THE IMPACT OF INDONESIA – JAPAN ECONOMIC PARTNERSHIP AGREEMENT (IJEPA) TOWARD INDONESIA TO COMPETITIVENESS THE MANUFACTURING INDUSTRY DEVELOPMENT CENTER (MIDEC) (2014-2018)

UNDERGRADUATE THESIS



Written by: BAYU SURYA WIJAKSANA 20160510184

Advisor: Sugito S.IP., M.Si.

INTERNATIONAL PROGRAM OF INTERNATIONAL RELATIONS
FACULTY OF SOCIAL AND POLITICAL SCIENCE UNIVERSITAS MUHAMMADIYAH YOGYAKARTA 2020

TITLE PAGE

THE IMPACT OF INDONESIA – JAPAN ECONOMIC PARTNERSHIP AGREEMENT (IJEPA) TOWARD INDONESIA TO COMPETITIVENESS THE MANUFACTURING INDUSTRY DEVELOPMENT CENTER (MIDEC) (2014-2018)

UNDERGRADUATE THESIS



Written by: BAYU SURYA WIJAKSANA 20160510184

Advisor: Sugito S.IP., M.Si.

INTERNATIONAL PROGRAM OF INTERNATIONAL RELATIONS FACULTY OF SOCIAL AND POLITICAL SCIENCE UNIVERSITAS MUHAMMADIYAH YOGYAKARTA 2020

ENDORSEMENT PAGE

THE IMPACT OF INDONESIA – JAPAN ECONOMIC PARTNERSHIP AGREEMENT (IJEPA) TOWARD INDONESIA TO COMPETITIVENESS THE MANUFACTURING INDUSTRY DEVELOPMENT CENTER (MIDEC) (2014-2018)

2x3

BAYU SURYA WIJAKSANA 20160510184

This undergraduate thesis has been examined and endorsed by the board of examiners from the Department of International Relations, Faculty of Social and Political Sciences, Universitas Muhammadiyah Yogyakarta

Day/Date : Friday, 6th December 2019

Time : 08.00 IWST Venue : Zoom

Examiner Board

Sugito S.IP., M.Si.

n.a.

Chief of Examiner Board/Advisor

Prof. Dr. Bambang Cipto, M.A.

Siti Muslikhati, S.IP., M.Si Examiner II

Examiner I

STATEMENT OF ORIGINALITY

I, the undersigned, hereby declare that this undergraduate thesis entitled "THE IMPACT OF INDONESIA – JAPAN ECONOMIC PARTNERSHIP AGREEMENT (IJEPA) TOWARD INDONESIA TO COMPETITIVENESS THE MANUFACTURING INDUSTRY DEVELOPMENT CENTER (MIDEC) (2014-2018)" has not been submitted for any degree or other purposes.

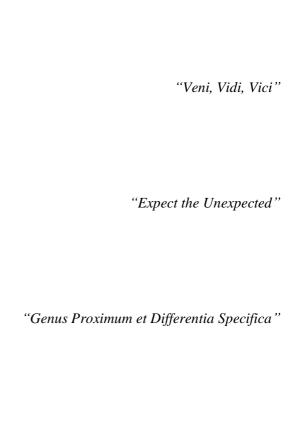
I certify that the intellectual content of this thesis is the product of my own work and that all the assistance received in preparing this thesis and sources have been acknowledged.

I made this statement truthfully and in case of any discrepancy found in this statement in the future, I am willing to accept academic sanction and be processed in accordance with the applicable provisions at Universitas Muhammadiyah Yogyakarta.

Yogyakarta, 28th April 2020

Bayu Surya Wijaksana 20160510184

ENCOURAGEMENT



ACKNOWLEDGEMENT



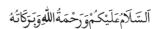
اَلسَّلَامُعَلَيْكُمْ وَرَحْمَةُ اللهِ وَبَرَكَاتُهُ

In the Name of Allah, the Most Compassionate, the Most Merciful. All praise and thanks unlimitedly be to Allah, the Lord of the Worlds. May the peace and blessings be upon Prophet Muhammad, the Messenger of kindness, A Merci for all Creation, his family and his Companions.

Only by the Blessings from Allah, therefore I am able to completely finish my undergraduate thesis entitled:

"THE IMPACT OF INDONESIA – JAPAN ECONOMIC PARTNERSHIP AGREEMENT (IJEPA) TOWARD INDONESIA TO COMPETITIVENESS THE MANUFACTURING INDUSTRY DEVELOPMENT CENTER (MIDEC) (2014-2018)"

This undergraduate thesis was written and to be submitted to the International Program of International Relations, Department of International Relations, Faculty of Social and Political Sciences, Universitas Muhammadiyah Yogyakarta as the result of my learning process throughout the whole academic years in university. Besides, the author wishes this undergraduate thesis will be beneficial for those who read it despite the lacking within it.



EXTENDED GRATITUDE

I honestly do not even know where to begin writing my gratitude when this undergraduate thesis finished. With so many amazing people in my life, I cannot pick a starting point for this. There is too much to cover in pages, but by these pages I dedicated this undergraduate thesis to those whom I want to personally and sincerely thank:

- 1. For my parents, Mama Sidarsih. Bayu SW aka author are very grateful for all the support and prayers given so far. The author makes you (parents) the highest priority in everything, especially in taking this education. It is enough to prove the responsibility taken by the author for all the things that mama does. Thank you and sorry for everything.
- For the most Allah's beautiful gifts that I called as siblings. My brother, Gusti Surya Wijaksana. Appreciative doesn't begin to describe how thankful I am for having you. Thank you for always have my back and vice versa.
- 3. My appreciation for the one that I always admire, my advisor and the head of our department, Sugito S.IP., M.Si. Thank you for always encouraging and constantly leading me down the right path, and for always believe in me I can do better than I thought. Therefore, it motivates me to believe in myself more than anyone believe in me.
- 4. A sincere appreciation for Dr. Takdir Ali Mukti, S.Sos., M.Si and Muhammad Zahrul Anam, S.Ag., M.Si. as the board of examiners for my undergraduate thesis proposal. And also to Prof. Dr. Bambang Cipto, M.A. and Siti Muslikhati, S.IP,. M.Si as the board of examiners for my undergraduate thesis.
- 5. Zenipia Dwi Adisty. Thank you for being so kind and sympathetic. I managed to overcome all these challenges just because of you. And now I have hope for a better future.

- 6. For International Relations UMY especially International Program of International Relations (IPIREL) batch 2016. Thank you for taking part of this beautiful journey in my life.
- 7. For everyone that I know and everyone who reading this, thank you for simply exist in my life!
- 8. Last but not least, the most important person who makes this undergraduate thesis exist: Bayu Surya Wijaksana. In this world where people become greedier, thank you for always trying to be grateful even for the smallest things.

Without all of you, I'd be nowhere near the person I am — and the person I'm still working on becoming. There are not enough words in the world to express my appreciation, but I think this is a good start and will be precious thing that I always treasure in the future. I owe each of you one.

TABLE OF CONTENTS

TITLE PAGE	i
ENDORSEMENT PAGE	ii
STATEMENT OF ORIGINALITY	iii
ENCOURAGEMENT	iv
ACKNOWLEDGEMENT	V
EXTENDED GRATITUDE	vi
TABLE OF CONTENTS	. viii
LIST OF GRAPHS	xi
LIST OF TABLE	xii
ABSTRACT	1
CHAPTER I INTRODUCTION	2
A. Background	2
B. Research Question	6
C. Theoretical Frameworks	6
1. Theory of International Trade	6
2. Concept of Free Trade Agreement	10
D. Hypothesis	13
E. Purpose of Research	14
F. Scope of Research	14
G. Research Methods	14
H. Outline	15
CHAPTER II HISTORY OF BILATERAL RELATIONS INDONESIA AND JAPAN	17
A. History of Indonesia's Relationship with Japan	17
B. Forms of Cooperation Indonesia and Japan	29
1. Indonesian Political Relations with Japan	29

2.	Indonesian Economic Cooperation with Japan	.31
3. with	Indonesian Social Culture and Tourism Cooperation Japan	
4.	Indonesian Education Cooperation with Japan	.40
5.	Indonesian Agriculture Cooperation with Japan	.41
6.	Indonesian Industrial Cooperation with Japan	42
	ER III OVERVIEW OF INDONESIA-JAPAN MIC PARTNERSHIP AGREEMENT	.45
A. R	Regarding The Economic Partnership Agreement	.45
	listory of Indonesia-Japan Economic Partnership ment Cooperation	. 47
	asic Objectives and Principles of Indonesia-Japan mic Partnership Agreement Establishment	. 50
	ectors in Indonesia-Japan Economic Partnership ment	. 52
1.	Trade in Goods	. 52
2.	Rules of Origin	.53
3.	Custom Procedure	.53
4.	Trade in Service	54
5.	Investment	54
6.	Movement of Natural Person	. 55
7.	Government Procurement	. 55
8.	Intellectual Property Rights	. 55
9.	Competition Policy	56
10.	Energy and Mineral Resources	.57
11.	Cooperation	.57
	greement On Decreasing and Exemption of Industr Import Duty in Indonesia-Japan Economic	rial
	rship Agreement	. 58

1.	Deregulation Policy	58
2. IJEP	Agreement on Reducing Import Duty Rates in PA	59
F. G	oods Lowered with Import Duty Rates	64
1.	Industry	64
2.	Agriculture	65
3.	Fishery	66
4.	Forestry	66
	cope of Cooperation in The Manufacturing Indupment Center Framework	
	R IV THE BENEFICIAL INDONESIA-JAPA MIC PARTNERSHIP FOR INDONESIA	
A. In	crease Market Access	72
1.	Wood and Furniture	77
2.	Agriculture and Food	81
3.	Fishery	84
4.	Plantation	86
B. In	crease Investment	88
C. In	crease Industry	93
1.	Technology in the Motorcycle Industry	100
2.	Technology in the Car Industry	103
СНАРТЕ	R V CONCLUSION	106
DEEDEN	CES	112

LIST OF GRAPHS

Graph II.1 Comparison of Japanese ODA Assistance in
Indonesia with Foreign Government Assistance and
Foreign NGOs (Total 2001 to 2005)47
Graph II.2 Japanese ODA Assistance in the form of
Grants47
Graph II.3 ODA Distribution Towards Indonesia's Socio-
Economic Sector48
Graph III.1 Three Pillars of IJEPA71
Graph IV.1 Development Progress of Japanese
Investment Realization in Indonesia103
Graph IV.2 Japan's Position in Ranking of Foreign
Direct Investment by Country in the Second Quarter of
2019 103

LIST OF TABLE

Table II.1 Japanese Investment Value56
Table III.1 Table III.1 Modalities of Japan Indonesia
Import Duty Tariff73
Table III.2 Table III.2 Notes on Modalities in Decreasing
Indonesian Japanese Import Duty Rates74
Table IV.1 Japan's Position from the 5 Largest Export
Destination Countries in 2014-2018 (Export Value in
US \$ Million)85
Table IV.2 Indonesia-Japan Trade Balance in 2014-
20018 (value of US\$ Million) 86
Table IV.3 Main Non-Oil and Gas Export Commodities
of Indonesia to Japan87
Table IV.4 Scheme of Declining Import Duty Tariffs for
Indonesian Export Products in the Japanese Market
According to IJEPA 88
Table IV.5 Ranking of Countries Importing Indonesian
Forest Products
Table IV.6 Furniture Suppliers Countries to Japan 93
Table IV.7 Volume of Banana Exports in 5 Major
Destination Countries (US \$ Million)94
Table IV.8 Pineapple Export Volumes in 5 Major
Destination Countries (US \$ Million)95
Table IV.9 Value of Fresh Fish Exports in 5 Major
Destination Countries (US \$ Million)98
Table IV.10 Development of Natural Rubber Exports
to 10 Main Destination Countries in 2014-2018
(Tones)99
Table IV.11 Five Main Japanese Investment Areas in
Indonesia104
Table IV.12 Non-Oil and Gas Industry Growth in 2014-
2018 (YoY)

Table IV.13 Roles of Each Industrial Branch of	
Industry Sector GDP in 2014-2018 (YoY)	112