

# Indonesia's Strategic Engagement in G20: The Role of Economic Diplomacy in Advancing National Interests and Fostering Inclusive Global Economic Growth

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## ABSTRACT

Economic diplomacy as a key instrument in advancing national interests and supporting inclusive global economic development. G20, as a major economic forum involving both developed and developing nations, provides a strategic platform for Indonesia to participate in multilateral negotiations and cooperation. This research employs a qualitative approach, focusing on document analysis, literature review, and a comprehensive understanding of Indonesia's role in G20. Relevant data were gathered from official sources, including Indonesia's government statements, G20 documents, and B20 policy reports. The analysis aimed to identify Indonesia's economic diplomacy strategies, the impact on economic growth, and efforts to build networks within G20. Indonesia, as a G20 member, not only conducts economic diplomacy for national interests but also contributes to a more inclusive and sustainable global development. The stable economic growth, supported by effective economic diplomacy strategies, has positioned Indonesia as a key player in shaping the G20 agenda. Through participation in G20, Indonesia facilitates constructive dialogue between the private sector and the government, strengthening synergy to achieve shared economic development goals. This research provides in-depth insights into Indonesia's role in G20, emphasizing how economic diplomacy serves as a potent instrument for achieving national and regional success. The implications of these findings extend beyond the G20 context, offering perspectives on how developing countries can play a significant role in shaping a more equitable and sustainable global economic development.

**Keywords:** Diplomacy, Economy, International, G20, Indonesia

## ABSTRAK

Diplomasi ekonomi sebagai instrumen kunci dalam mendorong kepentingan nasional dan mendukung pembangunan ekonomi global yang inklusif. G20, sebagai forum ekonomi utama yang melibatkan negara-negara maju dan berkembang, memberikan platform strategis bagi Indonesia untuk berpartisipasi dalam negosiasi dan kerjasama multilateral. Penelitian ini menggunakan pendekatan kualitatif, dengan fokus pada analisis dokumen, tinjauan literatur, dan pemahaman komprehensif terhadap peran Indonesia dalam G20. Data relevan dikumpulkan dari sumber resmi, termasuk pernyataan pemerintah Indonesia, dokumen G20, dan laporan kebijakan B20. Analisis bertujuan untuk mengidentifikasi strategi diplomasi ekonomi Indonesia, dampaknya terhadap pertumbuhan ekonomi, dan upaya membangun jaringan dalam G20. Indonesia, sebagai anggota G20, tidak hanya melakukan diplomasi ekonomi untuk kepentingan nasional tetapi juga berkontribusi pada pembangunan global yang lebih inklusif dan berkelanjutan. Pertumbuhan ekonomi yang stabil, didukung oleh strategi diplomasi ekonomi yang efektif, telah menempatkan Indonesia sebagai pemain kunci dalam membentuk agenda G20. Melalui partisipasi dalam B20, Indonesia memfasilitasi dialog konstruktif antara sektor swasta dan pemerintah, memperkuat sinergi untuk mencapai tujuan pembangunan ekonomi bersama. Penelitian ini memberikan wawasan mendalam tentang peran Indonesia dalam G20, menekankan bagaimana diplomasi

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*ekonomi berfungsi sebagai instrumen yang efektif untuk mencapai kesuksesan nasional dan regional. Implikasi temuan ini melampaui konteks G20, menawarkan perspektif tentang bagaimana negara-negara berkembang dapat memainkan peran penting dalam membentuk pembangunan ekonomi global yang lebih adil dan berkelanjutan.*

**Kata kunci:** Diplomasi, Ekonomi, Internasional, G20, Indonesia

## INTRODUCTION

In addressing the serious impact of the global financial crisis affecting the financial sectors of developed countries and spilling over to the real sector, the G-20 Leaders Meeting emerged as a crucial platform for international coordination and cooperation. The G20 Summit serves as a high-level forum where leaders or heads of state from the G20 group unite to address common challenges and implement joint policies to restore global economic stability (Benson & Zürn, 2019). The assessment process conducted by G20 members involves identifying shared goals in achieving global economic recovery. They formulate policies needed to achieve these goals and continuously monitor the progress of their implementation. Indonesia, as a G20 member representing a developing country, plays a crucial role in this process (Yuniarto et al., 2023). While maintaining its national interests, Indonesia actively advocates for development agendas as the main focus of the G20 Summit. Indonesia's vision is to create a global agreement that is fair, equitable, and mutually beneficial. Margiansyah (2020) emphasizes economic diplomacy without sacrificing the essence of solidarity among developing countries. Indonesia is committed to being a voice that advocates for the common interests of developing countries, creating a platform where they can unite in efforts to achieve inclusive and sustainable economic sustainability (Marková, 2019; Garlick, 2019).

One crucial aspect of Indonesia in the G20 forum is its efforts to match the quality standards of products in line with global consumer expectations. In this regard, Indonesia strives to enhance quality control and ensure that its products meet international standards (Astuti & Fathun, 2020). This not only builds consumer trust but also strengthens Indonesia's position as a responsible and reliable player in the global market. Additionally, Indonesia's involvement in the G20 brings several important opportunities (Al-Fadhat, 2022; Suryawijaya et al., 2020). Firstly, Indonesia gains access to a broader market, allowing it to increase exports of products and services. Secondly, the forum also provides an opportunity for technology transfer, where Indonesia can leverage the latest innovations and knowledge to enhance its competitiveness in various sectors (Margiansyah, 2020). This aligns with the goals of technological development and innovation advocated by the Indonesian government. Lastly, the openness to cooperation within the G20 forum opens up opportunities to expand economic diplomacy networks, build mutually beneficial relationships with other countries, and support sustainable economic growth (Triwahyuni, 2022).

In the period of the National Medium-Term Development Plan (RPJMN) 2015-2019, Indonesia formulated a series of acceleration strategies known as "quick wins" to strengthen its contribution in the G20 forum. The primary focus of these strategies involved infrastructure improvement, where Indonesia implemented significant projects to enhance connectivity and domestic economic competitiveness (Basri & Riefky, 2023). Additionally, policies for labor protection were introduced to improve worker welfare and create a fair working environment. In the context of global trade, Indonesia proposed the reduction of trade tariff barriers, demonstrating its commitment to fostering a more open trade environment (Putri, 2022; Intentilia, 2023). All these strategies aimed to deliver positive impacts in a short period, creating a positive image for Indonesia on the international stage. Not solely concentrating on the economic sector, Indonesia also designed investment policies, regulatory reforms, and innovations in technology and energy (McKibbin & Vines, 2020). The objectives of these measures were to create a conducive investment climate and enhance Indonesia's competitiveness in the continually

evolving global economy. Indonesia's active participation in the G20 not only aimed to safeguard national interests but also to play a proactive role in shaping the global agenda. Astuti & Fathun (2020) highlighted Indonesia's economic diplomacy strategy in the G20, emphasizing sustainability. As a country rich in natural resources, Indonesia committed to ensuring that economic growth not only benefits the present but is also sustainable in the long term. Efforts to integrate the concept of sustainable development into the G20 agenda are part of Indonesia's economic diplomacy role in creating a fair and sustainable global agreement (Ibrahim, 2022; Margiansyah, 2020).

## **METHODS**

This research adopts a qualitative approach to explore and analyze Indonesia's participation in the G20 forum. The primary focus of this study is to understand the dynamics of Indonesia's economic diplomacy on a global scale, particularly in the context of the G20, using the neoliberal paradigm as the analytical framework. The neoliberal paradigm highlights the importance of free markets, foreign investment, and international cooperation in stimulating economic growth. This research aims to investigate how Indonesia, as an emerging economy, engages in this forum, how economic diplomacy is applied, and how it influences domestic economic policies. The concept of economic diplomacy serves as the analytical lens to understand the strategies, tactics, and policies employed by Indonesia in interacting with G20 member countries. This approach allows researchers to explore how Indonesia promotes its economic interests, builds alliances, and influences global policies through dialogue and negotiation in the G20. Data for this research were collected through literature review, detailing relevant literature on the G20, economic diplomacy, and Indonesia's foreign policy. In qualitative research methodology, theory plays a crucial role as a guide to formulate research questions, determine the focus of analysis, and provide an interpretative foundation for findings. The research process aims to gain an in-depth understanding of the dynamics of Indonesia's economic diplomacy in the G20. By comprehensively understanding this context, the research aims to generate relevant and useful recommendations for decision-makers at the policy level, enrich the understanding of Indonesia's role in the G20, and contribute to the literature on economic diplomacy in the context of international organizations.

## **RESULTS AND DISCUSSION**

### **Dynamics of Economic Diplomacy**

In the neoliberal perspective, the mainstream economy becomes the primary means to establish close relationships between states, with the belief that economic interactions can minimize conflicts and provide a foundation for better cooperation in an anarchic world (Davies, 2018). Neoliberalism bases its assumptions on the belief that the economy can address most of the state's interests. In the G20 context, the forum's members, representing various economic powers globally, unite in a deep commitment to the principles of multilateralism (Hathaway, 2020; Marková, 2019). Within the G20, the commitment to multilateralism is reflected in the joint efforts of member countries to create efficient and fair global economic governance. This forum, comprising government representatives and international institutions, builds broad cooperation to support better global economic governance (Luckhurst, 2020). In the neoliberal order, this cooperation involves various policies, including free trade, cross-border investment, and collaboration in addressing global economic issues. The G20 serves as a platform where countries, with diverse economic interests, commit to addressing common challenges and responding to global economic dynamics. In the neoliberal paradigm, the importance of economic interdependence is recognized as a significant opportunity to deepen cooperation, both in the form of trade and other forms of economic interdependence (Bernards, 2019; Ji & Lim, 2022).

The concept of economic diplomacy focuses on the primary role of diplomatic actors, the dynamics of relationships, and the activities and institutions that serve as a stage for them to create and manage economic interdependence internationally (Li, 2019;

Margiansyah, 2020). Economic diplomacy is seen as a strategic tool used by countries to pursue and achieve economic security in an international system that tends to be anarchic. In the context of the economic diplomacy concept with the neoliberal paradigm, the main focus is on the state's understanding of the patterns of international economic interaction based on economic interests (Bovan et al., 2020). This paradigm emphasizes the importance of free markets, foreign investment, and international cooperation in stimulating economic growth and minimizing conflicts. In this view, economic diplomacy becomes the primary instrument to achieve national economic goals through negotiations, trade agreements, and coordination of economic policies (Onyema, 2018). In the context of the G20 forum, the concept of economic diplomacy is highly relevant because this forum is the main stage where countries, involving diplomatic actors, including government officials and international institutions, discuss global economic issues, formulate joint policies, and build multilateral agreements. This concept of economic diplomacy is considered comprehensive in mapping Indonesia's interactions in the G20 (Triwahyuni, 2022; Al-Fadhat, 2022). Diplomatic activities involve negotiations, lobbying, and cooperation with various parties, forming alliances that can support sustainable and inclusive development agendas (Margiansyah, 2020).

The typology of economic diplomacy clusters, consisting of Traditional, Niche-focused, Evolving, and Innovative, provides valuable insights into classifying various approaches taken by countries in managing international economic relations (Astuti & Fathun, 2020). Countries in the Traditional cluster tend to adopt conventional methods and show a lag in responding to rapid changes in the global economic environment. On the other hand, the Niche-focused cluster demonstrates more focused policies on specific strategic areas, creating comparative advantages in particular sectors (Poerwantika & Kotwhani, 2022). The Evolving cluster includes countries that have been able to adapt quickly to new opportunities and make necessary structural changes. Finally, the Innovative cluster comprises countries that are pioneers in applying cutting-edge techniques and sustainable reforms in their economic diplomacy (Ibrahim, 2022). Although this typology is not rigid, and many countries may encompass elements from more than one cluster, this concept provides an initial overview to understand the diversity of economic diplomacy approaches globally. In the context of the G20, interactions among countries with different typologies can create opportunities for broader collaboration and support balanced and inclusive global economic development (Garlick, 2019; Intentilia, 2023).

### **Indonesia's Economic Interests in the G20**

In the context of the international system marked by anarchy, where insecurity and the complexity of global challenges are realities, countries, including Indonesia, feel the need to develop effective mechanisms for cooperation (Saputra & Ali, 2021). The Indonesian Ministry of Foreign Affairs responds to these challenges by establishing a task force for the implementation of economic diplomacy, demonstrating seriousness in achieving economic security and prosperity through diplomacy. This task force has clear objectives: first, attracting more foreign investment to Indonesia by promoting investment, formulating supportive policies, and improving the investment climate (Al-Fadhat, 2022; Susilo, 2018). Second, opening up larger markets abroad for Indonesian products through active trade diplomacy, trade agreement negotiations, and promoting flagship products. And third, increasing the number of foreign tourists by implementing tourism promotion strategies, facilitating visa policies, and developing tourism infrastructure (Yuniarto et al., 2023; Suryawijaya et al., 2022). These steps reflect Indonesia's efforts to manage the dynamics of international anarchy proactively, utilizing economic diplomacy as a tool to facilitate cooperation and achieve economic security amid global uncertainty. Through these initiatives, Indonesia seeks not only national benefits but also actively contributes to shaping a more inclusive and sustainable international order (Basri & Riefky, 2023).

As a member of the G20, Indonesia plays an active role in advancing the interests of developing countries and ensuring the sustainability of the inclusive and sustainable

global economic system. As the only Southeast Asian country in the G20 and one of six countries in the Asian region involved in the forum, Indonesia brings a unique perspective that reflects the dynamics and economic diversity of the regional context (Astuti & Fathun, 2020). Despite serving as a regional representative, Indonesia maintains a focus on its national interests, which remain a top priority. In strengthening its economic diplomacy, Indonesia prioritizes expanding prospective markets, promoting trade, tourism, and investment. The strengthening of this diplomacy is crucial for overcoming challenges and leveraging opportunities at the global level (Ibrahim, 2022; Wicaksana, 2023). As a developing country, investment plays a crucial role in driving Indonesia's national economic growth. Indonesia takes strategic steps by identifying priority investment sectors, integrating them with the national development agenda, and improving the investment climate, including efforts to reduce political costs that may hinder investment in Indonesia. Through this approach, Indonesia not only contributes to the success of the G20 forum and the stability of the global economy but also ensures that its economic diplomacy aligns with the vision of inclusive and sustainable national development (Purwati et al., 2023; Luckhurst, 2020).

Examining the Gross Domestic Product (GDP) growth of G20 countries, Indonesia stands out as one of the most stable, experiencing an annual increase of approximately 5%. Indonesia's success in maintaining this consistent economic growth has become a strategic asset, especially in the context of its active participation in the G20 forum (Christian, 2022). The stable economic growth above 5% not only reflects Indonesia's economic resilience but also acts as a magnet for investors, particularly in the infrastructure sector. Indonesia's economic growth stability is a key asset in the G20 forum to attract domestic infrastructure investment interest (Astuti & Fathun, 2020; Yuniarto et al., 2023). This reliability paints a positive picture for international stakeholders regarding Indonesia's potential and opportunities. The continuous economic growth creates a robust foundation for long-term investment projects, such as infrastructure development supporting sustainable growth. Indonesia's ability to sustain economic growth above 5% also has a positive impact in advocating for quality policies and those oriented towards inclusive growth in the G20 forum (Margiansyah, 2020). The high economic growth legitimizes Indonesia as a leader in formulating sustainable and competitive economic policies. Indonesia's achievement in maintaining economic growth stability and utilizing it as an economic diplomacy tool in the G20 forum not only benefits the nation but also has the potential to shape global policy directions. With strong economic growth support, Indonesia can continue to be a driving force in discussions and policy implementations that promote prosperity and sustainability on an international level (Suryawijaya et al., 2022; Benson & Zürn, 2019).

In efforts to stimulate national economic growth, Indonesia positions itself as a country with strong business interests. Indonesia's economic strength, coupled with careful industry mapping and attractive investment offerings promoted in the G20 forum, becomes a strategy to build an effective foundation for national business players (Garlick, 2019). Furthermore, Indonesia's commercial interests in the G20 are also supported by "The Business 20" (B20) group. B20, as a business community, reflects the role of the private sector in supporting economic growth, both nationally and globally. B20 Summit meetings are a crucial element in G20 summits, where generated recommendations include efforts to facilitate markets, enhance the role of multilateral development banks in infrastructure, and promote financial inclusion through digital technology (Putri, 2022; Hathaway, 2020). In the framework of multilateral relations in the G20, Indonesia must wisely position itself. Indonesia is expected to be a country that complements the needs of other nations while fulfilling its own needs from other countries (Bernards, 2019). This reflects a mutually beneficial and collaborative approach, where Indonesia plays a constructive role in achieving global economic development goals. Indonesia's commercial diplomacy in the G20 not only creates profitable business opportunities for Indonesia but also contributes to the formation of a collaborative framework beneficial to all parties (Saputra & Ali, 2021).

## CONCLUSION

Indonesia's role in the G20, particularly in the context of economic diplomacy, has a significant impact on promoting its national interests and supporting global economic development that is inclusive and sustainable. Through coordination efforts, communication, and commercial diplomacy, Indonesia has successfully positioned itself as an active and strategic player in this international forum. The stable economic growth above 5% each year provides a strong foundation for Indonesia to strengthen its role in the G20, especially in attracting investments, expanding markets, and advancing development agendas. Indonesia's membership in the G20 is further supported by its participation in "The Business 20" (B20), strengthening the relationship between the private sector and the government to achieve shared economic goals. Indonesia's efforts to improve the perceptions of G20 member countries regarding its economic potential through commercial diplomacy and effective coordination demonstrate that Indonesia can play a leadership role in global issues. Indonesia's active involvement in advocating for development policies and financial inclusion in the G20 forum, particularly through B20 recommendations, indicates its positive contribution to shaping the global development agenda. As a developing country, Indonesia has successfully optimized its G20 membership to promote its national interests, support inclusive economic growth, and create a collaborative platform beneficial to all parties. Therefore, this research shows that Indonesia's economic diplomacy in the G20 is not only about seeking its own benefits but also about contributing to fair and sustainable global development.

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