

Indonesia and the complex global economic order: Implication of global and regional economic arrangements on Indonesia's trade



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ARTICLE INFO

ABSTRACT

Received : 04-12-2024
Revised : 25-02-2025
Accepted : 04-03-2025
Published : 28-04-2025

Keywords

Global economic order
International trade
Regional integration

The complexity of the world economic order means that countries have to follow many regional and global rules. International agreements involve many joint commitments built primarily in the economic field. Indonesia is a developing country that is involved in many international economic frameworks. At the global level, Indonesia is subject to the rules of the Bretton Woods system. Meanwhile, in the regional framework, Indonesia plays a full role in ASEAN's economic system. It does not contain Indonesia's involvement in other international economic orders such as APEC, G20, and so on. This research maps the global economic order in which Indonesia is involved and looks at the implications for Indonesia's international trade. The author uses world economic order approach to examine this topic. The result show that Indonesia has been involved in several economic order regionally and globally. The implication of the study government of Indonesia need to maintains its positive balance of trade although struggles with regional and global competitions.

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1. Introduction

The global economic order has become very complex, with increasingly open markets and an increasing number of agreements. A country can be involved in several multilateral economic frameworks. In general, international agreements in the economic sector support market openness, thereby increasing trade liberalization. Indonesia, as a developing country, is also involved in many international trade and financial regimes. At the global level, Indonesia is a member of the Bretton Woods institutions. The regional level, Indonesia plays a significant role in The Association of Southeast Asian Nations (ASEAN) and its agreements such as Asean Free Trade Area (AFTA), ASEAN Framework Agreement on Services (AFAS), ASEAN Trade in Goods Agreement (ATIGA), and Masyarakat Ekonomi ASEAN (MEA) or ASEAN Economic Community. At the inter-regional level, Indonesia has an agreement that includes ASEAN and the countries of Australia and New Zealand called AANZFTA. Apart from that, ASEAN also developed its cooperation and formed RCEP. In other multilateral fields, Indonesia is a member of Asia-Pacific Economic Cooperation (APEC) and Comprehensive and Progressive Agreement to Trans Pacific Partnership (CPTPP). CPTPP is an amendment to the TPP, which Indonesia ratified on January 14, 2019, after going through an internal approval process and appropriate national legislation. Both APEC and CPTPP are comprehensive trade frameworks among member countries, reducing trade barriers, deepening economic integration, and promoting sustainability. Although there are concerns in the global context, there is still a positive perspective regarding the role of globalization in the domestic economy, especially through economic cooperation.

Every organization and agreement agreed to by Indonesia forms its economic order with all its principles and rules. The many economic schemes that are followed have an impact on expanding Indonesia's trade openness. Macroeconomically, Indonesia's trade continues to increase. Despite the COVID-19 outbreak, where all countries experienced a decline in export numbers, Indonesia experienced stable growth in export numbers (World Bank Group, 2024). Indonesia's main trade sectors include oil, minerals, iron, steel, machinery, rubber, chemicals, and so on. The main destinations for Indonesia's exports are China, the United States, Japan, India, Malaysia, Singapore and South Korea (Global Edge, 2023). This research proves the influence of the complex world economic order on Indonesian trade. Some frameworks encourage increased exports, but others do not affect Indonesia. Figure 1 shows that Indonesian export values surged sharply, continuing through 2022. This increase may be attributed to economic recovery post-pandemic and rising global demand for Indonesian export products.

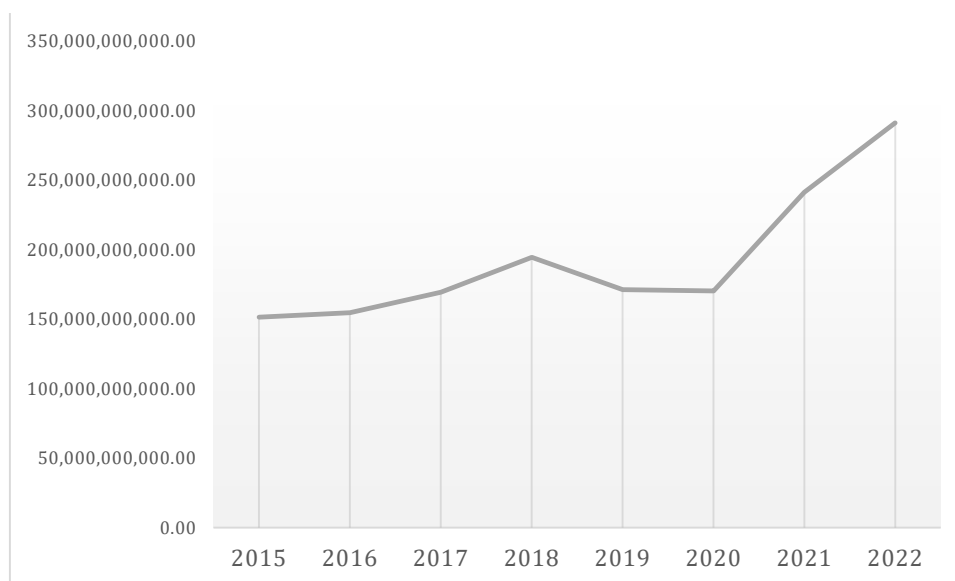


Figure 1. Indonesia's Export from 2015 to 2022

Indonesia's economic development has been deeply intertwined with regional economic integration initiatives in Southeast Asia, particularly the Association of Southeast Asian Nations, ASEAN+, and the Regional Comprehensive Economic Partnership (Gamage, 2016). These multilateral frameworks have played a crucial role in shaping Indonesia's global economic positioning and connectivity. The ASEAN region, comprising ten member states, has emerged as an attractive destination for international business due to its rapidly growing economies and rising middle class population of nearly 600 million people (Bobowski, 2019). However, the region continues to face challenges in terms of intra-regional connectivity, which has been a key focus area for initiatives such as the ASEAN Economic Community. The international order is not just about economics. In the political field, the country is trying to show its power through involvement in a number of large organizations such as the G20, BRICS, and others. This phenomenon is not always carried out by large countries but also by middle-power countries. Alexandroff (2015) suggests that South Africa is trying to get involved in several global governments to demonstrate its capabilities. However, this must be accompanied by economic improvement.

Rodrik & Walt (2024) proposed a "meta-regime" for accommodation on partnership for countries and participating on "meta-regime" global order would facilitate significant cooperation and increased cooperation over time. Rising global uncertainty means that economic cooperation can reduce the severity of global uncertainty risks (Suskind & Vines, 2024). Lee (2024) explains the existence of the global economic order caused Moon's "income led growth" government to have no impact on economic growth and suggested Korea should transit to a growth model led domestic demand, with an enhanced role of the state, for stable economic growth. The role of government is important in the global economic order to maintain domestic stability and sort out the role of global organizations that provide benefits in the domestic economy. Based on several studies above, the author raises the urgency of global order in the economic sector for a country, especially for emerging economies. In this case, Indonesia is an emerging economy country that is quite influential at regional and global

levels. The author maps Indonesia's involvement in the regional and global economic framework and its influence on Indonesian trade.

The phenomenon of complex international order has occurred since the Cold War. However, globalization ushered in a borderless world and blurred economic lines across borders. Based on literature studies, researchers have not found any research that maps Indonesia within the overall global economic framework. This study provides a full examination of this mapping and its implications for Indonesia's international commerce. This study fills a gap by using the international economic order approach to investigate the multi-layered economic frameworks within which Indonesia operates, as well as how these intersecting commitments impact its trade policies and outcomes. focus on a comprehensive mapping of Indonesia's participation in global and regional economic orders, as well as the ramifications for Indonesian foreign commerce. Existing studies frequently focus primarily on Indonesia's participation with specific frameworks.

2. Literature Review

The concept of world economic order is a concept that discusses a set of rules, norms, institutions, and organizations that regulate international economic relations. This tool becomes a framework for countries in the world to carry out economic activities such as trade, investment, and capital financing. The concept of world economic order was first introduced by a British economist named John Maynard Keynes and an American economist named Harry Dexter White. This concept, which contains economic regulations, fiscal policy, and international trade balancing, aims to define the international financial system after World War II, which was discussed at the Bretton Woods conference in 1944 (Ruggie, 2009). The Bretton Woods Conference also discussed the formation of an international monetary system, i.e., a new international financial system that involved the establishment of a fixed exchange rate system, a multilateral trading system, and the International Monetary Fund (IMF) and the World Bank. At the conference, it was also decided to use the US dollar as the world's primary reserve currency, whose value is linked to the value of gold. The system itself aims to regulate currency exchange rate stability, rebuild the global economy after World War II through international trade, and prevent the recurrence of war (McClendon, 2018).

The Bretton Woods system ended in 1971 and was replaced by a new system that allowed exchange rates to fluctuate, with the currency market freely determining exchange rates. At the end of the 20th century and entering the 21st century, globalization has become a significant force in shaping the world economic order. Developments in information and transportation technology have facilitated the growth of international trade, cross-border investment, and economic integration between countries. Globalization has also triggered changes in the structure of the global economy, with the emergence of interconnected economies and greater interdependence between countries. In 1995, the World Trade Organization (WTO) was created to facilitate international trade negotiations and reduce tariff and non-tariff barriers (Lewis, 2016). The concept of world economic order can also be defined as a collaboration between countries throughout the world in a system of consensus and economic activity. Entanglement in this system has the effect that other countries can regard an economic event in one country. This concept of attachment allows trade between different countries to be carried out. Another term for world economic order is defined with reference to a set of rules, norms, and prohibitions governing the exchange of goods, services, and capital across national borders.

The world economic order, often referred to as the global economic system, has long been a topic of intense discussion and debate, particularly in the context of its impact on developing countries (Atkin & Khandelwal, 2020). The contemporary global economic order is undergoing a significant transformation, marked by the emergence of new power centers and shifting trade dynamics. The influence of institutions like the Asian Infrastructure Investment Bank and the BRICS nations has been particularly noteworthy, as they challenge the traditional dominance of Western-led institutions such as the World Bank and the International Monetary Fund (IMF). The BRICS countries, comprising Brazil, Russia, India, China, and South Africa, have emerged as a significant force in the global economic landscape. Their combined economic weight and growing political influence have allowed them to challenge the status quo and push for a more balanced and democratic system of global governance. In the end, in economic activities, industrial countries in the world are faced with efforts to find a balance point between input and output. Namely, how to make a profit from a high-tech, high-quality, high-production product but with low-skilled labor costs. The choice of industrial

countries to move their production factors to developing countries remains a rational decision, especially for transnational corporations. However, in its development, the world economic order is encountered not only with purely economic problems but also with state political problems. Economic performers are no longer limited to private performers, but the state is also present to open up opportunities for economic performers.

the rise of new economic powers, China and India, has challenged the dominance of the United States and its allies. This condition has again encouraged discourse in the world economic governance system, where China advocates a more state-led approach. In difference, others, such as the United States, support a more market-based approach. The world needs a new economic architecture to accommodate international economic complexity. An international economic system that aims to improve the country's economy through the formation of new financial institutions, such as the Asian Infrastructure Investment Bank (AIIB), Japan International Cooperation Agency (JICA), Overseas Economic Cooperation Fund (OECF), Japan Bank for International Cooperation (JBIC), China Development Bank (CDB), Export-Import Bank of China (Exim Bank), Asian Development Bank (ADB), African Development Bank (AfDB). Apart from that, economic and trade cooperation agreements between countries, such as the G7, G20, BRICS, North American Free Trade Agreement (NAFTA), Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), Economic Community of West African States (ECOWAS) (Goodman et al., 2017).

3. Method

This research adopts a descriptive-analytical approach to explore the implications of global and regional economic arrangements on Indonesia's trade. Document analysis is a systematic procedure for reviewing or evaluating documents—both published and electronic materials (computer-based and transmitted over the Internet). Like other analytical methods in qualitative research, document analysis requires data that is examined and interpreted to derive meaning, gain understanding, and develop empirical knowledge (Corbin & Strauss, 2008). Document analysis is particularly beneficial for studies in international trade and economic policy as it provides access to extensive historical data and official policy frameworks without the constraints of direct participation or experimental designs (Bowen, 2009). The methods allows for a cost-effective and time-efficient analysis of multiple economic frameworks while ensuring reliability by sourcing data from accredited organizations such as the World Bank, IMF, ASEAN, and Indonesia's Ministry of Trade.

The analysis is conducted using straightforward methods to ensure accessibility and simplicity. First, descriptive statistics are used to identify trends in Indonesia's trade performance, such as export and import values, trade balances, and sectoral contributions. Second, trade agreements are analyzed manually by reviewing key provisions related to tariff reductions, market access, and rules of origin. These provisions are summarized to highlight their relevance to Indonesia's trade. Third, a comparative analysis is conducted by comparing Indonesia's trade performance before and after its participation in major trade agreements, focusing on changes in export diversification and sectoral growth. To achieve the research aim of understanding Indonesia's role in the complex global economic order; a). Data Collection – Gathering trade statistics, policy agreements, and official statements from government agencies and international organizations; b). Descriptive Statistical Analysis – Examining Indonesia's trade trends, including export and import values, sectoral performance, and trade balances; c). Comparative Agreement Analysis – Reviewing key provisions in major trade agreements (e.g., WTO, AFTA, RCEP) to evaluate their impact on Indonesia's trade policy; d). Impact Assessment – Analyzing Indonesia's trade performance before and after joining major trade frameworks, focusing on export diversification, competitiveness, and trade liberalization outcomes.

The study ensures a rigorous and well-validated analysis of Indonesia's engagement in the global economic order. The authors generally examines previous literature as part of their studies and incorporate the information in their reports. However, where a list of analyzed documents is provided, it often does not include previous studies. The prior of the study is a source of data, requiring that researchers rely on descriptions and interpretations of data rather than having raw data as a basis for analysis. Despite its advantages, document analysis has inherent limitations, including potential biases in government and institutional reports and the lack of real-time data. Additionally, this method does not incorporate primary data collection through surveys or interviews, which could provide first-hand insights into economic policymaking and implementation.

4. Results and Discussion

4.1. Indonesia in the Global Economic Framework

Indonesia is part of the global economic framework, which regulates several general economic affairs such as the WTO, IMF, IBRD, and other multilateral institutions. Within this organization, Indonesia has many interests and roles that influence national economic policy. This discussion refers to Indonesia's complex economic framework at the global level. To strengthen its bargaining power position in the WTO, Indonesia, as a large country representing Southeast Asia, has joined economic cooperation coalitions, such as the G-33, G-20, and NAMA-11, which, in general, this cooperation has interests that are in line with the interests of Indonesia. As part of a Southern country and its role in Southeast Asia, Indonesia's merging various world trade and economic organizations is Indonesia's effort to be actively involved in formulating various policies and joint strategic positions that promote the objectivity of the DDA. Indonesia is also actively involved in various issues that are on Indonesia's economic development agenda, such as development issues, intellectual property, the environment, and the formation of WTO rules in multilateral trade rules (Ditjen PPI, 2024).

The WTO aims to create conditions for free trade that are conducive, competitive, and fair and bring shared prosperity to countries in the world. Indonesia's goals in the WTO itself are to protect small farmers, guarantee open employment opportunities, increase production and trade, and optimize resource utilization. In terms of competition, Indonesia still experiences disadvantages in product competitiveness at the international level. This has an impact on Indonesia's exports and imports as a consequence of Indonesia's ratification of the free trade agreement at the WTO. Therefore, Indonesia needs to increase the competitiveness of domestic products, both through innovation and reforming national legal governance by developing foreign trade policies that refer to national interests (Kadarukmi, 2013). Indonesia's trade policy has consistently emphasized the importance of balancing protectionist measures with the need to integrate into the global trading system. Indonesia has also played a crucial role in initiatives aimed at reforming global trade rules to better support developing economies (Basri & Hill, 2020).

Table 1. Export-Import of Non-Oil and Gas

Comodity	Data	2018	2019	2020	2021	2022
Non-Oil	Export	162840.9	155893.7	154940.8	219362.1	275906.1
	Import	188711.4	171275.7	141568.8	196190.0	237447.1

Source: data processed

Table 1 shows on Indonesia's non-oil and gas exports to these four countries in the 2019-2023 period. From the data of non-oil exports show a fluctuating yet significant upward trend, growing from \$162.840,9 million in 2018 to \$275.906,1 million in 2022, indicating increased global demand and competitiveness of Indonesian non-oil products. Similarly, non-oil imports demonstrate variability but ultimately increase from \$188.711,4 million in 2018 to \$237.447,1 million in 2022, reflecting higher domestic consumption and dependency on imported goods. Notably, the export surge in 2021 and 2022 signals post-pandemic economic recovery and the robust performance of Indonesia's processing industry.

Table 2. Non-Oil and Gas Export-Import Data for Five Countries from and to Indonesia 2018-2022

Country	Data	2018	2019	2020	2021	2022
China	Export	24408.1	25894.3	29936.4	51088.9	63461.7
	Import	45251.1	44601.0	39353.3	55734.2	67156.0
USA	Export	17667.7	17806.1	18622.4	25792.8	28182.7
	Import	9108.0	8101.8	7488.9	8677.1	9316.4
India	Export	13667.8	11700.6	10179.0	13112.6	23285.7
	Import	4903.0	4083.9	3725.2	6782.0	7143.1
Japan	Export	16307.9	13814.4	12885.3	16894.3	23199.4
	Import	17943.6	15624.7	10629.1	14605.8	17076.9
Malaysia	Export	7903.6	7669.3	6970.2	10634.6	13574.2
	Import	6167.0	5837.1	4822.4	5679.1	6263.8

Source: data processed

Table 2 shows China's dominance as Indonesia's largest trading partner, with both exports and imports showing consistent growth, culminating in \$63,461.7 million in exports and \$67,156.0 million

in imports by 2022. The USA and Japan also represent significant export markets, with notable increases in exports to \$28,182.7 million and \$23,199.4 million, respectively, by 2022. The Indonesian government must be careful about various efforts to expand the scope of commodities agreed to in free trade through the WTO scheme, mainly agricultural and food commodities. In the short term, this can have a direct impact on farmers in Indonesia and, in the long term, on Indonesia's national food security, which depends on other countries in the future (Musjtari, 2014).

Table 3. Data on Indonesian Non-Oil and Gas Export-Import in the Southeast Asia Region

Country	Data	2018	2019	2020	2021	2022
Malaysia	Export	7903.6	7669.3	6970.2	10634.6	13574.2
	Import	6167.0	5837.1	4822.4	5679.1	6263.8
Philippines	Export	6812.3	6754.5	5858.5	8601.9	12900.9
	Import	934.4	820.7	592.0	1273.3	1493.7
Singapore	Export	9002.4	9437.2	8533.3	8083.3	9730.0
	Import	9581.7	9469.5	8119.8	8762.9	9026.0
Vietnam	Export	4546.6	5140.8	4927.2	6740.3	8445.8
	Import	934.4	820.7	592.0	1273.3	1493.7
Thailand	Export	5723.7	5461.0	4543.3	5872.4	6872.3
	Import	10851.9	9420.5	6451.0	9083.2	10850.3

Source: data processed

Based on Table 3 shows the trend in both exports and imports across most countries, reflecting growing intra-regional trade integration. By 2022, Malaysia emerged as Indonesia's largest regional export destination (\$13.574,2 million), followed by the Philippines (\$12.900,9 million) and Singapore (\$9.730,0 million). Thailand led in imports, with Indonesia importing goods worth \$10.850,3 million in 2022. The data highlight Indonesia's strategic role in ASEAN economic cooperation, with increased trade volumes signaling deeper regional economic connectivity. Further enhance this trade, Indonesia could focus on reducing trade barriers, fostering industrial collaboration, and optimizing the benefits of regional frameworks like the ASEAN Free Trade Area (AFTA).

4.2. Indonesia within the Framework of the International Bank for Reconstruction and Development (IBRD)

Indonesia's involvement in various world economic alliance forums is significant amidst changes in the global economy. Maintaining its position and interests in the world economy by bringing national and regional interests into Indonesia's main agenda at various world economic forums. Changes in the new world economic system order have led countries in the world to be more pragmatic with policies or more specific issues. This gives rise to differences in policy issues for each country, with different challenges. Therefore, Indonesia needs to be able to read these dynamics and reconcile these issues and agendas so that they can be in line with national interests. China is growing as a country with the second largest economic power in the world, and the wars taking place in various parts of the world are increasingly encouraging developing countries such as Indonesia to accelerate and strengthen regional cooperation intensively. Be more selective in choosing partner countries for economic cooperation, especially in terms of long-term investment. There is no guarantee of stability in a multipolar world. Even though each country is tied to each other in an increasingly complex relationship, a paradox occurs that weakens this relationship, namely the country's national interests, which leads to war and has an impact on economic stability. Some countries benefit, and others suffer losses, with soaring prices for various necessities, especially food and petroleum needs.

Dependence on resource processing technology and sources of primary materials from other countries means that Indonesia must remain careful in controlling domestic consumption levels, namely by looking for alternatives to open up opportunities for cooperation with other countries. The impact of the global crisis resulting from the failure of economic activity must be borne by countries that are not involved in it. Indonesia's bilateral and multilateral trade liberalization has had a positive impact on improving the welfare of society in Indonesia, however. However, there is a challenge that Indonesia must face, namely the sustainability of the potential of original Indonesian products, which must be able to compete in quality and price with products from abroad, especially with products from China (Sabaruddin, 2013). Az-zakiyah et al (2024) states that trade openness of ASEAN countries affects China but not vice versa and this indicates that ASEAN is becoming a competitive market for China. Indonesia cannot rely only on profits from the processing and exploitation of natural resources

and the agricultural sector alone, both of which have limitations in terms of availability and also depend on the surrounding weather conditions.

4.3. Involvement of Indonesia on the International Monetary Fund (IMF)

Meanwhile, with the IMF itself, Indonesia is quite closely related, where through various aid cooperation schemes and capital loans, the IMF still has a vital role in maintaining the economic stability of developing countries, including Indonesia. On the other hand, Indonesia is a model rule for other developing countries in the world, especially in the Southeast Asia region. This can be noticed from Indonesia's rather remarkable achievements in the social and economic fields over the past few years. Meanwhile, a much broader benefit for Indonesia from its membership in the IMF is the development of better economic conditions in creating a climate for investment, industry, and Indonesian exports globally. Indonesia has a vital bargaining position, both regionally and globally. For the IMF, Indonesia's role is becoming very strong and influential and increasingly prominent, especially in the Asian region. Indonesia no longer has debt to the IMF, where the 1997-1998 loan was repaid during the administration of President Susilo Bambang Yudhoyono. Loans from the IMF are more short-term and medium-term, aimed at improving the country's financial balance during a financial crisis. This condition is in line with the main task of the IMF, i.e., to control global financial monetary stability. This condition is what makes the IMF make Indonesia a rule model and reference for other developing countries.

Meanwhile, Indonesia's foreign debt to the World Bank in 2022 will reach 15.67 billion USD. Meanwhile, Indonesia's debt to China as of 2023 is 1.36 billion USD. However, many of the economic policy packages offered by the IMF are not in accordance with Indonesia's conditions and needs. Even though Indonesia's debt has been paid off, there are still efforts by the IMF to intervene in Indonesia's economic development policies, one of which is in the IMF report "IMF Executive Board Concludes 2023 Article IV Consultation with Indonesia". In the report, the IMF asked the Indonesian government not to follow up on efforts to downstream nickel to other natural resources. It is because the IMF assesses that what Indonesia does will have an impact on other countries. Not only that, in March 2023, IMF representatives also visited the office of the Coordinating Ministry for Economic Affairs. During the visit, the delegation from the IMF questioned the Indonesian government's ban on exporting these raw materials. However, Indonesia's position is quite strong in terms of bargaining power. Indonesia's domestic conditions are pretty good and stable in terms of economic, social, and political development. However, Indonesia still needs to be able to look carefully at the world's political map, especially the economies of the United States and China.

4.4. The Complexity of Regional Integration for Indonesia (ASEAN, AFTA, ATIGA and RCEP)

Regional organizations that have a role in the progress of their member countries are the main foundation for building a regional organization that can open a network of Southeast Asian countries to collaborate with other regional organizations, which will be more accessible through regional organizations. Indonesia is a country that is quite active in interacting at the international level, so Indonesia's interactions with other countries continue to be a reflection of its national policies. Likewise, Indonesia's interactions with regional organizations open up wider diplomatic opportunities. Indonesia's interaction with regional organizations is not only limited to one or two organizations; almost all organizations in the Indonesian region can play an active role. The following are the roles and challenges of Indonesia's interaction with regional organizations, especially Southeast Asia, such as ASEAN, AFTA, ATIGA, and RCEP (Rahardiyan & Savira, 2016).

Indonesia's interaction with ASEAN has existed since the founding of the ASEAN organization, precisely in 1967, when Indonesia was one of the five founding countries of ASEAN. As a Southeast Asian organization, of course, this organization has member countries that are superior in their fields. As chairman of ASEAN, Indonesia experiences many challenges and also has an active role in resolving economic problems with other members. The challenges facing Indonesia are increasing rivalry between major powers in the world, global economic uncertainty, and the conflict in Myanmar. As chairman of ASEAN, Indonesia also controls the Myanmar conflict, which continues to promote peace and open diplomacy between ASEAN countries. Indonesia's active role in ASEAN is a reflection of existing national policies in Indonesia, such as trade policies between countries, investment, and diplomacy in other fields (Aritenang, 2015).

The Southeast Asian region continues to make efforts to form a collaborative network that produces mutual benefits. It is hoped that this collaboration can bring prosperity to the country through

the pillars of the field (Murady et al., 2022). As a manifestation of the ASEAN cooperation network's efforts to form the AFTA organization, the organization aims to form a free trade system in Southeast Asia by increasing the economic competitiveness of the ASEAN regional region and making it a world production base and regional market for its 500 million citizens. Interaction between Indonesia and other AFTA members produces enormous profits for Indonesia, such as exchanging commodities with other countries with small taxes; interest in Indonesian commodities is increasing, so this can support the increase. Apart from benefiting from being a member of AFTA, of course, Indonesia also has challenges and risks from participating in an organization. These challenges include Indonesia's need to continue to increase product competitiveness, Southeast Asian countries generally have similar commodities, and food and energy security must continue to be improved because food security is an essential factor for national development.

ATIGA is the perfecting organization for the CEPT Agreement, which has a vision to form a free trade area in the Southeast Asia region, especially in goods trade, by creating a free trade area in ASEAN with a reduction in tariffs between 0 and 5 percent, elimination of quantitative restrictions and other non-tariff barriers. Indonesia's role in the ATIGA organization has succeeded in opening cooperative connections with Southeast Asian countries and countries from other regions, as well as the benefits of cheaper taxes and revised terms and conditions for trade to be more concise and less complicated so that goods in Indonesia can be traded within the country (Mardiah, 2020). Others and has an international market. The challenge that Indonesia must face is that free trade in goods is certainly selective in goods because the majority of Indonesian people are Muslims. Therefore, not all goods can be bartered in Indonesia. There are special provisions that Indonesia must balance. RCEP also aims to create free trade in Southeast Asia and expand further into the Asia Pacific region. RCEP has ten countries involved, including Indonesia, and five partner countries, such as Japan, China, South Korea, Australia, and New Zealand. It is undoubtedly an opportunity for Indonesia to build a broader national market as well as more significant opportunities for foreign investment to enter Indonesia. In this way, it is hoped that national development will be more easily achieved (Afifah & Utami, 2022).

4.5. Indonesia and the Trans-Pacific Partnership (TPP)

Indonesia participates in trans-Pacific cooperation, such as the Asia Pacific Economic Cooperation (APEC) and Indonesia's desire to join the Trans-Pacific Partnership (TPP). APEC was initiated by Australia in 1989. APEC aims to promote regional integration in the fields of investment and trade. Indonesia joined APEC and is a founder along with 11 other countries. Through this agreement, Indonesia implemented the Bogor Goals in its policies. One of them is contained in the Minister of Trade Regulation no. 48/-DAG/PER/12/2011 concerning provisions for the import of goods. With APEC as a regional organization, it can increase trade and investment flows and reduce static balance sheets (Wardhani, 2006). In 2023, the APEC GDP will be 62% of the total world GDP. Meanwhile, trade reaches 47% of world trade. Therefore, APEC is a crucial part of the Indonesian economy, especially in certain areas such as maritime affairs, illegal logging problems, health, gender issues, and other global issues.

Since 2015, Indonesia has wanted to join the TPP. TPP is strategic cooperation in the economic and trade fields for countries in the Asia Pacific. Indonesia has expressed its desire and readiness to join the TPP several times. However, until 2024, Indonesia has not joined the TPP. There are pros and cons to Indonesia's desire to join the TPP. In fact, TPP can provide benefits for Indonesia by reducing international trade barriers. Meanwhile, Indonesia is the country with the highest GDP in the Southeast Asia Region. Several TPP members are also members of ASEAN, such as Singapore, Malaysia, Vietnam, and Brunei. However, on the other hand, the consequence of ratifying the TPP is to apply the TPP agreement to Indonesian policy. Meanwhile, Indonesia's trade position does not always favor competitive advantage, but the control of certain countries still dominates the phenomenon of international trade (Nita, 2016).

4.6. Indonesia Trade Balance: Implication of Complex Multilateral Agreements

Indonesia has many trade agreements. Indonesia is a member country of ASEAN. As a consequence of ASEAN membership, which has partners, Indonesia must also agree on RCEP, AANZFTA, and FTA with ASEAN partner countries. Apart from that, Indonesia also has trade agreements with other regions, such as the European Union. Apart from that, Indonesia is also involved in APEC and is committed to the Bogor goals. On the other hand, Indonesia also has bilateral FTAs with Pakistan, India, Mozambique, Chile, and etc. As a result, Indonesia must open its market

to other countries because of several agreed agreements. Even though some policies are non-binding, Indonesia's commitment to the free market has become stronger after agreeing to multilateral trade and investment agreements. Indirectly, the openness of the Indonesian market is caused by the many economic commitments agreed at the bilateral and multilateral levels.

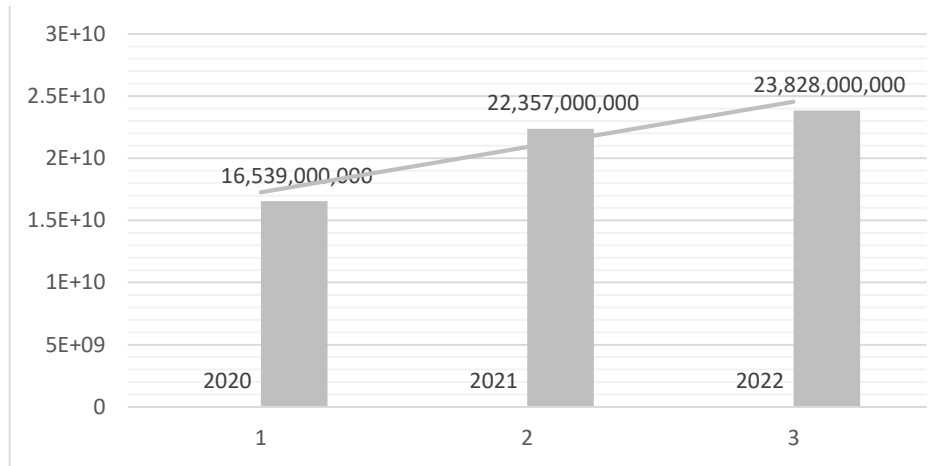


Figure 2. Indonesia’s Export Performance from 2020 to 2022

Figure 2 shows since 2020 that the increase in Indonesia's exports has always been positive. Indonesia's trade balance shows a surplus in Indonesia's trade activities, if export performance increases, it can increase national income which can encourage economic growth (Kurniawan & A'yun, 2022). Multilateral agreement provides benefits through increased exports, market diversification and is expected to be able to absorb a lot of labor.

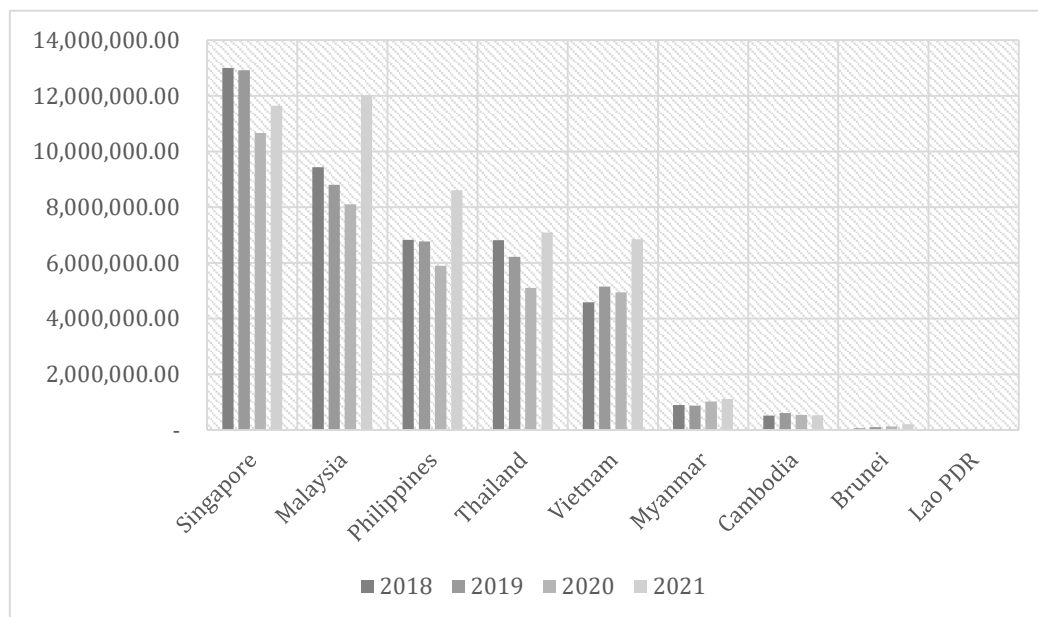


Figure 3. Indonesia’s Export in Southeast Asia

At the Southeast Asian regional level, Indonesia's GDP occupies the highest position. In the field of trade, Singapore and Malaysia are the largest trading partners in the region. Indonesia. Figure 3 shows Indonesia's trade trend in the region has shown an increase, except during the COVID-19 pandemic in 2020. However, in Indonesia's trade balance, there is still a deficit in trade with Singapore, Thailand, and Laos.

5. Conclusion

The complexity of world economic order is not only the state’s participation in intergovernmental system, but also the involvement of non-states actors including private business, civil society, individuals and other stakeholders. However, the role of international governmental organizations

implicates to state's policy in trade and investment. Therefore, this research provides broad understanding in Indonesia's engagement in several groups of economics that strike to national trade performance. For further research, author suggest to consider comprehensively in multi-actor bargaining in complex system of economic order. Indonesia's involvement in the complex global and regional economic order significantly influences its international trade dynamics. By actively participating in global frameworks such as the WTO, IMF, APEC, and G20, alongside regional commitments through ASEAN and its Economic Community, Indonesia has positioned itself as a key player in international trade.

The study finds that despite challenges posed by global competition and trade liberalization, Indonesia has managed to maintain a positive trade balance. This is attributed to its strategic engagement in international economic agreements, efforts to enhance export competitiveness, and utilization of trade frameworks to access broader markets. However, Indonesia faces structural challenges, including the need for stronger industrial capacity, trade diversification, and better alignment between regional and global commitments. The findings emphasize the importance of Indonesia pursuing policies that enhance domestic competitiveness, leverage technological advancements, and address non-tariff barriers to sustain its trade performance amidst the evolving global economic order. This comprehensive analysis bridges existing research gaps by providing a holistic understanding of how Indonesia navigates its trade strategies in overlapping economic frameworks, offering valuable insights for policymakers and scholars studying Indonesia's role in the global economy.

Acknowledgment

The authors would like to express their deepest gratitude to the University of Muhammadiyah Malang (UMM) for their support in implementing this research. This research received funding from The *Lembaga Pengembangan Publikasi Ilmiah* (LPPI) UMM.

Declarations

- Author contribution** : Each author made equal contributions to the primary content of this paper. Furthermore, all authors have carefully reviewed and endorsed the final manuscript.
- Funding statement** : This research received funding support from The LPPI UMM
- Conflict of interest** : The author declares no conflict of interest.
- Additional information** : No additional information is available for this paper.

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