

CHAPTER I

INTRODUCTION

A. Background

Since 1958, bilateral cooperation has been formed between Indonesia and Japan. Since then, a number of agreements have resulted in collaboration between the two nations, such as the 2006 Strategic Economic Partnership Agreement and the 2007 (lisbet 2017) Indonesia-Japan Economic Partnership Agreement, and the most recent one was the 2016 Indonesia-Japan Maritime Forum. Following the President of the Republic of Indonesia, Susilo Bambang Yudhoyono, and his counterpart, the Prime Minister of Japan, Shinzo Abe, on the sidelines of the November 2004 APEC conference, Indonesia-Japan cooperation in the economic sector itself was recommended to agree to explore the possibility of establishing economic cooperation. The discussion was followed up in December 2004 by the trade ministers of the two countries with the Joint Study Group (JSG) as a first step. The results of the JSG suggest that the need for an Indonesia-Japan Economic Partnership Agreement (IJEPA) be taken advantage of, followed by 6 (six) and 6 (six) respectively (ariwigiarta n.d.)

The agreement was signed and ratified on 20 August 2007 and formally came into effect on 1 July 2008. The cooperation between IJEPA is focused on three pillars: liberalization (opening up of market access), joint efforts to improve the investment environment and increase the level of confidence of Japan investors, as well as cooperation in the fields of customs, ports and trade services. Second, facilitation (easy market access), elimination of trade and investment barriers (import duties, legal certainty). Third, co-operation (capacity-building cooperation), cooperation opportunities and capacity-building for Indonesia so that it can compete and make optimum use of it more effectively. EPA's Business Prospects (Muh n.d.)

These three pillars make the EPA arrangement superior to the FTA because it places Indonesia in an equal position (partnership) so that all sides will benefit from it, potentially producing enormous income from an increase in exports. For Japan, IJEPA is an international trade strategy that has historically adopted multilateralism only through the WTO, while, for Indonesia, such collaboration is, of course, intended to satisfy national economic interests, in particular by broadening market access for export goods in the Japan market (Muhammadaz n.d.)

After 5 years of an economic sector agreement between the two countries under the Indonesia Japan Economic Partnership Agreement, Indonesia-Japan decided to revisit it (IJEPA). As stipulated in this Agreement (kmenperin 2015) the IJEPA review focuses on enforcing and amending the articles of the Agreement. For Indonesia, the IJEPA review focuses on increasing Japan's role in increasing exports to Japan of Indonesian goods and services. Moreover, the goal is to increase investment, productivity and boost the domestic industry and the export of Indonesian goods to world markets. Agus Tjahajana, Director-General (Dirjen) of International Industrial Cooperation (KII) of the Ministry of Industry (Kemenperin) reported that Indonesia did not benefit from the introduction of IJEPA on the basis of the results of the Government's assessment, as seen in the continuing rise in the trade balance deficit with Japan. Indonesia did not have an advantage during the five years that the IJEPA was in operation. Hence, he said, one of the options being explored was to avoid the IJEPA. That does not, however, mean that the Indonesia-Japan cooperation has ceased. The explanation, he said, is that commercial cooperation between ASEAN and Japan still exists. In the trade market, IJEPA also fails to provide optimum benefits for Indonesia's exports to Japan, which are still dominated by raw materials dependent on natural resources (SDA). This situation is no different from that prior to IJEPA's enactment. (Wirakusumah 2012)

B. Research Question

According to the Background what I explain, in this research will be focus on:

How is the impact of implementation Indonesia-japan bilateral relations after the Indonesia-japan economic partnership agreement (IJEPA)?

C. Research purposes

The goal of this study is to explain the implementation of the Indonesian-Japan Economic Partner Agreement (IJEPA) following the implementation of bilateral ties between Indonesia and Japan.

D. Theoretical framework

The most important thing to analyze in the field of International Relations, bilateral and multilateral cooperation, is the national interest. The State implements multiple policies for the attainment of its domestic interests, one of which is bilateral cooperation. Although national interests studies are a classic tradition in the field of study of international relations, this study remains interested and continues to grow in international relations according to various phenomena of cooperation and conflict among countries. In conducting this research, the author uses a qualitative case study framework with an empirical overview and uses a foreign policy approach focused on the principle of national interest in bilateral economic co-operation.

Each country is always shown to be a fair agent in its best interest. The most basic aims are to maintain sovereignty and to fulfill national interests. According to this model, decision-makers take alternative policies to produce optimum performance actor. The basic assumption of the rational actor model is that the state can be considered a global political player with the objective of optimizing its goals on the basis of rational calculations. The state represented as a rational state in the rational actor model maintains a perfect understanding of the situation of individual actors. In the assessment of state conduct, state analyzes all choices and behavior rationally in order to increase profits. Governments face a range of policy choices, with a number of implications during the policy process.

1. National interest

The primary foundation of international social and economic theories is Hans J. Morgenthau, the principle of national interest or self-interest. The methodology of this Morgenthau is well-known and establishes the dominant paradigm in post-World War II international political studies. The thought of Morgenthau is focused on the presumption that diplomatic strategies must be based on national interests, not on moral, legal and ideological motives that are considered utopian and even risky. He claimed that each country's national

interest is to seek influence, which is something that can regulate and retain a country's power over another country.

Via coercive and cooperative strategies, this power or influence can be established. Morgenthau therefore created an abstract idea that power and interest are not easily described, which he considered to be an instrument and purpose of international political action. Many scientists are calling for simple practical descriptions of fundamental concepts. In his view, however, Morgenthau persisted that abstract ideas such as power and desires should not and cannot be quantified. National interest is the country's minimum capacity to defend and retain physical, political and cultural identity from intervention by other countries, according to Morgenthau. (Morgenthau 1948)

Two levels of national interest were seen by Hans J. Morgenthau: the critical (primary) and the secondary. According to him, there can be no compromise or hesitation about going to war in order to protect the first one, which concerns the basic physical life of the state. All nations, he continues, must protect these interests at any price. It is certain that vital national interests are relatively simple to identify as a free and independent nation for all state security and that the safety of institutions, individuals and fundamental values is viewed as vital in most cases for each country, whether small or large (1962). On the other hand, it is hard to identify secondary interests, those on which one can seek to negotiate or compromise. They usually fall outside the first group and pose no threat to the sovereignty of the state. Morgenthau argues that these interests will theoretically evolve in the minds of statesmen until they appear to be critical. According to Morgenthau, a country's vital interests concern the physical, political and cultural identity of the nation. On the other hand, according to Morgenthau, no challenge to state sovereignty is raised by secondary interests (Roskin 1994).

2. Model rational actors (rational actor model)

The model emphasizes that decisions can go through the phases of deciding priorities, alternatives / options, consequences, and option decisions during the retrieval process. This model states that the decisions made are rational choices based on rational/intellectual considerations and benefit and loss estimates, resulting in mature, right, and wise decisions.

Every country is presented as a reasonable agent who acts in its own best interests at all times. Maintaining sovereignty and meeting national interests are the most basic goals. Decision

makers make alternative policy options to achieve optimum outcomes, according to this model. The rational actor model's basic assumption is that states can be called actors in the global political arena who aim to optimize the achievement of their goals based on rational calculations. The state is represented as a rational state in the rational actor model have perfect knowledge of the situation for the individual actor, and try to optimize the values and goals based on the situation at hand. The assumption that the state evaluates all options and behaves rationally to maximize income is used to evaluate state behavior. The government is presented with a variety of policy options during the policy-making process, each with its own set of consequences.

According to Graham T. Allison's Rational Actor Model, a nation should correctly define foreign policy problems and make the best decision possible in terms of benefits and costs, taking into account the priorities and importance of the country (Robert Jacson 2009). This model demonstrates that the government's walk is a part of the Political Overseas decision, which is measuring benefit and losing objectively before taking it. As a result, it is referred to as rational; in any sense, the decision made is a type of actualization thinker, person, or actor in this context. Before making a decision, rational people explain their priorities in detail, the alternatives open to them, and the potential implications of each alternative choice (Ed. Nugroho, W., Bambang. Dougherty 2014).

Allison argues that logical analysis, often known as the 'Rational Actor Model,' is self-based on demand because it does not depend on empirical evidence, which also violates the rule of falsifiability. Graham T. Allison suggested three paradigms for evaluating countries' foreign policies in her book *Essence of Decision: Explaining The Cuban Missile Crisis*, published in Boston: Little, Brown and Company in 1971, from the viewpoint of "Decision Making Process"

E. Hypothesis

This situation don't give different impact when IJEPA has not been implemented, it's just that the value of Indonesia's exports to Japan is more than before IJEPA was implemented. Implementation of tariff reductions and removal of export and import products, increasing trade output Indonesia and Japan have shown a positive trend in trade with Indonesia, where there are deficiencies in the trade value between Indonesia and Japan since the establishment of IJEPA.

F. Research Methodology

The research methodology used to explain the implementation of IJEPA after the agreed between two countries:

1. Level of analysis

Determining the level of analysis in writing this thesis will facilitate as well as narrow down the courses to be studied. The unit of analysis in this study is the Indonesian Japanese Economic Partnership Agreement (IJEPA) as the subject to be analyzed (dependent variable), while the unit of explanation in this study is the Indonesian National Interest on the issue of the object of interest that will affect the subject's behavior (independent variable).

2. Types of research

In writing this study, the author used secondary data sources with document-based data collection methods such as books, journals, reportages, news and the internet in analyzing problems until finally finding answers to questions raised in the problem formulation. The author uses the theory aims to explain a phenomenon why that phenomenon can occur. The analysis made will connect the theories used in writing this study using qualitative data analysis methods.

3. Analysis technique

Data obtain from this research will be arrange systematically and logically, then analysis descriptively qualitatively. The case used in this thesis serves as the application of theories, concepts, and views obtained from data collected.

G. Writing system

This research systematic writing will be divided into 4 chapter:

Chapter I Introduction

This chapter explains about the background of the problem, research question, research purpose, the theoretical framework, hypotheses, research methods, and finally the writing system.

Chapter II Indonesia Japan Bilateral Relations

This chapter explains about the bilateral relation between Indonesia in several sectors, including their economic relation.

Chapter III the Implementation of Indonesia-Japan Partnership Agreement

This chapter explains about how this agreement run, in the beginning until present does.

Chapter IV conclusion

The author closes the research by concluding the whole chapters explained previously.