diplomacy as a process in which a country resolves its problem with another country, in order to maximize state revenues and gains through economic activities and economic exchange, both bilateral, regional and multilateral.\textsuperscript{33} Economic diplomacy is not separate from general diplomacy. However, there are several things that distinguish economic diplomacy. One of the main characters of economic diplomacy is that economic diplomacy is very sensitive and reactive to market changes and developments.\textsuperscript{34} Therefore in some cases, economic diplomacy can fail if the market offers a more attractive alternative. In addition, the thing that distinguishes economic diplomacy from other diplomacy is the existence of a considerable role from the private sector in the negotiation process and policy strategy.\textsuperscript{35}

Economic diplomacy learns about diplomacy and trade relations, cooperation, and ways of influencing external economic policies. Just like diplomacy in general, economic diplomacy is a component of foreign policy, namely the international activity of a country. Foreign policy determines the goals and objectives of economic diplomacy which in the end must re-reflect all activities, forms, objectives, and methods used to realize these foreign policies. According to Baranay (2009) states that economic diplomacy is the main key factor in the economy in an effort to achieve foreign policy goals.\textsuperscript{36}

\begin{thebibliography}{99}
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\end{thebibliography}
1.7 Limitation Of The Study

This thesis will be focuss on diplomacy economy between Indonesia and Kazakhstan in the period of 2015 until 2017. The main concern in this research is only limited to how government of Indonesia take their action for enhancing mutual relations and take the advantage potential of Kazakhstan and make Indonesia build cooperations in economic sectors whereas Kazakhstan is categorized as potential country to cooperate with and either can achieve the national interest.

1.8 Literature Review

In order to support this research on how Indonesia economic diplomacy works in Kazakhstan, it would be better to have supporting research that had been done by the expert which is the Ministry of Foreign Affairs of Indonesia. The reliable source came from the Center for Policy Analysis and Development on the Asia-Pacific and Africa Regions, Ministry of Foreign Affairs of Indonesia (2016) titled Indonesia And Central Asia : An Effort To Strengthen Economic Diplomacy. The background of this book is for supporting Nawa Cita program in point 7 which is increasing competiveness in international market, this is also related with the foreign policy priority of the ministry of foreign affairs that focussed on diplomacy economy. This book is not only discuss about how goverment to goverment issues, but also involve the stakeholders and can be use as further recommendation for foreign policy in economy of Indonesia to the Central Asia region.

In detail, this book provides the data and economic opportunities in the Central Asia that can be seen by the investor and entrepreneur from Indonesia. The Ministry of Foreign Affairs sees the opportunities in Central Asia by the high GDP and population of each countries and abundant reserves of energy and minerals.
In the first chapter of this research describe about background of the Central Asia. This region consist of six countries fraction of Uni Soviet that seen as potential country for engage economic diplomacy. Besides the high GDP, population and abundant of energy, Central Asia also has strategic location as the bridge for European country and Asia Pasific region as known as the silk road. It also explained Indonesia's trade value with Central Asia countries has not reflect the potential that exists. Compared to the other ASEAN countries, Indonesia still far left behind to take the opportunities in economic relations with Central Asia region. Increasing economic cooperation between Indonesia and Central Asia is necessary conducted through intensive and well planned economic diplomacy. This is in line and relevant to Indonesia's foreign policy below President Joko Widodo's government prioritizes four things, namely safeguard sovereignty, increase protection for citizens and Indonesian legal entity, increasing economic diplomacy and playing an active role in the international world. In addition, this research provide understanding regarding the economic potential of Central Asia, evaluating the implementation of cooperation Indonesia's economy in Central Asia, as well as producing recommendations and guidelines in strengthening Indonesia's economic diplomacy in the Central Asia region.37

In the second chapter, it explained about topography, climate, and also the history of Central Asia. Central Asia inhabited by five ethnic groups are Uzbek, Kazakh, Azeri, Tajik, and Kyrgyz and now reach more than 77 million people. Moreover, this chapter shows that many superpower country such as The United Stated, Russia, China, and Turkey are trying to cooperate in economy with each countries in Central Asia. After got their independence, the countries in Central Asia try to join with international organization such as Eurasian Economic Union (EAEU), Economic Cooperation Organization (ECO), Shanghai Cooperation Organisation (SCO), Asia Cooperation Dialogue (ACD), and Central Asia Regional Economic Cooperation (CAREC). Indonesia sees this cooperation has made the Central Asia region increasingly important politically, as well as raises great economic opportunities. So far, Central Asia called as landlocked where this

37 Ministry of Foreign Affairs Indonesia, (2016), Indonesia and Central Asia : An Effort to Strengthen Economic Diplomacy
region do not have access in the sea connectivity, but this chapter provide the data for the distribution channel of trade. It begins from land connectivity that focuss on Trans-Asian Railway Network (TAR) and Asian Highway Project as the efficiency of developing land transportation to connect highways in European and Asian regions. In the air connectivity, it mentions at least 20 international airport that spread in the five countries in Central Asia that can be use for the distribution of the trade. Regarding connectivity in Central Asia, so far the condition of countries in the landlocked region has become a major obstacle for Indonesia to penetrate the market. But that perception is no longer present relevant because of the many developments in land and air infrastructure, which connecting Central Asia to the surrounding countries.\(^{38}\)

The third chapter explained about data and the fact in terms of energy, trade, investment, and tourism. Indonesia sees the potential for economic cooperation in the Central Asia region is very promising. By improving the cooperation in those sectors, Indonesia can achieve the foreign policy priority in diplomacy economy. In the energy sectors, Indonesian private oil companies are known to have done business in Kazakhstan. Medco Energi Company (JSC-M) through his company JSC-Mangistaumunaigaz, has been producing and exploring Kazakhstan's oil and gas in recent years. This can be a potential market for several BUMN’s in the construction service sector to be able to develop their business globally. Private companies from Indonesia are known to have worked on service projects construction, so that it can be the entrance for other similar companies from Indonesia. In the tourism sectors, Indonesia can take the advantage of the close culture and similar moslem population so that it can be attract the citizens of Central Asia to visit Indonesia.\(^{39}\)

Furthermore, the fourth chapter of this book is more deeply explained about the evaluation of cooperation between Indonesia and Central Asia. It begins from the progress of the relations between Indonesia and Central Asia in history, politics, and social-culture. The president of both countries were visited each

\(^{38}\) Ministry of Foreign Affairs Indonesia, (2016), *Indonesia and Central Asia: An Effort to Strengthen Economic Diplomacy*

\(^{39}\) Ibid
achieved because of the leader, Nursultan Nazabayev. He used a slogan “the economy first, then politics!” for expressing his vision in the development of economy. After that, the president made some regulations. The economic reform has been prioritized above political reform in Kazakhstan.

In the chapter two, this book describes the stabilization, economic reform, and macroeconomic performance. The writer tried to analyze them more deeply in the structure and economic growth, inflation that happens, and how the government of Kazakhstan solves the problem, unemployment in the country, how the income distribution works, FDI and trade, and also the economic policies that explain more about privatization, fiscal policy, tax policy, monetary policy, and social policy that affect the development of economy in Kazakhstan.

The third chapter describes the institutional framework of the economy. It includes how the financial system works in Kazakhstan. The National Bank of Kazakhstan has an international standard system and plays a key role in the entire financial system in the country. The major function of the National of Kazakhstan are maintaining price stability, issuing currency, and implementing monetary policy, servicing the state debt, and etc. Not only that, the financial system is supported by corporate governance, the industrial relations, social security system, and vocational education related to economy.

In the end of this book, the writer concluded that after the independence, Kazakhstan has reformed the market and pursued liberalization. The government has successfully applied the policies and played as the coordinator for the business activities. For the result, the system can attract domestic and foreign investors to do an economic process and have a positive effect for the future economy in Kazakhstan.

This thesis also relates to the book by Roman Vakulchuk where the government of Indonesia tries to strengthen economic relations with Kazakhstan by applying some policies for supporting foreign trade and economic development. The government efforts in building economic stability by making some policies and
4. Identification of superior commodities. Based on market intelligence has been made, it can be determined the right Indonesian commodity to penetrate the Central Asian market.

5. Implementation of a sustainable public awareness campaign to stakeholders in Central Asian countries.

6. Encouraging the activities of Indonesian businessman in Central Asia through:
   a. Encourage the participation of government agencies and Indonesian entrepreneur, including BUMN, in various exhibition activities in international scale in Central Asia.
   b. Encouraging a joint venture / profit mechanism sharing) between Indonesian entrepreneurs and local entrepreneurs.
   c. Take advantage of major countries around Central Asia.
   d. Encouraging the development of cooperation in the Halal and Business sectors Islamic banks with Central Asian countries.
   e. Encourage BUMN and Indonesian companies for infrastructure, oil and gas project in Central Asia.

7. Optimization of intergovernmental economic cooperation agreements.

8. Encouraging the improvement of people to people contact (p to p) by giving the scholarship, encourage the cooperation in education, and develop an Indonesian Study Center in Central Asia countries.

**Mid-Term Recommendation**

1. Strive for state visit to the Central Asia country.

2. The creation of a national single window (NSW) contains information on economic potential from various countries in Central Asia.

3. Encouraging Indonesian membership in various regional cooperation in Central Asia.

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56 Ministry of Foreign Affairs Indonesia, (2016), Indonesia and Central Asia : An Effort to Strengthen Economic Diplomacy, pg.129-130.
regulations has made Kazakhstan become one of country that has successfully improving income and get the highest GDP in Central Asia.

The third literature review is cited from the journal titled “Indonesia’s Focus on Economic Diplomacy and the Emerging Market” was written in 2012 by Dr. Vibhanshu Shekhar from The Indian Council of World Affairs. This journal describes about how Indonesia as the developing country make its foreign policy as a tool for pursuing economic stability. In fact, in 21st century, economic diplomacy become the most important component in country’s foreign policy including Indonesia.

By following the pattern, the researcher assume that Indonesia has started its economic diplomacy in a way of strengthening its image in international scale and try to become an important and integrated part in the global economics, also seeking the greater chance access to the emerging market. For the result, Indonesia can categorized as emerging developing country and include to the G-20 as the global economic forum.

The researcher stated that Indonesia need to make a strategy as an attractive investment destination, and also being an important player in the manufacturing sector and a big market in international scale. Indonesia can project its image at the global level and give international influence only when the country is economically strong and its economic growth will be sustained over a longer period of time.

In his perspective on economic diplomacy of Indonesia, Indonesian government has taken some initiatives. First, the government has aimed at the capacity-building of its diplomatic missions. On 15 February 2012, the Indonesian government called upon its diplomatic missions to push for economic diplomacy as an important tenet of its foreign policy and special thrust on economic diplomacy in the emerging markets of the global South. The government conducted a week-long programme in which more than 100 senior and mid-ranking officials based at home and in its different diplomatic missions abroad

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participated. The high-ranking training team included the President Susilo Bambang Yudhoyono, the Foreign Minister Marty A. Natalegawa, Deputy Finance Minister Mahendra Siregar, and the Coordinating Economic Minister, Hatta Rajasa. He added, the political leadership has rightly understood that its diplomatic missions across the world can be the most appropriate and effective vehicle for pursuing economic diplomacy.\footnote{Vibhanshu Shekhar, (2012), Indonesia’s Focus on Economic Diplomacy and the Emerging Market, from : Indian Council of World Affairs.} 

Additionally, in the second initiatives, the government has effort towards more focused economic diplomacy by doing assesment and identify some countries that have potential economies. These efforts help Indonesia in attracting greater investment from the emerging economies and expanding into wider market. In the end of this journal, the researcher stated that Indonesia can sustain its economic growth Indonesia can sustain its economic growth provided it can upgrades its standard product base to international level of competitiveness. For example, solving the issues of corruption, prevent the problem of coordination between national and local administration, and lack of natural resources that act as impediments in Indonesia’s economic diplomacy.

\textbf{1.9 Research Methodology}

According to (Kaplan, 1964) Method refers to how the data collected by the researcher, and methodology itself refers to the identification and utilization of the best approach for addressing a theoretical problem. Thus, we can concluded that method is about “how to” and methodology is about “why to” collect data in certain way. This research use the qualitative method as the tools for doing the research. Interpreting, theorizing, or making sense of data involves the qualitative method.\footnote{Jackson II, Ronald L., Drummond, Darlene K. and Camara, Sakile (2007) ‘What Is QualitativeResearch?’, Qualitative Research Reports in Communication, 8: 1, 21 — 2}

Moreover, this research use the book from library, internet research, and also interview with the expert from the Ministry of Foreign Affairs of Indonesia specialized in Center for Policy Analysis and Development on the Asia-Pacific region to collected data that related with the research and can be use for
supporting this research. The data include the book that describe about the analysis in diplomacy economy, legal data such as memorandum of understanding, joint statement, internet news, and also related journal article from other researcher.

1.9.1 Research Framework
This research are consist of two variables. There are Indonesia and Kazakhstan. The specific actor that will be analyzed is the Ministry of Foreign Affairs of Indonesia to the Government of Kazakhstan. The writer choose “G to G” or state to state level as the main focus. Furthermore, this research will be focussed on how Indonesia use their strategy of diplomacy economy in Kazakhstan that will be further analysis by defining the foreign policy that has been made by the Ministry of Foreign Affairs to Kazakhstan in order to achieve the national interest in economy sector.

1.9.2 Research Time and Place
The research started in the first week of December of 2018 up to January 2019. It started by visit the library to get the book that related with the research theme, collecting some data from reliable sources in internet and also doing the interview with the expert from Ministry of Trade. Thesis writing and the final draft will be finished within five month length.

This is the detail venue of the research:

1. Directorate Asia Pasific of Ministry Foreign Affairs
   Address : Jalan Taman Pejambon No. 6 Jakarta Pusat, 10110 Indonesia
2. Ali Alatas Library
   Address : Jalan Taman Pejambon No. 6 Jakarta Pusat, 10110 Indonesia
3. Adam Kurniawan Library
   Address : Jalan Ki Hajar Dewantara, Jababeka Education Park, Cikarang, 17550, Indonesia
4. Directorate Bilateral Cooperations of Ministry of Trade
   Address : Jalan M. I. Ridwan Rais No. 5 Jakarta Pusat, 10110 Indonesia
other in order to strengthen political bonding and also ratified some treaties about politics, economy, military, and also culture. In the progress of economic cooperation, Indonesia ranks 55th as the exporter country to Central Asia Region. Compared to other ASEAN countries, Indonesia ranks 5th in ASEAN exporters to the Central Asia region with a share export value of 8 percent.\(^{40}\)

The fifth chapter, this book describe about the lesson learned that taken from the role model which is South Korea, Malaysia, Vietnam, and Iran. The researcher focussed on diplomatic relations, trade, investment, tourism, potential industry, connectivity, mineral and oil resources, and agreement that formulated some lesson-learned points that can be use as reference for Indonesia in increasing diplomacy economy, namely:\(^{41}\)

Thus, in the end of this book, there are conclusions and also recommendations for diplomacy economy of Indonesia. in general, the researcher conclude that the objectives of Economic Diplomacy Indonesia to Central Asia is to optimize economic opportunities in the region, which is implemented mainly by improving the value of Indonesia's product exports, attracting foreign investment from Central Asia and encourage Indonesian investment in Central Asia, attracting more foreign tourists from Central Asia, encouraging more power delivery professional Indonesian work to Central Asia.

The second book titled “Kazakhstan’s Emerging Economy : Between State and Market” was written by Roman Vakulchuk in 2014.\(^{42}\) This book describe about how economic progressment under president Nursultan Nazarbayev in Kazakhstan. The research take the time from 1991, where Kazakhstan officially got their independence and start the remarkable economic policy.

In the chapter one, there is an introduction about Kazakhstan economic situations. Mr. Vakulchuk stated that the economic stability of Kazakhstan can be

\(^{40}\) Ministry of Foreign Affairs Indonesia, (2016), Indonesia and Central Asia : An Effort to Strengthen Economic Diplomacy

\(^{41}\) Ibid

\(^{42}\) Roman Vakulchuk, (2014), Kazakhstan’s Emerging Economy : Between State and Market, retrieved from https://www.researchgate.net/publication/299731455
1.9.3 Research Instrument

The research use qualitative data analysis deductively, namely qualitative research does not start from the deduction of theory but starts from empirical facts. Researchers go into the field, study, analyze, interpret and draw conclusions from phenomena that exist in the field. Researchers are faced with data obtained from the field. From these data, the researchers analyzed so that they found the meaning that later became the result of the research.

This research use two categories in the way of collecting data. First, the primary data which include official document from Ministry of Foreign Affairs and interview with the expert that related with research from Directorate Asia Pasific Region Ministry of Foreign Affairs. In addition to support this research also use secondary data which is books, journal, and official news.

Moreover, there are some methods that used by the writer to collect the data:

- Observation method, is a data collection method which the writer observe from the book and journal from library and internet reliable sources. In this research, the writer go to the Adam Kurniawan Library and Ali Alatas Library of Ministry of Foreign Affairs Indonesia.

- Interview method, is a data collection method which the writer do interview directly with the expert of related research by arrange some questions and get the answer from the interviewees. In this research, the writer do interview with the Head of Bilateral Cooperation of Ministry of Trade of Indonesia.

- Internet sources, is a data collection method which the writer use Google as the search engine for get the data such as journal, official news, and the treaty from government official website.
1.10 Definition of Term

- FDI stands for Foreign Direct Investment. FDI is defined as an investment involving a long-term relationship and reflecting a lasting interest and control by a resident entity in one economy (foreign direct investor or parent enterprise) in an enterprise resident in an economy other than that of the foreign direct investor (FDI enterprise or affiliate enterprise or foreign affiliate).  

- Economic Diplomacy is the action taken by the state and found the cooperative efforts by government and business that aim to achieve commercial objectives that advance national interests.

- GDP short for Gross Domestic Product, is defined as the market value of all final goods & services produced within a country in a given period of time.

- Bilateral Relations is cooperation between institutions and persons at administrative and political level as well as in the private sector, academia and civil society. Other elements of bilateral relations include trade and investment, cultural exchange, as well as general knowledge, understanding and public awareness about the other country and the ties existing between them.

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1.11 Outline of Chapters

Chapter I. Introduction

Chapter II. Indonesia Efforts Through Diplomacy Economy in Central Asia, refer to Ministry of Foreign Affairs of Indonesia and Ministry of Trade

Chapter III. Indonesia Diplomacy Economy to Kazakhstan, refer to Ministry of Foreign Affairs of Indonesia and Central Bureau of Statistic

Chapter IV. Analysis of the Implementation of Indonesia Economic Diplomacy, refer to Ministry of Foreign Affairs of Indonesia

Chapter V. Conclusions
CHAPTER II

INDONESIA ECONOMIC DIPLOMACY IN CENTRAL ASIA

Central Asia has abundant natural resources in the oil and gas fields and other factors, that is why Central Asia currently has great opportunity to develop these potentials. At this time, the natural resources has been explored and improving economic growth rapidly. Since the implementation of the free trade and market liberalization system economy, many countries in the world are competing to improve its economic growth in order to maintain its existence in this era of globalization. Inevitably the advancement of technology and industry was created to realize national interests of each country.

Central Asia has become the world's attention with an astonishing economic acceleration. Indonesia also have the interest in economy with Central Asia, according to the statement from Dr. Siswo Pramono as the Head of Policy Assessment and Development Agency from the Ministry of Foreign Affairs of Indonesia said that the Central Asian region has become the focus of the study was caused by two main phenomena. First, Central Asia has economic potential with high per capita income in each country and a large population. On the other hand, trade and investment data of Indonesia shows that economic penetration is still small in the Central Asia region. Both of these make Central Asia an ideal area in order to increase economic activity in Indonesia's non-traditional markets and pilot projects for efforts to strengthen economic diplomacy.\(^5\)

The assessment of Central Asia as the potential economy for Indonesia has been done by the Ministry of Foreign Affairs and was published in 2016. The researcher from the Ministry of Foreign Affairs give the SWOT analysis and also some recommendations for Indonesia foreign economic policy for Central Asia, as follows:

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\(^5\) Ministry of Foreign Affairs Indonesia, (2016), Indonesia and Central Asia : An Effort to Strengthen Economic Diplomacy, pg.vi.
**Strengths**

Those are several factors that have become the main strengths for Indonesia in its efforts to increase economic diplomacy in Central Asia:  

1. Indonesia has good bilateral political relations with Central Asia countries, as well as not having sensitive issues disrupting economic relations. Heads of state from Indonesia and Central Asia alternately have made mutual visits shows the closeness of the relations between the two countries.

2. Indonesian socio-cultural relations with Central Asia countries has a close historical and socio-religious background. Beside that, socio-cultural cooperation in the form of people to people contact and cooperative activities that have made Indonesia well known, for example reflected in the growing popularity of *pencak silat* in Azerbaijan and Uzbekistan, and the opening of the Indonesian Language Department at the University Azerbaijan and Uzbekistan can directly or indirectly support and strengthen political and economic cooperation.

3. Similarities in character with Indonesia, namely as a multi-ethnic, multi-religious, multilingual, and the majority are Muslim. Similarity as a majority Muslim country is a major factor predicted to facilitate economic cooperation with Central Asia. Indonesia as the largest Muslim country in the world successfully running democracy well, and has a role and considerable influence for other Muslim countries.

4. Central Asia countries have the same views and policies with Indonesia in realizing responsibility for stability and regional security. This is reflected in the similarity view of Indonesia and Central Asian countries in various regional forums and multilateral.

5. Indonesia has superior products that compete with the others country and having potential for greater exports to Central Asia. The products are palm oil, paper, furniture, textiles and garments, electronic products, jewelry, aircraft and automotive components, rubber products / car tires, processed food, and sea food.

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51 Ministry of Foreign Affairs Indonesia, (2016), Indonesia and Central Asia : An Effort to Strengthen Economic Diplomacy, pg.91.
6. Indonesia and Central Asian countries already have a lot cooperation agreement between governments in the field of economy and trade.

**Weaknesses**

1. The geographical location of Central Asia countries is far from Indonesia and the conditions of the Central Asian country that is landlocked cause transportation and logistics to be limited, expensive and takes a long time, and must go through third countries. This matter causing Indonesian products to become less economical and lose compete with competitors.

2. The absence of direct flights between Indonesia and Central Asia makes complicated mobility and trade between Indonesia and Central Asia.

3. Central Asian region use Russian language and Russian business practices which has its own characteristics. While Indonesian products most use English language and use international business system.

4. Lack of information about the economic potential of each country. The understanding of Indonesian products are not well known by entrepreneurs and the people of Central Asia, and vice versa, cause economic and trade cooperation between Indonesia and Central Asia still minimal.

5. Government agencies in the tourism, trade and investment sectors in Indonesia does not give priority to Central Asian countries. This is reflected in the limited budget of relevant government agencies to promote to Central Asia. In addition, promotions are carried out less coordinated so that promotional efforts carried out become scattered and less effective.

**Opportunities**

1. In general, opportunities for economic cooperation between Indonesia and countries in Central Asia it is very large. As a new open and medium market growing, this area is very prospective for Indonesia to work same in the economic field and become a potential market for Indonesia. Large population numbers

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52 Ministry of Foreign Affairs Indonesia, (2016), Indonesia and Central Asia : An Effort to Strengthen Economic Diplomacy, pg.91-92.

53 Ministry of Foreign Affairs Indonesia, (2016), Indonesia and Central Asia : An Effort to Strengthen Economic Diplomacy, pg.92-93.
supported by GDP and high per capita income makes Central Asia as potential market.

2. The Central Asia region is rich in natural and energy resources. This matter placing Central Asia as a strategic region for Indonesia, especially in supporting food security and clothing in the form of results wheat and meat and cotton farming, and national energy security.

3. The economies of Central Asian countries that are increasingly open, are characterized by joining Kyrgyzstan, Tajikstan and Kazakhstan as members of the WTO. In addition, these countries also joined various organizations regional and leads to the formation of single market cooperation in regions that provide large economic potential.

4. Existence and construction of land, sea and air infrastructure, which connecting Central Asia to the surrounding 93 countries of course making landlocked conditions no longer an obstacle. Central Asia is now a landlinked area that is connected with the outside world. Shipping goods from Indonesia to Central Asia can be done through air routes and sea routes followed by land routes. Many infrastructure development, it is not surprising that Central Asia seen as a future area that connects Asia and Europe.

5. Central Asian countries have borders and have close relations with the key countries in the region which are also important partners for Indonesia, such as Iran, India, Russia and China. Indonesia can utilize these countries as a trading hub to Central Asian countries.

**Threats**

1. The domestic governments of the Central Asian countries tend to closed and authoritarian, and the level of corruption is relatively high. Therefore, special closeness is needed with the circle of power and business people local if we want to do business there.

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**Ministry of Foreign Affairs Indonesia, (2016), Indonesia and Central Asia : An Effort to Strengthen Economic Diplomacy, pg.93-94.**
2. The relative political and internal security situation in Central Asia less stable and conducive to conducting business. Political stability in the country of Central Asian countries which still often get disturbances security from terrorist groups,

3. Competition of products from China, Turkey, India and Russia geographically closer and has political, economic relations and more socio-culture with Central Asian countries.

4. Competition from products of ASEAN countries that have products similar to Indonesia, including Malaysia, Thailand, Singapore, and Vietnam, so Indonesia must try harder to penetrate Central Asia market.

5. Local state regulations regarding business and trade that are still in place relatively closed, especially for countries that have not yet become WTO members (Azerbaijan, Uzbekistan and Turkmenistan).

6. The economic situation of the Central Asian countries depends more on oil and gas sector. This causes these countries experienced an economic slowdown when world oil and gas prices experienced decline. If there is an economic slowdown, this condition is will directly affect their economic relations with Indonesia.

For the recommendations, the researcher from the Ministry of Foreign Affairs has divided into three points of it. Namely :

**Short-Term Recommendation**

1. Increasing understanding of stakeholders in Indonesia about Central Asian economic potential.
2. Improve coordination between stakeholders in Indonesia in the implementation of economic diplomacy especially to Central Asia.
3. Sharpen Market Intelligence. This needs to be done for describe the characteristics of the target market in detail to compile market segmentation is seen from various aspects, both social and economic aspects and culture.

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55 Ministry of Foreign Affairs Indonesia, (2016), Indonesia and Central Asia : An Effort to Strengthen Economic Diplomacy, pg.125-129.
4. Build the most efficient logistics and transportation routes export and import activities between Indonesia and Central Asia.

**Long-Term Recommendation**

1. At present Indonesia only has offices representatives in Uzbekistan, Kazakhstan and Azerbaijan. Opening the Indonesian Representative Office in Central Asian countries in Kyrgyzstan, Tajikistan and Turkmenistan.
2. Strive for direct flights between Indonesia and Central Asia.

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57 Ministry of Foreign Affairs Indonesia, (2016), Indonesia and Central Asia : An Effort to Strengthen Economic Diplomacy, pg.130.
CHAPTER III

INDONESIA ECONOMIC DIPLOMACY TO KAZAKHSTAN

3.1 Indonesia Foreign Policies
The purpose of foreign policy, in addition to encouraging national interests in international stage, is to provide guidance for the creation of security and state stability. In this case, the election of President Joko Widodo as president of Indonesia the seventh in 2014 pushed Nawa Cita's vision adapted into pillars. foreign policy, especially those related to security, stability, and Indonesia's economic independence in global connectivity. National goals contained in Nawa Cita translated into the direction of foreign policy for five the year of President Joko Widodo's administration through the Term Development Plan National Medium-Term (RPJMN) formulated by the Ministry of Planning Republic of Indonesia National Development / National Development Planning Agency (Bappenas). The direction of policy in the field of relations and international diplomacy stated in the RPJMN is a guide for the Ministry of Foreign Affairs to formulate the outlined framework of Indonesia's foreign policy activities in the Ministry of Foreign Affairs' Strategic Plan (Renstra).\(^\text{58}\)

There are five important pillars which ideally are the main concerns of foreign policy Indonesia. The five pillars are:\(^\text{59}\)

1. Security and peace,
2. Economic diplomacy,
3. Protection of Indonesian citizens and BHI abroad,
4. ASEAN cooperation, and
5. Maritime diplomacy.


\(^{59}\) ibid
In terms of economic diplomacy, the Ministry of Foreign Affairs is ready to assist Indonesia's vision in encouraging export and more active in establishing cooperation between state-owned enterprises and the private sector. The Ministry of Foreign Affairs will encourage the Indonesian economy at regional and international levels. The world economy which is still affected by the global crisis keeps the Ministry of Foreign Affairs promoting economic diplomacy, including supporting the dissemination of policy packages economy issued by the government as part of the Acceleration Task Force and Effectiveness of Economic Policy Implementation. Achievement of the Ministry of Foreign Affairs's economic diplomacy a year earlier, namely 149 bilateral and multilateral economic agreements, including 31 trade contracts worth USD 200 million, continue to be encouraged in 2017 to accelerate partnership economic negotiations based on the principle of mutual benefit.  

Indonesia has own strategic plan in its foreign policy. The strategic plan called National Long Term Development Plan (NLTDP) within year 2005 – 2025. The long-term national development plan is formed in the vision, mission and direction of national development, that reflect the collective ideals that will be attained by the Indonesian people and the strategy for realizing them. The vision is the further specification of the ideals of the nation as contained in the Preamble of the 1945 Constitution of the Republic of Indonesia, namely the creation of the people who are protected, prosperous, well educated. If the vision has already been formulated, then it is also necessary to explicitly state the mission, namely the ideal steps for attaining the vision. Such mission is further elaborated into the national long-term development policy directions and strategy.  

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In realizing such vision of national development, Indonesia’s missions pursued that must have an important role in the international community, which is consolidating Indonesia’s diplomacy in the strive for the national interest of Indonesia; continuing Indonesia’s commitment in the establishment of its identity and in consolidating international and regional integration; and encouraging international, regional, and bilateral cooperation among nations, among groups, and among institutions in various fields.\(^{62}\)

The Ministry Foreign Affairs of Indonesia have strategic purpose on Indonesia foreign policy. From the ten purposes that they have, the writer try to underline some point that related with economic diplomacy Indonesia to Kazakshtan, namely:\(^{63}\)

- To improve and strengthen the bilateral and regional relations and cooperation in various sectors in Asia Pacific and Africa.
- To take on a more active role in creating international peace and security, advancement and protection of human rights, and development of economy, socio-culture, finance, environment, trade, industry, investment, and protection of intellectual rights by strengthening regional and multilateral cooperation.
- To improve the quality of foreign policy through review and development of policy, making it more effective in advancing the national interest.

Kazakhstan that located in the Central Asia is include to the Asia Pasific region where the Ministry of Foreign Affairs have the efforts to improve and strengthen the bilateral relations with each countries in various sectors, including economy. Not only strengthen and maintain relations, Indonesia also have a strategy to be able participate actively in international development of economy, finance, free trade, also investment. In fact, the aim of government

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\(^{62}\) Ibid

\(^{63}\) Ministry of Foreign Affairs : Strategic purposes of the Indonesian Foreign Policy, from : https://www.kemlu.go.id/en/kebijakan/landasan-visi-misi-polugri
make some foreign policies in order to realizing their interest. Same case with Indonesia, Indonesia has made foreign policy and wants to achieve the national interest in economy.

3.2 Indonesia – Kazakhstan Bilateral Economic Relations

Central Asian economic activity is centered on agriculture in the south region and dominated with industry and mining sectors in Kazakhstan. Kazakhstan is a natural leader in the region Central Asia with a territorial area reaching 2,724,900 km2 and GDP reach USD 184.3 billion as the highest GDP among Central Asia countries. Not only in GDP, Kazakhstan ranks second after Uzbekistan in the list of investment destination countries and gets 202 investment projects worth USD 16.5 billion.64

Indonesia-Kazakhstan trade value for the 2015 period based on data from the Ministry of Trade of Indonesia in the table recorded amounting to USD 16,971 million. The value of Indonesian exports to Kazakhstan is USD 3,202 million and Indonesian imports from Kazakhstan amounting to USD, 13,768 million. Total RI-Kazakhstan trade in the last five years shows a trend an average decrease of minus 17.21 percent. The value of the trade is dominated by non oil and gas imports from Kazakhstan.

Table 3.2 1 Indonesia and Kazakhstan Trade Balance 2011 - 2015

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Perdagangan</th>
<th>Migas</th>
<th>Non Migas</th>
<th>Ekspor</th>
<th>Migas</th>
<th>Non Migas</th>
<th>Impor</th>
<th>Migas</th>
<th>Non Migas</th>
<th>Neraca Perdagangan</th>
<th>Migas</th>
<th>Non Migas</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>33.153,2</td>
<td>0.0</td>
<td>33.153,2</td>
<td>8.168,2</td>
<td>0.0</td>
<td>8.168,2</td>
<td>24.985,0</td>
<td>0.0</td>
<td>24.985,0</td>
<td>-16.816,7</td>
<td>0.0</td>
<td>-16.816,7</td>
</tr>
<tr>
<td>2012</td>
<td>63.156,0</td>
<td>0.0</td>
<td>63.156,0</td>
<td>8.437,9</td>
<td>0.0</td>
<td>8.437,9</td>
<td>54.718,2</td>
<td>0.0</td>
<td>54.718,2</td>
<td>-46.280,3</td>
<td>0.0</td>
<td>-46.280,3</td>
</tr>
<tr>
<td>2013</td>
<td>23.598,5</td>
<td>0.0</td>
<td>23.598,5</td>
<td>6.656,8</td>
<td>0.0</td>
<td>6.656,8</td>
<td>16.941,7</td>
<td>0.0</td>
<td>16.941,7</td>
<td>-10.284,3</td>
<td>0.0</td>
<td>-10.284,3</td>
</tr>
<tr>
<td>2014</td>
<td>36.462,3</td>
<td>0.0</td>
<td>36.462,3</td>
<td>8.275,9</td>
<td>0.0</td>
<td>8.275,9</td>
<td>28.186,4</td>
<td>0.0</td>
<td>28.186,4</td>
<td>-19.910,5</td>
<td>0.0</td>
<td>-19.910,5</td>
</tr>
<tr>
<td>2015</td>
<td>16.971,1</td>
<td>0.0</td>
<td>16.971,1</td>
<td>3.202,5</td>
<td>0.0</td>
<td>3.202,5</td>
<td>13.768,7</td>
<td>0.0</td>
<td>13.768,7</td>
<td>-10.566,2</td>
<td>0.0</td>
<td>-10.566,2</td>
</tr>
<tr>
<td>Trend</td>
<td>-17,21</td>
<td>0.0</td>
<td>-17,21</td>
<td>-17,24</td>
<td>0.0</td>
<td>-17,24</td>
<td>-16,93</td>
<td>0.0</td>
<td>-16,93</td>
<td>-16,25</td>
<td>0.0</td>
<td>-16,25</td>
</tr>
</tbody>
</table>

Source: BPS, Processed by Trade Data and Information Center, Ministry of Trade

64 Ministry of Foreign Affairs Indonesia, (2016), Indonesia and Central Asia : An Effort to Strengthen Economic Diplomacy, pg. 64
In 2015, Kazakhstan imported foreign products worth USD 30,186 million which is generally dominated by machinery products (41 percent), sector chemistry (15 percent), metallurgy (13 percent), and food industry (11 percent). It can be seen as an opportunity for Indonesia that have many companies engaged in the food and industrial sector chemical products. Thus, Indonesia has the potential to improve export to Kazakhstan. Indonesia's exports to Kazakhstan so far are in the product of cocoa, coffee, palm oil, garment, wood and furniture, rubber, food ingredients, vehicle tires and paper.\textsuperscript{65}

On the other hand, Kazakhstan views the importance of Indonesia as a country with the largest economy and population in Southeast Asia thus having the potential for increasing economic relations with Kazakhstan in the future. To increase trade and investment, there is an advise so that both countries can immediately explore the establishment of a "Deep and Comprehensive Bilateral Trade Agreement" (DC-FTA). It could be explored and made a momentum for strengthening economic relations with Kazakhstan and Indonesia.

In an effort to improve economic cooperation, both countries have signed the MoU to form the Joint Commission on Economic Cooperation (JCEC) which has held its first meeting in Jakarta in August 2013. The Indonesian delegation was then headed by Coordinating Minister for Economy Hatta Rajasa, while Kazakhstan is led by Minister of Economy and Budget Planning, Erbola Dossaev. Issues discussed include trade, investment, oil and gas, transportation and logistics, industry and infrastructure, agriculture, and research and technology.\textsuperscript{66}

\textsuperscript{65} Ministry of Foreign Affairs Indonesia, (2016), \textit{Indonesia and Central Asia : An Effort to Strengthen Economic Diplomacy.}

\textsuperscript{66} Ibid
Economic field is focus of efforts to improve bilateral cooperations between Indonesia and Kazakhstan as reflected in second agreement and commitment head of state in 2012 and 2013 which emphasizes three priorities cross-country coordination namely at trade and investment fields specifically to reach the target trade of US $ 100 million in 2017; energy security; and food security.\(^{67}\)

Bilateral trade trends during last five years (2009.d. 2013) shows average increase amounting to 5.08%. But the total value bilateral trade in 2013 amounting to USD 23.6 million, 62.6% in below the total value of the previous year that is, USD 63.2 million. Since 2008 Indonesia experiences more defines the trading sit that is equal to USD 16.8 (2011) and USD 46.2 million (2012). Defined the trading sit happened because Indonesia imports more mining goods from Kazakhstan like sulfur and iron ore. Surge on Indonesian imports from Kazakhstan this - with an average increaseannual (2009.d. 2013) of 21.97% - can be balanced with improvement Indonesia's export penetration to the market Kazakhstan.\(^{68}\)

Indonesian Government in last few years –with embracing business people in Indonesia- continue to communicate with government partners and business people at Kazakhstan to understand better Kazakhstan market character. Through Indonesian participation in Astana, The Economic Forum continues on 2014 through visiting officials senior Coordinating Ministry the Indonesian economy, the Ministry Indonesian Trade, Ministry of Health, Ministry of Finance, ESDM, BKPM and the Indonesian Ministry of Foreign Affairs on Astana Economic Forum VII and World Anti-Crisis Conference II (WAC) on May 21-23, 2014 where in addition to mapping the character of the Indonesian market also active as a resource for economic promotion and investment in Indonesia and development in the field of investment and taxation.\(^{69}\)

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\(^{68}\) Ibid, pg.57

\(^{69}\) Ibid, pg.58
The activities of one on one business meetings also continue improved, through Business Visit of Entrepreneur Delegates Kazakhstan led by Governor of the Province of Kazakhstan South to Indonesia on May 4-6 2014; participation of a number of entrepreneurs Kazakhstan at the Indonesia Trade Expo (TEI) 29th, in Jakarta, on October 2014; the working visit of the Coordinating Ministry delegation Republic of Indonesia economy, the related ministry and Indonesian businessmen to Kazakhstan and Almaty, on November 2014; in order preparation of JCEC in early 2015 and involvement of entrepreneurs and consultants Indonesia at EXPO 2017 in Astana and Indonesia's participation in the World Food Exhibition 2014 in Almaty.70

In the efforts to increase the trade volume of the two countries in order to achieve bilateral trade targets worth USD 100 million in 2017, the Government of Indonesia facilitate the visit of the delegation of the Kazakhstan Trade Expo to Indonesia in December 2014. In addition, facilitation has also been carried out to follow up on various B2B MoUs between various Indonesian business people and Kazakhstan includes a joint venture agreement for the construction of factories and other infrastructure between the two countries. Facilitation of the government to increase economic activities including tourism was also carried out through a series of negotiations and expert meetings during 2014 to complete the Double Tax Avoidance agreement which completed by the end of 2014 and completion of Bilateral Air Service Indonesia - Kazakhstan Agreement.71

71 Ibid, pg. 58
CHAPTER IV

THE IMPLEMENTATION OF INDONESIA ECONOMIC DIPLOMACY: STRENGTHENING ECONOMIC RELATIONS WITH KAZAKHSTAN

4.1 The United State – Russia Perspective on Central Asia

The United States-Russia relations still matters to Central Asia countries. Apparently, it may seem to be a Cold War legacy that conveniently ignores the new reality on the ground. Both Russia and the U.S are seeing their global influence, as well as their influence in the Central Asian theater is decline. However, Central Asia does not have equal weight in the foreign policies of Russia and the U.S. For the United States, Central Asia remains peripheral. Whatever U.S. officials may declare diplomatically, the region is not central to U.S. national security interests. It remains important to Washington D.C only for its relationship to other countries: Russia, China, Afghanistan, Pakistan, and Iran.

A revealing example of this third-tier status is the activities of the Bureau for Central and South Asian Affairs within the U.S. State Department, which are much more focused on Afghanistan, Pakistan, and India than on Central Asia. Therefore, during the 2014 tensions with the U.S over Ukraine, Russian President Vladimir Putin stated, “[F]or us it [Ukraine] is of vital importance, while in America questions on Ukraine are managed at the technical level”72, and the same is true, to a lesser extent, of Central Asia: Moscow’s interests in the region are more vital than are those of the United States.

For Russia, Central Asia constitutes a critical region: less than the contested neighborhood of Ukraine and Moldova but nevertheless a necessary piece to secure Moscow’s proclaimed role as the pivot of a larger Eurasian region.

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Central Asia is a natural gateway to vast territories to the East and South of Russia’s borders, and part of a, still potential North–South Eurasian transportation corridor. Russia’s interaction with the region is unparalleled where in 2015, Putin and Kazakhstan’s President Nursultan Nazarbayev met no fewer than thirteen times in Moscow, Astana, and elsewhere, brought together by various international groupings to which the two belong. Kazakhstan, Kyrgyzstan, and Tajikistan constitute the core of Russia-led multilateral institutions in the post-Soviet space, both in security of Collective Security Treaty Organization and, for the first two, in economic cooperation of Eurasian Economic Union. All the Central Asian states, with the exception of Turkmenistan, are members of the Shanghai Cooperation Organization, and two Central Asian countries, Kazakhstan and Turkmenistan are full-fledged participants of the “Caspian Five” group, the organization of Caspian littoral countries. Central Asian leaders are routinely invited to BRICS summits involved Brazil, Russia, India, China, and South Africa. Russia counts on Central Asia’s votes at the UN General Assembly, albeit that it is sometimes disappointed with the positions taken by the latter.

Still, Russian remains to a large extent the lingua franca of the region, and many Central Asian natives continue to be educated in Russian universities. Russian Diasporas while they have diminished throughout Central Asia, still play important economic, political, and cultural roles in Kazakhstan and Kyrgyzstan. Central Asia also remains the main source of labor migrants to Russia; the Tajik, Uzbek, and Kyrgyz presence in large Russian cities is quite visible, with between 3 and 5 million labor workers. Finally, the rapidly growing Chinese presence in Central Asia increases incentives for regional economic and political elites to rely on Moscow, among other actors, as a counterweight to Beijing. As the leadership transition in Tashkent in September 2016 demonstrated, Russia’s relations with

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74 Ibid.
Central Asian countries are very resilient, and post-Karimov Uzbekistan has been moving closer to Moscow after two decades of a more zigzagging relationship.

Both Moscow and Washington continue to think, in many respects, in terms inherited from the Cold War, projecting their bilateral relationship onto third parties’ issues sometimes without including those parties. Except on genuinely bilateral issues, such as nuclear parity, the two countries cannot deal exclusively with each other and must instead partner within a more multilateral framework with the countries concerned. It raised question on where would the Central Asian states stand on such cooperation. Whilst their stance is ambivalent as Central Asian authorities call for more great-power cooperation on development-related issues, as they are under the impression that they do not receive enough international support and investment. Yet in closed or more informal discussions, political authorities as well as policy experts seem to prefer to keep Russia and the U.S in a kind of soft competition in order to get the best, the most of both. As discussed by Alexander Cooley in his seminal Great Games, Local Rules, Central Asian authorities excel at manipulating external actors to secure their own gains, both geopolitical in increased autonomy and resistance to external pressures, and financial in receiving aid from all sides with little coordination between the main providers.  

Economic diplomacy currently faces at least three important things, namely: First, the relationship between economy and politics, Second, the relationship between the environment with various domestic and international pressures, and Third, the relationship between government and non-government (private industry / private industrial sector) . In addition, a combination of three relationships is ultimately one of the main colors of the dynamic environment of contemporary international relations. 

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The geostrategic location of the region is, of course, key and coupled with its immense hydrocarbon reserves that means it continues to draw considerable interest from external actors\(^78\). In what is a complex and fluid environment, the balance sheet would still place Russia as the most prominent external power in Central Asia, in terms of primarily i) Its high-level political relationships, ii) its security cooperation in the region, and iii) arguably, its range of investment projects in these countries. Therefore, a number of changes, some underway, others afoot, makes, however, for a shifting kaleidoscope, both internally and among external actors. For example, China will continue to increase in significance as an economic actor throughout Central Asia, as evidenced not least by the recent visit of Chinese President Xi Jinping to the region in the first half of September 2013. Perhaps the main consideration to bear in mind at the outset is that the five Central Asian states would prefer not to be dominated by either Russia or China, but to have options with both, including with other external actors like Indonesia.

In the perspective of Indonesia economic diplomacy, the writer seen that the Ministry of Foreign Affairs is not standing alone in the role of economic diplomacy. The Ministry of Foreign Trade also make a contact or do the negotiation with foreign countries and involved negotiations process in conducting economic diplomacy. In fact, there is also the non state actors that influence the process of foreign trade and other economic activities such as MNC’s and international organizations.

Therefore, there are several tools analyzed by the writer to define Indonesia economic diplomacy that has been implemented by the Ministry of Foreign Affairs within year 2015 – 2017. In a way to accomplish Indonesia mission in strengthening economic relation with Kazakhstan, there are three elements consisting of:

1. Treaty, Agreement, and Memorandum of Understanding between Indonesia and Kazakhstan
2. State official visit
3. Bilateral trade (export and import activities)

4.2 Treaty, Agreement, and Memorandum of Understanding between Indonesia and Kazakhstan

The term treaty describes an international agreement concluded in writing between states which creates rights and obligations in international law. Treaties are known by a variety of names, for example agreement, convention, protocol, treaty etc. They may be in the form of a single instrument with numbered articles or in the form of an exchange of notes. There can also be treaties between a state and an international organisation.\(^{79}\)

Meanwhile MoU is a form frequently used to record informal arrangements between states on matters which are inappropriate for inclusion in treaties or where the form is more convenient than a treaty (e.g. for confidential). They may be drawn up as a single document using non-treaty terms, signed on behalf of two or more governments, or consist of an exchange of notes or letters recording an understanding reached between two governments.\(^{80}\)

Actually, Indonesia and Kazakhstan already have 12 cooperation agreements as the form of agreement that represent the mutual understanding between both countries. Those are including economic and technical cooperation (1995), Banking Arrangements between Bank Indonesia and the National Bank of Kazakhstan (1995), Health Cooperation (1995), Letter on Intent of Bilateral Cooperation (2012), Visa Free Agreements for Holders of Diplomatic and Service


\(^{80}\) Ibid

It shows that both politics and economy relations have been established for a long time and keep tightening relations in other sectors followed by their national interest.

Moreover, the table below is a list of the treaty that Indonesia and Kazakhstan has ratified and related with the economic development.

**Table 4.1 Indonesia - Kazakhstan Bilateral Agreement**

<table>
<thead>
<tr>
<th>No</th>
<th>Title Agreement</th>
<th>Place and Date Signed</th>
<th>Status</th>
</tr>
</thead>
</table>
| 1  | Joint Statement about Diplomatic Agreement. | Almaty, 2 June 1993 | Status : No ratification needed  
Effective date : date of signing  
Duration : unspesific time |
| 2  | Joint Statement between The Republic of Indonesia and The Republic of Kazakhstan. | Almaty, 7 April 1995 | Status : No ratification needed  
Effective date : date of signing  
Duration : unspesific time |
| 3  | Banking Arrangement of | Jakarta, 23 June | Status : No |

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81 Ministry of Foreign Affairs Indonesia, (2016), *Indonesia and Central Asia : An Effort to Strengten Economic Diplomacy*, pg. 54
<table>
<thead>
<tr>
<th>No</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>National Bank of Kazakhstan with Bank of Indonesia.</td>
</tr>
<tr>
<td>2</td>
<td>A Statement of Intention Regarding Bilateral Cooperation Between The Ministry Foreign Affairs Republic Of Indonesia and The Ministry Foreign Affairs Republic Of Kazakhstan.</td>
</tr>
<tr>
<td>3</td>
<td>The Establishment of a Joint Commission for Economic Cooperation.</td>
</tr>
<tr>
<td>4</td>
<td>Jakarta, 13 April 2012</td>
</tr>
<tr>
<td>5</td>
<td>Astana, 2 September 2013</td>
</tr>
</tbody>
</table>

Source: Ministry of Foreign Affairs, treaties 1993 - 2013

There are five treaties related to economy that has been made between Indonesia and Kazakhstan. The first treaty describe about the willingness of Kazakhstan to establish diplomatic relations with Indonesia. The Ministry of Foreign Affairs of the Republic of Kazakhstan presents its compliments to the Ministry of Foreign Affairs of Indonesia and has the honour to propose the establishment of diplomatic relations. Both countries have desire to promote and strengthen ties of friendship and cooperation based on equality, mutual respect of sovereignty, interdependence and territorial integrity. They have agreed to
establish diplomatic relations at ambassadorial level.\textsuperscript{82} This agreement is the basis for the formation of good relations between Indonesia and Kazakhstan. After this agreement was agreed, the two countries agreed to help each other in international activities to carry out their role as close friend countries.

The second treaty has signed in Almaty, under President Suharto’s administration. Indonesia relatively close with Kazakhstan in diplomatic relations. In this agreement, President Suharto and President Nursultan Nazarbaev have willingness for strengthening the cooperation in politic, economy, military, culture, and both of countries will be give the foreign aid if needed in order to supporting the development of the relations between countries. Both countries agreed to have a strong determination and build the development of good relations through mutual understanding and mutual trust. This is based on the principle of mutual respect for sovereignty, territorial integrity, and political independence. In this agreement it was also written that the two countries agreed that they would not interfere with each other's internal affairs. Also, the development of such relationships is based on the interests of the citizens of Indonesia and Kazakhstan.\textsuperscript{83} After this treaty was made indeed there was no significant collaboration. However, Indonesia in its foreign policy said that having a free political policy actively strives to have a state partner and build good relations with one of the countries in the Central Asian region which was got their independence.

After they ratified the treaty in Almaty 1995, they made another treaty that focussed in economy. In realizing the desire to promote and enhance the cooperation in the field of international banking in both countries, National Bank of Kazakhstan and Bank of Indonesia have agreement about transaction system, payment, and purchase of goods and service. Within this treaty, both of countries hope they could implement economic cooperations as well.

\textsuperscript{82} Ministry of Foreign Affairs Republic Indonesia, (1993), Joint Statement about Diplomatic Agreement, from : treaty.kemlu.go.id
\textsuperscript{83} Ministry of Foreign Affairs Republic Indonesia, (1995), Joint Statement between The Republic of Indonesia and The Republic of Kazakhstan, from : treaty.kemlu.go.id
The treaty that related with economy has postpone for seventeen years. Due to the economic crisis that was happened in the world make some countries get difficulties in maintain economic stability. In 2012, Indonesia and Kazakhstan has committed to develop the profitable cooperations between countries. This is explained in point second, namely:\textsuperscript{64}

1. Strive to strengthening the relations between countries.
2. Plan a visit schedule on government level.
3. Development of cooperation between the countries in the implementation of economic project.
4. Improving the legal basis for bilateral cooperations.
5. Development in humanity, culture, and public relations between Republic of Indonesia and Republic of Kazakhstan.

Within this treaty, Indonesia and Kazakhstan seems more serious in enhancing mutual economic relations. In the same years, President Nazarbayev visited Indonesia to offer strengthening economic relations and the expected results of this bilateral trade relations of US $ 100 million in 2017. By this government visit, they was discussing the establishment of the Joint Commission on Economic Commission (JCEC) and the first JCEC meeting was held on August 21, 2012 at the Ritz-Carlton Hotel, Jakarta.\textsuperscript{85}

The last MoU was signed in 2013 have the aim for development and improve economic relations based on win-win solution. The duration of this MoU will be valid untill five years after signing which is until 2018. The writer used this MoU as the basic analysis of bilateral relations in economy. This MoU is based on article five in the Joint Statement between The Republic of Indonesia and The Republic of Kazakhstan that was signed in Almaty, 7 April 1995. It describes more detail about the cooperations in economic industry and foreign direct

\textsuperscript{64} Ministry of Foreign Affairs Republic Indonesia, (2012), from : treaty.kemlu.go.id
investment and also give recommendations to each other about increasing economic cooperation.\textsuperscript{86}

\subsection*{4.3 State Official Visits}

A state visit is a formal visit by the head of state to foreign country. usually, the state visit shows the the highest expression of honorably and dignity of country to the foreign country that become a host. The state visit between Indonesia and Kazakhstan has begin since 1993. In this table below, the writer just focus on the period of 2015 – 2017, due to the thesis research.

<table>
<thead>
<tr>
<th>No</th>
<th>Date</th>
<th>Place</th>
<th>Discussion</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>September 8-10, 2015</td>
<td>Astana</td>
<td>The second round of negotiations on the draft Convention for the avoidance of double taxation between the representatives of the Ministries of Finance of Kazakhstan and Indonesia.</td>
</tr>
<tr>
<td>2</td>
<td>October 29-30, 2015</td>
<td>Astana</td>
<td>The Indonesian company «PT. Widya Karya Persada» under the Ministry of Defense of Indonesia take a part in the VI International Investment Forum. During the visit the delegation held meetings with the leadership of the Ministry of Defense of Kazakhstan and the company “Kaz Engineering” to discuss issues related to the bilateral cooperation on promotion of military-technical products of Kazakhstan in the Indonesian market.</td>
</tr>
<tr>
<td>3</td>
<td>November 3-4, 2015</td>
<td>Jakarta</td>
<td>The delegation headed by the First Vice-Minister of National Economy of Kazakhstan M.A.Kusainov attend the 8th meeting of the negotiators on the establishment of Asian Infrastructure Investment Bank.</td>
</tr>
<tr>
<td>4</td>
<td>April 13,</td>
<td>Jakarta</td>
<td>Ambassador of Kazakhstan to Indonesia A.Orazbay</td>
</tr>
</tbody>
</table>

\textsuperscript{86} Ministry of Foreign Affairs Republic Indonesia, (2013), from : treaty.kemlu.go.id
such as make agreement in economy between Indonesia and Kazakhstan, State official visits, and improving trade activities.

Since got the independence, Kazakhstan have good relationship with Indonesia in politics. By using this political closeness, Indonesia and Kazakhstan tried to expand in various aspect to achieve their common interest, one of that is economy. The agreement itself can help Indonesia and Kazakhstan to get economic development together.

Moreover, the state official visits of both countries help to improve bilateral relations between Indonesia and Kazakhstan. In every state visits, they always have something to discuss and resulting an agreement, joint commission, and also another state visits that further discuss more about how to strengthen the economic development for Indonesia and Kazakhstan.

Furthermore, the improvement of trade activities in export and import give impact to the development of economy in both countries. Through this activities, Indonesia and Kazakhstan can enhance their production and get benefit from it. The producer can expand its market and increase the competitiveness in maintaining the quality of goods.

In the end, Kazakhstan as the potential market still become the objective country for economic interest of Indonesia. The high GDP per capita, the high population, and also muslim majority make Kazakhstan has a lot of potential for Indonesia to expand more economic interest. Thus, Indonesia need to have more attention in Kazakhstan and keep maintaining good relations with Kazakhstan.
met the Minister of Transportation of Indonesia I.Jonan. The main purpose of the meeting was discussion of opportunities to use by the Indonesian Side the Iranian port Bander-Abbas and the Kazakhstani terminal in Chinese port Lyanungan along with the Free Economic Zone in Khorgos as alternative transportation-logistic routes between Kazakhstan and Indonesia.

<table>
<thead>
<tr>
<th>Date</th>
<th>Location</th>
<th>Person</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 May 25-26, 2016</td>
<td>Astana</td>
<td>Ambassador of Indonesia to Kazakhstan F.Gultom</td>
<td>attended at the IX Astana Economic Forum.</td>
</tr>
<tr>
<td>6 May 25-27, 2016</td>
<td>Jakarta</td>
<td>Governor of International Finance Center Astana K.Kelimbetov</td>
<td>paid a visit to Jakarta to participate the ceremony of the International Award on Islamic Finance (GIFA 2016).</td>
</tr>
<tr>
<td>7 October 21, 2016</td>
<td>Astana</td>
<td>The Head of Singosari Artificial Insemination Center</td>
<td>which is Enniek Herwijanti under The Ministry of Agriculture of the Republic of Indonesia paid a working visit to Astana. She met with Chairman of the Board JSC “Republican Center for livestock breeding “Asyl tulik” Alzhan Shamshidin and discussed issues related to cooperation on selection works between the breeding centres of “Singosari”</td>
</tr>
</tbody>
</table>

Source: Ministry of Foreign Affairs Republic of Kazakhstan

The state visit of both countries shows the value of respect and willingness towards the interest. It will be have a good impact in the future relations, as the aim of state visit itself. Moreover, when the head of state do visit to foreign country, they will have the plan to accomplish. Indonesia has succesfully use this way as the tool for economic diplomacy in the state to state level. Therefore, the result of state visit in the aspect of economy shows the positive result and can be use for the further development relations.

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A topic that often features most prominently during these talks, however, concerns economic relations. Topics to be discussed may range from global economic issues and closer economic cooperation to joint investment projects and trade disputes. Also, heads of state are often accompanied by a high-ranking delegation of business people and managers. On the occasion of state visits, contact offices and business representations are opened, treaties and contracts are signed, and major bilateral projects are officially handed over.88

State visits are important. They are the highest form of diplomatic contact between two countries, and they often mark the further development in bilateral relations. In political circles, it is common to refer to these events on later occasions. Based on the data from the Ministry of Foreign Affairs of Republic of Kazakhstan, the official state visits that was held during 2015 to 2017 shows that Indonesia and Kazakhstan are concern to enhance economic development. The actors that was involved is not only the government but also the MNC and businessmen from both countries.

4.3 Bilateral Trade in Export and Import

The success of a country's economic diplomacy can be seen from the dynamics of trade with other countries. Whether in this trade activity a country gets a profit by successfully exporting products or just the opposite where the country imports products more often than its exports. Indonesia obviously have the effort to encourage the business sector to maintain the bilateral relations that have been well established and long lasting between Indonesia and Kazakhstan.

Table 4.3.1 Trade Balance Indonesia and Kazakhstan 2014 - 2019

The data from the Ministry of Trade shows the total trade between Indonesia and Kazakhstan export and import activities in non oil and gas sector in period of 2014 – January 2019. The balance of trade from 2014 – 2017 shows the negative results, it means that the import activities in Indonesia is more higher than export. In 2018, Indonesia has succesfully reach 6.822,9 USD balance of trade where this is the first year Indonesia can achieve the surplus income in trade.
The major products that Indonesia export to Kazakhstan are electric sound or visual signalling apparatus, machines and units thereof, refrigerators, freezers, and other refrigerating or freezing equipment, soap, and sound recording. Meanwhile, Indonesia import products from Kazakhstan are zinc, cotton, ferro, alloy, and allumunium.\textsuperscript{89}

Mr. Boris Situmorang as the Head of Bilateral Cooperation in Ministry of Trade said that the deficit means that our import value is more than the value of its exports, so when the results are calculated it becomes a minus (\(-\)) this is influenced by the need factor in our own market. As an example of why the government decided to import goods because in Indonesia these goods lacked, in order to fulfill public consumption needs the government finally took import action. But if we talk in terms of bilateral trade relations between countries, of course we are losing money. The agreement between the two countries should benefit from the existence of an economic agreement or some kind of free trade, so it is the duty of the Ministry of Trade in how to increase the value of our exports, gain profits and in the final balance of trade there is no deficit anymore.\textsuperscript{90}

According to the data above, the writer found that the surplus of trade that was reach in 2018 can be achieved by Indonesia because the diplomacy economy that Indonesia do to Kazakhstan has implemented very well. The steps of the Ministry of Foreign Affairs to carry out economic diplomacy by strengthening the competitiveness of reliable export products, protecting Indonesia's strategic commodities, as well as opening new markets can help expand sales of Indonesia's industrial products.

On this analysis, the writer try to analyzed the bilateral economic developments in the trade sector carried out by Indonesia and Kazakhstan in a period of three years (2015 – 2017) and try to see the results of diplomacy economic efforts carried out by the government as the state actors and also the

\textsuperscript{89} Fact sheet of Indonesia and Kazakhstan. From : Ministry of Trade  
\textsuperscript{90} Interview with The Head of Bilateral Cooperations Ministry of Trade
non state actors with reference to balance sheet data trade in 2018 and make the matrix as the table below.

<table>
<thead>
<tr>
<th>Actors</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
</table>
| **State** | 1. Meeting between the Ministry of Finance of Indonesia and Kazakhstan  
2. Delegation led by Deputy Minister of Kazakhstan National Economy M.A.Kusainov attend the 8th meeting of negotiators on the Establishment of the Infrastructure Asia Investment Bank.  
3. Indonesian Embassy in Astana has held a "Business Luncheon" on March 4, 2015 at the Indonesian Embassy | 1. Kazakhstan Ambassador to Indonesia A. Orazbay meets Indonesian Minister of Transportation I.Jonan  
2. Indonesian Ambassador to Kazakhstan F.Gultom attended the IX Astana Economic Forum.  
3. The Governor of International Finance Center Astana K. Kelimbetov made a visit to Jakarta to participate in the International Award ceremony on Islamic Finance (GIFA 2016) | 1. The Ministry of Energy and Mineral Resources participated in the 2017 International Expo held in Astana  
2. Minister-Counsellor Mr. Yudi Alamin and First Secretary for Economic and Political Affairs Mr. Torang Pakpahan met with Director of Entrepreneurs of Astana Mr. Gani Tasmaganbetov |
| **Non State** | | 1. "PT. Mayora Grup Tbk" Participated in the Kazakhstan International Exhibition on the 18th of Food Industry.  
2. Delegates from Kazakhstan consisted of representatives of the | | |

55
<table>
<thead>
<tr>
<th>Non State Actors</th>
<th>-</th>
<th>Ministry of Investment and Development, National Chamber of Entrepreneurs (KADIN) &quot;Atameken&quot;, Chamber of Commerce, Association of tour operators and the region of Kazakhstan visiting Jakarta.</th>
<th>-</th>
</tr>
</thead>
<tbody>
<tr>
<td>3. Representative from the Special Task Force on &quot;SKK MIGAS&quot; Oil and Gas from Indonesia M. Ernata visited Astana to attend the 3rd Annual Caspian Conference and the Oil Industry Engineers Exhibition.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Indonesian business representatives in the pharmaceutical sector led by the Chairperson of the Indonesian National Medicines and Food Agency P.K. Lukito visited Almaty</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Resource: constructed by the writer
In 2015, the second round of negotiations on the draft Convention for double tax avoidance resulted in an agreement between countries to realize this policy. In the same year, delegation led by Deputy Minister of Kazakhstan National Economy M.A. Kusainov was attend the 8th meeting of negotiators on the Establishment of the Infrastructure Asia Investment Bank. The basic idea of this meeting is to accelerate economic development and integration in Asia and encourage the development of infrastructure and development of the Asian region. Indonesia's considerations in the AIIB are (i) It is expected to strengthen bilateral cooperation between the two countries; (ii) making new funding sources for Indonesia's infrastructure development; (iii) Indonesia's role in international forums will increase. On the other hand, there are opportunities to play a strategic role in the organizational structure of AIIB. Through this strategic role, Indonesia has a good opportunity to determine AIIB policies and work programs that support national interests.\(^91\)

According to the news activity from the Ministry of Foreign Affairs, Indonesian Embassy in Astana has held a "Business Luncheon" on March 4, 2015 at the Indonesian Embassy. The program discussed about Indonesia's economic, trade, investment and tourism potential. The Business Luncheon aims to provide information that is very necessary for business people of Kazakhstan and can be a consideration for planning their business activities with Indonesia in the future.\(^92\)

On the next year, Kazakhstan Ambassador to Indonesia A. Orazbay meets Indonesian Minister of Transportation I. Jonan. The main objective of this meeting was to discuss the opportunity to use by Iran's Side Indonesia the Bander-Abbas port and the Kazakhstan terminal in the Lyanungan Chinese port along with the Free Economic Zone in Khorgos as an alternative transportation-logistics route


\(^92\) Ministry of Foreign Affairs of Indonesia, (2015), KBRI Astana Mendorong Peningkatan Kerjasama Bisnis antara Indonesia dan Kazakhstan, from: [https://www.kemlu.go.id/astana/id/berita-agenda/berita-perwakilan/Pages/KBRI-Astana-Mendorong-Peningkatan-Kerjasama-Bisnis-antara-Indonesia-dan-Kazakhstan.aspx], retrieved on March 2019
between Kazakhstan and Indonesia. This meeting resulted in presenting the Kazakhstan terminal at Lyanungan China port on May 10, 2016 in Jakarta by the Director-General of Kazakhstan-China International Logistics Company Lu Datang and his Deputy K. Nuraly carried out with support from "Kazakhstan Railways" National Company "JSC.\(^93\)

Moreover, The Governor of International Finance Center Astana K. Kelimbetov made a visit to Jakarta to participate in the International Award ceremony on Islamic Finance (GIFA 2016). During the visit he met Deputy Minister of Finance - Chair of the Indonesian Fiscal Policy Agency S.Nazar, President of «Bank Syariah Mandiri» A. Sudiarto and Chair of the Financial Services Authority (OJC) M. Hadad. The meeting with M. Hadad resulted in the signing of a Memorandum of Understanding on cooperation in the field of financial markets.\(^94\)

Indonesian Ambassador to Kazakhstan F.Gultom attended the IX Astana Economic Forum. Nursultan Nazarbayev as the President of Kazakhstan was attend the forum and underlined the need for 'inclusive globalisation' to effectively transform economic growth to the development of each state and raise the population's welfare standards. The panel session of the Forum was attended by representatives of political and business communities, heads of huge financial institutions, including Mr. Roberto Azevedo, WTO Director-General, Sir Suma Chakrabarti, President of the EBRD, Jack Yun MA, Executive Chairman, Alibaba Group and others.\(^95\)


In 2016, it was not only the state actors who involved in economic diplomacy. The Indonesian Company PT. Mayora Group Tbk. participated in 18th Kazakhstan International Exhibition for Food Industry-Interfood, which was held in Astana. Among the products displayed by PT. Mayora Indah Tbk, were: candy Kopiko, Astor chocolate, coffee and cappuccino Torabika (sachet), Torabika Premium Coffee, Coffee Joy, Danissa Butter Cookies, etc. PT. Mayora Indah Tbk, had successfully conducted direct transactions with totaling USD 22,000. Within four months, the goods/products of PT. Mayora Group delivered and distributed in the city of Almaty.  

With a view to increase the trade turnover volume between Indonesia and Kazakhstan, in particular the exports of Indonesian food products to Kazakhstan and countries of the Central Asian region, Indonesian Embassy in Astana had been providing assistance in facilitating meetings with the distributors and importers, doing market surveys, arranging meetings with the major representatives of retail supermarket companies in Kazakhstan and also distributing the information brochures on Trade Expo Indonesia (TEI) with over 800 visitors to the stand within three days of the exhibition.

Moreover, the delegates from Kazakhstan consisted of representatives of the Ministry of Investment and Development, National Chamber of Entrepreneurs "Atameken", Chamber of Commerce, Association of tourism operators and the region of Kazakhstan visiting Jakarta. In order to participating in the International Tourist Exhibition «Pata Travel Mart 2016». Exhibition President of the Association of tour operators from Kazakhstan A.Nurkebayeva met with the President of the Indonesian tour operator association "ASITA". After that, the Memorandum of Understanding between tourism associations was signed.

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In pharmacy industry, Indonesian business representatives in the pharmaceutical sector led by the Chairperson of the Indonesian National Medicines and Food Agency P.K. Lukito visited Almaty where they met with Director General of Kazakhstan A.Shoranova and signed a Cooperation Agreement about pharmacy.

In order to support the progress of the best use of energy for the future, the Ministry of Energy and Mineral Resources has participated in the 2017 International Expo held in Astana, Kazakhstan for three months, starting from July 1, 2017 to September 30, 2017. By participating in the 2017 International Expo, Indonesia made the exhibition a potential forum in developing one of the national visions and policies to develop decent clean energy for the community. In line with one of the main objectives of the 2017 International Expo, which is to advance the use of the best energy for sustainable development, Indonesia's participation certainly provide benefits for Indonesia which is currently focusing on developing clean energy. The benefits for Indonesia do not stop at just one thing, this participation can be use in promoting tourism development "Wonderful Indonesia", attracting foreign investors into Indonesia, expanding bilateral and multilateral cooperation, and introducing Indonesia to the international community.

Moreover in the same year, Minister-Counsellor Mr. Yudi Alamin and First Secretary for Economic and Political Affairs Mr. Torang Pakpahan met with Director of Chamber of Entrepreneurs of Astana Mr. Gani Tasmaganbetov to discuss the issues of trade-economic cooperation, challenges to bilateral trade, as well as new points of interaction between the business communities of the two countries and put forward proposals and recommendations to raise the bilateral

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relations to a new level of partnership. Summarizing the meeting, the two sides expressed appreciation for holding productive discussions on bilateral issues of mutual interest, and reaffirmed their deep commitment to building a comprehensive partnership to further expand mutual trade and explore new business opportunities.\textsuperscript{100}

CHAPTER V
CONCLUSION

Despite of Indonesia is still developing country, but the economy currently categorized as one of the countries with the largest economic growth among the G-20 member countries. It shows that Indonesia has high economic potential where considered by foreign countries. Indonesia has achieved rapid economic development in the midst of global economic uncertainty that has made the government has efforts to improve economic growth.

Indonesia realized that economy is one of the fundamental aspect of the development in the country. Thus, under Joko Widodo’s regime, the government put in the point number 7 of nawacita program that stated increasing competitiveness in the international market. Not only the governance strategy in the work program, the government also has the strategic plan called National Long Term Development Plan (NLTDP) within year 2005 – 2025. This strategy stated the vision and mission of Indonesia that use to achieve the national interest.

In order to achieve the national interest and improve the economic growth in international scale, the ministry of foreign affairs has planned the program to do economic diplomacy with foreign countries. It is stated that the ministry of foreign affairs focuss on improving and strengthening the bilateral and regional relations and cooperation in various sectors in Asia Pacific and Africa. However, those region categorized as the potential countries that can maintain a good relations in economic for Indonesia. it listed since the independence of Kazakhstan, Indonesia and Kazakhstan already made five agreements that focuss in economic development.

Therefore, Kazakhstan is one of the country in Central Asia that has potential economy for Indonesia. Based on the analysis, it is conclude that Kazakhstan is good potential partner for Indonesia’s economy. Thus, Through economic diplomacy, Indonesia tried to expand its market and strengthening the trade activities with Kazakhstan. There are some strategies that Indonesia use,
BIBLIOGRAPHY

Books


On-line / internet sources


https://www.researchgate.net/publication/299731455


Official Documents


APPENDICES
MEMORANDUM SALING PENGERTIAN
ANTARA
PEMERINTAH REPUBLIK INDONESIA
DAN
PEMERINTAH REPUBLIK KAZAKHSTAN
TENTANG
PEMBENTUKAN KOMISI BERSAMA KERJA SAMA EKONOMI

Pemerintah Republik Indonesia dan Pemerintah Republik Kazakhstan, selanjutnya disebut “Para Pihak”,

Memperhatikan keberhasilan pengembangan hubungan ekonomi bilateral;

Berkeinginan untuk mengembangkan dan meningkatkan hubungan ekonomi antara kedua negara atas dasar kesetaraan dan saling menguntungkan;

Merujuk pada Pasal 5 Persetujuan antara Pemerintah Republik Indonesia dan Pemerintah Republik Kazakhstan tentang Kerja Sama Ekonomi dan Teknik yang ditandatangani di Almaty pada tanggal 7 April 1995;
Telah menyepakati sebagai berikut:

Sleep 1

Tujuan dari Memorandum Saling Pengertian ini adalah untuk membentuk Komisi Bersama Kerja Sama di Bidang Ekonomi antara Pemerintah Republik Indonesia dan Pemerintah Republik Kazakhstan (selanjutnya disebut Komisi), yang bertujuan untuk mendorong pengembangan, perluasan, dan penguatan hubungan ekonomi bilateral antara Republik Indonesia dan Republik Kazakhstan.

Pasal 2


2. Komisi dapat membentuk kelompok-kelompok kerja.

Pasal 3

1. Komisi akan:

- membantu penyelesaian dan pelaksanaan persetujuan internasional di bidang kerja sama ekonomi dan teknik;

- mengkaji peluang-peluang untuk pengembangan lebih lanjut dan diversifikasi hubungan ekonomi bilateral, termasuk kerja sama industri dan investasi, dan menentukan berbagai kerja sama baru di bidang tersebut;

- memberikan rekomendasi tentang peningkatan dan pengembangan lebih lanjut kerja sama ekonomi dan teknik bilateral;

- memberikan rekomendasi tentang peningkatan kerja sama ekonomi.

Komisi akan memberikan rekomendasi kepara Para Pihak, tentang hal-hal yang disebutkan di atas, atas dasar kepentingan bersama Para Pihak.


Pasal 4

Para Pihak akan menanggung seluruh biaya perjalanan, termasuk akomodasi, kecuali ditetapkan lain oleh Para Pihak. Segala biaya yang muncul untuk penyelenggaraan pertemuan akan ditanggung oleh Pihak tuan rumah.
Pasal 5

Segala perselisihan yang timbul antara Para Pihak dari penafsiran atau pelaksanaan Memorandum Saling Pengertian ini wajib diselesaikan melalui negosiasi dan konsultasi antara Para Pihak.

Pasal 6

Memorandum Saling Pengertian ini dapat diubah dan ditambahkan atas kesepakatan Para Pihak, yang merupakan bagian yang tidak terpisahkan dari Memorandum Saling Pengertian ini dan protokol terpisah.

Pasal 7

1. Memorandum Saling Pengertian ini akan mulai berlaku sejak tanggal penandatanganan.


3. Salah satu Pihak dapat mengakhiri Memorandum Saling Pengertian ini setiap saat dengan memberitahukan secara tertulis melalui jalur diplomatik paling lambat 6 (enam) bulan sebelum Memorandum Saling Pengertian ini direncanakan akan diakhiri.
Dibuat di Astana pada tanggal 2 September 2013 dalam dua rangkap, masing-masing dalam bahasa Indonesia, Kazakhstan, Rusia dan Inggris, semuanya memiliki kekuatan hukum yang sama. Jika terjadi perbedaan pemahaman penafsiran Memorandum Saling Pengerian ini, teks dalam Bahasa Inggris yang berlaku.

UNTUK PEMERINTAH
REPUBLIC INDONESIA

R.M. MARTY M. NATALEGAWA
MENTERI LUAR NEGERI

UNTUK PEMERINTAH
REPUBLIC KAZAKHSTAN

ERBOLAT DOSSAEV
MENTERI EKONOMI DAN
PERENCANAAN ANGGARAN
### General Information

<table>
<thead>
<tr>
<th>Country</th>
<th>Capital</th>
<th>Surface area</th>
<th>Population</th>
<th>Age structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indonesia</td>
<td>Jakarta</td>
<td>1,905 thousand sq km</td>
<td>262,787,403</td>
<td>0-14 years</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>Astana</td>
<td>2,725 thousand square km</td>
<td>18,744,548</td>
<td>0-14 years</td>
</tr>
</tbody>
</table>

### Economic Growth

- **GDP (US$bn) (current prices)**
  - 2013: 941.0
  - 2014: 941.0
  - 2015: 941.0
  - 2016: 941.0
  - 2017: 941.0

- **GDP per capita (US$)**
  - 2013: 3,277.0
  - 2014: 3,277.0
  - 2015: 3,277.0
  - 2016: 3,277.0
  - 2017: 3,277.0

### Trade performance with world

<table>
<thead>
<tr>
<th>Country</th>
<th>GDP (US$bn)</th>
<th>Export (US$bn)</th>
<th>Import (US$bn)</th>
<th>Balance (US$bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indonesia</td>
<td>11,148</td>
<td>12,505</td>
<td>10,662</td>
<td>-2,108</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>3,531.8</td>
<td>2,848.0</td>
<td>2,884.0</td>
<td>-3,637.8</td>
</tr>
</tbody>
</table>

### Indonesia’s Trade Balance with Kazakhstan (in US$ million)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Trade</td>
<td>354.1</td>
<td>292.9</td>
<td>280.1</td>
<td>325.7</td>
<td>16.28</td>
<td>120.6</td>
<td>76.4</td>
<td>61.8</td>
<td>77.6</td>
</tr>
<tr>
<td>Export</td>
<td>176.0</td>
<td>150.3</td>
<td>144.5</td>
<td>168.8</td>
<td>16.82</td>
<td>79.4</td>
<td>45.9</td>
<td>36.7</td>
<td>48.3</td>
</tr>
<tr>
<td>Import</td>
<td>178.1</td>
<td>142.6</td>
<td>135.6</td>
<td>156.9</td>
<td>15.71</td>
<td>41.2</td>
<td>30.5</td>
<td>25.1</td>
<td>29.3</td>
</tr>
<tr>
<td>Balance</td>
<td>-2.1</td>
<td>7.7</td>
<td>8.9</td>
<td>11.9</td>
<td>33.71</td>
<td>38.2</td>
<td>15.4</td>
<td>11.6</td>
<td>19.0</td>
</tr>
</tbody>
</table>

### Major Indonesia’s exports, 2018 (US$ Million)

- Electric Sound Or Visual Signalling Apparatus (4.6)
- Prepared Unrecorded Media For Sound Recording Or Similar Recording Of Other Phenomena (1.3)
- Refrigerators, Freezers and Other Refrigerating Or Freezing Equipment (1.0)
- Soap (0.9)

### Major Indonesia’s imports, 2018 (US$ Million)

- Unwrought Zinc (19.8)
- Unwrought Zinc (3.3)
- Cotton, Not Carded or Combed (3.2)
- Ferro Alloy (0.2)

### FTA/EPA Agreements

- Indonesia-Japan EPA
- Indonesia-Pakistan PTA
- Indonesia-Chile CEPA
- AFTA
- ASEAN-Japan
- ASEAN-China
- ASEAN-Korea
- ASEAN-India
- ASEAN-Australia-NZ
- ASEAN-Hong Kong
- Indonesia-EFTA CEPA
- Indonesia-Australia CEPA
- New Zealand (under EAEU) (Source: aric.adb.org)

### On-going FTA/EPA Agreements

- Indonesia-EU CEPA
- Indonesia – Korea CEPA
- Indonesia-Turkey
- Indonesia-Mozambique
- Indonesia-Tunisia
- Indonesia-Bangladesh
- Indonesia-Maroko
- RCEP

- Egypt (under EAEU)
- Israel (under EAEU)
- EFTA (under Customs Union of Russia, Belarus, Kazakhstan)
- India (under EAEU)
- New Zealand (under Customs Union of Russia, Belarus, Kazakhstan)
- Singapore (under EAEU)
- China (under EAEU)
- Korea (under EAEU)
Investment relationship

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total of issued Permanent Licenses</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>5</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td>Value of Direct Investment (USD Mill)</td>
<td>-</td>
<td>0.0</td>
<td>1.1</td>
<td>0.2</td>
<td>-</td>
<td>1.3</td>
</tr>
</tbody>
</table>

Trade Cooperation

Trade/Investment Issues

- Indonesia’s Concern/Interest: The increase of two way trade by intensifying the relations between both the Governments and business communities
- Kazakhstan’s Concern/Interest: The increase of two way trade by intensifying the relations between both the Governments and business communities

Kazakhstan’s merchandise trade relationships with ASEAN (2017) – Source: Trademap (Trading Partners Statistic)

<table>
<thead>
<tr>
<th>Country</th>
<th>Total trade with Kazakhstan (US$ thousand)</th>
<th>Export (US$ thousand)</th>
<th>Import (US$ thousand)</th>
<th>Balance of Trade (US$ thousand)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brunei Darussalam</td>
<td>13</td>
<td>11</td>
<td>2</td>
<td>9</td>
</tr>
<tr>
<td>Cambodia</td>
<td>4,831</td>
<td>4,831</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Indonesia</td>
<td>47,505</td>
<td>4,277</td>
<td>43,228</td>
<td>-38,951</td>
</tr>
<tr>
<td>Lao PDR</td>
<td>360</td>
<td>-</td>
<td>360</td>
<td>-360</td>
</tr>
<tr>
<td>Malaysia</td>
<td>123,421</td>
<td>13,155</td>
<td>110,266</td>
<td>-97,111</td>
</tr>
<tr>
<td>Myanmar</td>
<td>1,358</td>
<td>1,358</td>
<td>-</td>
<td>-3,358</td>
</tr>
<tr>
<td>Philippines</td>
<td>32,597</td>
<td>13,043</td>
<td>19,554</td>
<td>-5,511</td>
</tr>
<tr>
<td>Singapore</td>
<td>123,757</td>
<td>86,516</td>
<td>37,241</td>
<td>49,275</td>
</tr>
<tr>
<td>Thailand</td>
<td>93,295</td>
<td>1,154</td>
<td>92,141</td>
<td>-90,987</td>
</tr>
<tr>
<td>Vietnam</td>
<td>342,736</td>
<td>274,246</td>
<td>268,490</td>
<td>5,756</td>
</tr>
<tr>
<td>Total Trade with all ASEAN Countries (10 countries)</td>
<td>970,248</td>
<td>398,402</td>
<td>571,846</td>
<td>-173,444</td>
</tr>
</tbody>
</table>

Kazakhstan’s Trade with ASEAN

Kazakhstan’s exports, 2017 (USD thousand):

- Unwrought zinc: 127,727
- Unwrought lead: 126,969
- Petroleum oils and oils obtained from bituminous minerals, crude: 96,561
- Semi-finished products of iron or non-alloy steel: 35,694

Kazakhstan’s Major Imports, 2017 (USD thousand):

- Telephone sets: 215,246
- Motor vehicles for the transport of goods: 37,640
- Palm oil and its fractions: 19,271
- Printing machinery: 16,966

WTO accession: 1 January 1995

Tariff binding coverage (%): 96.3

MFN tariffs (Simple average of import duties)

- All goods: 37.1
- Agricultural goods (AOA): 47.1
- Non-agricultural goods: 35.6

WTO Disputes

<table>
<thead>
<tr>
<th>Disputes</th>
<th>Indonesia as Complainant</th>
<th>Kazakhstan as Complainant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Trade Remedy Issues</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
- Anti Dumping: 0
- Countervailing: 0
- Safeguards: 0 products (imposed to all members): Flat-rolled products of iron or non-alloy steel, Bars and rods, hot-rolled, in irregularity wound coils, I and H sections of other alloy steel, Coated paper and paper board, Articles of finished casing and tubing, Dextrose Monohydrate

Compilations by Directorate of Bilateral Negotiation, using the latest data from various national and international sources. (a) All recent data subject to revision; (b) IMF/IEU forecast; (c) PPP is Purchasing Power Parity, na: Not available; (d) e and est.: Estimated.