

### EDITORIAL

#### Assessing Indonesia's ASEAN Chairmanship in 2023

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#### Introduction

The year 2023 marks a new chapter for Indonesia in its role on the regional stage, particularly as the Chair of ASEAN. Historical experience shows that each time Indonesia takes over the ASEAN chairmanship, ASEAN undergoes significant transformation (Karim 2017; Karim & Heryanto 2022). From the evolution in 2003 that changed ASEAN into a more integrated community, to strengthening its position on the global stage in 2013, Indonesia has left a fundamental mark of change. However, this year, although Indonesia is known as an agent of change, the challenges faced seem to make it difficult to provide transformation and new direction for ASEAN as in previous times.

Indonesia's current leadership is coloured by complex challenges. The first challenge is the conflict in Myanmar. Indonesia's approach through the ASEAN 5-Point Consensus, initiated in April 2021, has yet to show significant results. Despite more than 180 meetings with various parties in Myanmar, there are still doubts emerging, with the view that ASEAN talks more than it acts. This consensus, aimed at addressing the crisis in Myanmar, including stopping violence and facilitating dialogue between parties, appears yet unable to produce concrete progress (Velasco, 2023).

Another challenge is the eroding centrality of ASEAN. Amidst verbal support from major countries, the reality on the ground shows a different trend, namely a tendency towards unilateralism. This phenomenon further polarizes and makes the Asian region exclusive. For example, the AUKUS initiative involving Australia, the United Kingdom, and the United States, is a security pact aimed at enhancing cooperation in advanced defense technology, including the development of nuclear-powered submarines. This initiative, widely seen as an effort to balance China's influence in the region, also raises serious concerns about nuclear proliferation and regional stability (Koga, 2022).

On the economic front, the challenge to ASEAN's centrality is no less complex. There is significant polarization, with the United States actively promoting the Indo-Pacific Economic Framework (IPEF), which seems to be a counterbalance to China's economic dominance. In its efforts to maintain ASEAN centrality, Indonesia is vigorously pushing the ASEAN-Outlook on Indo-Pacific (AOIP) (Anwar, 2020). However, the biggest challenge faced is in the strategic strengthening of AOIP, so it's not only rhetorically recognized by major countries but also substantively involved in agenda setting initiated by ASEAN. Unfortunately, the current implementation of AOIP still shows limitations, particularly in its scope and impact.

AOIP, intended to be a strategic instrument, often gets trapped in its role as a coordination forum for existing infrastructure projects. Its limited focus on matching various infrastructure cooperation projects makes AOIP less effective as a proactive and innovative initiative. Compared to other initiatives like China's Belt and Road Initiative (BRI) and the United States' Indo-Pacific Economic Framework (IPEF), AOIP appears to lag behind. BRI and IPEF offer more comprehensive and structured approaches, not just in building economic influence but also in geopolitical aspects of the region.

Indeed that ASEAN's success lies in its diplomatic ethos and cooperative spirit, fostering a culture of elite diplomacy that has been central to its sustained influence in the region. The diplomatic culture of ASEAN, while complex and sometimes paradoxical, is a cornerstone of its foreign policy. This culture combines a deep reverence for sovereignty and non-intervention with an emphasis on values like human rights and democracy. This may seem contradictory, yet the essence of ASEAN's diplomacy is rooted in consensus-building and peaceful resolution of disputes. These principles have been instrumental in smoothing intra-regional interactions and shaping engagements with external powers. It's this intricate, yet coherent, diplomatic approach that has fortified ASEAN, ensuring unity and effectiveness despite varying national interests (Wicaksana & Kari, 2023).

At the heart of ASEAN's diplomatic strategy is the principle of 'hedging', crucial for maneuvering the great power competition within the region. This strategy, characterized by a reluctance to align exclusively with any major power, aims to preserve ASEAN's strategic autonomy and maintain regional equilibrium. This approach is particularly significant in the Indo-Pacific context, which has emerged as a key arena in global geopolitical dynamics. ASEAN's adeptness in balancing relations amidst this complex geopolitical environment underscores the efficacy of its diplomatic culture and hedging strategy in promoting regional stability and coherence.

Nonetheless, ASEAN's navigation through international relations has not been devoid of challenges. The escalating tension between China and the United States, each vying to influence the regional architecture, poses a significant test to the principle of 'ASEAN centrality'. This challenge manifests in the strain these rivalries occasionally place on ASEAN's internal unity. Disparities among ASEAN's smaller members in their alignment with the interests of these global powers can lead to internal discord. However, it is precisely ASEAN's sophisticated diplomatic approach that has continually offered a mechanism to bridge these divides, preserving the bloc's unity and solidarity. ASEAN's capacity to autonomously manage its internal affairs, even amidst a lack of consensus on contentious issues such as the South China Sea dispute, highlights the robustness of its diplomatic norms and its adeptness in pragmatic and reconciliatory politics.

### **Geoconomics and ASEAN**

To reclaim ASEAN's central position, Indonesia must focus on an important yet often overlooked concept in foreign policy circles, geoconomics. This concept, blending geopolitics and economics, often escapes coherent development in Indonesia's foreign policy. Blackwill and Harris (2016) define geoconomics as understanding how other nations' economic actions can influence a country's geopolitical goals, as well as the importance of maintaining national interests. This concept includes not just offensive strategies in pursuing economic objectives but also defense and responses to global economic dynamics, considering their impact on domestic policy.

In this context, geoconomics provides the ability to view economic issues in a broader, long-term, and strategic context. For example, Australia, with a trade surplus of 63.2 billion US dollars with China in 2022, has played geoconomics by leveraging China's economy while mitigating other aspects considered detrimental to its security. Meanwhile, Indonesia, which only recorded a surplus of 6.36 billion US dollars with China, should not be overly ambitious in approaching China. Instead, Indonesia should formulate a more mature and integrated geo-economic strategy.

Geoconomics should be the main focus in Indonesia's foreign policy strategy. Economic policies should be designed not just for economic growth but also to strengthen Indonesia's geopolitical position. In facing global economic dominance, it is crucial for Indonesia to diversify trading and investment partners and use economic diplomacy to advance national interests.

Investment in strategic infrastructure and enhancing domestic capacity through education, innovation, and human resource development are key to strengthening Indonesia's geo-economic position. Strengthening economic cooperation in the ASEAN and Asia-Pacific regions will help Indonesia and neighboring countries face economic and geopolitical pressures from major powers.

By adopting this approach, Indonesia will not only strengthen its position in the region but also contribute significantly to the formation of a more stable and harmonious regional architecture. This presents an opportunity for Indonesia to demonstrate visionary leadership and ensure that ASEAN remains relevant and influential amid increasing global competition.

On the global stage, the success of Indonesia's leadership is not solely measured by the success of its implementation and engagement in global summits or multilateral cooperation negotiations. Farrell and Newman (2019) remind us that interdependence can be weaponized. International institutions designed to enhance market efficiency and reduce transaction costs can also serve as tools of control and be used for coercive purposes.

For example, in the context of free trade, Indonesia must develop policies that focus more on the interests of developing countries rather than solely on market liberalization. This is crucial considering the WTO will become a center of dispute between advanced and developing countries over climate policy issues, such as debates on allowable subsidies and complaints about discriminatory or protectionist actions taken in the name of climate change mitigation. This was evident in the European Union's move in April 2023 to ban imports of commodities linked to deforestation, including palm oil, where Indonesia is the world's largest producer. The use of protectionism by advanced countries occurs because WTO rules do not provide sufficient clarity on which subsidies are allowed, especially in the context of climate change (Karim 2020; Amurwanti, Karim, & Joanita, 2021).

In terms of climate change mitigation, Indonesia's active role should not stop at its commitment to reduce emissions by 29% by 2030 and participation in obtaining international funding. Indonesia must also formulate policies in derivative negotiations from climate change issues, such as creating a green investment taxonomy that regulates access to climate funding, sustainable product standards, certification procedures, and methodologies for calculating CO2 footprints. These rules are generally negotiated by major countries, while others are left to find ways to adapt.

Furthermore, the rise of China and the accelerated internationalization of the Renminbi, ASEAN's response, particularly Indonesia's, becomes a central focus, as countries balance domestic concerns with international economic diplomacy. Indonesia's strategic engagement with RMB internationalization, seen as a hedge against US dollar fluctuations and a step towards Asian regional currency integration, exemplifies ASEAN's broader strategy to address the complexities of global currency politics and align with their strategic interests in the face of shifting power dynamics. This nuanced approach also reflects ASEAN's need to craft policies that prioritize developing nations' interests in larger arenas such as the WTO, where debates over climate policy and actions labeled as protectionist, like the EU's ban on

commodities linked to deforestation, directly impact the region's economies (Mellynia & Karim, 2024).

In navigating the current global dynamics, Indonesia must leverage geoeconomics for its national interests. Effective foreign policy depends not only on traditional diplomacy but also on the use of economics as a strategic tool. It is time for Indonesia to look beyond mere economic growth and investment attraction, integrating economic aspects into a broader, long-term oriented diplomatic strategy. This approach will also ensure that Indonesia is not merely reacting to norms and policies set by major countries but actively creating and shaping norms that support its global vision and aspirations. Thus, Indonesia can ensure that international policies and norms more reflect justice, equality, and sustainability, ultimately benefiting Indonesia and the international community as a whole.

### **Contribution to the Debate**

In Volume 11 No. 2 of the *Journal of ASEAN Studies*, a diverse range of topics is explored across ten articles, each delving into different facets of ASEAN's multifaceted landscape. Starting with Velasco (2023), the volume offers a comprehensive thematic analysis of ASEAN's joint communiqués from 2004-2019, revealing the evolving priorities and challenges in its political-security, economic, and socio-cultural pillars. This deep dive into ASEAN's cooperative and integrative dynamics sets the stage for understanding the region's complex interplay of policies and priorities.

Following this, Intentilia and Holzhacker (2023) shift the focus to the media's portrayal of ASEAN during its 50th anniversary in 2017, particularly in Indonesia and the Philippines. Their examination of how media framing affects ASEAN's soft power, especially regarding economic, socio-cultural, and political-security issues, provides a nuanced view of ASEAN's external perception and the role of state and non-state actors in shaping it.

Bettani and Ahmed (2023) then present a comparative study between ASEAN and SAARC, highlighting the contrasting approaches of these regional organizations in managing security and economic cooperation. The article underscores ASEAN's successful engagement with China, contrasting it with SAARC's limited interaction due to India-Pakistan rivalry, offering insights into the complexities of regionalism in Southeast Asia.

The fourth article by Kusumawardhana and Dewi (2023) examines Australia's decision-making in the Timor Gap territorial dispute, illuminating the intricate interplay of domestic politics and international relations in foreign policy decisions. This study not only provides a unique perspective on ASEAN's diplomatic landscape but also illustrates the broader implications of international disputes and agreements.

In a shift towards a more socio-cultural perspective, Luo et al. (2023) examine the psychological aspects of overseas Chinese students in ASEAN and their cultural perceptions. Their study on the formation of these students' perceived images in Guangxi, China, enriches

the discussion on cultural ties and their impact on international relations, particularly in the context of ASEAN's diverse cultural landscape.

The article by Marasanti and Verico (2023) ties in the economic dimension, analyzing the effects of global uncertainty on Foreign Direct Investment and economic growth in ASEAN. Their exploration of the World Uncertainty Index in the ASEAN context not only contributes to understanding economic dynamics in the region but also connects to the broader theme of how external global factors impact regional cooperation and growth.

Continuing the exploration of diverse topics in Volume 11 No 2 of the Journal of ASEAN Studies, the seventh article by Makino and Inthlangsee (2023) adds a critical dimension of agriculture and food safety. It delves into the development of Organic Agriculture (OA) in Lao PDR and the Japan International Cooperation Agency's Clean Agriculture Development Project, highlighting efforts to reduce chemical usage in farming. Makino contrasts Laos' approach with that of neighboring Mekong region countries like Thailand, Vietnam, and Cambodia, where policies primarily focus on reducing chemical residues. This comparative study not only sheds light on different national strategies towards food safety and organic farming but also suggests that Laos' approach could serve as a model for other developing economies with a prevalence of small-scale farming.

The eighth article by Chang et al. (2023) shifts the focus to technological adoption, specifically the factors influencing the use of Mobile Payment Systems (MPS) in Southeast Asia. By conducting a Systematic Literature Review and analyzing 60 studies, the paper examines theoretical models like the Technology Acceptance Model, Unified Theory of Acceptance and Use of Technology, and Diffusion of Innovation model. The inconsistencies in determinants of MPS adoption, such as performance expectancy and social influence, are highlighted. This study not only contributes to the understanding of technology adoption in ASEAN but also proposes a conceptual framework incorporating factors like gender and income level, broadening the scope of research in this field.

The ninth article by Rohman et.al. (2023) examines the relationship between macroeconomic variables such as real GDP, inflation, interest rates, and exchange rates and their impact on insurance premiums and claims in a 63-country sample from 2010 to 2019, highlighting the significant influence of these variables on the insurance sector's performance. The findings indicate a positive correlation between real GDP and inflation with gross premiums, and a negative correlation with exchange rates, emphasizing the need for robust risk management systems within the insurance industry to navigate macroeconomic fluctuations.

Finally, the tenth article by Karina et al. (2023) shifts the focus to Indonesia, examining the anti-sexual violence movement within the context of the global Me Too movement and transnational advocacy networks. The article analyzes how the Indonesian movement is part of a larger transnational network, using tactics like information and leverage politics. It discusses the movement's progress through various stages of transnational advocacy, offering a comprehensive view of how such movements evolve and interact with state behavior.

This volume presents a rich mosaic of research that collectively deepens our comprehension of ASEAN's integration process, underscoring the multifaceted nature of ASEAN's evolution, from cultural exchanges to political collaborations and economic interdependencies. It signals the region's ongoing progress and the challenges it faces in a rapidly changing world. We hope that the insights offered in these studies will spur further research on ASEAN from geoeconomics and other perspectives, contributing to a more nuanced understanding of this dynamic region.

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