

CHAPTER I

INTRODUCTION

This chapter explain an introduction that will discusses in the chapter II—V about the problem how are Indonesia efforts to join Trans-Pacific Partnership in the era of Joko Widodo. Especially this chapter will discuss the writer reasons for selecting the title, background which will start from explain the Indonesia economic problem, research question that conclude from background explanation, theoretical framework that writer used to answer the research question, hypothesis for apply the theoretical framework to answer the research question, the scope of research, the methodology that writer use, and systems of writing from chapter I—V.

Background

Economic growth can be seen through the level of production of goods and services that can be generated for a specific period. Economic growth in developing countries such as Indonesia is often constrained by the problem of financial capital and investment. Indonesia still relies on foreign capital investment to support economic activities. Slow economic growth also affected the increase in world oil prices. The increase in world oil prices is due to the scarcity of crude oil. Scarcity due to depletion of oil reserves and hampers the distribution of oil. The rise in oil prices causes the price of other essential goods to go up. As a result, people's purchasing power has reduced and decline in economic activity of society (Eko, 2016).

Therefore, Indonesian government tried to solve the problem by international cooperation. So that Indonesia joins economic regional forums such as ASEAN, AFTA, APEC, etc. ASEAN (Association of South-East Asia Nation) is an organization that aims to strengthen regional cooperation in the countries of Southeast Asia. AFTA (ASEAN Free Trade Area) is a forum for cooperation among ASEAN countries that aims to create a free trade area across the ASEAN region. The concept of free trade, among others, include the elimination or reduction of trade tariffs among ASEAN goods thus reducing the economic costs. While, APEC (Asia Pacific Economic Cooperation) is a states cooperation forum in the Asia-Pacific region to promote economic growth, trade and investment among member countries (Ado, 2016).

Indonesia has not had enough with these organizations. Indonesia then joined the economic cooperation, namely the Trans-Pacific Partnership. Trans-Pacific Partnership was offered by US President Obama at the APEC Summit 19th at the Trump Hotel Waikiki, Honolulu, United States on November 12 and 13, 2011. He offered to join the Trans-Pacific Partnership that offered to the 21 APEC member countries present at the summit, including Indonesia.

According to Ambassador Nguyen Nguyet Nga, Indonesia can get the great benefit from the Trans-Pacific Partnership. He explained some of the benefits to be gained by joining the Trans-Pacific Partnership Indonesia. One of the benefits is associated with market diversification. Trans-Pacific Partnership can help Indonesia expand export markets, encourage economic restructuring, give impetus to economic growth, and establish connectivity with the main countries of

economic power. Another benefit of the Trans-Pacific Partnership for Indonesia is to provide a better position for Indonesia in the negotiations of free trade agreements (FTA) others (Arisandy, 2016).

Trans-Pacific Partnership Agreement is a concept of free trade in the goods, services and investment, and make the Pacific Ocean as the trade turnover. (Voaindonesia, 2013). The partnership is defined as a friend or colleague, which means each member country to join the Trans-Pacific Partnership to work together in the concept of free trade is governed by the Trans-Pacific Partnership.

The Trans-Pacific Strategic Economic Partnership (TPSEP) was initially conceived in 2003 by Singapore, New Zealand, and Chile as a path to trade liberalization in the Asia-Pacific region. Brunei joined negotiations in 2005, and the Trans-Pacific Partnership came into force in 2006. In March 2008, the United States joined the negotiations to conclude the investment and financial services provisions. The United States already has Free Trade Agreements (FTA) with Trans-Pacific Partnership members Singapore and Chile and with potential Trans-Pacific Partnership partners Australia and Peru. President Bush notified Congress of his intention to negotiate with the existing Trans-Pacific Partnership members on September 22, 2008, and with other potential members, Australia, Peru, and Vietnam on December 30, 2008. It is now expected that this group of eight countries will define an agreement to which other states can sign on. Also in the year of 2012 Canada and Mexico joined Trans-Pacific Partnership and the last in year of 2013 was Japan joined. (Adum, 2016).

This agreement is comprehensive, covering liberalization in all sectors concerning goods, services and investment, with the nature of scheduled and legally binding. In 2011, the United States House of Representatives looked at the Asia-Pacific region as an area of the American market in international trade as exports to the region reached U.S. \$775 billion or 61% of total American exports to various countries in the world.

United States involvement in the Trans-Pacific Partnership in Asia Pacific made the Trans-Pacific Partnership agreement as a priority country to boost exports, protect the business sector abroad, and create jobs United States. This was stated by the President of the United States at the 19th APEC Summit in Honolulu, Hawaii, United States:

We just had an excellent meeting and I'm very pleased to announce that our nine nations have reached the broad outlines of an agreement. There are still plenty of details to work out, but we are confident that we can do so. So we've directed our teams to finalize this agreement in the coming year. It is an ambitious, but we are optimistic that we can get it done. The Trans-Pacific Partnership will boost our economies, lowering barriers to trade and investment, increasing export, and creating more jobs for our people, which is my number-one priority. Along with our trade agreements with South Korea, Panama, and Colombia, the Trans-Pacific Partnership will also help achieve my goal of doubling U.S. exports, which support millions of American jobs (Lindsay, 2011).

Based on the wishes of the United States actively offering Trans-Pacific Partnership agreement to various countries especially APEC member countries including Indonesia at the 19th APEC summit meeting at Trump Hotel Waikiki, Honolulu, Hawaii, United States on 12—13 November 2011. At that time, Indonesia refused to join Trans-Pacific Partnership presented by the Minister of Trade of Indonesia, Gita Wirjawan. Rejection is performed by Gita supported by

the Ministry of Finance of Indonesia and Indonesian interest groups such as the Indonesian Employers Association (*Apindo*), the Indonesian Chamber of Commerce (*Kadin*), as well as the Indonesian Young Entrepreneurs Association. On the other hand the President of Indonesia, Joko Widodo now strengthens and reinforces the process of Indonesia inclusion in the Trans-Pacific Partnership.

Research Question

Based on the background described above, then writer got a subject matter:

How are Indonesian Efforts in the Set of Foreign Policy Making Process on Joining Trans-Pacific Partnership in the Era of Joko Widodo?

Theoretical Framework

According these research question, the writer will answer it with the theory of foreign policy decision making from Marijke Breuning. Breuning (2007) explains that Foreign policy is defined as the totality of a country's policies toward and interact with the environment beyond its borders.

A decision makers according the book from Marijke Breuning have some alternatives to determine its result or outcome. This book explain the foreign policy decision making has four processes, there are organizing the advisory system, the government bureaucracy, decision making in small group, and colleagues-competitors.

The first foreign policy decision making process is identifying approach to organizing the advisory systems, there are:

First, **formalistic approach**. It organizing the executive emphasizes a hierarchical structure with a clear chain of command. This does not mean

that the executive office of every leader who has employed this type of organization could be depicted with the same organizational chart. Rather, it means that leaders who employ this type of organizational structure endeavor to create an orderly decision process. Second, **competitive approach** means that leader who organizes the executive along these lines actively uses multiple channels of information. There is little cooperation between advisors in this type of advisory system. Third, **collegial approach** takes advantage of the benefits that flow from obtaining a multiplicity of views but endeavors to cultivate a spirit of teamwork rather than competition. As in the competitive advisory system, the leader sits at the center of an extensive informational network (Breuning, 2007, p. 89).

The second of foreign policy decision making process is the government bureaucracy explain the model of decision making, there are:

Rational policy model, organizational process model, and bureaucratic politics model. The **rational policy model** might provide a fairly accurate description of how foreign policy is made. It assumes that foreign policy is made as if a single, rational decision maker analyzes a strategic problem and, once the problem is defined, selects a policy response from among the available options. The **organizational process model** envisions the government as a collection of organizations, centrally coordinated at the top, each with their own specialties and expertise, but also its own priorities and perceptions. Each organization, moreover, has its own customary ways or standard operating procedures. The **bureaucratic politics model** focuses on the role of individuals within governmental organizations and stresses that advisors' perceptions and priorities are shaped by both the organizations that employ them and their personal ambitions and interests (Breuning, 2007, p. 97).

The third of foreign policy decision making process is decision making in small groups has cabinet government, think tank, and command center.

A cabinet government is a group of ministers who jointly constitute the executive of a country. Officially, cabinets usually have collective responsibility, but the prime minister can become a dominant figure within the cabinet rather than simply one of the collective. Small groups serve a variety of functions in foreign policy decision making. Most popular are two images of the small group: one portrays the advisory group as a **think tank**, where top advisors use the available, but incomplete, information to jointly construct a representation of a foreign policy problem, determine its importance among other foreign policy problems, and debate how best to respond to it. The other popular image of the political decision making group is that of the **command center**, where the group jointly determines the

foreign policy actions. In this role, the group builds on the think tank role to develop options, evaluates them, selects the most viable ones, and ultimately makes a decision (Breuning, 2007, p. 99).

The last for foreign policy decision making process is colleagues and competitors with a compromise with suggest integrative solution, subset solution, and dominant solution.

The **integrative solution**, defined as a result that represents the preferences of all members of the group, albeit modified to some degree. In larger groups, bargaining can easily lead to a **subset solution**, in which one faction's ideas end up dominating the preferences of other members or factions within the group. A **Dominant solution** means that only one option is credible. In terms of the poliheuristic theory, it may mean that only one option met the non-compensatory criteria in the first stage of decision making (Breuning, 2007, p. 102).

After explaining four decision making process above, Breuning (2007) conclude that such strategies or action as determining a decision can be divided into three groups, there are efforts to influence the composition of the decision making group so as to reduce the impact of opposing viewpoints, efforts to influence the beginning stages of the decision process, such as the framing of an issue or perceptions of its relative importance among the various issues the government confronts simultaneously and efforts to manipulate the dynamics of interpersonal interaction within the group.

If this theory is applied on the efforts of Indonesia to join Trans-Pacific Partnership in the era of Joko Widodo, several alternatives that Joko Widodo can take to join Trans-Pacific Partnership are (1) Joko Widodo organize the advisory system means that he has employed their staff in Trans-Pacific Partnership to synthesize information and advice for them; (2) Joko Widodo increase government bureaucracy by give the facility for investor with the result a good investment

mechanism; (3) Joko Widodo made decision making in small group depend on Trans-Pacific Partnership agencies, then some people working in those organization for information and advice; and (4) Joko Widodo would suggest a solution that defined as a result represents the preferences of Trans-Pacific Partnership all members group, although modified to some degree.

After analyzing four alternatives, the most appropriate alternative to join Trans-Pacific Partnership as a decision is the Joko Widodo increase government bureaucracy by give the facility for investor with the result a good investment mechanism. The decision processes according to the rational policy model are Indonesia built the national interest on regional forum outside Trans-Pacific Partnership then in the era of Joko Widodo it strengthens, in the other hand it can open more vacancies and has a result of big foreign exchange. Then after President Obama offered Trans-Pacific Partnership by Obama, Joko Widodo said that Indonesia will join the Trans-Pacific Partnership because Indonesia will have easy marketing access for its products to United States, because until today Indonesian export to United States still has constraint.

So that the action or effort from that decision are decision maker or Joko Widodo try to influence additional members into the group who will support Joko Widodo decision on joining Trans-Pacific Partnership and Joko Widodo make a tactic to get others to agree in stage on joining Trans-Pacific Partnership.

Hypothesis

From the explanation of the theories above, it can be concluded that the efforts in the set of Indonesian foreign policy making process on Joining Trans-Pacific Partnership in the era of Joko Widodo with government bureaucracy alternative, there are:

1. Joko Widodo try to influence additional members in the group, who will support his decision.
2. Joko Widodo make an integrative solution tactic to prepare and support his decision.

Scope of Research

To make easier research, the writer will limit the scope of the study so as not to deviate from the theme. The writer conducted a research which has a limited scope, is easy to understand, and has a higher accuracy of data. The brief historical explanation is used to clarify the next topic.

The writer restricts this research to examine the efforts of Indonesia to join Trans-Pacific Partnership, especially in terms of political economy in the era of Joko Widodo.

Methodology

In this research, the writer analyzed what is Indonesian effort in the set of foreign policy making process to join Trans-Pacific Partnership. The method used to collect the data, is a qualitative method. The writer understands and explains the policies associated with the existing data that have been collected into a knot. The

statistical data as a source of accurate data are needed. The statistical data are to direct the events, conditions and events that are compatible with the purpose of research.

Based on the sources, the data in this study are secondary data. Secondary data are data obtained by researchers indirectly through an intermediary medium. Intermediary used by the writer is quoting from various source such as the Indonesian Foreign Ministry reports, books, journals, articles, and other resources that support, such as documents that have relevance to the issues to be studied. For enrichment data or expansion of the material, the writer uses data obtained from the Internet.

Systems of Writing

Five chapters are presented in this study and each chapter is composed of several sub-chapters in accordance with the discussion and the matter which is being investigated.

Chapter I is an introduction that discusses the reasons for selecting the title, background, research question, theoretical framework, hypothesis, scope of research, methodology, and systems of writing.

Chapter II explains the general representation, economic condition of Indonesia and the Asia-Pacific potential for Indonesian economic growth.

Chapter III explains the Trans-Pacific Partnership agreement and the government offering the Trans-Pacific Partnership to Indonesia.

Chapter IV explains the foreign policy making process consideration on joining Trans-Pacific Partnership in the era of Joko Widodo and Trans-Pacific Partnership agreement in the context of Indonesia.

Chapter V is the conclusion of the Indonesia's efforts to set foreign policy making process on joining Trans-Pacific Partnership in the era of Joko Widodo. This chapter discusses the core of chapters and sub-chapters that have been described previously.