

Indonesia and Turkey's Economic Diplomacy in Enhancing Economic Cooperation: IT-CEPA Case Study

Almira Della¹, Ade Solihat²

^{1,2}Middle East and Islamic Studies Program, School of Strategic and Global Studies, Universitas Indonesia
Almira.della17@gmail.com, adesolihat1973@gmail.com

Abstract

This article discusses Indonesia and Turkey's diplomacy in enhancing economic cooperation, a case study of the Indonesia-Turkey Comprehensive Economic Partnership Agreement (IT-CEPA). Globalization is very influential in the development of the country's economy. In increasing Indonesia's competitiveness, it cannot be separated from the regional or global level. The global economic slowdown in 2015 also had a major impact on the Indonesian economy, particularly in the trade sector. To improve the country's economy, Indonesia understands with Turkey in the Indonesia-Turkey Comprehensive Economic Partnership Agreement (IT-CEPA) which has been going on for four rounds since it was signed in 2017. This article is compiled from qualitative research and aims to explain how economic diplomacy between Indonesia and Turkey is established through the Indonesia-Turkey Comprehensive Economic Partnership Agreement (IT-CEPA). The data is obtained through previous case studies and enriched with writings related to Indonesia's economic diplomacy obtained from books, scientific articles and popular articles accessed through the internet.

Keywords

economic diplomacy;
Indonesia; Turkey



I. Introduction

Indonesia and Turkey began diplomatic relations in 1950, but relations between Indonesia and Turkey date back to the 15th century when Raden Patah received recognition from Turkey. Commercial, diplomatic, and military relations between Indonesia and Turkey date back to the early days of the kingdom of Aceh in the 16th and 19th centuries. In 1567, Istanbul received a delegation from Aceh requesting military assistance from Turkey along with the preparation of a military campaign to Sumatra to support Aceh against the invaders was recorded in the Ottoman Government records.

In the 19th century, from 1851 to 1873, Turkish sources focused on the arrival of Aceh delegations to Istanbul from various government offices with the main purpose of renewing the 16th century compromise of allegiance and requesting Aceh's protection from the Ottoman Empire. Turkish visits to Aceh were recorded by the famous North African Muslim traveler Ibn Battuta who visited the Sultanate of Samudra Pasai in North Sumatra on his way to China in 1345-1346.

Bilateral relations between Indonesia and Turkey reflect the strategic value of the two countries with the launch of the "Indonesia-Turkey Joint Declaration: Towards an Enchanted Partnership in a New World Setting" jointly declared by the Presidents of the two countries on April 5, 2011 in Jakarta which contains a commitment to cooperate in the fields of political-security, economy and culture, education, science and technology, including strategic industries.

Efforts to realize the Indonesia-Turkey trade agreement have now completed the negotiation process of the Indonesia-Turkey Comprehensive Economic Partnership Agreement (IT-CEPA). Indonesia and Turkey also support each other in multilateral forums, such as the UN, G20, MIKTA, D8, OIC, and ASEAN sectoral dialogue partners inaugurated at the 50th meeting of ASEAN Foreign Ministers in Manila in 2017. Indonesia has two diplomatic representatives in Turkey, namely the Embassy of the Republic of Indonesia Ankara since 1958 and the Consulate General of the Republic of Indonesia Istanbul since 2012 (Ministry of Foreign Affairs, 2017).

University of Indonesia international relations observer, Agung Nurwijoyo, said that Indonesia and Turkey are very strategic countries, both countries are Muslim-majority countries and adopt a democratic system. Agung Nurwijoyo said that the utility of identity becomes an important point in the context of carrying the aspirations of the Islamic world in combating Islamophobia and Palestinian attitudes, he believes that Turkey and Indonesia can diplomacy well in the contestation of global power. President Recep Tayyip Erdogan and President Joko Widodo are also included in the 20 influential Islamic figures in the world, so the world also sees the work of Indonesia and Turkey.

In 2021, President Recep Tayyip Erdogan paid a visit to Indonesia, during which Indonesia and Turkey explored the establishment of a High-Level Strategic Council. The council is a forum for the leaders of Indonesia and Turkey to discuss various bilateral, regional and multilateral strategic issues of mutual interest. Indonesia and Turkey agreed to continue the negotiation of the Indonesia - Turkey Comprehensive Economic Partnership Agreement (IT-CEPA) and has been targeted to be completed in 2021. The agreement has the potential to increase bilateral trade between Indonesia and Turkey, which has been targeted to reach USD 10 billion or around Rp.142 trillion by 2023.

According to Agung Nurwijoyo, Indonesia-Turkey trade cooperation must be increased and accelerated, because both countries need strategic cooperation projections in the face of economic recovery during the pandemic, and Indonesia and Turkey have great trade potential but the realization is still minimal. In 2020, the Indonesia-Turkey trade volume was recorded at around USD 1.5 billion or around Rp.21 trillion, but this figure is still far from the real potential. Therefore, the two countries agreed to increase cooperation in the investment sector, in addition, Turkish companies are very interested in investing in Indonesia despite the pandemic. Agung Nurwijoyo also believes that Indonesia and Turkey still have obstacles in realizing the existing MoU and to overcome this, regulatory instruments and political will of Indonesia-Turkey play a big role in accelerating cooperation.

Indonesia and Turkey can play a role in mobilizing the group of Muslim countries under the Organization of Islamic Cooperation (OIC) and D-8 to oversee the economic revival and development of Muslim countries, according to international relations observer Sya'rono Rofii. He also believes that Indonesia-Turkey has the capacity to undertake infrastructure projects in African countries, which are currently mostly funded and undertaken by China.

Sya'roni Rofii also argued that Indonesia for Turkey is the anchor of Southeast Asia so that in responding to regional issues Indonesia is considered a key player. According to Sya'roni, President Recep Tayyip Erdogan's visit to Indonesia has an impact on the global image and issues developing in the Middle East and the Islamic world (Aa.com.tr, 2020). Indonesia and Turkey are heading towards an enhanced partnership in a new order, a new world that remains the basis of strong bilateral relations. Diplomatic relations between Indonesia and Turkey have been in place for 68 years since they were inaugurated in 1920 (Kemhan, 2018).

II. Review of Literature

2.1 The Economic Concept of Wilayah al-Faqih

The theory used in writing and compiling the article is the theory of economic diplomacy. Diplomacy is a formal communication carried out by a country with other parties outside the country. Other parties outside the country can be other countries, other countries, or a collection of various countries that are members of a group of organizations. Diplomacy is the implementation of a country's foreign policy and must be conducted with the involvement of the foreign ministry, but diplomacy does not have to be an activity between the two countries that includes the foreign ministry directly into its part. Without an agenda related to foreign policy as a strategy of a country, it is just an activity between two countries. Diplomacy is not only carried out in the political field, but can be carried out in various other fields such as defense and security and politics, economics, and culture.

Indonesia as a developing country and a country with considerable economic resources, is one of the major players in global economic relations. Indonesia's activity in the global economy is shown by the signing of 146 international agreements and ratification of 26 agreements in 2011, of which 60 percent were economic cooperation. Therefore, Indonesia needs more complex economic diplomacy practices and strategies. Economic diplomacy is generally multi-level and multi-actor, involving many other actors besides the government. Economic diplomacy is not a separate diplomatic practice from general diplomacy. It has the same assumptions and executes the same strategies as other diplomatic practices. However, there are some differences between economic diplomacy and other diplomacy, thus making economic diplomacy a separate study. One of the main characteristics of economic diplomacy is that it is highly sensitive and reactive to market changes and developments (Bayne and Woolcock, 2007). Therefore, in some cases economic diplomacy can fail if the market offers a more attractive alternative. Economic diplomacy is a type of diplomacy that deals directly with one other force, namely market forces. What distinguishes economic diplomacy from other diplomacy is the considerable role of the private sector in the negotiation process and policy formulation (Odell, J.S., 2000). Economic diplomacy activities have four pillars, namely (Sukawarsini Djelantik, 2008):

- a. Trade promotion.
- b. Promotion of investment opportunities.
- c. Attraction of adequate technology.
- d. Management of economic aid.

III. Research Method

In the process of writing and compiling the writing of this article, the research method used by the author is a qualitative method. According to Moleong (2005), qualitative research methods are research that intends to understand phenomena about what is experienced by research subjects, such as behavior, perceptions, motivations, actions, and others holistically. This qualitative method is carried out by means of description in the form of words and language in a special natural context and by utilizing various natural methods (Hidayat, 2012). Qualitative methods emphasize a historic approach, so they are more subjective, in accordance with practical facts, cannot be replicated, and cannot be classified. Qualitative methods also emphasize descriptive and tend to be used in the social sciences. Indeed, qualitative methods are used for microsociological questions that

emphasize in-depth explanation. This research method has the main goal of explaining the results in individual cases (Levy, 2002).

Qualitative methods focus on observing phenomena and examining the substance of the phenomena. Analysis and sharpness in qualitative research are greatly affected by the strength of the words and sentences used. According to Azwar in Siregar (2020), descriptive research analyzes only at the level of description, namely analyzing and presenting facts systematically so that they are easier to understand and conclude. Based on the explanation Moleong in Amrizal (2018) qualitative research is research that intends to understand the phenomenon of what is experienced by the subject of research such as behavior, perception, motivation, action, etc., holistically, and by way of description in the form of words and language, in a special context that is natural and by utilizing various natural methods. Therefore, Basri (2014) concluded that the focus of qualitative research is on the process and meaning of the results. The main focus of research using qualitative methods is more focused on human elements, objects, and institutions, along with the relationship or interaction between these elements. This is an effort to understand an event, behavior, or phenomenon (Mohamed, Abdul Majid & Ahmad, 2010). Qualitative methods help provide a rich description of a phenomenon. This method encourages understanding of the substance of an event. Therefore, research using qualitative methods is not only to fulfill the researcher's desire to get a picture or explanation, but also to help get a deeper explanation (Sofaer, 1999).

IV. Discussion

4.1 Economic Diplomacy between Indonesia and Turkey

In 2015, global economic growth showed an economic slowdown of 2.4 percent. Under these conditions, most of them experienced several emerging and development economies due to the slow economic recovery in developed countries, as well as low commodity prices and weakening trade and capital flows. The impact of the economic conditions at that time had spurred all countries to encourage economic growth in various ways, mostly by increasing exports. The number of countries trying to increase their economic growth through exports has led to competition between countries in the global market. One of the ways that can be done to overcome this problem is to establish trade cooperation, both bilaterally and regionally.

The impact on Indonesia of these conditions is the pressure on Indonesia's foreign trade. The value of Indonesia's foreign trade, exports and imports have declined. The poor trade performance requires a solution to overcome the existing conditions, one of which is to increase exports to several countries with non-traditional destinations. Among the countries that deserve to be the destination for increasing exports, Turkey is one of them. Trade relations with Turkey are very important for Indonesia. History records that trade relations between Indonesia and Turkey have long been ongoing. Turkey's strategic geopolitical position is also useful as one of the links for the entry of Indonesian products into Europe and the Middle East.

Based on the statement of the World Bank (2016), in 2014 Turkey had a GDP of USD 798.43 billion, and economic growth of 2.9 percent. Based on Euromonitor data (2016), Turkey's economic growth in 2015 reached 4.1 percent, where the country had an increase compared to 2014. Turkey is one of the important destination countries to increase exports for Indonesia also because several neighboring countries that are also competitors of Indonesia have conducted trade cooperation with Turkey, such as Malaysia, Singapore, and Thailand. In addition, trade flows between Indonesia and Turkey are relatively small,

so it is necessary to increase trade flows with Turkey. During the period 2011-2015, there was a general decline in the flow of trade in goods between Indonesia and Turkey. A very significant downward trend in oil and gas trade of 60.9 percent and a downward trend in non-oil and gas value of 4.37 percent occurred when there was an increase in the total value of trade between Indonesia and Turkey by 2.94 percent.

The trend of Indonesia's exports to Turkey also decreased by 3.64 percent, which began with a decrease in the value of non-oil and gas exports. Indonesia's import trend from Turkey also decreased by 3.71 percent, where the biggest decline occurred in oil and gas imports by 22.41 percent, while the trend of non-oil and gas imports decreased by 7.86 percent. Trade cooperation carried out by two or more countries can be achieved through trade and economic cooperation in the form of Preferential Trade Agreement (PTA), Free Trade Area (FTA), Custom Union, Economic Union, and others. The benefits of trade and economic cooperation are to reduce various kinds of problems or trade constraints, increase economies of scale, increase production efficiency, and increase competitiveness and the quality of products produced.

In 2015, the President of the Republic of Indonesia and the President of Turkey agreed to increase cooperation between Indonesia and Turkey, precisely on July 31, 2015. The increased cooperation includes military cooperation, trade, energy, transportation, and others (Antaranews, 2015). Specifically, the meeting has agreed to discuss the possibility of realizing the Indonesia-Turkey FTA, with the aim of increasing the smoothness of trade and investment activities by both countries. Another agreement that can be reached by both countries is that both parties agree to establish a joint commission between Turkey and Indonesia (BPPP Kemendag, 2016). The meeting between the President of the Republic of Indonesia and the President of Turkey was followed up in the form of Terms of Reference (TOR) Turkey Indonesia Comprehensive Trade and Economic Partnership Agreement (CTEPA).

Indonesia and Turkey agreed that trade liberalization in the CTEPA scheme will reach the highest possible level of scope and depth that both countries can provide. Through this scheme, Indonesia and Turkey aim to increase trade and expand business opportunities between businesses from each country, where people will participate in these business opportunities as business actors. In 2016, Turkey was still in the list of 50 countries with the largest investment value to Indonesia, amounting to USD 2.7 million and ranked 43rd with 61 projects, but trade between Turkey and Indonesia continued to decline from 2014 to 2016. The decline in trade between Indonesia and Turkey reached its biggest drop in 2015 at 43 percent, with Indonesia's exports falling by almost 20 percent, and imports from Turkey dropping by almost 76 percent. In early 2017, trade between Indonesia and Turkey grew by 2.8 percent, compared to early 2015 (Katadata, 2017).

4.2 IT-CEPA (Indonesia-Turkey Comprehensive Economic Partnership Agreement) Cooperation

Indonesia as a developing country has an interest in international cooperation and wishes to increase economic activities by removing barriers that occur with partner countries, as well as to carry out national interests in the field of trade. Indonesia cooperated with Turkey to organize the Comprehensive Economic Partnership Agreement (CEPA). The benefits of this free trade cooperation are based on the balance of trade in exports and imports. Cooperation between Indonesia and Turkey in the Indonesia-Turkey Comprehensive Economic Partnership Agreement (IT-CEPA) occurs in order to fulfill Indonesia's interests in the economic field. The cooperation was signed to be agreed in

2017 and is in the interest of both parties of the country which focuses on economic interests which include trade and investment.

The IT-CEPA agreement was reached after President Joko Widodo and his staff held a bilateral meeting with Turkish president Recep Tayyip Erdogan in Ankara, Turkey. The meeting was part of President Joko Widodo's state visit to Turkey as well as a reply to President Recep Tayyip Erdogan's visit to Indonesia, more precisely Jakarta in 2015. During the meeting, it was agreed to restore the positive trend of trade and investment, including through the negotiation of the Indonesia-Turkey Comprehensive Economic Partnership Agreement (IT-CEPA), along with the reduction or termination of trade barriers and the creation of a conducive investment climate (Ministry of Finance, 2017). The Indonesia-Turkey Comprehensive Economic Partnership Agreement (IT-CEPA) since its signing in 2017 has had four rounds of negotiations until 2021.

4.3 First Round of IT-CEPA Negotiations

Indonesia and Turkey officially started the first round of negotiations in January 2018. The first round of IT-CEPA was held on January 8-9, 2018 at Shangrila Hotel, Jakarta. The Turkish delegation was led by Director-General for EU Affairs, Ministry of Turkey, Murat Yapici and the Indonesian delegation was led by Director General of International Trade Negotiations, Ministry of Trade and Chief Negotiator for the IT-CEPA, Iman Pambagyo. In this first round of negotiations, discussed:

- a. IT-CEPA Terms of Reference (ToR).
- b. Equalizing perceptions related to trade in goods issues such as:
 - Rules of origin (ROO).
 - Custom and trade facilitation.
 - Trade remedies.
 - Technical barriers to trade.
 - Sanitary and phytosanitary.
 - Legal matters.

This first round of IT-CEPA negotiations is a follow-up action to the signing of the Joint Ministerial Statement in Ankara, Turkey on July 6, 2017 between the Indonesian Minister of Trade, Enggartiasto Lukita, and the Turkish Minister of Economy, Nihat Zeybekci. According to Iman Pambagyo, the IT-CEPA negotiations will see a significant increase in the value of Indonesian exports to Turkey by eliminating trade barriers between the two countries, both tariff and non-tariff barriers. The value of Indonesia-Turkey trade is targeted to be USD 10 billion by 2030. The IT-CEPA negotiations are also expected to contribute to restoring Indonesia's export performance to Turkey, which fell substantially in the period 2012 - 2016. The main problem for Indonesian products in the Turkish market is due to higher import duty tariffs and other large additions when compared to Indonesia's competitors that have agreements with Turkey. With the IT-CEPA negotiations, it is expected to increase the competitiveness of Indonesian products in Turkey.

The IT-CEPA negotiations will be conducted in a phased approach. The initial focus of this negotiation is an agreement on trade in goods, which is targeted to be completed and signed by the end of 2018. This is done with the aim of accelerating implementation, so that Indonesian exports can immediately take advantage of IT-CEPA. The next stage of negotiations will focus on trade in services, investment, and others. Iman Pambagyo said that accelerating the completion of negotiations between Indonesia and Turkey is very important to mitigate the decline in the value of Indonesia's exports, which is caused by the loss of competitiveness with products from neighboring countries. In 2016, total trade

between Indonesia and Turkey was recorded at USD 1.33 billion. Indonesia's exports amounted to USD 1.02 billion with the main export products being rubber, textiles, wood powder, paper, conductors, motors, and stearic acid chemicals. Indonesia's imports amounted to USD 311.1 million with the main imported products being tobacco, wheat, corn, marble, lemons, electronic goods, carpets, and clothing. The surplus that Indonesia earned amounted to USD 12.9 million. Turkey is the 28th non-oil and gas export destination country and 34th non-oil and gas import origin country for Indonesia. The value of Turkish investment in Indonesia reached a value of USD 2.7 million (Ekbis Sindonews, 2018).

4.4 Second Round of IT-CEPA Negotiations

In 2018, on May 28, 2018 in Ankara, Turkey, the IT-CEPA negotiations entered the second stage or second round. The negotiations lasted for three days with the same objective, namely Indonesia's efforts to increase exports to Turkey. In this second round, the Indonesian delegation was led by the Director of Bilateral Negotiations, Ni Made Ayu Marthini and the delegation from Turkey was led by the Director General of EU Affairs, Murat Yapici. The negotiations were also attended by the Indonesian Ambassador to Turkey, Wardana. This second round of IT-CEPA negotiations is a continuation of the first round of IT-CEPA negotiations held in Jakarta on January 8-9, 2018. Indonesia hopes that the second round of IT-CEPA negotiations can reduce export barriers, so that Indonesia can increase exports to Turkey. In this second round the two countries discussed:

- a. Finalize terms of reference or ToR for negotiations.
 - Commitment.
 - Scope of negotiating issues.
 - Level of liberalization to be agreed.
- b. Market access modalities.
- c. Discussion of the text of the agreement.

From this second round of negotiations, it is expected that Turkey will give preferential trade treatment to Indonesian products in order to compete in the Turkish market, as well as to avoid being left behind by competing countries that already have trade agreements with Turkey.

One of the objectives of the second round of IT-CEPA negotiations is to eliminate trade barriers, both tariff and non-tariff. This is necessary so that Indonesian products can have the same level as competing countries. According to Ni Made Ayu Marthini, these trade barriers are believed to have affected Indonesia's export performance to Turkey, which has decreased substantially in the last five years. Turkey is one of the most active countries negotiating free trade agreements (FTAs), with 21 agreements that have been implemented and 10 agreements that are still under negotiation. Ni Made Ayu Marthini argues that Indonesian products will have difficulty competing in Turkey if they still face high tariffs and Turkey's antidumping or safeguard policies. Therefore, this negotiation is important for Indonesia to be completed immediately, and is expected to achieve significant progress to pursue the first phase completion target in early 2019. In 2017, Indonesia-Turkey trade totaled USD 1.7 billion. Indonesia's export value to Turkey reached USD 1.2 billion with the main export products being natural rubber, textiles, and palm oil. Indonesia's import value to Turkey reached USD 534.1 million with the main imported products being iron, steel, tobacco, chemical products, and cotton. Turkey's investment value in Indonesia reached USD 1.5 million (DGppi Ministry of Trade, 2018).

4.5 Third Round of IT-CEPA Negotiations

The third round of IT-CEPA negotiations was held in Jakarta for two days on January 24-25, 2019 as a continuation of the second round of IT-CEPA negotiations. In this third round of negotiations, there were six working groups that met to discuss issues related to trade in goods, such as:

- a. Market access and draft text.
- b. Custom and trade facilitation (CTF) / trade and customs facilities.
- c. Trade remedies.
- d. Technical barriers to trade.
- e. Sanitary and phytosanitary / sanitary and phytosanitary.
- f. Legal matters / legal issues.

The delegation from Indonesia for the third round of IT-CEPA negotiations is still the same as in the second round of negotiations led by the Director of Bilateral Negotiations, Ni Made Ayu Marthini who said that Indonesia as the host emphasized the importance of the negotiations running constructively in discussing important issues in the six working groups. Indonesia and Turkey hope to finalize the Terms of Reference as a guideline in conducting further negotiations. The third round of IT-CEPA negotiations is a form of the government's seriousness to increase economic cooperation with various trading partner countries, as well as to improve Indonesia's export performance, although the total trade between Indonesia and Turkey has shown a consistent increase over the past three years, but Indonesia believes that it does not fully reflect the maximum potential that exists and is owned by both parties. The main point is that there is still a lot of potential and room to develop economic cooperation between Indonesia and Turkey, which this agreement will encourage. IT-CEPA negotiations are carried out incrementally, with the initial stages running in the field of trade in goods which will then be continued to the fields of trade in services, investment, and others to be determined at a later date.

Ni Made Ayu Marthini said that in 2018, Indonesia plans to intensify the IT-CEPA negotiations by continuing to prioritize national interests, so that the benefits of the negotiations can be enjoyed by the community, business community, exporters and importers, and can help increase national export performance and improve Indonesia's trade balance. An important issue in the IT-CEPA negotiations is trade remedies, because Turkey is one of the countries that quite often use trade remedies instruments. No matter how good the quality of Indonesian products is, it will still have difficulty competing in the Turkish market as long as it still faces high tariffs and their anti-dumping or safeguard policies. Therefore, it is important for Indonesia to finalize the IT-CEPA negotiations. It is one of the ways to meet the trade value target set by the President of the Republic of Indonesia during his visit to Turkey in July 2017, which amounted to USD 10 billion by 2023 (Ditjenppi Kemendag, 2019).

4.6 Fourth Round of IT-CEPA Negotiations

On July 12, 2019, Indonesian Minister of Trade Enggartiasto Lukita held a bilateral meeting with Turkish Minister of Trade Rushar Pekcan in Ankara. The two ministers discussed substantial issues related to the status of bilateral trade, the continuation of the IT-CEPA negotiations, trade security issues, and business collaboration. The Indonesian trade minister and the Turkish trade minister agreed to task the two negotiating teams to start increasing contacts to prepare for the fourth round of negotiations planned for October 2019. These preparations include the implementation of teleconferences between Jakarta and Ankara starting in August to ensure that both teams are ready to make progress before the end of 2019. Indonesian Trade Minister Enggartiasto Lukita said that in principle the

Indonesian negotiating team was ready to meet in August or September, but the Turkish side proposed that the fourth round of IT-CEPA negotiations be held in October.

During the meeting, the Indonesian Minister of Trade also requested that Turkey be more selective in applying trade security measures such as anti-dumping, anti-circumvention, and safeguards. Other suggestions included that correspondence in the investigation process be conducted in English, and that anti-dumping and other trade safeguard measures currently imposed on Indonesia be terminated when they are 10 years old (MoT, 2019). The fourth round of IT-CEPA negotiations was held in Ankara, Turkey for two days on January 30-31, 2020. In this round there were six working groups that discussed various issues. The issues discussed were related to trade in goods, economic cooperation, trade remedies (TR), sanitary and phytosanitary (SPS), and legal matters. The Indonesian delegation for this fourth round is still the same as before, led by the Director of Bilateral Negotiations, Ni Made Ayu Marthini.

Ni Made Ayu Marthini said that the fourth IT-CEPA negotiation went very well and there was progress in almost all working groups. This will encourage the efforts of both countries which are committed to completing the negotiations in 2020 according to the mandate of the two heads of state. The Indonesian delegation hopes that the IT-CEPA will become a bridge for the two countries to increase trade, which is currently still below its potential. He also said that the total trade data between Indonesia and Turkey has shown a consistent increase over the past three years, but still does not reflect the true potential of the two countries. There is still a lot of potential and room for development of economic cooperation between Indonesia and Turkey. This agreement will encourage the diversification of exports between the two countries. In 2018, Indonesia's export value to Turkey was recorded at USD 1.18 billion with a market share of 0.59 percent and its import value amounted to USD 611.5 million. The total value of Indonesia's trade with Turkey was USD 1.79 billion. There was an increase of 5.28 percent compared to the period in 2017. Indonesia's exports to Turkey also increased by 1.06 percent in 2018 with a surplus trade balance for Indonesia over the past five years. The value of Turkish investment in Indonesia was recorded at USD 3.7 million in 2018 (Ditjenppi Ministry of Trade, 2020).

V. Conclusion

The global economic slowdown in 2015 affected most emerging and developing economies. The effect of the global economic slowdown was the slowing of economic recovery in developed countries and the weakening of trade and capital flows. Therefore, it encourages countries to promote their economic growth through various means, mostly through increasing exports, one of which is Indonesia. However, it causes competition between countries in the global market and to overcome this problem is to establish trade cooperation between countries, both bilaterally and regionally. Indonesia is one of the countries affected by these conditions, such as the depressed Indonesian foreign trade including the value of foreign trade, exports, and imports of Indonesia has decreased. The unfavorable trade performance requires a solution, one of which is to increase exports to several countries with non-traditional destinations. Among the countries that Indonesia aims to increase exports to, Turkey is one of them. Turkey's strategic geopolitical position serves as one of the links for the entry of Indonesian products into Europe and the Middle East. Indonesian products experience tariff barriers in Turkey that cause a significant decline in export value. Therefore, Indonesia and Turkey established a trade cooperation called the Indonesia-Turkey Comprehensive Economic Partnership Agreement (IT-CEPA).

The cooperation agreement between Indonesia and Turkey was agreed and signed in 2017. The agreement took place in order to fulfill Indonesia's interests in the economic field. IT-CEPA is a cooperation of interests between the two countries that focuses on economic interests which include trade and investment. This agreement was reached after President Joko Widodo and his staff held a bilateral meeting with the Turkish president, Recep Tayyip Erdogan in Ankara, Turkey. Since the IT-CEPA cooperation agreement was signed until now there have been four rounds of negotiations. The first round of negotiations was held on January 8-9, 2018 in Jakarta with the delegation from Indonesia being the Director General of International Trade Negotiations of the Ministry of Trade as well as the Chief Negotiator of Indonesia for IT-CEPA and the delegation from Turkey was Director-General for EU Affairs, Ministry of Turkey, Murat Yapici. In this first round of negotiations, the discussions that took place were the IT-CEPA Terms of Reference (ToR), equalizing perceptions related to trade in goods issues, such as rules of origin (ROO), custom and trade facilitation, trade remedies, technical barriers to trade, sanitary and phytosanitary, and legal matters.

The second round of negotiations was held in Ankara, Turkey on May 28, 2018 which lasted for three days with the delegation from Indonesia led by Director of Bilateral Negotiations, Ni Made Ayu Marthini and the delegation from Turkey led by Director General of EU Affairs, Murat Yapici. The discussion in this second round was the finalization of the terms of reference or ToR of negotiations (commitments, scope of negotiating issues, and level of liberalization to be agreed upon), market access modalities, and discussion of the text of the agreement. In 2017, Indonesia-Turkey trade totaled USD 1.7 billion and Turkey's investment value in Indonesia reached USD 1.5 million. The third round of negotiations was held for two days in Jakarta on January 24-25, 2019 with the same delegations from Indonesia and Turkey as in the previous round. In this third round, there were six working groups that discussed trade issues, such as rules of origin (ROO), custom and trade facilitation, trade remedies, technical barriers to trade, sanitary and phytosanitary, and legal matters. An important issue in the IT-CEPA negotiations is trade remedies, as Turkey is one of the countries that often use trade remedies instruments.

The fourth round of negotiations was held in Ankara, Turkey for two days on January 30-31, 2020. In this round there are six working groups that are still discussing various trade issues, just like in the previous round of negotiations. Data on total trade between Indonesia and Turkey shows a consistent increase over the past three years, but still does not reflect the true potential of both countries. There is still much potential and room for development of economic cooperation between Indonesia and Turkey. This agreement will encourage the diversification of exports of both countries. Indonesia's total trade value with Turkey is USD 1.79 billion and Turkey's investment value in Indonesia was recorded at USD 3.7 million in 2018. After the establishment of a cooperation agreement between Indonesia and Turkey through the IT-CEPA, the Indonesian economy in the fields of trade and investment has increased even though the IT-CEPA negotiations have only reached four negotiations and have not yet reached finalization for the IT-CEPA itself. Indonesia managed to increase the value of trade and investment through Turkey, especially in exports and imports. In the future, Indonesia will involve the community, especially those in the realm of trade and business, to be more involved in the Indonesian economy.

References

- Amrizal, D., Yusriati, and Lubis, H. (2018). The Role of General Election Commission (KPU) in Increasing Voters' Participation in Langkat, Medan, Indonesia. *Budapest International Research and Critics Institute-Journal (BIRCI-Journal) Vol I (2): 13-24.*
- Anonim. (2015). *Indonesia-Turki akan Kerjasama Industri Peralatan Militer.* Diakses pada 13 Maret 2022, dari <https://www.antaraneews.com/berita/509892/indonesia-turki-akan-kerjasama-industri-peralatan-militer#mobile-src>.
- Anonim. (2017). *Bagaimana Perdagangan Indonesia-Turki?.* Diakses pada 4 Maret 2022, dari <https://databoks.katadata.co.id/datapublish/2017/07/05/bagaimana-perdagangan-indonesia-turki>.
- Basri, H. (2014). *Using Qualitative Research in Accounting and Management Studies: Not a New Agenda.* *Journal of US-China Public Administration.*
- Bayne, Nicholas dan Stephen Woolcock. (2007). *The New Economic Diplomacy: Decision-making and Negotiation in International Economic Relations.* England: Ashgate Publishing Limited.
- BPPP Kemendag RI. (2016). *Laporan Akhir: Analisis Kelayakan Kerjasama Perdagangan Indonesia-Turki.* Diakses pada 12 Maret 2022, dari http://bPPP.kemendag.go.id/media_content/2017/10/Analisis_Turki_2016.pdf.
- Direktorat Jenderal PPI. (2018). *Perundingan Putaran Ke-2 Indonesia-Turki CEPA (IT-CEPA).* Diakses pada 16 Maret 2022, dari <https://ditjenppi.kemendag.go.id/index.php/berita/detail/perundingan-putaran-ke-2-indonesia-turki-cepa-it-cepa>.
- Direktorat Jenderal PPI. (2019). *Akselerasi Perundingan Dagang: Indonesia Gelar Putaran Ketiga Indonesia-Turkey CEPA.* Diakses pada 17 Maret 2022, dari <https://ditjenppi.kemendag.go.id/index.php/berita/detail/akselerasi-perundingan-dagang-indonesia-gelar-putaran-ketiga-indonesia-turkey-cepa>.
- Direktorat Jenderal PPI. (2020). *Akselerasi Perundingan Dagang: Indonesia-Turki Negosiasi IT-CEPA Putaran Keempat.* Diakses pada 17 Maret 2022, dari <https://ditjenppi.kemendag.go.id/index.php/berita/detail/akselerasi-perundingan-dagang-indonesia-turki-negosiasi-it-cepa-putaran-keempat>.
- Faizal, Mohammad. (2018). *Indonesia Turki Perundingan Dagang IT-CEPA.* Diakses pada 13 Maret 2022, dari <https://ekbis.sindonews.com/berita/1272578/34/indonesia-turki-memulai-perundingan-dagang-it-cepa>.
- Hidayat, Aziz Alimul. (2012). *Riset Keperawatan dan Teknik Penulisan Ilmiah.* Salemba Medika: Edisi 2.
- Idrus, Pizaro Gozali. (2020). *Mengurai Potensi Ekonomi dan Diplomasi Indonesia-Turki.* Diakses pada 14 Maret 2022, dari <https://www.aa.com.tr/id/berita-analisis/mengurai-potensi-ekonomi-dan-diplomasi-indonesia-turki/2085917#>.
- Kemendag RI. (2019). *Forum Bisnis Indonesia-Turki: Upaya Peningkatan Perdagangan Bilateral.* Diakses pada 7 Maret 2022, dari <https://www.kemendag.go.id/id/newsroom/media-corner/forum-bisnis-indonesia-turki-upaya-peningkatan-perdagangan-bilateral-1>.
- Kemendag RI. (2019). *Perkuat Hubungan Dagang: Indonesia-Turki Sepakat Selesaikan Perundingan IT-CEPA Tahun Ini.* Diakses pada 17 Maret 2022, dari <https://www.kemendag.go.id/id/search/perkuat-hubungan-dagang-indonesia-turki-sepakat-selesaikan-perundingan-it-cepa-tahun-ini-1>.

- Kemenkeu RI. (2017). *Indonesia-Turki Sepakat Tingkatkan Kerjasama Perdagangan*. Diakses pada 9 Maret 2022, dari <https://www.kemenkeu.go.id/publikasi/berita/indonesia-turki-sepakat-tingkatkan-kerjasama-perdagangan/>.
- Kemhan RI. (2018). *Indonesia-Turki Komitmen Perkuat Hubungan Bilateral*. Diakses pada 2 Maret 2022, dari <https://www.kemhan.go.id/2018/10/29/indonesia-turki-komitmen-perkuat-hubungan-bilateral-yang-kuat.html>.
- Kemlu RI. (2017). *Indonesia dan Turki*. Diakses pada 14 Maret 2022, dari https://kemlu.go.id/ankara/id/pages/hubungan_bilateral/51/etc-menu.
- Levy, Jack S. (2002). *Quantitative International Politics and Its Critics: Then and Now*, dalam Frank P. Harvey dan Michael Brecher (ed.), *Evaluating Methodology in International Studies*. Ann Arbor: University of Michigan Press.
- Mohamed, Z. M, A.H. Abdul Majid, dan N. Ahmad. (2010). *Tapping New Possibility in Accounting Research, in Qualitative Research in Accounting: Malaysian Case*. Kuala Lumpur: Universiti Kebangsaan Malaysia.
- Moleong, Lexy J. (2005). *Metodologi Penelitian Kualitatif*. Bandung: Remaja Rosdakarya.
- Odell, Jhon S. (2000). *Negotiating The World Economy*. New York: Cornell University Press.
- Rana, Kishan S. (2007). *Bilateral Diplomacy*. New Delhi: DiploFoundation.
- Rashid, H.U. (2005). *Economic Diplomacy in South Asia*. India: The Indian Economy & Business Update.
- Siregar, H., and Nur, S.H. (2020). Community Acceptance of Children with Disabilities in Medan City. *Budapest International Research and Critics Institute-Journal (BIRCI-Journal) Vol 3 (4): 3831-3844*.
- Sofaer, S. (1999). *Qualitative Methods: What Are They and Why Use Them?*. Health Services Research.
- Solichin, Harianto dan Taat Subekti. (2010). *Diplomasi Ekonomi Indonesia*. Diakses pada 28 Februari 2022, dari <https://docplayer.info/40983106-Diplomasi-ekonomi-indonesia-oleh-harianto-solichin-taat-subekti.html>.
- Van Bergeijk, P.A.G, dan S. Moons. (2007). *Economic Diplomacy and Economic Security*. Lisbon: New Frontiers for Economic Diplomacy.