

BILATERAL TRADE RELATIONS BETWEEN INDONESIA AND TURKI

2014-2019

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Abstract

The bilateral trade relations between Indonesia and Turkey during the period of Joko Widodo's administration declined due to the high tariffs for entering Indonesian products into Turkey. Trade and investment between Indonesia and Turkey are important. There needs to be good cooperation so that the creation of a good climate and the stability of mutually beneficial economic relations are created with other countries. Indonesia has ratified the Joint Statement for the Launching of the Comprehensive Economic Partnership Agreement between Indonesia and Turkey (IT-CEPA). Indonesia will get significant benefits in signing this agreement. One of the targets to be achieved by both countries is to meet the total Indonesia-Turkey bilateral trade target of USD 10 billion by 2023. The main objective of the research is to identify these issues with over the example from 2014-2019, obviously in the era of Joko Widodo's administration. Mixed methods will be used to serve the research objectives. In this context, research will be built on four main pillars of research, namely "literature review", "interview", "document collection" and "qualitative research". Data obtained through practice interviews with the Indonesian Ambassador in Ankara. In addition, secondary data obtained from the results of searching official documents and other sources. The results of this study answer the question of the fundamental factors why Indonesia wants to ratify the I-T CEPA with Turkey. In this context, we will discuss in advance the analysis of Indonesia's political and economic interests in Turkey. The I-T CEPA Agreement will strengthen the economic relations between the two countries and can achieve the targets set in 2023.

Keywords: Trade relations, I-T CEPA, Trade Target, Mixed methods, Qualitative research.

Introduction

Indonesia and Turkey has very close relations since 1949. It was marked by the opening of Turkish embassy in Jakarta in that year. Particularly, the economic cooperation between two countries increased overtime and getting a good result as we can see from the Memorandum of Understanding that has been established by both countries. In increasing the economic relations, Indonesia has a strategy by offering to sign the agreement that can reducing some barriers discovered by both countries in the process of export and import from both countries.

Turkey is the 7th major trading partner of Indonesia in the European region. According to data from the Ministry of Trade, in 2014-2015 Indonesia's trade balance against Turkey had a large surplus reaching 909.01 million US dollars. Indonesia's exports to Turkey in 2015 amounted to 2 1.15 billion US dollars. Indonesia's export commodities to Turkey are textiles, paper products, rubber, coal, synthetic fibers, crude palm oil, footwear and vehicle components. South-south economic cooperation is very important for both countries. In 2015, Turkish President Recep Tayyip Erdogan made an official visit to Indonesia accompanied by around 200 Turkish businessmen to strengthen the economic cooperation of the two countries, namely building free trade between the two countries, removing trade barriers, and forming a Joint Economic Commission to explore trade opportunities and other economic cooperation. The two countries also agreed to build cooperation in the military equipment industry, manufacturing small ships to gas power plants (Pujayanti 2016, 7).

Trade relations between Turkey and Indonesia are often constrained by import duties and export exit fees imposed by both countries. In international trade (exports and imports) the form of international economic policy is an act or economic policy of the government, which directly

or indirectly influences the composition, direction, and form of international trade and payments. Policies not only in the form of tariffs, quotas and so on, but also include domestic government policies that indirectly have an influence on international trade and payments such as monetary and fiscal policies. One form of foreign trade or export-import policy is the imposition of tariffs on various traded commodities.

With these obstacles the governments of the two countries continue to strive to increase economic cooperation. One of them is the collaboration proposed by the Indonesian government in the form of a Comprehensive Economic Partnership Agreement (CEPA). This agreement is one of the real efforts of the governments of the two countries so that the number of economic cooperation increases. The Turkish government has agreed with the Indonesian government to cut down all problems that have hampered trade cooperation between the two. One of the collaborations or agreements that later rolled out was the Indonesia-Turkey Comprehensive Economic Partnership Agreement (I-T CEPA). The ineffectiveness of trade between Turkey and Indonesia so far is due to the fact that there are still several major obstacles such as the large import duty and export exit duty and constraints by dumping practices that often affect products from both countries (Ministry of Trade, 2017).

Based on the discussion above, this research will discuss the motivation of Indonesia to ratify IT-CEPA with the aim of increasing economic cooperation between the two countries. Indonesia has a population three times bigger than Turkey making it a promising market for Turkey in the future, as well as Turkey, for Indonesia Turkey is the entrance of Indonesian products to Europe and the Middle East. This paper discusses the benefits to be gained from this IT-CEPA agreement.

Methodology

In this thesis, mixed methods will be used to serve the research objectives. In this context, research will be built on four main pillars of research, namely "literature review", "interview", "document collection" and "qualitative research". In this study, we will discuss in advance the

analysis of Indonesia's political and economic interests in Turkey. In analyzing Indonesia's economic interests, it will first discuss the comprehensive economic partnership agreement between Indonesia and Turkey (I-T CEPA) signed in 2017 in Ankara. In addition, economic agreements involving Indonesia and Turkey will also be discussed in this study, for example, FTA of Middle East-Indonesia, Intra Industry Trade (ITT), until the export agreement on Crude Palm Oil (CPO). All programs, meetings of heads of state and speeches of state leaders will be discussed in this thesis.

Second, a deeper political review will be presented in this study by discussing the interests of Indonesia in this region and the interests of Turkey in the Southeast Asia Region, given that Turkey's role in Southeast Asia is still very small and strategically located in two countries where Indonesia is located between two continents namely Asia and Australia and Turkey are located between three continents of Asia, Africa, and Europe. Of course, this strategic location is an opportunity for both countries to be able to play a political role in the region.

In the data collection technique, the author will use an Interview and documentation. At the interview stage, the author will interview the Indonesian Ambassador in Ankara and several diplomats who are experts in the field of economic cooperation. Whereas documentation will be taken from the Indonesian embassy in Ankara and some will be asked at the Indonesian foreign ministry in Jakarta.

After the field part of the research is completed, all the information gathered (voice and video recordings, interviews, photographs, all documents and surveys distributed by the parties) will be 4 evaluated and interpreted by establishing a link to the theoretical framework to be converted into a systematic report.

Findings

With reference to the background above, efforts are needed to map the potential of the IT-CEPA cooperation between Indonesia and Turkey. But to optimize the benefits of increasing

the value of trade between the two countries, it is important to know the following important things:

1. What sectors can be increased trade and cooperation with Turkey?
2. How do tariff barriers affect Indonesia's trade with Turkey?
3. What are the challenges and opportunities facing Indonesia and Turkey from these bilateral economic relations?

IT-CEPA agreement is a strategy of the Indonesian government in increasing economic cooperation with Turkey. This agreement is expected to have a positive impact on trade relations between the two countries. The researcher's temporary hypothesis is that this agreement is expected to be a way that can facilitate discussion in an effort to reduce trade barriers, such as additional costs in exports and imports and can also prevent dumping practices that are always encountered by the two countries.

In addition, there are several trade sectors that can be improved, such as Crude Palm Oil (CPO), natural rubber, textiles, coffee and tea. Some of these products will be negotiated as commodities which will be reduced in import duty tariffs. On the other hand, this trade is also expected to have other positive impacts, such as, for Indonesia Turkey is the entrance of Indonesian products to European countries, Africa and the Middle East, with good relations in this trade, this expectation can be achieved in the future. In addition, Turkey also has great potential to be able to dominate the Southeast Asian market through Indonesia, seeing Indonesia's population which is three times bigger than Turkey and the country with the largest GDP among Southeast Asian countries that cannot be denied that Indonesia is a country with potential promising trade in the future. 5 The economic diplomacy will certainly determine the direction and objectives of the two countries going forward, with the hope that these negotiations will be finalized soon and trade barriers will be resolved soon, and a successful

agreement will have a positive impact that can increase the intensity of trade between the two countries.

Discussion, Conclusion and Recommendations

Indonesian-Turkish Economic Relations

In enhancing the relationship of economic cooperation between Indonesia and Turkey, Indonesia has a strategy that is considered capable of removing the obstacles of cooperation that have been encountered so far. The initial steps taken by Indonesia were preceded by a state visit by President Susilo Bambang Yudhoyono (SBY) on June 28 - July 1, 2010 to Turkey. The visit aims to discuss the tourism sector that will be promoted by Indonesia with Turkey and then welcomed and responded well by Turkey. In addition, on July 5, 2017 President Joko Widodo made a state visit to Turkey with the aim of discussing and launching a more advanced cooperation strategy, namely attending the launch of Indonesia's Comprehensive Economic Partnership Agreement with Turkey (Proklamasi.co.id, 2017).

Economic Diplomacy is the main focus of the implementation of Indonesia's foreign policy towards Turkey. In achieving economic diplomacy, the four pillars of economic activity must be carried out as follows:

1. The main focus is on trade promotion but not exclusively on handling activities to increase exports.
2. Promotion of investment opportunities, especially focusing on investment into the country, but not specifically investment from other countries.
3. Attract the entry of adequate technology, including harvest technology.
4. Management of economic assistance, which is necessary for developing countries in general as recipients and as donors.

6 Of the four pillars, Indonesia has carried out two economic pillars. The pillar is the promotion of trade and economic assistance. The achievement of economic activities in achieving economic diplomacy has also been shaded by MoUs between the two countries.

Bilateral relations between the two countries in the economic field are carried out intensively. The two countries have economic cooperation mechanisms through the Joint Commission for Economic and Technical Cooperation between the Republic of Indonesia and the Republic of Turkey (KBIT) (Indonesian Ministry of Foreign Affairs, 2014). In 2010 it was found out that there were around 14 Turkish companies investing in Indonesia, which reached a total investment of US \$ 100 million. In the near future, investment in the two countries will increase. Turkey's investment value in Indonesia in 2014 reached US \$ 64.1 million in 29 projects. This figure experienced a significant increase reaching US \$ 11.7 million in 2013. (Detik Finance, 2009).

However, when looking at data in 2015-2017 the value of Turkey's investment in Indonesia is not so stable towards an increase. The realization of the value of Turkish foreign investment (FDI) to Indonesia in the first quarter of 2017 was only US \$ 100 thousand. Data from the Investment Coordinating Board (BKPM) noted that Turkey's highest investment value to Indonesia previously occurred in the third quarter of 2015, reaching more than US \$ 2 million. The following year continued to decline even less than US \$ 1 million per quarter. However, in 2016 Turkey was still included in the list of the top 50 countries with the largest investment value to Indonesia, namely US \$ 2.7 million and ranked 43rd with 61 projects (Detik Finance, 2009).

Trade in Turkey and Indonesia continued to decline from 2014 to 2016. Ministry of Trade data shows that trade between the two countries in 2013 reached US \$ 2.85 billion, or around Rp 34.9 trillion, but in 2016 only US \$ 1.02 billion. However, Indonesia has always recorded a trade surplus with Turkey. The second largest decline in trade in 2015 reached 43 percent to US \$ 1.4 billion from the previous year. Where Indonesian exports fell nearly 20 percent to US \$ 1.16 billion and imports from Turkey dropped nearly 76 percent to US \$ 249.8 million.

Meanwhile, during the first quarter of 2017, Turkey Indonesia trade recorded 2.8 percent growth to US \$ 386.9 million compared to the same quarter of the previous year (Katadata, 2017). 7

Barriers to Indonesian-Turkish Economic Cooperation

Trade relations between Turkey and Indonesia are often constrained by import duties and export exit fees imposed by the two countries. In international trade (export-import) the form of international economic policy is an act or economic policy of the government, which directly or indirectly influences the composition, direction, and form of international trade and payments. Policies not only take the form of tariffs, quotas and so on, but also include government policies in the country which indirectly have an influence on trade and international payments such as monetary and fiscal policies. One form of foreign trade or export-import policy is the imposition of tariffs on various traded commodities (WIII Cargo, 2017).

In 2016, trade figures between Turkey and Indonesia exceeded 1.3 billion US dollars. However, the trade with Indonesia fell by 14 percent from the previous year, while Turkey's trade with Malaysia increased by 49.11 percent. This kind of thing happened because between Turkey and Malaysia already had a Free Trade Agreement or FTA, so the two countries had freed trade tariffs for several commodities that had been agreed, including CPO (Crude Palm Oil) (Nugroho, 2017).

The issue of trade tariffs is also an issue that has received attention from the Indonesian Chamber of Commerce and Industry (Kadin). Rosan P. Roeslani as chairman of the Indonesian Chamber of Commerce and Industry during a meeting with Turkish representatives in Turkey stated that trade between Turkey and Indonesia has been hampered due to trade tariffs that make this relationship increasingly uncompetitive (Nugroho, 2017). The next obstacle in Turkish and Indonesian trade is the practice of dumping. In the regulation of the General Agreement on

Tariff and Trade or GATT dumping, it is explained as a condition where a product is introduced to or into another country's market at a price ratio that is cheaper than the normal price or market price in the country of origin of the goods. This is done by exporters in an effort to obtain far greater profits on the product being exported itself (Halwani, 2002).

In 2008, allegations of dumping were raised by the Turkish antidumping authority. In its report file, the Turkish anti-dumping authority suspects that companies from Indonesia have dumped synthetic yarn and yarn products that have entered the Turkish market. Turkey's anti-dumping authority states that the dumping practice is causing prices of similar commodities in Turkey to fall and that the practice is also suspected to be the cause of the increased value of exports of these products from Indonesia to Turkey in the period 2004 to 2006 (Suryanto, 2008).

The problem of dumping continues to be a trade barrier between Turkey and Indonesia. In 2011, there were at least 16 Indonesian export products to Turkey that indicated dumping, ranging from textiles to bicycle tire products. The export products that were squeezed by the problem included polyethylene terephthalate (PET) plastic materials, synthetic fibers, pipes and connecting components, floor coatings and parquet, metal hinges and furniture products components, various threads and textile products, outer tires and inside for motorbikes, outside and inside tires for bicycles, air conditioners and shoes (Handoyo, 2011).

In addition, the practice of dumping is also suspected to be carried out by producers or exporters of wheat flour from Turkey. In 2012, wheat flour products from Turkey were subject to a 20 percent safeguard tax by the Indonesian government because they were proven to be dumping (damaging prices) that were detrimental to producers of similar products in Indonesia. Executive Director of the Indonesian Wheat Flour Producers Association (Aptindo) Ratna Sari Lopies reminded the Turkish Wheat Flour Association to exercise its rights in the world trade organization (WTO) to address the Indonesian government's decision to impose a Temporary Safeguard Import Duty (BMTPS / Safeguard) for all imported flour (JPNN.com, 2012).

Indonesia's Economic Diplomacy to Turkey through Trade Promotion

In an effort to increase trade between Turkey and Indonesia, the governments of the two countries are trying to do a number of things to reduce various trade barriers that have been encountered so far. These efforts began with a visiting activity between leaders from both countries. The mutual visit between the leaders of the two countries is something that increasingly shows the close relations between the two countries. Indonesian leaders also often make state work visits to Turkey. Noted in 2010, President Susilo Bambang Yudhoyono paid a visit to Turkey which was then rewarded with a visit by President Abdullah Gul a year later (Kemenlu RI, 2014).⁹ In the case of Indonesian trade promotion in the form of tourism promotion and promotion of Indonesia's superior products. Indonesia's leading trade products to Turkey are superior products such as agricultural products, palm oil, tea and coffee. Indonesia has been promoting palm oil, tea and coffee. The increased economic cooperation relationship has begun with the visit of Indonesian president Susilo Bambang Yudhoyono who had visited Turkey. The visit was the first time since the last time 25 years ago. The visit further strengthened relations between the two countries as well as being an international forum and also discussed the follow-up of several MoUs that had been agreed and signed by both countries.

On April 5, 2011, the president of Turkey, Abdullah Gul visited Indonesia with a view to increasing trade cooperation with a target of reaching US \$ 5 billion. The visit of President Abdullah Gul, which was carried out together with his wife to Indonesia, was a reciprocal form of a visit made by President Susilo Bambang Yudhoyono a year earlier, in June 2010. President Abdullah Gul's goal was to hold negotiations with the government or the President of Indonesia regarding efforts to increase the economic cooperation (Ministry of Foreign Affairs of the Republic of Indonesia, 2011). The meeting which lasted for 3 days (4-6 April 2011) finally resulted in several concrete results which were indicative of efforts to increase trade cooperation between the two countries. Some of the achievements of the meeting are:

1. Determine the target of bilateral cooperation in the trade sector of US \$ 5 billion in 2014.

2. The two countries agree to increase commitment in resolving various trade barriers that have been encountered so far.

3. Increased cooperation in the defense industry, higher education and agriculture.

The results obtained from the bilateral meeting were not limited to the three points above, but there were activities that followed up on some of the aforementioned matters. As a further result of the meeting between the two countries, Turkey and Indonesia then formulated and agreed on several Memorandums of Understanding (MoU) which are the efforts of the two countries to enhance cooperation in the economic and trade fields. There are at least three MoUs that are tangible manifestations of how Turkey and Indonesia are trying to improve their trade cooperation. Do not stop there, efforts to increase trade cooperation between Turkey and Indonesia continue to be done even though the leaders of the two countries have experienced a change. This shows that Turkey has considered Indonesia as an important partner in trade relations, and vice versa, Indonesia has considered Turkey as one of the strategic partners for its trade activities.

The visit of the Turkish government to Indonesia again took place on 30 July 2015. This time it was President Recep Tayyip Erdogan's turn to visit Indonesia to conduct negotiations and cooperation in various fields with the main focus of discussion being on economic cooperation. In addition, the discussion also discussed related to the strategic industry sector and the strengthening of cooperation in the socio-cultural field (Asril, 2015). The meeting between President Erdogan and President Joko Widodo that took place in July 2015 mainly highlighted the trade targets set in 2010 and 2011 of US \$ 5 billion in 2015.

This matter was highlighted in the bilateral meeting because the total trade between Turkey and Indonesia based on the calculation of the January to August 2014 period only reached US \$ 1.81 billion. This figure then increased in the final calculation of 2014 trade

figures to US \$ 2.47 billion. In terms of efforts to increase exports and imports, Turkey and Indonesia continue to strive to increase trade between the two countries. The total trade between Turkey and Indonesia in 2017 reached US \$ 1.7 billion. From this figure, Turkey's export volume to Indonesia is only US \$ 534.1. Meanwhile the value of Turkish imports from Indonesia is twice as large, reaching US \$ 1.2 billion (Ibid).

The Turkish government has agreed with the Indonesian government to cut down all problems that have hampered trade cooperation between the two. One of the collaborations or agreements that was later rolled out was the Indonesia-Turkey Comprehensive Economic Partnership Agreement (IT-CEPA). The ineffectiveness of trade between Turkey and Indonesia so far is due to the fact that there are still several major obstacles such as the large import duty and export exit duty as well as constraints by dumping practices that often afflict products from these two countries. Therefore, the idea to form a comprehensive economic partnership agreement or agreement was then sparked in 2008 when the 7th Indonesia-Turkey Joint Commission Session was held in Ankara, Turkey (Ministry of Trade, 2017).¹¹ The seriousness of the two countries to explore the prospect of the formation of IT-CEPA was reflected on April 5, 2011 in the Joint Declaration on Enhancing Partnerships in the New World of Tatantan at the time carried out by President Susilo Bambang Yudhoyono and also President Abdullah Gul. Then, efforts to form IT-CEPA were increasingly emphasized during the reign of President Recep Tayyip Erdogan and President Joko Widodo. During a visit to Jakarta on 31 July 2015, President Erdogan together with President Joko Widodo again emphasized the importance of immediately establishing the IT-CEPA to make it easier for trade between the two countries (Ministry of Trade, 2017).

After that, IT-CEPA was officially signed and launched on July 6, 2017. The signing and launch was carried out by Indonesian Trade Meteri, Enggartiasto Lukita together with the Turkish Minister of Economy, Nihat Zeybekci. IT-CEPA shows that the economic relations between Indonesia and Turkey have shown progress towards deeper stages. Priority discussion after the inauguration of the IT-CEPA is related to trade in goods agreements (Trade in Goods Agreement), followed later by the trade in services and investment and other fields (Ministry

of Trade, 2017). Through this IT-CEPA, the governments of Turkey and Indonesia agreed to pay attention to sensitive issues in the trade sector of the two countries. IT-CEPA is expected to be a way to facilitate discussion of efforts to reduce trade barriers that have been encountered, such as additional duties on imported products, trade remedies, or also cases of dumping.

IT-CEPA is expected to be able to assist in increasing the volume of trade between Turkey and Indonesia through the elimination of various trade barriers between Turkey and Indonesia, including to eliminate import and export tariff duties. This is as stated by the Director General of International Trade Negotiations at the Ministry of Trade and Chairman of the Indonesian Negotiator for IT-CEPA, Iman Pambagyo. Imam stated that the ITCEPA negotiations would significantly increase the value of exports of the two countries by eliminating trade barriers between the two countries, both tariff and non-tariff barriers. Of course, not all trade commodities will be exempt from tariffs, therefore the Turkish government and also Indonesia will each negotiate and submit any draft of goods which will facilitate access to and from these two countries (Soepardi & Monalisa, 2017).

Optimism grew from both parties in the signing of IT-CEPA. The Indonesian government through the minister Enggartiasto Lukito stated that it would immediately follow up on this 12 matter and would immediately submit a list of commodities that would be exempted from entry and exit fees into Turkey. Likewise from Turkey, the Minister of Economy of Turkey, Nihat Zeybekci also stated that Turkey will submit a list of commodities to be exempted from tariffs. This was done in order to facilitate and increase trade volumes of these two countries (Soepardi & Monalisa, 2017).

In addition to reducing or eliminating the problem of customs exits and trade entry, IT-CEPA is expected to also be a means of control from other problems of trade in Turkey and Indonesia. One other problem that is expected to be controlled together through IT-CEPA is related to dumping problems. The practice of dumping is in fact still occurring in the Turkish-Indonesian trade. In some cases dumping is also thought to be a cause of loss for sellers of similar goods in the destination country. Turkey wants IT-CEPA to grow as a tool to control

dumping problems that often occur. This is done because Turkey wants flour export activities to Indonesia to be no longer constrained by dumping problems. With the IT-CEPA and routine negotiations from leaders of Turkey and Indonesia, the problem of dumping allegations in trade between the two countries can be resolved in bilateral talks, not necessarily to the WTO. head of the Association of Exporters, Wheat Products, Beans and Vegetable Oil of Turkey Turgay Unlu stated that it would be more beneficial if there were problems related to allegations of dumping to be discussed by the two countries only and there should not be an investigation by the WTO (Supriyatna, 2012).

Turkish Economic Diplomacy to Indonesia Through Efforts to Increase Investment Value

Another point that was highlighted in President Erdogan's meeting with President Joko Widodo in 2015 was related to investment realization from the two countries. Until the third quarter of 2014, Turkey's investment value in Indonesia in 2014 reached 64.1 million dollars in 29 projects, a significant increase from 11.7 million in 2013 in 22 projects. Meanwhile, the value of Indonesian investment embedded in Turkey has only reached US \$ 600,000, which is spread into several companies. In addition, in the field of tourism, in 2014 as many as 6 thousand Turkish tourists visited Indonesia (Asril, 2015).

In terms of investment, investment in Turkish investment into Indonesia becomes something more prominent compared to the investment activities of Indonesia in Turkey. One of the biggest 13 occurred when there was a work visit from the President of Indonesia, Joko Widodo to Turkey on July 5, 2017. This visit was a response from President Recep Tayyip Erdogan's visit to Indonesia in 2015. During President Joko Widodo's visit, Turkey and Indonesia agreed to the establishment investment to Indonesia with a large enough value, reaching Rp. 6.7 Trillion (Fauzi, 2017).

During the meeting, an MoU was agreed between Turkey and Indonesia which was handled by the Indonesian Coordinating and Investment Board (BKPM). The investment value for Turkey to Indonesia reaches US \$ 520 million or equivalent to Rp. 6.7 Trillion. This value

is divided into several agreements, including an agreement between an Indonesian BUMN engaged in shipping, PT PAL and Karadeniz Holding, a Turkish company engaged in energy and power plant ships with an investment of US \$ 320 million. In addition, a US \$ 200 million agreement also took place between PT Dirgantara Indonesia (PT DI) and the Turkish Aerospace Industry company (Fauzi, 2017).

Cooperation efforts and investment offerings between Turkey and Indonesia continue to be explored in every meeting of heads of state. The Turkish government also continues to make this effort considering the small investment figures of Indonesia in Turkey. In addition to attracting investors into their countries, Turkey also continues to strive to increase the value of its investment in Indonesia, which covers various fields. Various meetings of heads of state are believed to be able to increase economic cooperation between Turkey and Indonesia.

Conclusions

In the case of economic diplomacy by Indonesia towards Turkey, there are at least two main pillars pursued by Turkey in an effort to increase trade or economic cooperation with Indonesia. The pillar is trade promotion and also investment opportunity promotion. The President of Turkey, Abdullah Gul, visited Indonesia on 5 April 2011 and held various talks with the Indonesian President, Susilo Bambang Yudhoyono. In addition, as a result of the meeting between the President of Turkey and the President of Indonesia and several ministries was the signing of various MoUs conducted by various Turkish parties such as Tuskon and MUSIAD with Indonesian parties such as KADIN and BKPM. 14 In 2014, TITA (Turkish-Indonesia Trade Association) invited representatives of businesses in the fields of construction, building materials, furniture and machinery in Central Java to join the 2014 Tuskon World Trade Bridge (TWTB) event. This was also a promotional effort trade, especially opportunities in the field of furniture trade. Trade promotion between Turkey and Indonesia also took place at the holding of the Indonesia-Turkey Trade and Investment Forum (Business Forum) in April 2011.

President Abdullah Gul also made an effort to invite Indonesian tourists to make more visits to Turkey. President Abdullah Gul expects an increase in the number of Indonesian tourists to Turkey from the number of 23 thousand in 2011. On 30 July 2015, when Turkish President Recep Tayyip Erdogan visited and met with Indonesian president Joko Widodo, one of the focuses of the talks in the talks was an effort to increase exports -imported both countries. This was done by Erdogan because until 2015, Turkey's export volume to Indonesia always experienced a deficit when compared to its import volume.

Turkey also welcomed the rolling of the Indonesia-Turkey Comprehensive Economic Partnership Agreement (IT-CEPA). IT-CEPA is an effort made by the government of Turkey and Indonesia to cut all forms of barriers to trade that have often been encountered by the two countries. ITCEPA was conceived in 2008 and then followed up in the period 2011 to 2012 through various studies conducted by the Joint Commission of Indonesia Turkey. Then, IT-CEPA was officially launched on July 6, 2017. Turkey welcomed this agreement because it considers IT-CEPA to have a good impact on trade between Turkey and Indonesia. Furthermore, economic diplomacy conducted by Turkey through Erdogan's meeting with Joko Widodo is to increase investment. The investment sector is of concern to Turkey and Indonesia because this sector is still very lame between the realization of Turkey's investment in Indonesia when compared to the realization of Indonesia's investment in Turkey.

Based on the calculation of the third quarter of 2014, the realization of Turkey's investment value in Indonesia in 2014 reached 64.1 million dollars in 29 projects. That number increased significantly from the total investment realization in 2013 which reached 22 projects with a value of 11.7 million dollars. Meanwhile, the value of Indonesian investment embedded in Turkey has only reached US \$ 600,000 in Turkey. 15

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