

# An Analyze on Japan Comprehensive Economic Partnership (AJCEP) First Amendment Protocol Toward Japan-ASEAN Cooperation

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**Abstract.** This research aims to identify and analyze Japan's interests in the first amendment protocol to the ASEAN – Japan Comprehensive Economic Partnership (AJCEP) agreement using the study of political economy and international diplomacy. Japan's need for natural resources cannot be met alone. Therefore, Japan needs to cooperate with other countries that produce all-natural resources and cheap labor to meet their needs. This Japanese-owned motive invites questions. The method used in this research is a descriptive qualitative method with data collection through a literature study. This study indicates that they have economic and political interests in AJCEP cooperation, but even though Japan is politically and economically superior, ASEAN and Japan continue to work together for Japan's security and politics between Japan and ASEAN.

## 1 Introduction

The limitations of a country cause that country to need to cooperate with other countries. ASEAN is international cooperation built by Southeast Asian countries to build the ASEAN region into a vital entity in solving internal problems and maintaining world unity [1]. ASEAN and Japan have cooperative relations that need each other. Cooperation between ASEAN and Japan was started in 1977 [2]. Japan became one of the first trading partners for ASEAN countries. ASEAN countries are suppliers of natural resources and labor for Japan, while Japan is the prominent investor for countries in the ASEAN region. However, public sentiment toward Japan's economic improvement has increased in ASEAN countries like Indonesia, the Philippines, Malaysia, and Singapore. These countries felt that they were only used as "cash cows" by the Japanese, so the term economic animal emerged because Japan was considered only to fulfill its interests. The Japanese government finally took steps to address these issues and sought to dampen public sentiment by offering more friendly cooperation and large-scale investments, affecting countries' economic growth in the ASEAN region. To strengthen trade relations between the two, ASEAN and Japan took the initiative to form a declaration of comprehensive economic cooperation in November 2002. The declaration of cooperation was later raised on the agenda at the eighth ASEAN-Japan Summit. During the meeting, the declaration of comprehensive economic cooperation was finally ratified as the ASEAN-Japan Comprehensive Economic Partnership Agreement (AJCEP) [3]. All ASEAN countries and Japan representatives currently agree for

this AJCEP to be effective. In addition, all ASEAN countries and Japan also ratified the agreement. Indonesia itself ratified AJCEP through Presidential Regulation number 50 of 2009.

Since the AJCEP cooperation was formed, the commodity trade graph between ASEAN and Japan has improved. Japan became the third-largest non-oil and gas commodity export destination for ASEAN countries in 2016. The Total export value reached 29 billion US dollars. This figure contributes USD 3.2 billion to Indonesia's non-oil and gas commodity exports. Meanwhile, for investment, Japan is the second-largest investor country in Indonesia, with 18.2 billion US dollars [4]. Likewise, 2018 showed an increasing trend of ASEAN trade in goods, which touched the figure of 229.2 billion US dollars. Meanwhile, the investment sector from Japan to ASEAN reached 21.2 billion US dollars (National Graduate Institute for Policy Studies, 2019). Seeing this trend of increasing trade, ASEAN believes that its trade relations with Japan require a broader legal framework that regulates trade. ASEAN wants to immediately enact amendments to the text of the AJCEP agreement so that the trade in services, movement of human resources, and investment chapters have strong legal ties [2]. Since the AJCEP was ratified, all member countries have committed to ratifying these three chapters in the future. Finally, member countries decided to return to negotiate the contents of the amendment protocol in 2011. Only in 2019, the amendment protocol was ratified by all member countries. Then in August 2020, the first protocol came into effect for Japan, Laos, Thailand, Singapore, Myanmar, and Vietnamese. After the first protocol of

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amendments to the AJCEP agreement is ratified by the state parties, each country is given the time and opportunity to follow legal procedures to ratify the protocol. Japan and several ASEAN countries ratified the protocol in the same year the protocol was ratified. Not with Indonesia, which is a little late compared to other ASEAN countries. The Indonesian Minister of trade urged the Indonesian House of Representatives to ratify this protocol in 2022 immediately. However, apparently, at that time, the Indonesian House of Representatives did not see the urgency for Indonesia to ratify the protocol [5].

The AJCEP amendment is a Japanese business step to enter the international market through regional cooperation with ASEAN. This business effort is contained in Article 3 of the AJCEP Amendment, which contains investment and liberalization of trade in goods and services between ASEAN and Japan (AJCEP Amendment). Japan invests and establishes multinational companies in ASEAN countries, and Indonesia is no exception. Three large Japanese companies are interested in investing in the Indonesia smelter project. Smelter comes from the English "smelting," which means melting. However, smelters are part of the production process in the metal mineral mining industry. In this facility, the minerals mined from nature will be cleaned and purified [6]. The investment provided by Japan through the AJCEP program has brought fresh air to ASEAN countries, including Indonesia. The funds needed for the project were almost depleted due to the recent covid-29 pandemic, and ASEAN is currently trying to recover from the economic downturn [7]. Members of the Indonesian House of Representatives said that the stipulation of the AJCEP amendment protocol only benefits Japan. This is evidenced by the trade performance of Indonesia's services, which continued to decline from 2013-to 2018 [5]. The reason the Indonesian House of Representatives delayed the ratification of the amendment protocol is said to be very logical. If this cooperation positively impacts service trade in Indonesia, then why does Indonesia's service export-import rate continue to decline? One member of the House of Representatives also added data on trade in services in Indonesia. In 2018, Indonesia's non-oil and gas imports from Japan were worth almost Rp.232.4 trillion, while exports were unequal at Rp. 169 trillion [5]. Members of the Indonesian House of Representatives explained that this inequality occurred because of differences in standards implemented by Indonesia and Japan. Indonesian products use national standards (SNI), while Japan uses international standards (ISO Standards). This condition makes Indonesian products unable to be marketed in Japan, while Japan can freely market their products in the Indonesian market.

The conclusion that has been made based on the Indonesian House of Representative analysis above is that even though Indonesia will ratify the first protocol of the amendment, it will be difficult for Indonesia's service trade figures to show a positive trend. In contrast

to Japan, it certainly reaps many benefits from this amendment protocol. Japanese products and investments can quickly enter the Indonesian market and ASEAN in general. Therefore, the party that benefits the most from the amendment to the AJCEP agreement is Japan. However, in the end, ASEAN countries continued to cooperate with both parties after considering security, economics, and international politics because currently, Japan is the largest investor in ASEAN countries and the US-China economic tensions also affect ASEAN economic traffic. Research gaps are found after explaining the background above, so this topic deserves to be studied more deeply. This research gap can be seen from the Indonesian House of Representative analysis, which states that this amendment only benefits Japan. Meanwhile, Indonesia did not get a significant positive impact. This means that the amendment to the AJCEP agreement only brings the interests of one country, which is none other than Japan. Therefore, this research wants to examine Japan's interests in the amendment of the AJCEP agreement if it is studied from the point of view of the international political economy. This study was conducted to know and analyze Japan's interests in the first protocol amendment to the ASEAN – Japan Comprehensive Economic Partnership (AJCEP) agreement using an international political economy study. How are Japan's Interests in the First Protocol of Amendment to the ASEAN Agreement – Japan Comprehensive Economic Partnership (AJCEP) viewed from the perspective of international political economy and diplomacy.

## 1.1 Objectives

This study aims to understand why a country needs to amend its treaty protocol in conducting international economics and politics. Another benefit of this research is as a reference for making international political economy policies in the future.

## 2 Literature Review

### 2.1 International Economy-Politics

The state and the market are two interrelated aspects. The state is a political representation, while the market describes the economy, where the two continue to be interrelated in their development. The economic sector, which aims at achieving prosperity, and the political sector, which describes power and strength, cause these two components to be integrated at the international level into the international political economy [8]. Through the study of international political economy, it can be seen that there is a conflict between increasing economic interdependence and the interests of the state to maintain its authority, autonomy, and regulate its economic dependence, because, at the same time, the state also wants to obtain maximum benefits from free trade carried out with other countries. Meanwhile, on the other hand, the state wants to protect its political autonomy, cultural values, and social structure [9]. Based on this, it can be said that the logic of a country

runs with a market system, where the market is expanded geographically, involving more comprehensive cooperation between countries in various aspects through the price mechanism, that is, the international political economy. The preliminary study of international political economy is the interaction pattern of countries as actors with the market. Economics is no longer sufficient to examine this relationship, but a political study is needed to understand the dynamics of the economic policies of other countries in global trade [10].

International political economy examines the interaction and interrelationships between political and economic phenomena, the domestic and international environment, the state and the market, and the relationship between government and market mechanisms [8]. The study of international political economy studies the global economic dynamics that focus on the political battles between the strong and the weak in the global economic market. According to Walter S. Jones (1993), the study of the international political economy is defined as a global interaction involving economic and political issues. Jones sees that politics greatly influences economic activity. Parties' interests will always exist in economic activity, so the economic system is very subjective and beneficial to one side only [11]. From another point of view, Robert Gilpin [12] argues that the chain of economic processes tends to create a redistribution of power and prosperity. The redistribution of power and prosperity here means that the economic process can change the existing power structure at the community level. Automatically, this economy will also change its political system. A new structure of economic relations will replace the political system or power that has changed. In essence, international political economy examines the interrelationships between economics and politics [12]. In the study of international relations, many scientists mention war and conflict as the main elements of the study of international relations. However, some studies see international relations as more than just wars and conflicts. One of them is the study of international political economy. The study of international political economy will discuss economic issues in international relations. Subjects that play an essential role in studying international political economy consist of the state, market, and society. These three subjects interact with each other to form a chain of dependence [13].

In studying the international political economy, the state plays a role as a policymaker regarding the distribution of products, money, commodities, and innovation. The policies that the state formulates lead to the goal that the market and society can achieve their respective goals. The goal in question is the goal of the market and society in the global market. While the state makes economic policies, the market provides supplies ready to be distributed to the community and the state. In this market economic activity, the community or group is a shaper of global economic behavior [13]. Based on the description of the international political economy theory above, it can be concluded that the study of international

political economy examines the interrelationships between the state as a policymaker, the market as a place of economic activity, and society as a group that shapes global economic behavior. The relationship that occurs forms a pattern of dependence on each other so that one subject cannot survive without another subject. Because they influence each other, global economic activity must contain elements of power and interest. Likewise, the political system requires economic activity as a medium for redistributing power.

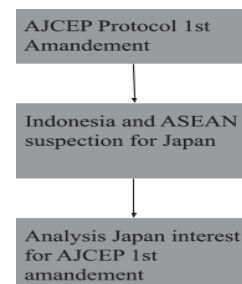
## 2.2 Economy Diplomatic

Economic diplomacy is a policy formulation and negotiation process related to production activities, exchange of goods, services, labor, and investment in other countries [10]. From this definition, it can be said that economic diplomacy is an essential substance for countries in managing their economic relations with the outside world because international economic relations do not occur in a vacuum that only relies on market forces, as stated in the neoclassical school [8]. In this understanding, economic diplomacy then becomes an essential weapon for countries to be able to cooperate or conflict in the international system. Thought on economic diplomacy focuses on the role of diplomatic actors and the relationships, activities, and institutions in which these actors seek to create interdependent economic relations. Economic diplomacy is seen as a tool to pursue and achieve economic security in an anarchic international system. Through the concept of economic diplomacy with a neoliberal paradigm, states are required to understand patterns of international economic interaction based on economic interests. This concept will impact the recommendations for state diplomacy models in interacting at the global level [14]. The economic diplomacy model used in this paper is the economic diplomacy model proposed by Okano-Heijmans [15]. This economic diplomacy model explains four elements in economic diplomacy: process, context, tools, and modes of practice. These four elements complement each other to achieve the national interest. The relationship between these four elements does not have to be regular and comes from various directions [19]. For example, a state as a policymaker considers the state's position in the current international political system (context). With these considerations, the state will choose the most effective tools and modes of practice of economic diplomacy. For example, trade diplomacy tools (tools) and multilateral negotiation forums (practice modes). After that, the state is ready to carry out the negotiation process (process) to reach an agreement. The study of international political economy is closely related to the theory of economic diplomacy. The theory of economic diplomacy is related to the international political economy because both use political power in their country's commercial or economic activities. The theory of economic diplomacy emphasizes that state politics influence its ability to achieve economic interests. Economic diplomacy includes the freedom of the state to carry out export-import and investment activities without limits [20].

### 2.3 ASEAN – Japan Comprehensive Economic Partnership (AJCEP)

Cooperation between ASEAN and Japan through AJCEP is boosted to boost the two countries' economies. Where AJCEP is expected to be able to build proactive cooperation between member countries [21]. In carrying out this collaboration, the Japanese government strives to always discuss with the four most prominent ASEAN members (Malaysia, Indonesia, the Philippines, and Singapore) if they encounter a problem [22]. This AJCEP cooperation agreement initially only contained the issue of trade in goods between Japan and ASEAN. However, seeing the many opportunities, Japan proposed adding service trade, investment, and labor exchange (MNP). Japan and 6 ASEAN countries officially implemented this amendment on August 1, 2020, while five other countries are still in the ratification process [23]. Through Koizumi's propaganda, Japan wants to build proactive cooperation with ASEAN in economic and international politics. Japan has succeeded in obtaining various relevant benefits due to the international cooperation carried out by the two parties. These different results became the basis behind Japan's actions in ratifying the amendments to the First Protocol, which were also supported by various other factors that can make Japan's position more strategic in the ASEAN market [24]. A strong reason for Japan to establish cooperation with ASEAN and continue to expand its market network in ASEAN is Japan's political and economic interests. First, bureaucratic changes in the Japanese economy towards market liberalization encourage Japan to cooperate with countries that can supply Japan with cheap resources and labor. Second, Japan wants to increase its political intensity in the Southeast Asian region [25].

Japan has proven to have a greater interest in the application of AJCEP compared to ASEAN countries. The AJCEP, which aimed to dampen public sentiment in the past, has not yet succeeded in obtaining maximum satisfaction from the Indonesian government. The Indonesian government still considers that Japan has made too big a profit and even seems to be exploiting the resources of ASEAN countries, including Indonesia [26]. Japan's national desire for investment liberalization can be seen clearly in implementing this AJCEP. Japan supports AJCEP due to China's dominance in the Asia Pacific. This has prompted Japan to seek new markets that provide abundant natural resources and cheap labor. The AJCEP was held to make the propaganda of the political economy of Japan and ASEAN the main goal because ASEAN countries are non-aligned countries and Third World countries that have abundant reserves of natural resources. This potential is utilized as much as possible by Japan, without forgetting the approach that Japan continues to take to convince every head of state in the ASEAN region [1].



**Fig. 1.** The flow of Thought Framework, Source: Research 2022

Based on the flow above, this research is used to analyze what kind of interests Japan has so that it raises the suspicion of the Indonesian government and thus hinders the ratification of the first protocol of the amendment to the AJCEP agreement and the reasons why ASEAN countries including Indonesia are still cooperating with AJCEP when they feel they are not benefited.

### 3 Methods

The research method is a series of techniques used by researchers in carrying out their scientific studies. In this study, the research method used is qualitative. The qualitative method used in this study is based on the suitability of the research object with the qualitative method. The research object categorized as social science and is non-numeric can be studied better using a qualitative descriptive method. The object of the study is Japan's interest in AJCEP, which invites public sentiment, and this can be studied through a qualitative descriptive method. Denzin and Lincoln (2005) explained in Mohajan [27]. that qualitative research methods are techniques that have several focus models by relying on an interpretive approach. The data used in qualitative research methods are naturalistic [27]. This means that the data used is purely based on data collection results based on facts and actual events. A qualitative research method is a type of research in social science that uses non-numeric data. Qualitative methods use descriptive sentences, pictures, graphs, and sketches. The data sources in this study were obtained from literature studies conducted through reviews of international journals, national journals, and previous research. So that this research can improve or prove the validity of previous research.

### 4 Data Collection

To develop qualitative research must pass the data collection stage. The data collection stage is where researchers conduct field research to collect data from research subjects. Researchers collected research data from various journals and books in this activity as primary data. Data collection begins in February 2022, taking the latest national and international journals. After the primary data was collected, the researcher searched for secondary data. The data used in this study were the 2008 AJCEP agreement documents and the



recently ratified AJCEP amendments, along with the results of the DPR RI meeting related to the 2022 AJCEP rectification. After collecting the data in the next stage, the data is studied and selected based on research needs. After the data selection stage is complete, the next step is to examine the data. The last stage, which was carried out in April 2022 after the primary and secondary data assessment process, was to conclude all the information available in literacy sources so that it became a new research result.

## 5 Result and Discussion

The international political economy is an interaction in the market, where countries, multinational companies, and international organizations are the actors. The general impact of these activities is political competition at the national and international levels, where strong countries will dominate and optimize their prosperity. On the other hand, weak countries seek to erode economic boundaries at the national and international levels and catch up with them [8]. The trade relations between Japan and ASEAN have been started in the 1970s. The AJCEP cooperation agreement is also the first custom union agreement agreed upon by Japan. Since 2008, Japan has achieved a high foreign trade from its cooperation with ASEAN. Japan also accounts for around 50% of the total investment coming into the six ASEAN countries, Indonesia, Singapore, Malaysia, the Philippines, Thailand, and Vietnam [16]. This means that this comprehensive economic agreement is quite beneficial for Japan. Thus, Japan then agreed to an amendment to the AJCEP agreement, which included chapters on investment, natural movement of people, and trade in services.

**Table 1.** Comparison of the Value of ASEAN Trade in Goods, Trade in Services, and Investment in 2013-2018, Source: ASEAN Statistical Yearbook 2020

	2013	2014	2015	2016	2017	2018
Goods Trade	2,533,069.2	2,535,208.4	2,272,861.8	2,239,897.4	2,571,300.3	2,824,916.3
Service Trading	618,504.5	652,097.4	642,151.8	659,788.1	725,338.4	822,650.6
FDI	120,965.5	130,114.5	118,667.1	114,591.1	155,025.0	153,120.4

As shown in table 1.1, there is a disparity between goods trade in ASEAN and trade in services and investment. The trade-in services that ASEAN succeeded in achieving in 2013-2018 did not even touch 50% of the total trade in goods in the same period. Likewise, only around 120-150 million US dollars with direct investment. When compared with the value of ASEAN trade in goods in the same period, the direct investment figure. As a result of this inequality, ASEAN is trying to increase its trade in services and investment. One of them is the ratification of the AJCEP amendment protocol in 2019.

Based on the concept of international political economy, Japan's position in AJCEP is a strong country. From this, it can be said that it is very natural that Japan dominates and can fulfill its national interests to the fullest. It is different from ASEAN countries, which are still weak compared to Japan. As a form of political protection, the

countries involved try to find solutions through negotiations and agreements to minimize losses and maximize the benefits of their cooperation. This aligns with Zulfikar and Jayadi's research [10], which suggests that countries with good technological mastery, manufacturing countries, and countries with superior human resources will dominate the global economy.

In every international cooperation carried out, each party inevitably has an interest. When a country ratifies a treaty, that country is risking its interests. In the AJCEP case, of course, Japan, ASEAN, and Indonesia must have their interests in the agreement. What needs to be underlined is that the parties' interests in the cooperation are not of the same value [17]. One or two parties have more interest over the other party. In this case, this research tries to describe the interests that Japan, ASEAN organizations, and Indonesia have in the amendments to the 2020 AJCEP agreement.

**Table 2.** Comparison of Japanese Interests, ASEAN and Indonesia in the 2020 AJCEP Agreement Amendments

	Economy interest
<b>ASEAN</b>	ASEAN can realize its role as a production base for global value chains and supply chains in the Indo-Pacific because this AJCEP amendment can promote the domestic manufacturing industry. (Nishimura et al. 2019)
<b>Japan</b>	The AJCEP amendment facilitated the growth of Japanese companies in Southeast Asia amidst the trade war between China and America. AJCEP Japan is prioritizing Vietnam to move from relations with China to Japan. (Statecraft, 2020) Supply chain diversification to not depend on the Chinese market in the post-Covid-19 era and maintain the status quo in regional and global governance. (Arase 2020)
<b>Indonesia</b>	The Indonesian Minister of Trade stated that the AJCEP amendment could increase Indonesia's service exports to Japan and ASEAN by 729 million USD and foreign investment growth in Indonesia to 5% in 2022. (Kemendag 2020)
	Geopolitical Interests
<b>ASEAN</b>	Increasing ASEAN regional security stability geopolitically because the ASEAN region is a geopolitically strategic area but has a level of regional security that is still vulnerable (Aprilia and Handoyo 2019)
<b>Japan</b>	Strengthening trade relations with ASEAN is Japan's way to offset China's geopolitical power in Southeast Asia and the Indo-Pacific. (Aizawa and Bland 2020) Maintaining the South China Sea status quo by encouraging and persuading ASEAN countries to comply with UNCLOS. The goal is that Japan can continue to utilize the resources in the South China Sea (Nirmala 2016)
<b>Indonesia</b>	The economic improvement that can be obtained by Indonesia through this AJCEP amendment will encourage Indonesia's influence in the region. A strong economy puts Indonesia on a par with developed countries in Asia, such as Japan, Singapore, or Korea. (Anwar 2020)
	Diplomacy Interest
<b>ASEAN</b>	The majority of ASEAN countries are developing countries. Through AJCEP cooperation, ASEAN wants to realize building a more robust ASEAN region economy, prospering ASEAN countries, and gaining technological insight that Japan has (Chin 2010)
<b>Jepang</b>	Passing Japan-ASEAN relations through the AJCEP amendment means realizing Japan's new diplomacy principle to ASEAN, increasing trade and investment flows. Under Abe's administration, trade and investment were crucial to the success of Japan's diplomacy with ASEAN. (Nirmala 2016)
<b>Indonesia</b>	Japan is Indonesia's second-largest trading and investment partner. Passing AJCEP has become one of the priorities for diplomatic relations between Japan and Indonesia, which want to increase investment and create quality human resources. (The Ministry of Foreign Affairs 2020).

Table 2 shows that among the parties' interests in the AJCEP amendment, Japan has more interests in terms of economy, geopolitics, and diplomacy. If analyzed based on the economic diplomacy of the Okano-Heijmans [15], Japan's national interest can be achieved because Japan has managed to pay attention to four elements of diplomacy. Japan also has the most advantageous position in this AJCEP amendment when viewed from the context, tools, modes of practice, and process. Especially in the context that Japan can use in making prudent decisions. The achievement of Japan's national interests in the AJCEP amendment is influenced by considering four elements of economic

diplomacy. First is the element of context, namely the consideration of Japan's position in the current state of the international political system. The current international political system is filled with efforts to spread power by developed countries, such as America, China, including Japan. These countries are fighting for influence in the Indo-Pacific, which is known as a strategic area in terms of economy, resources, and security. As one of America's alliances and China's rivals in the East Asia region, Japan is trying to balance China's power spread across Southeast Asia by marketing its products to ASEAN countries through this AJCEP [16]. In addition to this context, Japan also took advantage of the trade war conditions between America and China. Through this AJCEP amendment, Japan wants to change the direction of trade in ASEAN countries, which initially came from China, to come from Japan itself. Therefore, Japan prioritized Vietnam and Laos, known as alliances with China. Japan will turn the trade flows of Vietnam and Laos into trade with its country [18].

A second element is a tool used in Japan's economic diplomacy. Japan uses trade diplomacy, especially multilateral custom union trade. AJCEP is a comprehensive economic cooperation agreement involving more than two countries. AJCEP involves ten ASEAN countries as well as Japan. In this case, the amended AJCEP provides for the addition of an investment chapter, a chapter on the natural movement of people, and a trade-in services chapter. The liberation of barriers to trade in goods and services, investment, and the movement of people is more profitable for Japan because Japan has products that can be marketed globally due to the international standards used. In addition, this AJCEP amendment will also grow Japanese FDI to ASEAN countries. Meanwhile, ASEAN countries do not yet have FDI to be marketed in Japan [19].

The third element is the mode of practice used. Japan and ASEAN countries used multilateral forums (negotiations) to formulate this AJCEP amendment. Multilateral meetings between Japan and ASEAN countries to discuss the protocol for this change have been carried out from 2012 until 2019 when the protocol was ratified. This multilateral forum was attended by state representatives, namely the Minister of trade or other relevant ministers. The ASEAN-Japan Forum is a forum that facilitates negotiations on the AJCEP amendment [15]. Here, the second element used is an element from an economic perspective, while the third element is a political economy because it is through negotiations with the related countries. After considering the context, the tools of diplomacy, and the mode of practice, the state parties then carry out the negotiation process. In this case, negotiations for the amendment of the AJCEP agreement took seven years before it was finally jointly ratified by the eleven state parties. In economic diplomacy, negotiation is a crucial stage. The ability to carry out conciliation and bridge differences is a must for negotiators. In this case, the delegation assigned to the negotiation process is the

Minister of trade or the Minister in charge of each country. Japan itself sent the Ministry of International Trade and Industry (MITI) [23]. In every negotiation process, each country has an interest that it wants to accommodate in the AJCEP amendment protocol. Both Japan and the ten ASEAN countries had interests expressed during the negotiation process. The aim is to discuss whether these interests can benefit the whole country or not. The chapters and articles added to the AJCEP amendment protocol result from bargaining between negotiators from eleven countries. Therefore, the amendment was successfully ratified and approved by all parties [28]. In the negotiation process towards ratification of the amendment protocol, Japan is known to have big ambitions about the benefits obtained from the AJCEP amendment. EIU [29] explained that Japan is looking for more severe trade relations with ASEAN. Japan feels the 2008 AJCEP agreement has a low and limited threshold. In this amendment, Japan continues to emphasize to partner countries in ASEAN to clarify market access, investment procedures, to trade dispute resolution. Meanwhile, ASEAN countries are limping in negotiating the AJCEP amendment. This is because ASEAN countries face protracted negotiations with India [29].

As described in table 2, Japan's national interest is higher than ASEAN and Indonesia's. According to the research, Japan has succeeded in taking advantage of the conditions in international relations, which are currently in a power struggle. Japan's step in ratifying the AJCEP amendment is essential in determining its position against China in Southeast Asia. In addition, Japan can also take advantage of the US-China trade war to divert ASEAN trade flows from China and America to Japan. Meanwhile, ASEAN and Indonesia do not have urgency in this context, so no interest can be achieved with this AJCEP amendment. During the negotiation process, it was also seen that Japan had big ambitions for this AJCEP amendment. This time, Japan ensures that the AJCEP amendments can provide clarity in market access, investment procedures, and dispute resolution. The goal is for Japan to get the maximum benefit. This condition contrasts with the ASEAN countries, which were not optimal in negotiations because most of them were also being confronted with India's negotiations. Therefore, it can be said that the negotiation process for the AJCEP amendment was dominated by Japan. The trade war between China and America also impacted ASEAN countries, which eventually prompted the approval of the AJCEP agreement [28]. Japan can achieve maximum prosperity and political stability simultaneously through the AJCEP amendment. Meanwhile, ASEAN only gets it from the welfare side of the interests from the economic side. Meanwhile, Indonesia has interests on all three sides, both economic, geopolitical, and diplomatic. However, compared to Japan, Indonesia's interests are not as great as those achieved by Japan. This, when viewed from an international political economy perspective, is a natural thing, where Japan has the capital and technological sophistication that allows it to control trade because

these two substances currently control global markets [23].

Meanwhile, Indonesia, with the limited quality of its human resources, causes Indonesia to need more effort to minimize backwardness. The DPR RI's statement on the postponement of ratification is a defensive effort that Indonesia intends to achieve economic diplomacy. The economic diplomacy carried out is expected to produce mutually beneficial results, no longer unequal on the one hand, because Indonesia and some other ASEAN countries feel that the amendments made to economic diplomacy that occurred previously only provided maximum benefits on the Japanese side [25]. Apart from political economy and international diplomacy, AJCEP is a business strategy carried out by Japan to build Japanese companies through investments made under Article 3 of the AJCEP amendment. As one of the ASEAN countries involved in AJCEP, three Japanese companies are ready to fund the smelter program in Indonesia. The construction of a smelter is an effort to increase the added value of minerals, as mandated in the Mineral and Coal Mining Law (Minerva Law). Japan's investment in several other countries in various aspects also affects business development in these countries [30].

Until now, AJCEP has continued between ASEAN and Japan due to Japan's prominent role in investment. If the cooperation ends, the loss will be felt by Japan, but the countries that are members of ASEAN will also feel the impact of the loss of their biggest investor. Economic growth will be hampered and can even cause an economic downturn. Thus, with minimum profits and ongoing negotiations to maximize profits, Japan and ASEAN countries, including Indonesia, will continue to be carried out. It is undeniable that the Indonesian people are dependent on trade products imported by Japan, and many domestic production activities are funded by Japan [26].

## 6 Conclusion

It can be concluded that all countries involved in an agreement must have interests. International conflicts in international cooperation can occur if there are some interests of each country that are not fulfilled or they feel that other countries reap more significant benefits. In this analysis of the AJCEP case, Japan is interested in achieving its national goals. However, ASEAN countries also are interested, although not as big as Japan, so a gap is created. The differences can finally be resolved diplomatically, and the ASEAN-Japan cooperation can continue. If viewed from the political economy, Japan's strategy has fulfilled four elements that become its substance so that prosperity and political stability can be created properly. Japan is trying to convince ASEAN countries with its four international diplomacy strategies to ratify the AJCEP amendments. Japan aims to carry out the amendments and convince ASEAN that the amendments are carried out based on common interests. Japan wants to help ASEAN

countries achieve maximum benefits. However, ASEAN countries, including Indonesia, suspect and find that this amendment is still more profitable for Japan, achieving Japan's international and national political and economic goals. In addition, the implementation of the AJCEP amendment that facilitates investment from Japan to ASEAN countries significantly affects business development in ASEAN, for example, the smelter construction project, which is a business of a mining company, and the Indonesian Ministry of energy and mineral resources are funded by three large Japanese-owned companies.

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