



Indonesian Embassy in Manila's Strategy on Economic Diplomacy in The Trade Sector of 2022

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ABSTRACT

This research discusses the strategies of the Embassy of the Republic of Indonesia in Manila, the Philippines, in increasing Indonesian trade to the Philippines in 2022. The movement of Indonesian trade to the Philippines has experienced fluctuation from 2018 to 2021. In 2022, there was a significant increase after the pandemic considering the trade stagnation in 2018-2019 in a stable international condition. This research using descriptive-qualitative research method, found that strategy of the Indonesian Embassy in Manila to enhance trade through trade promotion, business matching, business forums, and export cooperation facilitation was planned using a SWOT analysis. This analysis shows that trade promotion and business forums leverage the strengths of diplomatic networks and market expansion opportunities, while business matching and export facilitation are optimized to address weaknesses such as bureaucracy and cultural differences. Threats from global economic instability and market competition are identified to ensure the right strategies are implemented to achieve trade objectives in 2022. In 2022, the Indonesian Embassy in Manila successfully increased Indonesian trade to the Philippines by 50%, up by 4.18% from 2021, through the successful implementation of economic diplomacy strategies in the trade sector.

KEYWORDS

Economic Diplomacy; Indonesia; Philippine; Trade

INTRODUCTION

Despite the longstanding diplomatic relations, the trade cooperation between Indonesia and the Philippines has not yet reached its full potential. Diplomatic relations between Indonesia and the Philippines have been established since November 24, 1949. The foundation of the relationship between the two countries was marked by the signing of The Treaty of Friendship on June 21, 1951 ([KBRI Manila, 2020](#)). The Philippines is an archipelagic nation in the Southeast Asian region situated between the South China Sea and the Pacific Ocean, bordered to the north by Taiwan, west by Vietnam, and south by Indonesia. As fellow archipelagic nations in the Asia Pacific region and members as well as founding fathers of the Association of Southeast Asian Nations (ASEAN), Indonesia and the Philippines share a close historical relationship and potential mutually beneficial cooperation in various fields ([Kementerian Luar Negeri Republik Indonesia, 2022](#)). One of them is in the trade sector. In 2022, the Philippines was Indonesia's trading partner ranked 4th in Southeast Asia ([Ahdiat, 2023](#)).



Figure 1. The Value of Indonesia's Trade Exports to the Philippines from 2018 to 2021 (in billion USD)
Source: Adapted from [Satudata Perdagangan \(2023\)](#)

The movement of Indonesia's trade to the Philippines has experienced fluctuations from 2018 to 2021. From 2018 to 2019, trade decreased by 0.91%. From 2019 to 2020, trade decreased significantly by 12.84% due to the pandemic. In 2021, there was an increase in trade as an achievement following the post-pandemic situation by 45.82%. In 2022, a significant increase is expected after the new normal, considering the stagnation from 2018 to 2019 in a stable international environment. To represent Indonesia in the mission to enhance trade with the Philippines, there is the Embassy of the Republic of Indonesia in Manila, which also serves as Indonesia's representation for the Republic of Palau and the Republic of the Marshall Islands. Increasing trade aligns with the mission of the Indonesian Embassy in Manila to provide

optimal economic value through foreign relations to support a productive, self-reliant, and competitive economic structure.

Economic diplomacy is the government's effort to use its diplomatic power to promote the country's economic interests internationally. It involves a range of activities and strategies aimed at influencing policies, expanding market access, and attracting foreign investment through diplomatic relations. The main components of economic diplomacy include trade promotion, business matching, business forums, and export cooperation facilitation. Economic diplomacy works by fostering international cooperation, organizing meetings between business stakeholders and government officials, and leveraging diplomatic networks to facilitate mutually beneficial agreements and partnerships. To achieve optimal economic diplomacy benefits, as practiced by the Indonesian Embassy in Manila, strategic objectives include enhancing the effectiveness of economic diplomacy in the trade, investment, and tourism sectors. This is done by utilizing diplomatic power to open new opportunities, resolve trade barriers, and promote investment and tourism potential. This approach aims to ensure that economic diplomacy can achieve maximum results in supporting national interests and strengthening bilateral relations between Indonesia and the Philippines ([Kementerian Luar Negeri Republik Indonesia, 2020](#)).

The planning and implementation of Indonesia's economic diplomacy in the trade sector in the Philippines by the Embassy of Indonesia in Manila are carried out by the Trade Attaché, who is one of the organizational structures in the representation of the Republic of Indonesia in Manila. The main tasks of the Trade Attaché are as follows: to enhance trade relations and cooperation between Indonesia and the recipient country, and to function for the development and enhancement of cooperation networks with various parties; coordination with relevant agencies in the recipient country in carrying out specific tasks; enhancing trade cooperation with relevant ministries/agencies in the recipient country; observation, analysis, and reporting related to trade issues in the recipient country; proactive implementation of trade tasks in line with the representation's mission; integrated promotion activities to enhance the image of export products together with relevant diplomatic and consular officials; and implementation of cooperation activities, facilitation, diplomacy, market observation, and enhancement of export market access assigned by the Minister of Trade with the knowledge of the Head of the Representation.

These core tasks must be realized based on the existing realities to increase Indonesia's trade with the Philippines in 2022. Through the implementation of these diplomatic functions, the Embassy of Indonesia in Manila establishes strategies to enhance trade planned through SWOT analysis. This SWOT analysis is used to determine indicators as targets to be achieved in 2022. The three targets are: the level of effectiveness of economic diplomacy in the trade sector with countries accredited to the Indonesian Embassy in Manila at 80.41%, the number of new trade commitments with countries accredited to the Indonesian Embassy in Manila totaling eight, and the value of new trade with countries accredited to the Indonesian Embassy in Manila amounting to USD 8.6 billion ([Kementerian Luar Negeri Republik Indonesia, 2022](#)).

These targets are achieved through the implementation of strategies aimed at increasing Indonesia's trade with the Philippines in 2022. Although there are several studies discussing trade cooperation between Indonesia and the Philippines, this research focuses on the direct role of the Indonesian representation, namely the Embassy of Indonesia in Manila, in enhancing Indonesia's trade with the Philippines. Therefore, this research aims to discuss the strategies of the Indonesian Embassy in Manila in increasing Indonesia's trade with the Philippines through diplomatic functions in 2022.

LITERATURE REVIEW

There are three studies that serve as literature reviews for the article "Strategy of the Embassy of the Republic of Indonesia in Manila in Economic Diplomacy in the Trade Sector Year 2022." The first study is titled "International Trade Analysis Between Indonesia and Philippines Before and After ASEAN-China Free Trade Agreement" by Harman Malau. This study aims to show how exchange rates and inflations predict exports and imports before and after trade by using Indonesia-Philippines data analysis technique namely regression analysis, partial (t-test), simultaneous (F-tests), and adjusted square. Indonesia's exports, as shown in the linear regression line, moved from left to right each year both before and after Free Trade. The slope of the line before Free Trade is steeper than the slope after Free Trade. This means that export performance increased more significantly each year before Free Trade. Import performance shows that if the exchange rate increased, imports would rise, but after Free Trade, if the exchange rate increased, imports would decrease ([Malau, 2015](#)).

The second study is titled "*Kerja Sama Ekonomi Sulawesi Utara dengan Filipina Pasca Penetapan Masyarakat Ekonomi ASEAN (Pelayaran Laut Roll-On Roll-Off Davao-General Santos-Bitung)*" by Freiti Inri Manitik, Michael Mamentu, and Franky Rengkung. This study was conducted with the aim of understanding the economic cooperation between North Sulawesi and the Philippines concerning the RO-RO (Roll-On Roll-Off) sea transportation route from Davao to Santos to Bitung. The research results indicate that the RO-RO ship operation did not proceed as planned because no entrepreneurs were willing to ship goods using this vessel due to the high shipping costs. The study concludes that the lack of preparedness from all parties before the inauguration of the RO-RO ship was the root cause of its failure to operate. The inadequate planning before the RO-RO ship was launched led to the trade and shipping relationship between the two countries not functioning as expected, which was intended to boost the economy for all parties involved ([Manitik et al, 2017](#)).

The last study is titled "Implikasi Border Crossing Agreement dan Border Trade Agreement Terhadap Konektivitas di Wilayah Perbatasan Indonesia-Filipina by Burhan Niode, Ismail Rachman, and Welly Waworundeng. This study aims to describe the implications of BCA and BTA on the development of population and trade connectivity in the Indonesia-Philippines border area within the framework of the BIMP-EAGA cooperation. The study shows that border crossers often engage in illegal crossings into Southern Philippines

because they carry merchandise and are located far from the Border Crossing Entry and Exit Stations ([Niode et al, 2022](#)).

The findings from these three studies regarding the economic trade cooperation between Indonesia and the Philippines were analyzed after the influence of free trade, provincial government cooperation, and border cooperation. These three studies provide relevance and a common thread to this research on Indonesia-Philippines trade cooperation. Trade cooperation in the context of this research refers to economic diplomacy aimed at enhancing Indonesia's trade with the Philippines. However, these three studies have not focused on the direct role of diplomatic institutions, particularly Indonesia's representation. In this article, namely the Embassy of the Republic of Indonesia in Manila, in enhancing Indonesia's trade with the Philippines. Therefore, this research discusses the strategies of the Indonesian Embassy in Manila in increasing Indonesia's trade with the Philippines in 2022 through the implementation of its diplomatic functions.

METHODS

This research employs a qualitative research approach to discuss the strategy of the Embassy of the Republic of Indonesia in Manila in economic diplomacy in the trade sector for the year 2022. Qualitative research can also be referred to as naturalistic research. This is because qualitative research is data-driven and does not utilize measurement tools. The aim of qualitative research is to obtain social realities through a comprehensive understanding of various perspectives ([Rahmat, 2009](#)). Through a descriptive-qualitative research method, data related to trade strategies as well as trade value data are collected from various primary and secondary sources. Primary sources include official reports from the Embassy of the Republic of Indonesia in Manila, international trade data, and interviews with the Trade Attaché staff of the Embassy of the Republic of Indonesia in Manila. Secondary data are also supplemented from literature studies and online research such as articles, journals, books, and online news.

After all primary and secondary data have been collected, the data will be analyzed to address the research problem. These data will be integrated to identify patterns of interconnection, cooperation, and the impact of economic diplomacy strategies. Then, the data will be organized and analyzed to address the strategy of the Embassy of the Republic of Indonesia in Manila in increasing Indonesia's trade with the Philippines in 2022. The data in this study are presented in the form of graphs, tables, and narrative. Graph presentations are used to provide clear visual representations to understand the fluctuations in trade values. Table presentations are used to present detailed and systematic data in a structured format. Narrative is used to explain the research findings to provide context and interpretation of the data or results.

RESULTS AND DISCUSSION

Economic Diplomacy Trade Sector Planning by the Embassy of the Republic of Indonesia in Manila

Indonesia and the Philippines, two countries whose diplomatic relations have been established since 1949, are rich in history, culture, and natural diversity, providing a strong foundation for bilateral cooperation. Not only are these two countries geographically close in the Southeast Asian region, but they also share similarities in economic challenges and opportunities. To provide a more detailed explanation of the economic diplomacy methods employed by the Indonesian Embassy in Manila, it is important to highlight the strategic role that economic diplomacy plays in strengthening bilateral relations between Indonesia and the Philippines. Since the diplomatic relations between the two countries began in 1949, the Indonesian Embassy in Manila has actively facilitated various economic cooperation initiatives that benefit both nations.

The economic diplomacy methods utilized involve organizing business forums, trade exhibitions, and meetings between entrepreneurs from both countries to explore investment and trade opportunities. The embassy also collaborates with the Philippine government to address trade barriers and promote Indonesian flagship products in the Philippine market. Additionally, the Indonesian Embassy in Manila plays a role in enhancing cooperation in the tourism, energy, and infrastructure sectors, all aimed at supporting sustainable economic growth in both countries.

In this context, the close diplomatic relations and long-standing mutual support between Indonesia and the Philippines form a strong foundation for the implementation of these economic diplomacy methods. By leveraging geographical proximity and shared economic challenges and opportunities, the two countries have been able to build mutually beneficial cooperation that contributes to stability and prosperity in the Southeast Asian region.

According to data from the International Monetary Fund in 2022, the Philippines is the world's 39th largest economy based on nominal GDP ([Statistic Times, 2023](#)). The Philippines also ranks 15th among the largest economies in Asia ([Trading Economics, 2022](#)). The Philippines is one of the potential markets and ranks 6th based on GDP per capita in Southeast Asia after Indonesia, Thailand, Malaysia, Singapore, and Vietnam ([Finaka, 2022](#)). The Philippines is considered a newly industrialized country that has transformed from an agriculture-based economy to a service and manufacturing-based economy. In 2022, the GDP of the Philippines reached USD 425.66 billion. The Philippines itself has flagship products to export to Indonesia, including semiconductor devices, copper and processed products, plastics and derivatives, electrical machinery, motor vehicles, optical instruments, tobacco, paper, and paperboard. Indonesia also exports its flagship products to the Philippines. In 2022, there were five main export commodities from Indonesia to the Philippines.

Table 1. Five Main Export Commodities of Indonesia to the Philippines in 2022

No	Commodity	Value (USD) in 2022
1	Mineral fuels, oils, and distillation products.	USD 5,86 billion
2	Vehicles other than railway or tramway rolling stock.	USD 3,09 billion
3	Animal or vegetable fats and oils and their cleavage products.	USD 742,72 million
4	Other processed food.	USD 580,34 million
5	Iron and steel.	USD 570,79 million

Source: Adapted from [Trading Economics \(2022\)](#)

The existence of trade balance values between Indonesia and the Philippines is certainly influenced by the conduct of foreign relations and the implementation of foreign policy carried out by the Embassy of the Republic of Indonesia in Manila. The economic function delegated to the trade attaché to conduct economic diplomacy certainly does not stop at merely planning strategies. Through SWOT analysis (Strengths, Weaknesses, Opportunities, Threats), the Embassy of the Republic of Indonesia in Manila determines the projection of success by considering the objective conditions surrounding it.

Table 2. SWOT Analysis Matrix of the Indonesian Representation in Manila

<p>Strengths (S)</p> <ol style="list-style-type: none"> 1. Complete human resources elements 2. Strong legitimacy in carrying out duties 3. Geographical proximity 	<p>Weaknesses (W)</p> <ol style="list-style-type: none"> 1. Limited communication and connectivity facilities with the Philippines dan the Republic of the Marshall Islands 2. Slow coordination with relevant ministries/agencies 3. The highly dynamic domestic conditions in both countries
<p>Opportunities (O)</p> <ol style="list-style-type: none"> 1. The presence of new policy support to engage Pacific countries 2. Long-standing bilateral relations, leading to numerous cooperative networks, including in education 3. Both countries are members of the same regional and multilateral organizations 	<p>Threats (T)</p> <ol style="list-style-type: none"> 1. The dynamic domestic situation in the Philippines 2. Trade and investment competition due to similar product characteristics 3. The security conditions in each country 4. Border security and transnational crime

Source: Adapted from [KBRI Manila \(2020\)](#)

In strengths, there are three analyses. Firstly, the Embassy of the Republic of Indonesia in Manila is supported by a mature organization, skilled human resources, and adequate facilities to fulfill its duties optimally. This allows the Embassy of the Republic of Indonesia in Manila to fully perform its functions in realizing its vision and mission. Secondly,

Indonesia's legal framework, including laws, provides a solid foundation for conducting its foreign policy. This constitutional foundation includes the Preamble of the 1945 Constitution, reinforced by Law No. 37 on Foreign Relations, Law No. 24 of 2000 on International Agreements, Presidential Decree No. 108 of 2003 on the Organization of Indonesian Representations Abroad, and Minister of Foreign Affairs Decree No. SK. 06/A/OT/VI/2004/01, which regulates the organizational structure and working procedures of the Embassy of the Republic of Indonesia abroad and its revisions. This strong legal foundation serves as the basis for Indonesian diplomats in Manila to be more confident and proactive in carrying out their functions and roles in the accredited country. Thirdly, the Embassy of the Republic of Indonesia's position in Manila, the Philippines, which is geographically almost parallel to Jakarta, with only a one-hour time difference, provides significant advantages in performing its duties. Especially in terms of coordination, consultation, and expediting task completion and information dissemination.

In weaknesses, there are three analyses. Firstly, the slow response from relevant agencies in the Philippines regarding cooperation with the Embassy of the Republic of Indonesia in Manila, and frequent rapid changes in officials in the Philippines, have several unfavorable impacts on the Embassy. Especially in terms of promptly carrying out tasks in accordance with requests from Jakarta. Secondly, communication and transportation constraints often hinder the great potential for cooperation between the Republic of the Marshall Islands (RMI) and the Republic of the Philippines (RP) in various sectors. In particular, the limited connectivity between Manila to Koror (Palau) and Majuro (RMI) is strongly felt. Additionally, the pandemic has exacerbated the situation by restricting access for foreigners, even closing all flights from Manila to both countries. Thirdly, the security situation in a country plays a crucial role in attracting investor interest for investment. The dynamic security situation in Indonesia will have a significant impact on the performance of the Embassy, especially in attracting investment and maintaining Indonesia's image as a democratic and pluralistic country.

In opportunities, there are three analyses. Firstly, their geographical proximity provides a great opportunity for the Philippines and Indonesia to collaborate in addressing transnational crime and terrorism. This also involves increasing cooperation in the fields of politics, defense, security, economics, trade, and other collaborations. Secondly, both countries are developing countries actively participating in regional organizations such as ASEAN (Association of Southeast Asian Nations), APEC (Asia-Pacific Economic Cooperation), as well as international organizations such as the UN (United Nation), NAM (Non-Aligned Movement), and WTO (World Trade Organization). Their membership in the same organizations facilitates mutually supportive cooperation between them. Thirdly, there has been solid cooperation between relevant agencies in the Philippines and Indonesia in handling and resolving consular issues and assisting Indonesian citizens facing difficulties. In threats analysis, terrorism not only threatens and impedes Indonesia's foreign policy but also has the potential to affect the Embassy of the Republic of Indonesia's efforts in attracting

tourist visits, investments, and efforts to improve Indonesia's positive image. If border management is not optimal, it could be exploited by rebel groups and transnational criminals. Currently, the two-way trade value between Indonesia and the Philippines still tends to be dominated by Indonesia. This is evident from the surplus continuously received by Indonesia, and some Indonesian products have even managed to dominate the market in the Philippines.

This condition has prompted the Philippines to implement Special Safeguard (SSG) measures to protect its domestic products, but this action later affects Indonesian products. Terrorism threats in the Philippines, such as attacks in Mindanao by groups like Abu Sayyaf or Maute, bombings in major cities, and local conflicts with rebel groups, lead to economic instability and disruptions in domestic production. This results in increased reliance on imports, including Indonesian products, causing a trade surplus for Indonesia. In response, the Philippines implements Special Safeguard (SSG) measures to protect its domestic industries from the surge in imports caused by this instability.

Table 3. Strategic Targets of Economic Diplomacy in the Trade Sector for 2022

Strategic Objectives	Key Performance Indicators	22 Targets
Optimal Economic Diplomacy Benefit Value	The effectiveness rate of economic diplomacy in the trade sector with countries accredited by the Embassy of the Republic of Indonesia in Manila	80,41%
	The number of new trade commitments with countries accredited by the Embassy of the Republic of Indonesia in Manila	8 Trade Commitments
	The value of new trade with countries accredited by the Embassy of the Republic of Indonesia in Manila	USD 8,6 Billion

Source: Adapted from [KBRI Manila \(2020\)](#)

The SWOT analysis serves as one of the theoretical sources for the Embassy of the Republic of Indonesia in Manila before establishing its mission. The first mission statement emphasizes providing optimal economic benefits through foreign relations to support a productive, independent, and competitive economic structure. Economic benefit refers to the nominal amount of benefits generated by various trade cooperation and promotions. The targets for 2022 include achieving an 80.41% effectiveness rate in economic diplomacy in the trade sector with countries accredited by the Embassy of the Republic of Indonesia in Manila, targeting 8 new trade commitments with accredited countries, and aiming for a new trade value of USD 8.6 billion with accredited ([KBRI Manila, 2020](#)).

Implementation of Trade Strategies by the Indonesian Embassy in Manila in 2022

In line with the trade targets for 2022, the Embassy of the Republic of Indonesia in Manila implements a comprehensive strategy to enhance Indonesia's trade with the Philippines, referring to the theory of the four stages in economic diplomacy ([Rana, 2011](#)). The strategy is:

1. Trade Promotion (Expos, product promotion)
2. Business Forum (Seminar)
3. Business Matching (Business meetings)
4. Export Collaboration Facilitation (Entrepreneur assistance)

The first stage, Economic Salesmanship, is realized through trade promotion and business matching strategies, where the Indonesian Embassy in Manila actively promotes Indonesian export products to Filipino businesses and the public. Focusing on marketing and sales, this strategy aims to enhance the competitiveness of Indonesian products in the Philippine market. The second stage, Networking, is implemented through Business Forum activities, where the Embassy forms partnerships with chambers of commerce, companies, and non-governmental organizations. By organizing these forums, the Embassy facilitates the exchange of information, discussions, and collaborations between business actors from both countries, building a strong network to support economic cooperation. The third stage, Image Building/Image Promotion, is also carried out through Business Forum strategies and trade promotion. The Embassy acts as an intermediary to connect Indonesian and Philippine businesses with complementary needs or strengths. Thus, this strategy helps build a positive image of Indonesian products and businesses in the eyes of Filipino businesspeople. The final stage, Regulation Management, is implemented through the Export Cooperation Facilitation strategy. The Embassy is involved as a facilitator of regulations and trade agreements between the two countries, aiming to create an environment that supports smooth export and import processes.

The above strategies are the four main strategies to enhance Indonesian trade with the Philippines. These strategies were successfully implemented in 2022, resulting in a total of 13 supporting programs. For trade promotion strategies, two programs were executed. First, a promotion event for Indonesian products in the Philippines on March 27, 2022. This event was held in collaboration with Indofun Mart, which had been selling authentic Indonesian products at the Legazpi Sunday Market. Second, The Indonesia Expo at the SM Megamall Event Center from August 26-28, 2022. This trade exhibition featured 25 booths showcasing various leading Indonesian products. Over 1,200 visitors attended the exhibition, resulting in retail transactions of USD 7,300, potential cooperation for power plant maintenance worth USD 300,000, transactions for automotive spare parts valued at USD 350,000, and potential investment for opening new Alfamart stores worth USD 1.64 million.

For the business forum strategy, five programs were implemented. First, a virtual seminar titled "Market for Herbal Products in the Philippines" on February 7, 2022. This event was attended by the Acting Head of Mission of the Indonesian Embassy in Manila, the Director for Southeast Asia, the Trade Attaché of the Indonesian Embassy in Manila, and representatives from the research institute IPSOS. The seminar discussed various topics including the potential market for herbal products in the Philippines, market landscape, and strategies for marketing herbal products to the country. Second, a virtual event "International

Business Meeting: Ijen Coffee Market 2022" on March 7, 2022. Organized by the Indonesian Embassy in Manila, PT. Sarinah, PT. BNI, and National Support for Local Investment Climate/National Support for Enhancing Local and Regional Economic Development (NSLIC/NSELRED), this meeting featured 14 coffee producers participating in business discussions with potential buyers in the Philippines. Third, a meeting between Indonesian and Philippine business actors on June 28, 2022. Hosted by the Indonesian Embassy in Manila, the meeting was led by the Ambassador of the Indonesian Embassy to discuss the establishment of an interaction platform for entrepreneurs from both countries, which could take the form of an alliance or association to strengthen their relations. Fourth, a meeting of the Indonesian Ambassador with the Philippine Chamber of Commerce and Industry (PCCI) Central on September 16, 2022. The Trade Attaché introduced the Trade Expo Indonesia scheduled for October and invited PCCI members to attend as delegates, while also presenting trade and investment cooperation potentials. Fifth, a meeting of the Indonesian Ambassador with the Philippine Chamber of Commerce and Industry Quezon Chapter on September 19, 2022. The Ambassador introduced the 37th Trade Expo Indonesia to be held in October and invited the PCCI Quezon City Chapter to attend, discussing trade potentials and cooperation opportunities in various sectors between the two countries.

For the export cooperation facilitation strategy, three programs were implemented. First, assistance for Filipino entrepreneurs at the 37th Trade Expo Indonesia from October 19-23, 2022. The Indonesian Embassy in Manila helped facilitate agreements, including: Wingbox Aviation with PT. Dirgantara Indonesia and PT. Garuda Maintenance Facility Aero Asia Tbk (in Maintenance Repair and Overhaul/MRO). There is a potential for foreign investment through the establishment of an MRO service at Clark International Airport, Pampanga, Philippines, by an Indonesian company. Another meeting was between Asia Pyrochem Inc. and PT. Taninvest Agro Development (in organic fertilizer procurement), with potential investment by Taninvest in the Philippines, starting with a trial application of agricultural technology on a one-hectare area in Mindanao by the end of 2022 or early 2023. Second, the signing of a cooperation contract between PT. LEN Railway Systems (PT. LRS) and Philippine National Railways (PNR) on May 19, 2022. This agreement involves the procurement of Level Crossing, Signaling, and Interlock systems for the Tutuban-Alabang route, valued at USD 11 million. Third, the signing of a contract for the sale of landing dock ships between PT. PAL Indonesia and the Department of National Defense (DND) of the Philippines on June 24, 2022. This agreement covers the supply of two landing dock ships to the DND Philippines, with a total contract value of USD 106 million ([Manuella, 2023](#)).

Through various economic diplomacy activities for trade, meetings with KADIN/private companies, trade facilitation, trade exhibitions, and several aforementioned programs, substantial support has been provided for achieving the increase in Indonesia's trade with the Philippines in 2022. The increase in trade is certainly aligned with the achievement of the three targets set by KBRI Manila in attaining the optimal economic

diplomacy value in the trade sector. There has been a significant increase in the fluctuation of total trade value, new trade value, and Indonesian exports to the Philippines in 2022.

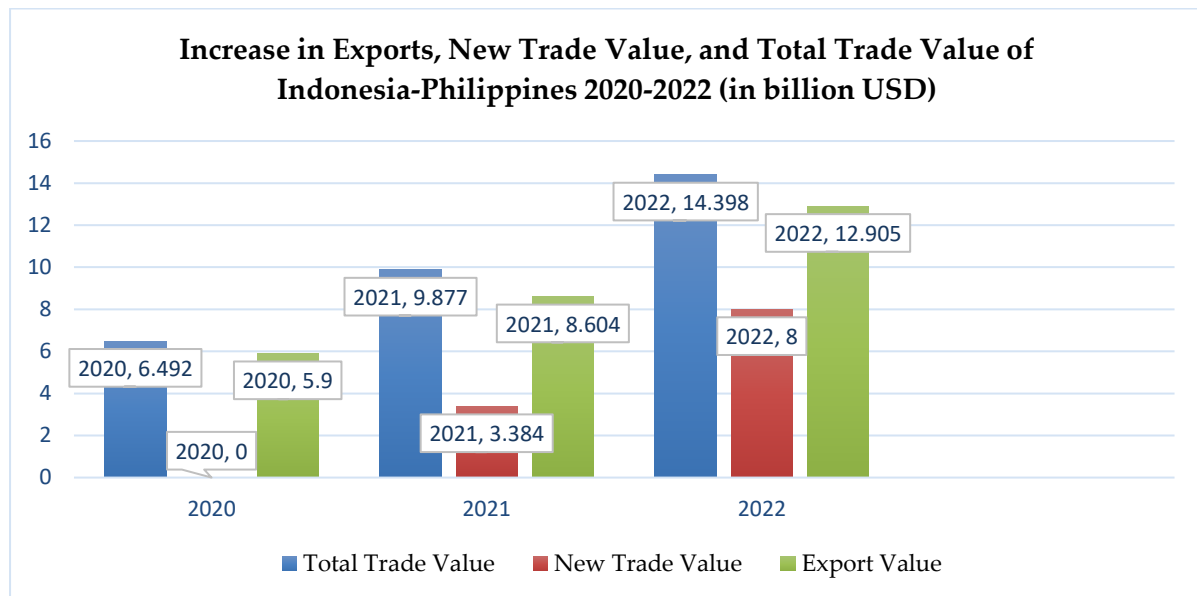


Figure 2. Increase in Indonesia-Philippines Trade Value 2020-2022. *Source:* Adapted from [Satudata Perdagangan \(2023\)](#)

In 2022, the Indonesian Embassy in Manila successfully increased trade as well as achieving three other targets. There was an increase in trade from USD 8.604 billion in 2021 to USD 12.905 billion in 2022. The new trade commitments contributed USD 8 billion to the new trade value in 2022. The total trade in 2022 amounted to USD 14.398 billion ([Satudata Perdagangan, 2023](#)). Therefore, 8.6% of the total trade comes from new trade commitments in 2022. The new trade value in 2022 was achieved through eight new commitments agreed upon in 2022 through the aforementioned strategies.

Table 4. New Trade Commitments Indonesia-Philippines 2022

No	New Trade Commitments Indonesia-Philippines 2022
1	Contract between PT. WIMA and Santa Clara as the distributor of Gesit electric motorcycles.
2	Memorandum of Understanding (MoU) between PT. LRS and PNR for the railway signaling project.
3	Memorandum of Understanding (MoU) between PT PAL and the Department of National Defense for the procurement of two units of landing dock vessels.
4	Memorandum of Understanding (MoU) between Asia Pyrochem and Taninvest for organic fertilizer products.
5	Letter of Intent (LoI) between Greentech Solutions and Nusa Origin Larvae for animal feed/protein products.
6	Letter of Intent (LoI) between Asia Pyrochem and PT Trade Barter Indonesia for barter trade of urea and coal.
7	Sales and Purchase Contract between Philippine Grocer's Food Inc. and PT. Metro Impex Makmur.



8	Annually Purchase Order between Tanduy and PT. Indo Acidatama Tbk. for Super Fine Ethanol products.
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Source: Data were adapted from the interview with [Manuella \(2023\)](#)

The increase in trade in 2022 demonstrates success. Indonesia managed to boost trade with the Philippines in 2022 and avoid stagnation in the post-pandemic conditions. In line with the objectives of the Ministry of Foreign Affairs and Representatives of the Republic of Indonesia and in fulfilling the mandate of the President of the Republic of Indonesia regarding diplomatic performance, especially economic diplomacy, KBRI Manila, according to its process, successfully achieved the set targets. Economic diplomacy is no longer just a theoretical study serving as a basis for analysis but is effectively implemented. Through analysis and strategic planning processes, KBRI Manila executed programs supporting the achievement of its trade value targets in 2022.

CONCLUSION

KBRI Manila successfully achieved the trade increase target in 2022 by practicing the concept of economic diplomacy. Through the application of economic diplomacy principles, KBRI Manila facilitated the growth of exports and imports between Indonesia and the Philippines. This approach not only prioritized trade cooperation but also strengthened the bilateral relations of the two countries. By focusing on enhancing the exchange of goods and services, KBRI Manila was able to leverage the economic potential of both countries optimally. This made 2022 an impressive year in building economic partnerships between Indonesia and the Philippines, in line with the economic diplomacy principles implemented.

The results of KBRI Manila's economic diplomacy strategy analysis in its trade sector successfully achieved its targets: eight new trade commitments, an 80.41% effectiveness rate in economic diplomacy in the trade sector, and USD 8 billion in new trade in 2022 out of a total of USD 12.905 billion. The success of this strategy undoubtedly stems from the successful analysis, planning, and implementation of programs that supported the achievement of the targets.

In 2022, the Indonesian Embassy in Manila effectively executed its trade strategies to boost Indonesia's trade with the Philippines. Following the four-stage economic diplomacy framework by Rana (2011), the Embassy implemented comprehensive strategies: Trade Promotion, Business Forum, Business Matching, and Export Collaboration Facilitation. Trade Promotion. Two key events, including a product promotion in March and the Indonesia Expo in August, successfully showcased Indonesian products and resulted in significant transactions and investment potentials. Business Forum. Five programs, such as virtual seminars and business meetings, facilitated valuable interactions between Indonesian and Filipino businesses, enhancing networking and collaboration. Business Matching. Various meetings helped connect Indonesian entrepreneurs with Filipino counterparts, leading to potential foreign investments and agreements. Export Collaboration Facilitation. Programs

included assistance at the Trade Expo and signing of major contracts, which supported Indonesian exporters and facilitated new trade agreements.

These strategies collectively contributed to a notable increase in trade, with the total trade value rising from USD 8.604 billion in 2021 to USD 12.905 billion in 2022. The successful implementation of these strategies not only achieved the set targets but also demonstrated the effectiveness of economic diplomacy in enhancing trade relationships and addressing post-pandemic economic challenges. The Embassy's efforts in 2022 have significantly supported Indonesia's trade growth with the Philippines, fulfilling the goals set by the Ministry of Foreign Affairs and aligning with the President's diplomatic performance objectives.

The increase in trade in 2022 was achieved in the context of one year after the pandemic. Before the pandemic, there was a stagnation in Indonesia's trade with the Philippines from 2018 to 2019. This significant increase in 2022 should certainly be noted by KBRI Manila to set clear targets in the following years to avoid stagnation, let alone decline. In facing challenges and maximizing potential, it is recommended that KBRI Manila continues to evaluate the strategies implemented and maintains flexibility in adjusting strategic measures to cope with the continuously changing market dynamics.

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