

ISSN 2580 6378
E-ISSN 2580 7048



JURNAL
ASIA
PACIFIC
STUDIES

Journal of International Relations Study Program
Faculty of Social and Political Sciences
Universitas Kristen Indonesia

Volume 4 | Number 2 | July - December 2020

CONTEXTUALISING INDONESIA-JAPAN ECONOMIC PARTNERSHIP AGREEMENT (IJEPA) WITHIN STRATEGIC PARTNERSHIP FRAMEWORK: A PRELIMINARY ASSESMENT

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Abstract

This article explains Indonesia's rationale to prolong its cooperation with Japan under Indonesia-Japan Economic Partnership Agreement (IJEPA). This article utilizes Wilkin's Strategic Partnership framework to analyse the phenomenon. Under the aforementioned trade framework, Indonesia is still at disadvantageous position due to non-tariff barriers that is imposed by Japan. This article argues that Indonesia's decision to prolong the agreement is because Japan – Indonesia economic partnership is intertwined with both parties security and ideological partnership.

Keywords: Free Trade Agreement (FTA), IJEPA, Strategic Partnership, Indonesia, Japan

Abstrak

Artikel ini berupaya menjelaskan mengapa Indonesia untuk memperpanjang Indonesia-Japan Economic Partnership Agreement (IJEPA) dengan Jepang. Artikel ini menggunakan kerangka Kemitraan Strategis milik Wilkins untuk menjelaskan pilihan Indonesia. Isu IJEPAi menjadi penting bagi Indonesia mengingat terdapat pula hambatan non-tarif yang mengganjal Indonesia untuk meningkatkan volume eksportnya ke Jepang. Artikel ini berargumen bahwa Indonesia memilih tetap berada di IJEPA karena isu kerjasama ekonomi Indonesia dan Jepang tidak dapat dilepaskan dari kemitraan bidang keamanan dan ideologis.

Kata-kata kunci: Free Trade Agreement (FTA), IJEPA, Kemitraan Strategis, Indonesia, Jepang

1. INTRODUCTION

In 2007, Indonesia concluded a partnership agreement with Japan, namely Indonesia-Japan Economic Partnership Agreement or IJEPA. The idea to tie both nations into a partnership comes from President Susilo Bambang Yudhoyono. In 2004 President Yudhoyono expressed this intention to Prime Minister Junichiro Koizumi of Japan. Both parties agreed to elevate the proposal into series of formal talks, there are seven rounds of talks in total. On August 20, 2007 Indonesia and Japan came to an agreement and thus IJEPA came to be. The agreement itself entered into force on July 1, 2008 (Kementerian Perdagangan, 2018)

Through IJEPA, Indonesia and Japan concurred on several economic issues, namely; exchange of goods, exchange of services, investment, intellectual property, mineral resources, and energy. (Komala, 2008). The agreement itself rests upon the so-called “three pillars” that are; (i) Market liberalisation (2) trade and investment facilitation (3) and capacity building. On 2013, Indonesia proposed to amend several clause of IJEPA through General Review or GR session. Japan agreed to the proposal and both nations agreed to hold three Joint Committee Meeting (JCM). In 2016, Japan postponed the GR due to disagreement on automotive and steel products tariff. In 2017, Japan signalled its intention to recommence the negotiation, moreover

both parties agreed to have the GR done by 2018. It is intended as a gift to commemorate 60th anniversary of Indonesia-Japan diplomatic relations. (Kementerian Perdagangan, 2018). Until this piece is written (July 2020), the GR still remains to be concluded.

On January 2020, President Widodo met Prime Minister Shinzo Abe at several session breaks of World Economic Forum. The news is published by Indonesia's Ministry of Trade, it is mentioned that Japan and Indonesia nearly reach a new understanding regarding; exchange of goods, exchange of services, movement of natural person (MNP), and intellectual property. The press brief also mentions Japan and Indonesia plan to finish negotiation by the first semester of 2020. The brief also brought up Japan's solicitation of Indonesia's support for Japan's candidacy as a chair at World Intellectual Property Organization or WIPO (Kementerian Perdagangan, 2020)

In a glance IJEPA appears to be a good deal for Indonesia. In 2017, Japan ranks 2nd in Indonesia's export destination and also ranks 2nd in importing countries bracket (Kementerian Perdagangan, 2018). The shift happens in 2019, Japan now ranks 3rd in Indonesia's export destination (Badan Pusat Statistik, 2020) yet Japan remains still in 2nd place in importing countries bracket (Badan Pusat Statistik, 2019). In 2019, Japan contributes to 10.64% of Indonesia's total export with the value of 17.844,6 USD (Badan Pusat Statistik, 2020) and Japan contributes to 9,77% of Indonesia's total import by March 2019, with the value of 3.975,3 USD (Badan Pusat Statistik, 2019). Japan also appears to fulfill its promise on capacity building matters. To take one example, Japan has launched programmes, together with the Ministry of National Development Planning, to enhance Indonesia's SMEs' capacity (Kementerian Perdagangan, 2018). On the Japanese side, Indonesia could be regarded as significant trade partner, In 2019, Indonesia ranks 10th in Japan export destination and ranks 9th in importing countries bracket. (Global Edge, 2020)

This agreement is not without critics. An analyst, Sandori (2016) writes that in 2013, Indonesia's Trade Minister that day, M.S Hidayat pointed out that IJEPA does not bring significant impact to Indonesia's trade performance. Hidayat mentions that, for Indonesia, what really happens is the opposite. Instead of going up, Indonesia's natural resources export to Japan falls back 6,6% on average after the agreement is into effect. Agus Tjahjana, Director General of International Industrial Cooperation of the Ministry of Industrial Affairs, sung the same note regarding IJEPA. Tjahjana said that duty free policy only favours automotive products, which is not benefit Indonesia much (Kementerian Perindustrian, 2013). Tjahjana's critique was also supported by the Minister of Industrial Affairs himself, Saleh Husin. Husin went as far as recommending President Widodo to revise several clauses of IJEPA. (Sandori, 2016). In 2015, Tjahjana stroke the same chord again. Tjahjana said that Indonesia will not hesitate to pull out from the agreement if the "unfairness" persists. Tjahjana mentioned that Indonesia will give Japan three options regarding IJEPA; *First*, Indonesia will back off from the agreement and solicits a special concession for certain export products; *Second*, Indonesia requests Japan to modify several clauses of IJEPA; *Third*, discontinue IJEPA and reframes the partnership agreement within ASEAN level, that is ASEAN-Japan Comprehensive Economic Partnership Agreement or AJCEP (Kementerian Perindustrian, 2015).

The above-mentioned critiques hold true until 2019. Ni Made Ayu Marthini, Director of Bilateral Negotiation of the Minister of Trade, mentions that there is disparity of utilisation level. She said that in 2017, Indonesia's utilisation level sat at 50,7% and the level dwindled to only 34,2% on October 2019. Japan, on the other hand, keeps the utilisation level at steady pace, 60% per year on average. She also added that Japanese non-tariff barriers hinder Indonesia to benefit the agreement in full (Timorria, 2020).

Indonesia's resentment towards IJEPA is also supported by several studies that we collect (Sandori, 2016) (Achasani, 2017) (Zulfira, 2019) (Firdaus, 2014) (Hadi, 2014), yet some studies beg to differ (Ardiyanti, 2015) (Budiyanti & Fithra, 2015) (Setiawan, 2012) (Mursitama, Noerlina,

& Sabrina, 2019) (Amadea, 2019). In total, we have collected ten studies concerning IJEPA and we have divided the following studies into two-broad categories; (i) IJEPA-at-large, and (ii) issue-specific studies. (i) IJEPA-at-large means that the study evaluates the whole IJEPA framework, and by (ii) issue-specific studies, we mean that those studies only concentrate on one or more issues.

Sandori's (2016) research belongs to the former category. Sandori's (2016) can be considered as broad survey of IJEPA, rather than a rigorous study with well-stated theoretical position and methodological consideration. In her study. Sandori states that IJEPA is a disadvantage to Indonesia's economic performance. She points out that, in a way, the Japanese is "gaming" the agreement to their own advantage by utilising non-tariff barriers. In agricultural sector, Japan prevents Indonesian cacao plant from entering its market by imposing tight herbicide policy. Japan deemed that Indonesian cacao to be unsafe, therefore unfit for its market due to high herbicide level. (Sandori, 2016, hal. 11). In terms of forestry product, Japan deems every products that enter its market to posses "Ecolabel". In 2016, only three out of 285 Natural Forest Management Permit (Hak Pengusahaan Hutan) bearers possess Ecolabel certificate and only one out of 90 Industrial Plantation Forest (Hutan Tanaman Industri) permit bearers possess the said certificate (Sandori, 2016, hal. 12). In terms of fisheries product, at one time Japan prevented Indonesia's tuna from entering its market. Japan said that it is due to Indonesia's "non-party" status of Convention on Conservation of Southern Bluefin Tuna or CCSBT (Sandori, 2016, hal. 13).

On the other hand, Japan reaps the full benefit by profiting from user specific duty free scheme (USFDS) clause. The scheme permits Japanese electronic goods, industrial parts, heavy equipment to go without paying a dime. The scheme itself is codified within Minister of Finance Ministerial Regulation (Peraturan Menteri) No. 96/PMK.011/2008 concerning Import Duty within the Framework of IJEPA (Sandori, 2016, hal. 13-17).

The second study in this category belongs to Hadi (2014) asserts that removal of tariff does automatically translates to export boost for Indonesia due to Japan's non tariff barriers.

Sandori's and Hadi's study is the only study that belongs to (i) IJEPA-at-large category, the rest of studies that we find belong to (ii) issue-specific studies category. Ahasani's (2017) research concerns IJEPA's impacts on Japan's Foreign Direct Investment (FDI) in Indonesia. Ahasani (2017) utilises Autoregressive Distributed Lag (ARDL) method to quantitatively scrutinises the impact. ARDL is a statistical model that is designed to determine relations between variable X with time series data. In his research, Ahasani (2017) takes into account five data, namely; (a) total bilateral trade volume (b) Indonesia's GDP (c) Consumer Price Index or CPI, and (d) money supply, and (v) its exchange rate. Ahasani (2017) concludes that FDI bolsters Indonesia trade vis-à-vis Japan in a small proportion, yet insignificant within the long run.

The next literature in the second category is written by Zulfira (2019). Zulfira's study is a numerical comparison of Indonesia's export, import, and investment from Japan nine years before [1999] and after [2015] IJEPA. The researcher utilises paired sample analysis to compare both time series data. The research does state that IJEPA bolsters Indonesia's export performance to Japan. Increasing its output from 17.799,33 USD to 23.369,82 USD, roughly 30%. Japan clearly gains the upper hand, after IJEPA Indonesia's import from Japan balloons from 6.542,533 USD to 16.310, 50 USD, roughly 150%, while for the investment its number also balloons from 289.8489, 4 thousand USD to 934.683,4 USD (Zulfira, 2019, hal. 128). Strikingly, she finds that neither those numbers bears statistically significant correlation with IJEPA. The researcher argues that some qualitative features probably impacted more on those numbers. (Zulfira, 2019, hal. 129-130). Lastly, she asserts that small gains of Indonesia's export to Japan vis-à-vis Japan's import to Indonesia has something to do with "underutilisation". It confirms, Marthini's assertion on utilisation problem (Timorria, 2020).

The next article that we would like to explore is written by (Firdaus, 2014). The author seeks criticises IJEPA using normative Economic Partnership Agreement framework (Firdaus, 2014, hal. 603-609). The framework asserts that the “development” mind-set in an economic partnership will benefit the periphery state vis-à-vis core states (Firdaus, 2014, hal. 609). Firdaus finds IJEPA doesn’t hold up to its promise. Indonesia’s non-oil and gas export to Japan performs poorly and trade imbalance within the following sectors happens several times (Firdaus, 2014, hal. 599-602). He cites technical non-tariff barriers as a reason on why Indonesia is unable to enjoy the full benefit of IJEPA (Firdaus, 2014, hal. 603, 609). Firdaus’ findings confirm to that of Hadi (2014).

From the “proponents” category, we would to first explore Ardiyanti’s (2015) research. Ardiyanti’s research focus on IJEPA’s impact on Indonesia’s export and import vis-à-vis Japan (Ardiyanti, 2015, hal. 132). Similar to Zulfira’s (2019)n study she compares Indonesia export and import performance to Japan before and after IJEPA implemented. She utilises counterfactual method to isolate and calibrate Indonesia’s non-oil & gas export and import to Japan before IJEPA and compares the data generated with Indonesia’s non-oil & gas export and import performance after IJEPA. She founds out that Indonesia’s non-oil & gas export towards Japan gains significantly after IJEPA, and other hand, Japanese’s non-oil & gas import does not balloons (Ardiyanti, 2015, hal. 149).Ardiyanti does not take into account non-tariff barriers that is imposed by Japan. Ardiyanti’s findings contradict to that of (Zulfira, 2019) although we can argue that several factors impacted both authors findings, namely; (i) methodology and (ii) inclusion of exclusion of certain factors. Ardiyanti does not take into account oil & gas sector in her research.

Budhiarti & Fithra (2015) analyse IJEPA’s impact to Indonesia’s manufacturing industries. Budhiarti & Fitra argue that IJEPA promotes higher yield of Price-Cost Margin (PCM) for manufacturing industries. Although, they point out, some manufacturing sectors are still underutilising IJEPA’s framework. In conclusion they give IJEPA a positive note regarding its impact in manufacturing industries. Similar to that of Ardiyanti (2015) the author does not take into account Japan non-tariff barriers.

Setiawan’s (2012) research creates a scenario in should IJEPA does not take place, he then compare the findings to that of 2008-2012 data. He utilises Autoregressive Integrated Moving Average (ARIMA) model. The model permits its user to deduce a value from time series data based on its past valus. Setiawan concludes that, should IJEPA never take place, Indonesia’s export volume would lose 2.727, 36 USD yearly (Setiawan, 2012, hal. 14). Setiawan also added a classical economic touch by citing comparative advantage, and because of that IJEPA will be beneficial for Indonesia.

Our penultimate literature is written by Mursitama, Noerlina, & Sabrina (2019). The authors evaluates the impact of manufacturing industries’ performance with IJEPA’s USDFS. The authors utilise tactical linkage concept. Tactical linkage describes the act of linking two related issues in practical manner to resolve problems (Mursitama, Noerlina, & Sabrina, 2019, hal. 115). The authors find out the promise of accelerated industrial development for Indonesia – which is one of Indonesia’s goal - ouweighs the non-tariff barriers from Japan (2019, hal. 121). By this far, only Mursitama, Noerlina, & Sabrina (2019) that cites non-tariff barriers while giving positive note to IJEPA.

The last work that we would like to explore is Amadea, (2019). Amadea scrutinises factors that dampens Japan’s FDI in Indonesia. Amadea blames not on Japan’s “standardisation constraints” rather she asserts the problem lies in Indonesia’s internal constraint which in turns creates asymmetrical relations between Japan and Indonesia in IJEPA’s framework.

Our thoughts from above-mentioned articles are the followings: (i) No works, except Mursitama, Noerlina, & Sabrina (2019) that is able to (partly) answers the question on why Indonesia prolongs IJEPA despite burdensome non-tariff barriers. Although one could argue that

Mursitama, Noerlina, & Sabrina (2019) only extrapolates from an isolated factor (ii) No single author that we mention makes an attempt to link IJEPA with Indonesia's and Japan's non-economic common issues. We hope to fill those gaps by conducting a research that (i) explains why Indonesia stays on the agreement (ii) by taking into account Indonesia's and Japan's non-economic common issues.

The present study will be divided into five parts; *First*, the authors explain the issue's background, literature review, research gap, and research statement; *Second*, the authors will define Strategic Partnership analytical framework; *Third*, we will explain Causal-Process Tracing or CPT method that we use. We will also explain the nature of data being used and arrangements of the respective data. *Fourth* we will discuss Japan-Indonesia shared security, economic, and ideological factor. *Fifth* we will draw conclusions and make suggestions regarding future possible research.

2. ANALYTICAL FRAMEWORK

To analyse Indonesia's decision to stay on board with IJEPA, this article shall utilise Wilkins' (2017) Strategic Partnership Framework. Wilkins defines Strategic Partnership as “*'security' alignment in a broad sense*” hence it could include economic, political, and societal factors as well. In other words, not “security” that is narrowly defined as “military threat” but more fluid in Copenhagen School sense (2017, hal. 3).

Wilkins continues by citing Parameswaran, he claims that the purpose of Strategic Partnership is to “*address common challenges and seize joint opportunities*” (Wilkins, After a decade of strategic partnership: Japan and Australia 'decentering' from the US alliance?, 2017, hal. 5). In the article that we cite, Wilkins admits that he utilises lite-version, yet more practical and hands-on approach. He asserts that there are “three pillars” of Strategic Partnership, namely; (i) economic (ii) security (iii) ideological dimension. Wilkins claims that these three factors permit an analyst to appreciate the interlocking quality of each issues (Wilkins, After a decade of strategic partnership: Japan and Australia 'decentering' from the US alliance?, 2017, hal. 5). Elsewhere, Wilkins has developed a more complex Strategic Partnership framework. He devised the following concept with regards of formation, implementation, and evaluation (Wilkins, 2012, hal. 115-117), yet he mentions that the more complex version is devised to track the continuum. On the other hand, the lite version is designed to keep track of present condition (Wilkins, 2017, hal. 5) which is precisely what interests us in the present research.

In his article, Wilkins does not further define those three factors, instead for security and economic factor, he highlights Japan-Australia cooperation with respect to both nations bilateral and regional framework (Wilkins, After a decade of strategic partnership: Japan and Australia 'decentering' from the US alliance?, 2017, hal. 5-11). For ideological factor he suggests to appreciate both nations domestic system similarities. In this article we will follow how Wilkins utilise the three pillars. By utilising this framework we hope we can contextualise IJEPA within the larger and multidimensional bilateral relations.

3. RESEARCH METHOD

The present article shall utilise Causal Process Tracing or CPT method to conduct the analysis. CPT starts with a set of assumption; (i) social phenomena are a result of multiple causal factors (ii) there are divergent outcome to similar social phenomenon (iii) the effect of same causal factor can be different in different context (Blatter & Haverland, 2012, hal. 80). From assumption (i) we shall take Wilkins' (2017) assertion of economic, security, and ideological “interlocking quality” as granted. This method The method is designed to explain “why” certain phenomenon

happens (Blatter & Haverland, 2012, hal. 27,88) and corollary to that, the conclusion will be identification on why such an outcome happens (Blatter & Haverland, 2012, hal. 29) As stated before, in this article we would like to explain on why doesn't Indonesia pull out from IJEPA despite unfavourable situation. The data collected that we collect here are secondary data from media outlets, official government releases, reports, and academic studies. The data then will be arranged in narrative form.

4. DISCUSSION

4.1. SECURITY PILLAR

Indonesia and Japan have a unique bilateral framework in security that is 2 + 2 Framework. 2 + 2 is security dialogue framework that is attended by both nations foreign and defence minister (Harold, et al., 2019, hal. 58). The framework is put in place in March 23, 2015 when President Widodo visits Tokyo for Japan-Indonesia summit meeting. In the meeting both nations agreed to sign Memorandum on Cooperation and Exchanges in the Field of Defense (Ministry of Foreign Affairs of Japan, 2015). In the official release, Indonesian Ministry of Defence notes that the cooperation with Japan ranges from capacity building, exchange of information, maritime security, humanitarian assistance & disaster response, military medicine, terrorism, cyberdefence, and cooperation in military training & education (Defence Ministry of the Republic of Indonesia, 2016, hal. 84)

Beside 2 + 2 Framework, Indonesia and Japan have an older security cooperation framework, albeit with more informal and diverse characteristics. The forum is named "Strategic Dialogue". In this forum, the two nation's foreign minister discuss common issues at hand. In "Strategic Dialogue" the line between security, economic partnership, cultural, etc get blurred. For instance, in 2011 3rd Strategic Dialogue, both nations discussed about economic cooperation within ASEAN framework, Thailand-Cambodia border dispute, East Asia Summit, North Korean uranium enrichment programme, and Middle East conflicts. In this forum Japan agrees to join hands with Indonesia in supporting Palestine independence (Kedutaan Besar Jepang di Indonesia, 2011). In 2013 4th Strategic Dialogue both parties discuss about, among others, IJEPA, Metropolitan Priority Area (MPA), North Korea's nuclear programme, and South China Sea's situation. Both parties agree to maintain rule-based governance that is anchored upon International Law (Kedutaan Besar Jepang di Indonesia, 2013). Quite recently, Strategic Dialogue becomes a forum that precedes 2 + 2 framework. In 2020 7th Strategic Dialogue, Indonesia and Japan discuss the possible agenda for upcoming 2 + 2 framework. Both nation also discuss Middle East security situation, maritime security & economic cooperation, capacity building and rule-based governance in South China Sea (Pramudiyani, 2020).

South China Sea is crucial convergence point for both parties. Both nation regards the issue with utmost importance. For Indonesia, China's nine-dash-lines claim overlaps with Indonesian Exclusive Economic Zone (EEZ). In private communication with Harold, et al. (2019, hal. 243), a senior military officer opines that South China Sea dispute is the most visible perceived threat to Indonesian national security. The officer adds that South China Sea is Indonesian Military's chance to gain President Widodo's attention. The officer continues that Natuna Islands – near nine-dash-lines – is pivotal to Indonesia's defence policy and partnership consideration (2019, hal. 243). Beside the above-mentioned concerns, Natuna Islands are also rich in natural resource, natural gas in particular. Just quite recently, Conrad Petroleum finds a new gas field in Natuna Islands. This new gas field is predicted to be one of the biggest in Natuna Islands (CNN Indonesia, 2020). In addition, Natuna Islands produce half of Indonesian fisheries

product, rich in oil – 36 million barrel in total, only 25.000 already exploited -, archeological objects, and also an important trade route (Thomas, 2020)

On the Japanese side, any conflict in South China Sea could disrupts regional sea lines of communication, moreover 70% of Japanese oil import comes through South China Sea. Second, Japan believes that South China Sea's situation is intertwined with East China Sea. More assertive behaviour in South China Sea will translate to more assertive behaviour in East China Sea (Yuzawa, 2018). Since South China Sea is a common concern, both parties cooperate closely in maritime security issues. In June 25 2018 at 6th Strategic Dialogue, Japan expresses its commitment to strengthen Indonesia's port infrastructure in six outermost islands, including Natuna Islands. Japan mentions its commitment in combating piracy and Illegal, Unregulated, and Unreported (IUU) fishing. Japan also declares its willingness to send its coast guard to conduct monthlong patrol in South China Sea. Furthermore, both parties agrees to support Free and Open Indo-Pacific Initiative (FOIP). (Hurst, 2018). In Japan's official release, it is mentioned that the above-mentioned programmes (aid & security assistance) fall under Japan's Connectivity Initiative and Japan's Project for Peace and Stability in the Indo-Pacific, subinitiatives of FOIP strategy (Ministry of Foreign Affairs of Japan, 2020). In 2020, Japan-Indonesia's maritime cooperation reaches a new milestone. On January 2020, Japan agrees to grant Indonesia an undisclosed number of patrol vessel to strengthen Indonesia's Maritime Law Enforcement (MLE) capability. (Kompas.com, 2020). It is well-known that Chinese vessel IUU fishing activities in Indonesia's EEZ is well-supported by Chinese Coast Guard (IndoZone, 2020). Hence, Indonesia-Japan cooperation under FOIP rubric may be interpreted as both nation attempt to balance-out Chinese encroachment in South China Sea

Japanese Self-Defense Force or JSDF is also an active participant in "Komodo", to date Japan has participated in two "Komodo" exercise, that is on April 2016 and May 2018 (Ministry of Defense, 2019, hal. 532), On December 2019, Indonesia's Defence Minister, Prabowo Subianto met his homologue, Minister Taro Kono. The two ministers announced that they agreed upon four subjects, among the four there is "defense exchange". "Defense exchange" means that two countries will cooperate more closely in disaster relief effort, maritime security cooperation, and future "Komodo" joint military exercise. To date, Also on the meeting, the two ministers express their concern on China's unilateral claim in South China Sea (Tribun News, 2019)

In regional level, Japan and Indonesia Indonesia's cooperation operates within ASEAN Defence Ministers' Meeting Plus or ADMM Plus. "Plus" denotes eight ASEAN's Dialogue Partners namely; Australia, China, India, Japan, New Zealand, Republic of Korea, Russia and the US. (ASEAN Defence Ministers' Meeting, 2017). Japan stepped-up the game when Japan launched Vientiane Vision initiative in November 16. 2016. One of Vientiane Vision goals, is to promote maritime security. Through the initiative Japan also express the willingness to enhance ASEAN members' Intelligence, Surveillance, Reconnaissance (ISR) and Search & Rescue (SAR) capability. In addition, the Vision mentions arms & technological transfer and joint exercise programme. (Ministry of Defense of Japan). On September 2020, Japan strengthen its presence even more by launching Vientiane Vision 2.0. The document speaks about ASEAN-centrality, meaning Japan is willing to cooperate under ASEAN-led frameworks. Furthermore, Japan is eager to enhance ASEAN members "interoperability" and "connectivity". (Ministry of Defense of Japan). "Vientiane 2.0 is" as one commentator puts it "to keep China in check and to bolster its military presence in the South China Sea" (The Japan Times, 2019). For Indonesia, Vientiane 2.0 is a device to bandwagon its way out of South Sea China dispute.

4.2. ECONOMIC PILLAR

Beside IJEP, Indonesia – Japan economic ties are also forged by aid. By far, Indonesia is the largest Japanese foreign aid recipient. By 2016, Japan has poured 5.5 trillion Yen to Indonesia (Japan International Cooperation Agency, 2018, hal. 2). For Indonesia, Japan is the largest donor

country, from 1960-2016, Japan has contributed 45% of foreign disbursement in Indonesia (Japan International Cooperation Agency, 2018, hal. 31). Japanese foreign aid interplays closely with IJEP. For instance, in 2008, Japanese government appoints Japan International Cooperation Agency or JICA to administer welding training under the framework of IJEP (Japanese International Cooperation Agency, 2012). In another occasion, JICA acts as programme evaluator (Kementerian Perindustrian, 2013).

Through its aid, Japan finances considerable amount of Indonesian infrastructure in the form of soft loans. In transportation infrastructure, Japan's foreign aid disbursement finances 60% of Trans-Sumatra highway five airports, several roads improvement, eight out of 28 gateway port, and 33 airport safety facilities, and most notably Indonesia's first subway, the Mass Rapid Transportation or MRT (Japan International Cooperation Agency, 2018, hal. 9-12). In terms of ICT infrastructure, Japan helps improve communication line and phone network, the notable example is 410 km fibre optic cable that connects Java and Kalimantan (Japan International Cooperation Agency, 2018, hal. 16). For waterways infrastructure, Japan support large-scale dam to reduce flooding in Banda Aceh, Medan, Padang, and Bandung (Japan International Cooperation Agency, 2018, hal. 18).

Japan foreign aid disbursement is periodically evaluated by a third-party. In 2019, by the request of Ministry of Foreign Affairs of Japan, Kokusai Kogyo Ltd conducts an evaluation of Japan foreign aid to Indonesia. The study finds that Japanese foreign aid visions are consistent with Indonesia's Mid-Term National Development Plan (RPJMN), Long-Term National Development Plan (RPJPN), and the Masterplan for Acceleration and Expansion of Indonesia's Economic Development (Kokusai Kogyo Ltd., 2019, hal. 5). Moreover, promotes stronger ties of economic and diplomatic relations between both nations (Kokusai Kogyo Ltd., 2019, hal. iii). In one part of the report, one can help but notice interlocking quality of development and security issues. One of the aid programmes concentrate on enhancing Indonesia's maritime security. Four flagship activities are cited here that are; Construction of Patrol Vessels for the Prevention of Piracy, Maritime Terrorism and Proliferation of Weapons", "Maritime Telecommunication System Development Project" and "Technical Cooperation Project on Enhancing of Vessel Traffic Service System Management Capacity, and most strikingly Japan's Coast Guard and Indonesia's five MLE agency joint-exercise programme.

In addition to obvious gain from Japanese grant project Indonesia can profit Japanese's presence further by exploiting the so-called China-Japan Infrastructure Rivalry. In brief, Japan with its Partnership for Quality Infrastructure (JPI) and China with its Belt Road Initiative, attempt to secure more economic and geopolitical influence in ASEAN region (Berger, 2019, hal. 101-103). Indonesia can bandwagon to either of two rivals to enjoy from either states' infrastructure ambition. In other words, "rowing between two reefs".

4.3. IDEOLOGICAL PILLAR

Indonesia and Japan are both democratic nation in their own rights (Yuzawa, 2018, hal. 158). Both nations' common values are evident in Japan's ASEAN diplomacy. The policy emphasises promotion of "universal values" such as freedom, democracy, basic human rights, and rule-based governance. (Yuzawa, 2018, hal. 159-160). Yuzawa argues that Japan usages of value-based diplomacy is now a preferred instrument in appeasing ASEAN vis-à-vis China's influencing attempt. Furthermore, Yuzawa points out that Japanese value-based diplomacy is being used to counteract China's more assertive diplomacy style (Yuzawa, 2018, hal. 160). The value-based appeasement is also evident Vientiane Vision 2.0 in which Japan states its willingness to play by ASEAN's rulebook (Ministry of Defense of Japan)

ASEAN values themselves, coincide deeply with Indonesia's values. In the founding years, Indonesia instill its culture of "consensus and consultation" in ASEAN (Mahbubani & Sng, 2017) and after its democratic transition in 1999 Indonesia's arguably influences norms of its ASEAN counterparts (Abd Aziz & Basir, 2019, hal. 29). Indonesia demonstrates "democratic norm-entrepreneur" within the region by initiating Bali Democracy Forum in 2008 (Kementerian Luar Negeri, 2019).

Both nations ideological convergence is also evident in Japan foreign aid to Indonesia. Japan is quite instrumental in providing technical assistance during Indonesia's democratic transition period. In 1999 provides Indonesia with election monitoring team, and in 2004, Japan donates 620.000 ballot boxes and 1.22 million voting booths. In addition, Japan provides expertise in election logistics, monitoring, public opinion survey, and voter registration (Japan International Cooperation Agency, 2018). Likewise, Japan helps promote the idea of community policing. The idea itself is crucial to "demilitarise" the police (Japan International Cooperation Agency, 2018, hal. 21).

Indonesia's public perception towards Japan is also generally positive. One study who is by Jatmika (2018) concerns on Indonesian youths' perception towards Japan. Among many, two reasons cited on why Japan is "positive" are (i) because Indonesia and Japan shares similar attitude towards morality and etiquette, and (ii) Japanese people treats Indonesian migrant workers nicely (Jatmika, 2018, hal. 39). Another study by (Mubah, 2013) mentions positive perception of Japan because of its widespread popular culture among Indonesian (Mubah, 2013, hal. 43). As Wilkins (2017) notes, public approval is an essential element of successful foreign policy in democratic countries

4.4. THE TAKEAWAY

From the Wilkins' (2017) "three pillars" we can deduce that (i) Japanese-Indonesia economic and security partnership is intertwined. Japan's assistance to enhance Indonesia's outermost islands infrastructure port infrastructure & MLE's capacity is Japan's thinly disguised counterbalancing act against Chinese encroachment in South China Sea, while on the other hand Indonesia needs to bandwagon against China to support its claim on South China Sea. Furthermore, the evidence also lies in Japan-Indonesia Strategic Dialogue, a forum mashed together security and economic issues discussion. (ii) Staying within IJEPa is crucial for both Japan and Indonesia. For Japan, IJEPa is one of the channels to maintain its presence in Indonesia in particular, and Southeast Asia at large. Japan needs the partnership to keep China's presence in check. For Indonesia, staying within IJEPa can be utilised leverage its bargaining position against Japan. Deals off with Japan, means Chinese takeover. Moreover, if Indonesia backs off from IJEPa, Japan will probably less incentivised to pour more foreign aid in Indonesia. As we have demonstrated, Japan's foreign aid closely ties with its economic ambition. In addition, Japan's foreign aid itself amounts the largest and well-integrated into Indonesia's national development plan. (iii) the ideological pillar glues together economic pillar and security pillar. It is evident when Japan appeases ASEAN, which Indonesia is a part of, by mimicking its value. Furthermore positive public approval and similarities of values ensure both nations' bilateral relations smooth conduct.

CONCLUSION

Our research demonstrates that Japan-Indonesia hold various common issues from Strategic Partnership standpoint. IJEPa can therefore be interpreted as a cog in machine called "Japan-Indonesia bilateral relations". If IJEPa breaks, other parts of the machine will be affected.

Hence, it will be costly for Indonesia to pull-out from the agreement. So far we have considered IJEPA from Wilkins' (2017) Strategic Partnership-lite framework, further research might want to scrutinise Japan-Indonesia partnership continuum with Wilkins' extended (2012) Strategic Partnership framework. Moreover, we think it its also desirable to scrutinise the degree of "interlocking quality" of each strategic pillar. Blatter & Haverland (2012) Co-Variational Analysis is one possible way to conduct such a research.

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