

**THE INDONESIAN GOVERNMENT'S POLICY IN HANDLING JAPANESE  
INVESTMENT**

**(CASE STUDY: LOW COST GREEN CAR)**

**UNDERGRADUATE THESIS**



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## **STATEMENT OF ORIGINALITY**

This is to certify that to the best of my knowledge, the content of this undergraduate thesis is my own work. This undergraduate thesis has not been submitted for any degree or other purpose.

I certify that the intellectual content of my undergraduate thesis is the product my own work and that all the assistance received in preparing this undergraduate thesis and sources have been acknowledged.

Yogyakarta, July 7th, 2020

Alvin Jurnalistika

## **Acknowledgement**

Praise be to Allah SWT who has been giving blessing and chance to me to study, learn, and finished my Bachelor degree of International Relations from University of Muhammadiyah Yogyakarta through the thesis entitled: “The Indonesian Government’s Policy in Handling Japanese Investment (Case Study: Low Cost Green Car)”.

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This undergraduate thesis is the highest result of knowledge which has been obtained from the process of my undergraduate study in the department of International Relations, Faculty of Social and Political Sciences, University of Muhammadiyah Yogyakarta. I realized that this undergraduate thesis is far from perfect and there are still rooms for improvements, as it is the essence of learning. My expectation is that this undergraduate thesis will be beneficial and useful for the development of International Relations Study and able to become the additional material for the related topics in this undergraduate thesis.

Tegal, July 7<sup>th</sup>, 2020

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## Foreword

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This is the end of my undergraduate thesis foreword, this is it, better life ahead after this, good luck to me and to all of you who reading this. Thank you University of Muhammadiyah Yogyakarta for giving me so much things in my university life. Unggul dan Islami, Muda Mendunia.

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## Abstract

In 2012, Indonesian government prefers Low Cost Green Car (LCGC) program with the cooperation from Japanese companies as a way to being prepared to face ASEAN Free Trade Agreement (AFTA) that will be implemented in 2015. The government believes that if Indonesia did not run the program before AFTA 2015, another ASEAN member would take it over and it meant that Indonesia would import most of the car from them. Through this program, Indonesia will try to build car with the domestic made components. Automotive factories who want to join the program have to fulfill 80% local component. It means that the car nearly “Made in Indonesia” due to majority local components of the car, factory which is located in Indonesia, and employees who build the car is Indonesian. On the other hand, there are some negative impacts from this policy such as congestion, increased fuel consumption and its subsidy, etc.

This research aims to analyze the reason of Indonesia to accept the Japanese investment in Low Cost Green Car program. The study use descriptive method which describes and explains the problem based on data and information. Data collections are collected through library research that is related to content analysis and expertise concepts that are published in the articles, textbooks, journals, and other resources. So far, LCGC program is beneficial for Indonesia especially to face AFTA in 2015 because of the commitment from the government to supervise it.

**Keywords:** *Low Cost Green Car, ASEAN Free Trade Agreement, Japanese Investment, Rational Actor, Free Trade Concept.*

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