Influence of the Covid-19 Pandemic in Indonesian and China Trade Relations

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ABSTRACT
Trade relations are a relationship that must be owned by every country in the world. Because no country can meet its own domestic needs, Indonesia and China are inseparable. Indonesia and China have partnered for more than 70 years. The COVID-19 pandemic will have an impact on trade relations between Indonesia and China. Where the COVID-19 pandemic has spread to almost all countries, Indonesia and China are inseparable and have an impact on the economic sectors of countries affected by this virus. Trade relations between Indonesia and China continue to increase from year to year. What is the impact of covid-19 on trade relations between Indonesia and China, when countries affected by covid-19 make policies to deal with the virus that occurs in their countries which will certainly have an impact on the import and export sectors of the two countries. This is because covid-19 spreads quickly and easily from humans to humans, foods to humans, and animals to humans.

Keywords: Trade Relations, Covid-19, Exports, Imports.

1. INTRODUCTION

At the end of 2019, the world was shocked by a very deadly disease. The virus that carries this disease spreads to each individual very quickly. Everyone can get this disease, regardless of age, whether old or young. Coronavirus is a virus that is spread by animals or spread through extreme food and can even pass from human to human, and the symptoms are very difficult to detect. The COVID-19 pandemic is currently spreading in Wuhan, China. According to Xi Jin Ping, since the founding of the People's Republic of China, there has been no health emergency as large as the case of the coronavirus, and he stated that this was a crisis for them and a big test [1].

This statement indicates that China is truly in an emergency, this virus is also circulating in Asian countries and even America. Historically, the coronavirus was first discovered in 1960 with the cause of the common cold, but the origin of the virus is unknown [2]. Until March 2020, there were 65 countries indicated by this virus (WHO data). The results of the examination at the beginning of the emergence of this virus, 66% of patients affected by this virus were near a seafood market or live market in Wuhan, Hubei Province, China. In February 2020, this virus has officially named the novel Corona Virus (2019-nCov). And then the World Health Organization (WHO) gave the name Severe Acute Respiratory syndrome coronavirus-2 (SARS-Cov-2).

The spread of this virus has disrupted national and even international activities. The outbreak of this virus has spread to all corners of the world, even in every country. Therefore, the whole world is concentrating on reducing and preventing the spread of this virus. From data compiled by AFP, the death toll from this virus has reached 1.77 million. That number has been since the virus outbreak broke out in Wuhan in 2019 [3]. In Indonesia, it is quoted from the website merdeka.com that positive cases of COVID in Indonesia on October 20, 2020, reached 368,842 people. The number of recovered patients also increased to 293,653 people. And the number of dead cases also increased to 12,734 people. The increase in cases in Indonesia has resulted in several different state policies, and, of course, not as usual. Those who feel the economic impact the most are the import-export players. Due to cancellations and restrictions on goods entering countries in the world, Of course, to deal with this, the Indonesian government, especially Jokowi,
The relationship between Indonesia and China is one of the most important relations, both for Indonesia and for China itself. Not only cooperation in infrastructure development and trade-economic, Indonesia and China are also developing several socio-cultural cooperation [7]. Relations between the two countries have been around for centuries. Indonesia is part of the maritime route of the Silk Road that connects China with India and the Arab world. In terms of size and population, Indonesia and China are among the top Asian countries. China is the most populous country in the world, while Indonesia has the fourth-largest population in the world. Indonesia and China are APEC members and the main economies of the G-20. One way to strengthen relations between the two countries is through international trade. International trade is one of the most important aspects of the economies of every country in the world. Through international trade, the economies of the world will be intertwined and create an economic relationship that affects one country more than another [8].

International trade at this time indirectly encourages globalization. This is marked by the development of information technology innovation systems, trade, political reform, trans nationalization of the financial system, and investment. This is an important step for a country to attract investors to invest in their country, which needs to be supported by a conducive political situation and a competitive business environment in a country. In the country that we will also discuss, China has experienced a decline in many ways, especially in its economic sector. Whether it's internal or external factors, With the country's economy in decline, China is gaining more attention. As a producer of goods and services, China is one of the world's economic powers, as is its role as a major consumer in the world economic order. Of course, many policies that are strategies have been issued by the Xi Jinping government to deal with the country's economic downturn due to the impact of Corona.

Of course, looking at the condition of these two countries, many things have happened between them. Indonesia and China have strong relations. Bilateral relations between the two countries have been going on for 70 years. Based on historical relations that have existed for hundreds of years, continuing the RI-China Comprehensive Partnership Strategy has resulted in various concrete achievements for the progress of the national development of the two countries. China is Indonesia's largest trading partner and one of the largest investors in the country [9]. Of course, this corona has an impact on both countries, namely Indonesia and China, so they must meet a new chapter in the cooperation they are undergoing.

At the beginning of the Joko Widodo administration, Indonesia's cooperation with China was increasing in several sectors. Closer cooperation, resulting in a figure of US $43.2 billion. This figure is certainly higher than in previous years. Cooperation between Indonesia and China has many benefits, one of which started with the agreement of ASEAN countries with China, namely the ASEAN-China Free Trade Agreement (ACFTA). With the ACFTA, trade between the two is certainly wider because both countries have the same number of people. Indonesia's economic growth rate can be influenced by China's economy. Limiting the entry and exit of goods into and out of China has a significant impact on Chinese industries. Indonesia's largest non-oil and gas imports and exports to China reached $44.58 billion in 2019 [10].

Indonesia and China have similarities in terms of the implementation of the economic system, which is directed towards the people. This can be seen from the many areas of strategic efforts held by the government, commonly referred to as BUMN. China, like Indonesia, implements an economy that seeks to benefit its people. Then, according to the entrepreneur, Indonesia has similarities with China in terms of a Domestic Based Economy. However, in dealing with COVID-19 cases, Indonesia and China have slight differences in how they handle them. China is trying to take the first step by implementing a total lockdown in all cities. But in Indonesia, at the beginning of the arrival of COVID, many were opposed and seemed indifferent to the outbreak. However, in the end, the Indonesian government was willing to follow the steps taken by China in handling COVID-19. On the economic side, during the pandemic, Indonesia and China strengthened bilateral relations by establishing several collaborations.
Economic cooperation was built, namely in the fields of trade and investment, with the aim of being able to restore the economies of the two countries. With this cooperation, China is ranked as the second-largest after Singapore. Then, with regard to trade, Foreign Minister Retno Marsudi proposed forming a Joint Working Group [11].

2. LITERATURE REVIEW

2.1. National Interest Theory

In the national interest, the role of the "state" as an actor who makes decisions and plays an important role in international relations affects the domestic community. It is so important because this will benefit the people who live in the area. Thomas Hobbes concludes that the state is seen as a protector of territory, people, and a distinctive and valuable way of life. This is because the state is essential to the lives of its citizens. Without the state guaranteeing the tools and conditions of security or promoting welfare, people's lives will be limited [12].

The theory of national interest is widely used in international relations and is often interpreted as the goals a country wants in the military, economic, and cultural fields. Achieving state goals is the main requirement in interacting with other countries. According to Realism, survival is the most important aspect that the state must strive for as well as other goals for economic prosperity [13]. The existence of national interests illustrates that there are aspects that become the identity of the state. This can be seen from the extent to which the country's focus is on meeting the achievement targets for the survival of the nation. The theory of national interest for Hans J. Morgenthau contains the meaning of various things which logically, in common with its contents, this concept is determined by political traditions and cultural contexts in foreign policy and then decided by the country concerned [14]. This can explain that the national interest of a country depends on the government system it has and the countries that are partners in diplomatic relations until the history that makes the country what it is today is a political tradition. Meanwhile, tradition in the cultural context can be seen from the perspective of the nation, which is created from its human character to produce habits that can be used as a benchmark for the country before deciding to carry out cooperation.

Hans J. Morgenthau also stated that the national interest of every country is in the pursuit of power. Interest arises because of the need to fulfill something in various ways that can establish and maintain control of one state over another. In addition, security is also the main goal of this concept. By prioritizing the national interest above all else, the state will also increase its security to avoid interference from other countries [15].

2.2. International Trade Theory

International trade is trade between or across countries, which includes export and import activities. International trade is a form of economic cooperation between two or more countries that provides direct benefits, namely the fulfillment of the needs of each country, which cannot be met only by relying on its domestic production [16]. International trade activities aim to improve the country's standard of living. The benefits of international trade in terms of exports are in the form of increasing income, increasing foreign exchange, and expanding job opportunities. International trade theory analyzes the basics of trade between countries, the flow of goods and services, policies directed at regulating trade flows, and their influence on the countries involved. International trade theory also shows the advantages that each country can get from international trade. International trade is the activity of trading goods and services carried out by one country with another country. The essence of international trade involving countries around the world arises because no single country can meet all the people's needs for goods and services. Thus, international trade arises as a result of the interaction between competing supply and demand. In addition, the theory of international trade describes the forms of trade transactions that occur between economic subjects of one country and another, both goods transactions and service transactions.

3. RESEARCH METHODOLOGY

This study used a qualitative analysis method that is explanatory. Data is all information or information regarding all matters relating to research. The data needed in this research is secondary data, namely data that is arranged in indirect forms, such as documents related to the problem being studied. The data collection technique used in this study is library research, namely by collecting data and information from the literature related to the problems discussed. In addition, they also visited several sites on the internet to complete the data that the authors collected. The analytical technique used in this study was qualitative analysis. Because the nature of this research data is qualitative information. A qualitative method is a research procedure that produces descriptive data in the form of written and spoken words from the observed actors.
4. RESULT & DISCUSSION

4.1. History of Indonesia's Political Economic Relationship with China

Indonesia is a sovereign country that stands full of struggle. De facto, Indonesia declared its independence on August 17, 1945. This multi-island nation has more than 200 million inhabitants. Taken from the official website of the Central Statistics Agency (BPS) the total population of Indonesia from the population census in September 2020 reached 270.20 million people [17]. This figure is a high number compared to other Southeast Asian countries.

As a large country that has a large population, Indonesia has begun to collaborate with other countries to meet the needs of its citizens. Starting from the Soekarno era until now, Indonesia has had many partners and has bilateral relations with countries around the world. Before the founding of the Indonesian state, this land was already known to many people around the world. Because the land is fertile and rich in spices [18]. The facts above show that actually trading activities in Indonesia have existed for a long time. Even before Indonesia liberated itself.

One of the partners of the Indonesian state that we will discuss this time, in economic cooperation is China. This bamboo curtain country is also big. If you look at history, China is a country that is very thick with history. This country that was once a great Dynasty that almost ruled over the entire world definitely has a lot of things in its resources [19]. In 1949, the Chinese state order changed to the People's Republic of China (PRC). This is based on the victory of the communist party over the nationalist party in China. The PRC was proclaimed on October 1, 1949, by Mao. However, gradually, the PRC realized that the policies and policies they carried out only narrowed their association with other nations and thus slowed their progress as a nation.

After Mao's death, Deng Xiaoping took the leadership seat. Deng's steps and thoughts were somewhat different from Mao's. Therefore, in 1978 Deng launched China's reform through his program called Gaige Kaifang. This program means to reform and open up. The Chinese market system is the socialist market system. This market system combines two different things, namely capitalist and socialist.

According to China at that time, globalization meant the participation of the state in establishing cooperation with other countries and expanding cooperation. And indeed, at that time, China began to actively participate in international trade and economic organizations. In the 21st century, China began to look to expand its economic path. China's international political economy policies began to look expansive and hegemonic. In 2005, Hu Jintao realized a Chinese international political economy policy known as The Peaceful Rise of China, namely the peaceful rise of China [20].

4.2. Indonesia-China Relations in the Era of Indonesian Presidents

In the era of Soekarno's leadership, at that time he had a good relationship with the Chinese president, Mao Zedong. Of course, with the same revolutionary spirit, their relationship is getting closer, and of course the relationship between the two countries, namely Indonesia and China. In addition, at that time Soekarno's idealism not to follow the western and eastern blocks was also supported by China. Because China also initiated to establish the Asiatic block which was filled by several Asian countries.

In the Soeharto era, Indonesia's relations with China began to drift apart. This estrangement was triggered by events in the previous year when it was still under Soekarno. This incident made Suharto start to be careful and keep his distance. In addition, on the Chinese side, there was a radical political change in China. And there are also minor problems between these two countries. Eventually, this led to the freezing of Indonesia's relations with China in October 1967 to be exact. On the other hand, China is also improving its relations with other countries. One of China's efforts to improve relations with Indonesia is through trade diplomacy. For the first time, Indonesia was present at a trade exhibition held by the Chinese government in Guangzhou in November 1997. At that time, Indonesia also began to have its chamber of commerce (KADIN) [21].

Indonesia and China have been cooperating for a very long time. Cooperation between the two began to be established on April 13, 1950. It has been more than 70 years since the collaboration between the two was established. Behind the close relationship at this time, it turns out that their relationship had a bad time. This bad relationship resulted in the freezing of diplomatic relations, namely in 1967. It was only in 1990 that they re-established cooperation with the signing of an agreement by the two foreign ministers. This joint communique is called “The Resumption of The Diplomatic Relation between the Two Countries” [22]. Later in the same year, Chinese Prime Minister Li Keqiang made a state visit to Indonesia and met with the then president of Indonesia, Soeharto. Of course, this meeting discussed how the continuation of the relationship between the two in international cooperation. At the same time, the two foreign ministers, Ali Alatas and Qian Qicheng signed a Memorandum of Understanding (MOU) [23].
During the leadership of President Abdurrahman Wahid (Gus Dur) Indonesia was in the process of restoring the country's economy in the eyes of the world. Gus Dur plans to visit countries in the world, one of which is China. China is a special country in economic cooperation for Indonesia. China was also the first country that Gus Dur visited. At that time China was willing to provide assistance of US $ 5 billion. Not much different from the Gus Dur era, during Megawati's time, Indonesia's relations with China were very close. It even experienced a positive increase and growth. The two heads of state visited each other. It began with the visit of the Chinese PM to Jakarta in 2001 and Megawati's visit to Beijing in March 2002. This meeting, of course, resulted in increased cooperation between Indonesia and China in the economic and political sectors.

In the era of President SBY, the relationship between the two countries has improved and looks good in many ways. In 2005, Chinese President Hu Jintao visited Indonesia to coincide with the commemoration of the Asian-African Conference in Bandung. In addition, the two countries also signed a strategic partnership for relations between the two countries. The strategic partnerships they carry out cover the fields of politics and security, economy and development, as well as in the socio-cultural and other fields of cooperation [24]. The continuity of their relationship is getting better. For China itself, it expands its network with other countries. In fact, he made regional cooperation with regions of the world. On November 4, 2010, China formed political economy cooperation with ASEAN countries including Indonesia. At that time they signed an agreement containing the Framework Agreement on Comprehensive Economic Co-operation between The Association of South East Asia Nations and The People's Republic of China. This concept is contained in the ASEAN China Free Trade Area (ACFTA).

In 2015, to be precise during the Joko Widodo presidency, Indonesia's relations with China did not experience a downturn. Instead, their relationship grew closer. At the beginning of his leadership, the trade value between Indonesia and China reached US$48.2 billion. This value is allocated in the investment, trade, and tourism sectors. Indonesia presses early and wants to make China the 3rd largest investor after Singapore and Japan [25]. In addition, China is also the largest export destination country for Indonesia. The Central Statistics Agency noted that in February 2020, Indonesia's largest export destination was China. Likewise, the following year, China remains the main destination for Indonesia's largest export. The commodities exported are iron or steel, coal, and lignite [26]. If we look at the balance of Indonesia's exports and imports with China, Indonesia experienced a deficit of US $5.8 billion until last August 2020. This figure consists of Indonesia's export value of US $19.09 billion and imports of US $24.94 billion. It can be seen that the deficit occurs because the value of Indonesia's imports is greater than its exports.

Table 1 Indonesia's Trade Balance against China 2015-2020

<table>
<thead>
<tr>
<th>Year</th>
<th>Import (USD billion)</th>
<th>Export (USD billion)</th>
<th>Balance (USD billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>25.1</td>
<td>19.3</td>
<td>-5.8</td>
</tr>
<tr>
<td>2016</td>
<td>24.9</td>
<td>18.5</td>
<td>-6.4</td>
</tr>
</tbody>
</table>

Source: Ministry of Finance

4.3. Indonesia and China Import Export Trade Relationship after the Corona Virus (Covid-19) Spread

China, before the Covid-19 pandemic, was one of the countries that experienced high economic growth and were predicted to overtake the United States. It all started when China carried out economic reforms since 1978, which until now has resulted in high economic growth. In 2010, China also managed to overtake Japan as the second largest economy in the world. China is said to have experienced great success because it has become a new economic power that is difficult to imitate and match. Even a report from Bloomberg Economist says that no single country can imitate China in terms of economic transformation. In addition, the success of China itself is becoming increasingly difficult to imitate other Asian countries.

Asian countries find it difficult to imitate this transformation because they are still focused on addressing structural issues such as infrastructure and political stability. From 2015 to 2017, China became the second-largest source of investment in the world by receiving the second largest flow of investment funds in the world. In addition, China also has ambitions for the OBOR (One Belt One Road) development project initiated by Xi Jinping, where it has a focus on connecting countries in Eurasia through cooperation in the economic field [27].

Based on export-import data from China and Indonesia, when COVID-19 spread, the two countries
experienced a decline. According to Airlangga Hartanto, as Coordinating Minister for Economic Affairs, Indonesia’s economic growth is influenced by China’s economic growth. When the Chinese economy is slowing economic growth, it will also have an impact on Indonesia’s economic growth. Indonesia is a trading partner of China, carrying out non-oil and gas export-import activities. The value of Indonesian exports to China in 2019 reached USD 25.85 billion, while the value of imports from China amounted to USD 44.58 billion. When entering 2020, precisely in January 2020, Indonesia experienced a significant decline from December 2019, at which time the COVID-19 virus spread [28].

5. CONCLUSION

The conclusion is obtained from the analysis that had been carried out by the author when observing the facts regarding the dynamics of the relationship between Indonesia and China in the field of exports and imports during the COVID-19 pandemic. In this study, the effect of COVID-19 on trade relations between Indonesia and China clarified the background of COVID-19 on the relationship between Indonesia and China. Then, concerning the history of trade relations or cooperation in the trade sector between Indonesia and China. Furthermore, it contained an explanation of the facts that COVID-19 had affected the export and import sectors of the two countries, resulting in a decline in exports and imports between Indonesia and China. This research had a problem formulation, namely "Why does the COVID-19 pandemic affect and have an impact on trade relations between Indonesia and China?". To answer this question, the author used several theories, namely the first theory of national interest and the international trade theory. These theories were used by the author to be able to answer the problem formulation correctly.

Based on the formulation of the problem and the hypothesis, the conclusion that the author can draw is that the trade sector between Indonesia and China did experience a significant decline, especially from December 2019 to March 2020. The decrease in trade intensity was caused by the COVID-19 pandemic, which began to spread in January 2020 throughout the world. When the COVID-19 pandemic emerged, there were factors to deal with, which resulted in a decline in the import-export sector between Indonesia and China. The handling factors, or it can be said that the policies of each government, both in Indonesia and China, had a significant impact on the economic activities of the two countries. Indonesia issued a policy to be able to stem the COVID-19 virus, namely in the form of a ban on imports of live animals from China. Meanwhile, the Chinese government, to reduce the spread of the COVID-19 virus in its country, had issued a closed and resistant policy to stem the spread of the virus.

The policy being taken by the Indonesian government, namely in the form of a ban on importing live animals from China, has had a significant impact on Indonesia's import sector, which is dependent on China. On the other hand, China had also been overwhelmed in its industrial sector, which cannot produce properly. This had resulted in a decline in China's production, thus affecting China's export sector. So from these two factors, it can be seen that trade relations between Indonesia and China both experienced a decline, and there were difficulties when hit by the COVID-19 virus storm, which had an impact on the decline in the export and import sectors of both countries.

REFERENCES


