

■総数回 Ekombis Review – Jurnal Ilmiah Ekonomi dan Bisnis

Available online at: https://jurnal.unived.ac.id/index.php/er/index

DOI: https://doi.org/10.37676/ekombis.v12i4

Foreign Trade Representative Strategy In Building The Image Of Indonesian Products In Australia

Febyanti Juliastica ¹, Akim ², Teuku Rezasyah ³ ^{1,2),3)} Universitas Padjajaran

Email: 1) febyanti2201@mail.unpad.ac.id, 2 akim@mail.unpad.ac.id, 3 rezasyah@mail.unapd.ac.id

How to Cite:

Juliastica, F., Akim, A., Rezasyah, T. (2024). Foreign Trade Representative Strategy In Building The Image Of Indonesian Products In Australia. EKOMBIS REVIEW: Jurnal Ilmiah Ekonomi Dan Bisnis, 12(4). doi: https://doi.org/10.37676/ekombis.v12i4

ARTICLE HISTORY

Received [08 Juli 2024] Revised [30 September 2024] Accepted [15 Oktober 2024]

KEYWORDS

Australia, Economic Diplomacy, Foreign Trade Representatives, Indonesia.

This is an open access article under the <u>CC-BY-SA</u> license



ABSTRACT

Trade relations between Indonesia and Australia have been around for a long time. This is proven by the commitment of the two countries to improve trade relations. However, in 2020 trade between the two countries experienced a significant decline due to the Covid-19 pandemic. As representatives of Indonesian trade in Australia, the trade attaché and the Indonesia Trade Promotion Center (ITPC) are crucial institutions in bridging trade between the two countries. So, this research aims to discuss the strategy of Indonesian trade representatives in Australia in building the image of Indonesian products. This research uses qualitative research methods and data collection with literature studies such as previous research, books, and official documents, the concept used is economic diplomacy in analyzing problems. The results of this research show that the strategy of Indonesian trade representatives in Australia was carried out in several stages, namely economic salesmanship, economic networking, image building, and regulatory management.

INTRODUCTION

Australia and Indonesia have strategic locations so it cannot be denied that diplomatic relations between the two countries can be established. Relations between Australia and Indonesia began with the establish of the Indonesian Embassy to Australia in Canberra in the 1970s (Marisa, 2020). The establishment of an embassy of Republic of Indonesia is an opportunity for Indonesia to improve its diplomatic relations. However, developments in the trade sector between Indonesia and Australia can be said to be less than good. By looking at the strategic geographical position of the two countries, this should be a major factor in establishing better trade relations. This will take a long time to develop Indonesia's trade relations with Australia (Puspitawati et al., 2019). One indicator that can make it easier to dig up trade information and see the potential for Indonesian products in Australia is the establishment of trade representatives. Foreign Trade Representatives are certain representatives who carry out trade affairs, including diplomacy, promotions, and market intelligence in one or more work

areas within the territory of the Recipient Country. Indonesia's Foreign Trade Representatives consist of Trade Attachés, Trade Consuls, and the Indonesia Trade Promotion Center (ITPC). Indonesia currently has 23 Trade Attachés and 19 ITPCs spread across various Indonesian trading partner countries, one of which is Australia. Indonesian trade representatives in Australia are in two different places, namely the ITPC located in Sydney and the Trade Attaché located in Canberra (Kementerian Perdagangan, 2020b).

As one of the government representatives in providing various information and market promotion activities, facilitating trade cooperation, market penetration strategy, and business intelligence, as well as assisting in bridging trade relations between Indonesia and several host countries, the Indonesia Trade Promotion Center (ITPC) plays a very important role in realizing Indonesia's national interests abroad (Nilu Fari & Murod, 2020). Meanwhile, based on Minister of Trade Regulation Number: 09/M-DAG/ PER/3/2010 concerning the Organization and Work Procedures of Trade Attachés at Representatives of the Republic of Indonesia Abroad, one of the duties and functions of Trade Attachés is the implementation of integrated promotions to improve the image of Indonesian export products (Kementerian Perdagangan, 2020c).

Indonesia and Australia have quite good trade relations and are important trading partners for Indonesia. Trade relations between the two countries were strengthened by the implementation of the Indonesia-Australia Comprehensive Economic Partnership (IA-CEPA) which is believed to bring many trade opportunities for Indonesia and Australia, as well as bring prosperity to both countries (Safitri, 2020). The benefits obtained by the Indonesian Government from this collaboration include the elimination of import duties on all Australian tariff lines to zero percent (Kementerian Keuangan, 2011). This is a positive result because all Indonesian products entering the Australian market will not be subject to import duties. Apart from that, Indonesia and Australia are also involved in free trade called the ASEAN Australia New Zealand Free Trade Agreement (AANZFTA) (Nugraha et al., 2020). With this, Indonesia has many opportunities from increasingly integrated international trade activities. So, the role of Indonesian trade representatives in Australia is very much needed in supporting and expanding Indonesian exports to Australia (Kementerian Perdagangan, 2020a).

However, during the pandemic, COVID-19 officially became an infectious disease in 2020 (Kementerian Sekretariat Negara, 2020). Trade relations between Indonesia and Australia can be said to be declining. This is proven by data from the Ministry of Trade which states that there has been a decline in total trade between Indonesia and Australia of around USD 600 million (Kementerian Perdagangan, 2023). In dealing with this problem, the Indonesian government must of course make a strategy to stabilize trade between the two countries. Having Indonesian trade representatives abroad should be able to bridge Indonesia's trade relations with destination countries. However, judging from the problems that occurred between Indonesia and Australia, even though Indonesian trade representatives such as trade attachés and ITPC were there, the decline in total trade between the two countries still occurred. So, from the background of this problem, researchers are interested in discussing Indonesia's strategy through the Indonesian Trade Promotion Center (ITPC) and the Trade Attaché as Indonesia's representatives in building product image in Australia.

LITERATURE REVIEW

International trade

According to (Ibrahim & Halkam, 2021), the existence of international trade that has been going on for a long time has made it easier for each country to meet its own domestic needs. Apart from meeting a country's domestic needs, international trade is an instrument that accelerates a country's economic growth and supports its independence. In general, international trade is the exchange of goods and services beyond national borders. International trade is also a significant indicator of a country's GDP (Zatira & Apriani, 2021). Exchange benefits

are one of the theoretical advantages of international trade. A country can export products that exceed its domestic demand to international markets through trade. In this research, Australia is a country that engages in international trade to fulfill its national interests. Indonesia is one of Australia's trading partners and needs products from Indonesia. Therefore, it is hoped that having Indonesian trade representatives in Australia will facilitate the mobilization of Indonesian trade in Australia.

The previous research which discussed the role of the ITPC and Trade Attache as representatives of Indonesian trade abroad as discussed by Fari and Murod (2020), and Saputri et al (2016). These two articles conclude that having Indonesian trade representatives abroad can make it easier to facilitate trade cooperation, as well as help bridge trade relations between Indonesia and several host countries. This then became a reference for writing this research. With previous research discussing the general benefits of Indonesian trade representatives, researchers are interested in discussing one of Indonesia's trade representatives in Australia.

Economic Diplomacy

According to Rana (2007) in his book entitled Economic Diplomacy: The Experience of Developing Countries states that overall economic diplomacy is the process of a country resolving economic problems with other countries to improve the national economy through economic activities such as investment, trade, and tourism. Thus, the main goal of economic diplomacy is to protect the country through trade or other economic activities. In practice, currently, economic diplomacy is facilitated by country representatives in a destination country, with this, economic diplomacy activities can be handled well. According to Rana (2011) Economic diplomacy is a policy in which economic tools are used to advance the interests and goals of a country. This kind of diplomacy is generally referred to as the process of conveying policies from various economic agreements to achieve national goals and interests. On the other hand, economic diplomacy is more often used to discuss trade (exports and imports), investment, or other issues related to economic activities.

In carrying out economic diplomacy, Rana divides it into several stages that must be carried out so that economic diplomacy can be implemented. The first is economic salesmanship, where Indonesian representatives in the destination country become salespersons in promoting Indonesian trade. The second is economic networking, this activity is related to the role of Indonesian trade representatives in the destination country in forming a network that allows trade to begin. The third is image building, which involves public-private partnerships to promote the nation's image and reputation through economic activities. The final stage, namely regulatory management, includes several activities in the economic sphere, including negotiating trade agreements, and routine activities carried out either by joining existing regional organizations or creating new groups. This final stage is to see how active a country is in a region, this will see how the planned economic diplomacy is going well or not. Therefore, the author uses the concept of economic diplomacy according to Rana (2011) in this article to discuss and answer Indonesia's strategy to promote products in Australia through foreign trade representatives.

The previous research was conducted by Sabaruddin (2017), Killian (2019), and Astuti et al (2020). These three research show that economic diplomacy is an important activity in improving the national economy. These three research show that economic diplomacy is an important activity in improving the national economy. This research also serves as a reference in this research that the link between Indonesia's economic diplomacy in the field of trade can increase and maintain trade stability with its partner countries. Another research is also discussed in Nabilla's research (2021) which states that maintaining the stability of Indonesian trade during the Covid-19 period is by carrying out economic diplomacy. So this previous research becomes a reference to explain the strategy of Indonesian trade representatives in building the image of Indonesian products through economic diplomacy.

METHODS

This research uses qualitative methods to explain Indonesia's strategy to promote Indonesian products in Australia through foreign trade representatives. The qualitative approach in international relations aims to study phenomena and actors and emphasizes explaining the processes and phenomena that occur (Cresswell, 2014). Data collection in this research began by looking for previous research papers such as articles, books, and proceedings related to this research. The research analysis uses the concept of economic diplomacy proposed by Kishan S. Rana. This concept will be used to see the strategy made by Indonesian trade representatives in building a product image in Australia. This concept will also look at the specific stages carried out by Indonesian trade representatives through the stages put forward by Rana in his book, namely economic salesmanship, Economic Networking, Image Building, and Regulatory Management.

RESULTS

Foreign Trade Representatives Strategy To Build Product Image In Australia

Following Indonesia's foreign policy priorities as stated in the 4+1 priority, economic diplomacy is an important aspect in achieving Indonesia's national goals (Kementerian Luar Negeri, 2020). In addition, economic diplomacy is carried out by Indonesia as an effort to build good economic relations with partner countries, especially during the pandemic. Covid-19. Actors who play a role in ongoing economic diplomacy include Indonesian representatives in partner countries such as the embassy of the Republic of Indonesia, trade representatives such as the Indonesian Chamber of Commerce, the Indonesia Trade Promotion Center (ITPC), and trade attachés. Apart from that, in reviewing and improving economic diplomacy in partner countries, the Indonesian diaspora can also be involved in activities to build good economic relations in partner countries.

So in this research, researchers will discuss the role of Indonesian trade representatives as an important actor in building the image of Indonesian products in Australia using the concept of economic diplomacy:

Economic Salesmanship

In explaining the strategy of Indonesian trade representatives in building product images in Australia, this research uses the concept of economic diplomacy. According to Rana, the first stage in economic diplomacy is economic salesmanship. This stage looks at the strategy of actors who play a role in promoting Indonesian trade with destination countries. Indonesian trade representatives abroad at this stage play an important role. As a trade representative, you are of course obliged to carry out trade promotion activities in your destination country. Therefore, strategies by Indonesian trade representatives to build the image of Indonesian products in Australia are carried out by promoting Indonesian trade.

Trade attachés and the Indonesian Trade Promotion Center (ITPC) as representatives of Indonesian trade in Australia have participated in trade exhibitions organized by Australia. As in the exhibition of food and beverage products at the Fine Food Australia exhibition, products from Indonesia can steal the attention of international markets, one of which is Australia. The transaction value of sales of Indonesian food and beverage products at the Fine Food Australia exhibition has doubled from the previous year. At the exhibition, Indonesian food and beverage products recorded sales transactions of USD 2.38 million.

In addition, the Indonesian Trade Promotion Center (ITPC) Sydney and the Directorate General of National Export Development (PEN) of the Ministry of Trade collaborated with Opal Coffee and The Q Coffee to hold a promotion for Indonesian Coffee Cupping coffee products. It's not just food products that are promoted by Indonesian trade representatives in Australia. A promotion for batiks was also held at Balai Kartini, Australia, by the Indonesian Embassy in Canberra. This plan was carried out through the Canberra Exchange Attaché along with the

Indonesian Style Originators Business Visionaries Affiliation. This trade promotion activity almost resulted in USD 100 million in transactions.

Promotion of Indonesian products was also carried out by trade attachés by introducing Betawi customs at the Embassy of the Republic of Indonesia in Canberra. Then another activity carried out by the trade attaché was participating in the global sourcing exhibition Expo Sydney. In this exhibition, an Indonesian pavilion was established which was attended by 12 companies and 8 booths. This is one of Indonesia's largest participation in an exhibition founded by Australia. The researcher analyzed that in building the image of Indonesian products in Australia, both ITPC and trade attachés had carried out trade promotion activities. With Indonesia's participation in an exhibition held by Australia there is also great potential for building the image of Indonesian products.

Economic Networking

The second stage in economic diplomacy is economic networking. This stage looks at the strategy of Indonesian trade representatives in developing connections regarding Indonesian trade with Australia. In this stage, the Ministry of Trade through the Indonesian Trade Promotion Center (ITPC) Sydney collaborated with the University Technology of Sydney (UTS) to promote Indonesian products using the concept of storytelling in the Indonesia Design Studio program. Building a network with students at Australian universities, helps Indonesia to gain wider connections and can help introduce Indonesian products to the wider community. Besides that, the Ministry of Trade, through the ITPC, held an Indonesia-Australia Business Forum in Sydney. During this trade mission, ten Indonesian businesses actively participated in a variety of industries, including electronic commerce, coffee, fertilizer, wood, furniture, home decoration, crafts, food and beverages, and electronic commerce (e-commerce). Apart from that, after the business forum, business matching was also held which brought together Indonesian and Australian business actors. This activity has certainly helped to build the image of Indonesian products in Australia.

Image Building

The third stage in supporting economic diplomacy as an effort to represent Indonesian trade in Australia is image building. This stage is carried out by activities that can improve Indonesia's image. One of these activities is Indo-fest Australia, which is an activity that supports improving the image of Indonesian products. The festival booths were also filled with promotions for Indonesian MSME products brought by Indonesian diaspora businesspeople in Sydney, which also helped to build the image of Indonesian products in Australia. Apart from that, trade promotion activities that have previously been carried out can be an opportunity to build the image of Indonesian products. Similar to the promotion of batik, this can result in a profitable synergy between cultural diplomacy and trade to promote Indonesia's positive image on the international stage, particularly in Australia. Other activities carried out by Indonesian representatives in the form of promotions are also a supporting factor in improving Indonesia's image in Australia, so this also has an impact on the image of Indonesian products in Australia.

Regulatory Management

Negotiating trade agreements, energy access agreements, and regional diplomacy—either by joining existing regional organizations or creating new ones—are some of the activities in the final stage of regulatory management. As is known, Indonesia and Australia have an agreement that was only formalized in 2020. In increasing the partnership and competitive advantage of the two countries, Indonesia and Australia have completed the ratification process of the Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA) and it has been officially in effect since 5 July 2020. In this stage, Indonesian trade representatives such as trade attachés and ITPC are involved in implementing the agreements that have been formulated in the IA

CEPA. With IA CEPA, it can make agricultural, fisheries, industrial, and forestry products more competitive and expand their market access. Then it can open up more markets and make Indonesian workers more competitive. Indonesia can bring its labor quality standards up to international standards with the help of IA-CEPA. In addition, the existence of IA CEPA has the potential to broaden cooperation to maximize the utilization of agreements. Economic Cooperation within the IA-CEPA framework can facilitate a sustainable increase in trade. Regionally, Indonesia and Australia are also involved in a free trade agreement called the ASEAN Australia New Zealand Free Trade Agreement (AANZFTA). This agreement also helps in conducting trade with Australia. This agreement has been renewed as a form of the seriousness of the countries involved in continuing to increase their trade.

By looking at the strategy of Indonesian trade representatives in building product images in Australia through the process of economic diplomacy. Researchers analyze that the trade attaché and ITPC in Australia have tried to provide the best for the development of trade between the two countries. However, referring to the problem that occurred, trade between Indonesia and Australia declined during the COVID-19 pandemic. This is not the ineffectiveness of Indonesia's trade representatives in Australia. The Covid-19 pandemic has also caused Indonesia's trade relations with other countries to decline. However, strategies by Indonesian trade representatives have also been made to increase trade between the two countries. This is proven by the increase in trade in 2021 until now. Compared to 2020, trade between Indonesia and Australia in the following years could increase.

Obstacles In Strategy To Build The Image Of Indonesian Products In Australia

In every trade relationship, of course, there are obstacles. The COVID-19 pandemic occurred which resulted in Indonesia's trade relations with partner countries declining. This also happens to Indonesian and Australian trade. In 2020, total trade between Indonesia and Australia decreased quite significantly, amounting to USD 600 million. So, researchers try to outline some of the obstacles that occurred between Indonesia and Australia during the Covid-19 period:

- 1. The basic obstacles faced are related to restrictions on the mobility of people between countries during the Covid-19 pandemic. As a consequence, investment plans and collaboration in the services sector with business actors in Australia.
- 2. Another obstacle is that the majority of domestic exporters still have difficulty meeting the standards set by the Australian market. As a result, export realization from domestic micro, small and medium enterprises (MSMEs) is relatively low.
- 3. Barriers regarding costs, one of the crucial obstacles related to export activities to Australia is due to logistics costs which are relatively expensive.

This is one of the factors inhibiting Indonesian trade with Australia. Researchers hope that this can be immediately resolved by interested parties to deal with problems or obstacles to trade between Indonesia and Australia.

DISCUSSION

This research is in line with research discussed by Sabaruddin (2017) which shows that Indonesia is a strategic country and has sent many missions based on considerations such as political, socio-cultural, economic, and so on. So Indonesia can take advantage of this by continuing to carry out diplomatic activities to fulfill its national interests. In addition, research by Astuti et al (2020) states that Indonesian economic diplomacy is used as an effort to achieve national and international interests in the fields of trade, investment, and finance and can be an indicator of maintaining Indonesian and global economic stability as well as a strategy to find partners and maintain Indonesian partners abroad. By making economic diplomacy a priority for

Indonesia's foreign policy, it is hoped that it can restore the national economy and have a positive impact on Indonesian trade. The researcher agrees with what has been discussed in the two previous articles that diplomacy is an important aspect of achieving the interests of a country. Involving trade representatives abroad is one strategy to increase national trade.

Researchers also agree with Nabilla (2021) that maintaining trade stability requires increasing economic diplomacy. Economic diplomacy in this case certainly does not only involve the main actors, on the other hand, Indonesian trade representatives are also one of the actors assigned and given the authority to support increased economic diplomacy in the destination country, especially trade. Besides that, researchers accord with the opinion in the articles of Fari and Murod (2020) and Saputri et al (2016) which state that having Indonesian trade representatives abroad can help to bridge trade between the two countries. This has been proven by the fact that Indonesian trade representatives in Australia have helped a lot to promote Indonesian products. However, in 2020, the spread of Covid-19 cases became a challenge for Indonesian foreign trade representatives in their destination countries.

CONCLUSION

From the description above, the researcher concludes that the strategy of foreign trade representatives to build the image of Indonesian products in Australia is carried out in several stages. The first stage is to carry out economic salesmanship, which in the process involves carrying out Indonesian trade promotion activities in Australia. The second stage is economic networking, where the process is carried out by building existing networks to increase market access for Indonesian products in Australia. The third, namely image building, this stage is carried out with activities that support improving Indonesia's image so that this can influence improving the image of Indonesian products in Australia. The final stage is regulatory management, in this stage, it can be seen from the commitment of the two countries in formulating policies, in this case, Indonesia and Australia have an agreement called IA CEPA which is a reference for continuing to carry out trade relations in the future.

SUGGESTION

Based on an analysis of the strategy of Indonesian trade representatives in building product image in Australia through economic diplomacy. Researchers realize that this research still has many limitations. So the researcher suggests to future researchers to focus more on several main Indonesian fields or products in Australia. Apart from that, in practice, researchers provide suggestions to Indonesian trade representatives to continue to increase activities that support Indonesia's economic diplomacy in Australia. This will certainly be a good opportunity for trade relations between Indonesia and Australia in the future, especially after the Covid-19 pandemic.

REFERENCES

- Astuti, W. R. D., & Fathun, L. M. (2020). Diplomasi Ekonomi Indonesia di dalam Rezim Ekonomi G20 pada Masa Pemerintahan Joko Widodo. *Intermestic: Journal of International Studies*, 5(1), 47. https://doi.org/10.24198/intermestic.v5n1.4
- Cresswell, J. W. (2014). *Research Design Qualitative, Quantitative, and Mixed Methods* (4th ed.). Sage Publication.
- Ibrahim, H. R., & Halkam, H. (2021). *Perdagangan Internasional dan Strategi Pengendalian Impor* (1st ed.). Lembaga Penerbitan Universitas Nasional.
- Kementerian Keuangan. (2011). *Penetapan Tarif Bea Masuk atas Barang Impor dalam Rangka AANZFTA*. www.djpp.kemenkumham.go.id
- Kementerian Luar Negeri. (2020b). Rencana Strategis Kementerian Luar Negeri RI 2020-2024.

Kementerian Perdagangan. (2020a). *Indonesia Australia Comprehensive Economic Partnership Agreement*. Kemendag.Go.Id. https://ftacenter.kemendag.go.id/ia-cepa

- Kementerian Perdagangan. (2020b). *Pejabat Atase Perdagangan dan ITPC Kementerian Perdagangan Republik Indonesia*. Kemendag.g.Id. https://www.kemendag.go.id/atase-itpc
- Kementerian Perdagangan. (2020c). Peraturan Menteri Perdagangan Nomor 9 tahun 2010.
- Kementerian Perdagangan. (2023). *Neraca Perdagangan Dengan Mitra Dagang* | *Satu Data Perdagangan*. Satudata. https://satudata.kemendag.go.id/data-informasi/perdagangan-luar-negeri/neraca-perdagangan-dengan-mitra-dagang
- Kementerian Sekretariat Negara. (2020). Keputusan Presiden Nomor 12 Tahun 2020.
- Killian, P. M. E. (2019). Paradigma dan Problematika Diplomasi Ekonomi Indonesia. *Global Dan Strategis*, 6(2).
- Marisa, A. (2020). Hubungan Bilateral Indonesia-Australia: Kepentingan Australia Dalam Meratifikasi Indonesia-Australia Comprehensive Economic Partnership Agreement Tahun 2019. 4(1).
- Nabilla, N. (2021). Strategi Diplomasi Ekonomi Indonesia dalam Menjaga Stabilitas Neraca Perdagangan di Tengah Pandemi Covid-19. *Jurnal Sosial Politik*, 7(2), 227–239. https://doi.org/10.22219/sospol.v7i2.15925
- Nilu Fari, K., & Murod, mun. (2020). Peran Indonesia Trade Promotion Centre Dalam Meningkatkan Perdagangan Indonesia Di Luar Negeri Tahun. *Jurnal Politik Indonesia Dan Global*, 1(1). https://industri.kontan.co.d,
- Nugraha, D. T., Irawan, T., & Hakim, D. B. (2020). Trade Creation dan Trade Diversion Indonesia dengan AANZFTA pada Komoditas Garam. *Jurnal Ekonomi Dan Pembangunan Indonesia*, 20(1), 94–110. https://doi.org/10.21002/jepi.2020.06
- Puspitawati, E., Gayatri, D. P., & Sari, A. (2019). Daya Saing Produk Perdagangan Indonesia Pasca Kerjasama ASEAN-Australia-New Zealand FTA. *Jurnal Teknologia Aliansi Perguruan Tinggi*, 2(1)
- Rana, K. S. (2007). Economic Diplomacy: The Experience of Developing Countries.
- Rana, K. S. (2011). Economic Diplomacy: India's Experience (5th ed.). CUTS International.
- Sabaruddin, S. S. (2017). Grand design of Indonesia's economic diplomacy: economic diplomacy index approach. *International Journal Diplomacy and Economy*, *3*(3).
- Safitri, V. N. (2020). Analisis Kerjasama Australia-ASEAN dalam Bidang Ekonomi. *Jurnal Inovasi Ilmu Sosial Dan Politik*, 2(2), 180. https://doi.org/10.33474/jisop.v2i2.6698
- Saputri, A. S., & Tri, S. A. (2016). The Impact of Indonesian Foreign Trade Representatives on Export Performance. *Jurnal Kementerian Perdagangan*.
- Zatira, D., & Apriani, M. D. (2021). *Perdagangan Internasional Terhadap Pertumbuhan Ekonomi Indonesia*. *11*(1). http://jurnal.untirta.ac.id/index.php/Ekonomi-Qu