

West Java Trade Diplomacy in Increasing Exports of Micro, Small, And Medium Enterprises (Msmes) In the Covid-19 Pandemic

Dwi Fauziansyah Moenardy¹

Department of International Trade, Widyatama
University, Bandung, Indonesia
dwi.fauziansyah@widyatama.ac.id

Obsatar Sinaga²

Padjadjaran University

Abstract

During the pandemic, Indonesia experienced a decline in the value of exports. To strengthen again, the involvement of all parties is needed, including the provincial government. To strengthen national exports. MSMEs are one of the driving forces of the regional economy, therefore there is a need for support from the provincial government to encourage MSMEs to enter the global market and have an impact on the export value of the West Java region. This research uses a descriptive analysis method with a qualitative approach. Data collection techniques using the documentation method with data analysis techniques using deductive logic, by comparing the theory behind the problem. From the data collected, it is concluded that the para-diplomacy activities of West Java are supported by trade diplomacy activities in the form of coordinated diplomacy with related Ministries/Institutions, civil groups, and business groups. Able to increase exports of West Java MSMEs during the covid-19 pandemic

Keywords

Para diplomacy, Trade Diplomacy, MSMEs, Covid-19

To cite this article: Moenardy D, F. and Sinaga, O. (2021) West Java Trade Diplomacy in Increasing Exports of Micro, Small, And Medium Enterprises (Msmes) In the Covid-19 Pandemic. *Review of International Geographical Education (RIGEO)*, 11(6), 1-7. doi: 10.48047/rigeo.11.06.1

Submitted: 10-10-2020 • **Revised:** 12-12-2020 • **Accepted:** 16-02-2021

Introduction

Export is one of the activities in international relations in the economic field that is not only carried out by the state, as for the involvement of local governments. The involvement of local government is called paradiplomacy. In international trade relations, it is necessary to pay close attention to the increasing role of sub-national governments in international relations in terms of trade. This phenomenon of sub-national government The interaction of sub-national actors have been able to transcend national boundaries through forms of international decision-making and coordination of activities that cross state borders, both bilaterally and multilaterally. Sub-nationals are known as local governments either at the provincial or district and city levels. To accommodate the role of the Regional Government as one of the actors of International Relations, Law Number 37 of 1999 concerning Foreign Relations and Law Number 24 of 2000 concerning International Agreements and Law No. 23 of 2014 concerning Regional Government were enacted. An existing legal aspect is a form of effort so that the relations carried out by the regional government can run and have a strong legal basis. Paradiplomacy is carried out in the form of cooperation such as sister cities, foreign direct investment, trade, tourism, joint projects, education, sending delegates, and so on. The increase in a country's exports is largely determined by the dynamics of the regional economy, and if we look at the regional economy in general, it is supported by small and medium-scale economic activities. Business units that fall into the category of Indonesian Micro, Small, and Medium Enterprises (MSMEs) contribute greatly to gross domestic product (GDP). Indonesia's MSMEs contributed up to Rp. 8,573.9 trillion to Indonesia's GDP (at current prices) in 2018. Indonesia's GDP in 2018 was Rp. 14,838.3 trillion, so the contribution of MSMEs reached 57.8% of GDP. MSMEs also absorb a workforce of 116,978,631 people or 97% of the total Indonesian workforce (MSMEs and Large Units). To date, Indonesia's MSMEs are 64,194,057 units, or 99.99% of the total business units in Indonesia. This initial data shows the strategic development of Indonesian MSMEs. From the West Java region, it contributes 7.5% of the total MSMEs in Indonesia. Based on data from the West Java Cooperatives and Small Business Office (KUK), SMEs in West Java reached 4.6 million business units. Of these, 98 percent are micro and small businesses. The problem that can arise from the above phenomenon is how the role of the Regional Government in Indonesia's international trade. The focus of attention is directed at the efforts that can be made by the Regional Government in Indonesian international trade. non-state actors such as local governments so that international trade power becomes stronger and more integrative. This study analyzes the level at which the para-diplomacy activities of the West Java Provincial Government in increasing MSME exports during the Covid-19 pandemic through trade diplomacy. So it will be known how far West Java's trade diplomacy activities are in increasing MSME exports during the covid-19 pandemic.

Literature Review

Paradiplomacy

Paradiplomacy is a concept of foreign policy capacity carried out by sub-state (regional) entities in the international arena for a specific purpose (Masias, Marcicki, & Paxton, 2021). Paradiplomacy involving regions in international affairs is carried out actively in international affairs in various ways, including opening trade contacts and cultural missions abroad, making agreements and cooperation with countries and non-state international actors, and participating in international cooperation networks (Liu & Song, 2020) In carrying out their diplomacy, sub-national actors can establish representatives and have formal and informal contacts, permanent or ad hoc (temporary), with foreign government and private units abroad. The goal of paradiplomacy is to advance socio-economic, political, or other interests (Issundari, Yani, Sumadinata, & Heryadi, 2021). Paradiplomacy activity is a form of 'low diplomacy' which is different from 'high diplomacy'. High diplomacy is the domain of the national government, while low diplomacy is the arena of local government (Higashida, 2021). Paradiplomacy activities consist of three fields, namely politics, culture, and economics. In Indonesia, para-diplomacy activities are still at a low-level political level, which is more about establishing friendships between regions that continues. on economic cooperation and remain under the coordination and supervision of the central government (nation-state). Coordination and supervision are carried out by 3 (three) main

ministries, namely: Ministry of Foreign Affairs, Ministry of Home Affairs, and related technical ministries (Jalal, 2021). For para-diplomacy affairs, the Ministry of Foreign Affairs has the position as the Coordinator who is authorized to provide political or juridical advice and considerations on the Cooperation program from the regional government (Arrais, Corcioli, & Medina, 2021).

Diplomasi Perdagangan

Trade diplomacy is one part of economic diplomacy. Berridge states that "Generally diplomacy (including economic diplomacy) is 'how states pursue their foreign policies'" (Berridge, 2015). Economic diplomacy is an effort to obtain economic security in an anarchic international economic system. Economic diplomacy is defined as the use of traditional diplomatic tools such as information gathering, lobbying, representation, negotiation, and advocacy (Arum & Suryadipira, 2021; Berridge, 2015; Hamilton, 1995; Jönsson & Hall, 2005; Marshall, Adcroft, Hill, Perelman, & Heisey, 1997; Watson, 1982). Thus, economic diplomacy focuses on the economic agenda in diplomacy that can be distinguished from the political agenda. Pacheco and Matos (2021) identify the following rational activities for trade diplomacy:

The need for access to reliable and neutral business information;
Support for credibility and weak image of new entrants in foreign markets;
Partner search: encouraging national companies (especially SMEs) to go international;
Conflict handling;
Support for national delegations: ministers are often accompanied on state visits by business people;
Strategic focus, such as the government's desire to be involved in strategic trade policies,
Support for research and development activities or improve access to supplies.
Trade Diplomacy as a liaison for the new diplomatic spatial layout by explaining trade diplomacy as a network of public and private actors who manage trade relations using diplomatic channels and processes (Lee & Hocking, 2010). The most useful concept is the National Diplomatic System (NDS). This concept captures well the diverse and complex coordinated diplomacy. Lead government departments collaborate with partners such as other departments in government as well as with business groups and civic groups to convey diplomatic goals.

Method

This study uses a descriptive analysis method with a qualitative approach. The source population is MSMEs in West Java with the number of existing MSMEs scattered in different types of MSMEs and which can export during the pandemic. Data collection techniques using the interview method with data analysis techniques using deductive logic, by comparing the theory behind the problem.

Results and Discussion

West Java Trade Diplomacy Activities

West Java's para-diplomacy activities in the current era of globalization have become a necessity in itself. The increasing demand and cannot be produced independently will move capital and people affect the provinces, regencies, and cities which are unable to avoid international influence which provides a positive opportunity for regional interests and national interests in the economic field. especially in terms of exports. At the beginning of 2020, Indonesia was hit by the COVID-19 pandemic which had an impact on economic growth, especially in weakening export activities. Strengthening the national economy cannot be separated from the role of the region as one of the driving forces of the economy. Therefore, it is necessary to pay attention to the position of local governments in the implementation of Indonesia's international trade.

The position of local governments in the economy of a country can be seen from the achievement of national economic growth which is the target of the central government. So that in achieving the economic growth target, the central government needs to synergize with relevant stakeholders, including in this case local governments. One of the economic drivers in the region is Micro, Small, and Medium Enterprises (MSMEs). During this pandemic, all sectors are

affected, including MSMEs, but MSMEs show resilience in difficult times like this, so MSMEs can become the leading sector for the provincial government to strengthen the national economy. In this case, the para-diplomacy activities of the West Java provincial government are enhanced through trade diplomacy to increase exports of West Java MSMEs.

West Java is one of the provinces that has a large number of MSMEs in Indonesia, so this must be optimized in terms of export activities. In this case the West Java Provincial Government in carrying out trade diplomacy as a collaboration of a network of public and private actors to manage trade relations to increase exports of West Java MSMEs. The West Java provincial government department through the provincial cooperatives and small business department created an export training program for West Java MSMEs. This is a form of coordination for the West Java provincial government to cooperate with partners from other departments such as the FTA Center from the Ministry of Trade, the Indonesian Trade Promotion Center (ITPC), the Ministry of Cooperatives and Small and Medium Enterprises (KUKM RI) and cooperation with exporting companies. The researchers have identified the trade diplomacy activities of the government of West Java:

1. The need for access to business information To provide this, the West Java provincial government cooperates with the Indonesia Trade Promotion Center (ITPC) to promote MSME products abroad. Besides communicating with foreign trade attaches who are export destinations. Information from government representative institutions will be clear and understandable by MSME business actors in West Java.
2. The West Java Provincial Government provides support for credibility and image for newcomers in foreign markets. By collaborating with KUKM RI through export schools that conduct export training for West Java MSMEs. The training is intended to build a business network at home and abroad. In addition, there is a Champion MSME program for training and mentoring business actors to be able to carry out exports.
3. The West Java Provincial Government is looking for partners and encouraging national companies, especially MSMEs to go international. The MSME Champion program has been able to record data on the number of MSMEs in West Java. Since this program has been running since 2019, it has been recorded that almost 5,500 MSMEs have been registered and participated in this Champion MSME export training program. This training is also supported by the central government Ministries/Agencies such as the FTA (Free Trade Agreement) Center for consulting, education, and advocacy services for market access, legal certainty and transparency in Indonesian businesses. The next collaboration is with the Indonesia Trade Promotion Center (ITPC) to promote MSME products abroad. Besides communicating with foreign trade attaches who are export destinations.
4. In terms of handling conflicts that may arise in international trade in West Java, the provincial government has collaborated with the FTA Center to provide legal assistance in the form of advocacy for market access, legal certainty, and transparency of Indonesian businesses.
5. The provincial government provides support for delegations or business actors conducting international exhibitions. Through the MSME Champion program, selected business actors are included for some superior MSME products in international exhibitions. For example, sending superior coffee products from Subang Regency 'Hofland Coffee' to take part in the 2021 Gulfood exhibition in Dubai, United Arab Emirates.
6. West Java supports and carries out strategic trade policies from the central government, as evidenced by 2020, West Java will become a province in Indonesia by contributing to the highest export numbers, in which there is the participation of MSMEs from West Java.
7. So far from the research in this research, support for research and development activities has not been found. Currently, the West Java provincial government is carrying out an internship program for MSMEs in companies that have exported and cooperated with exporting companies to export MSME products. . And there will be no problems in getting the premium price and copyright.

West Java Government Trade Diplomacy Activities Increase Msme Exports In The Covid-19 Pandemic

From the trade diplomacy activities carried out by the West Java Provincial Government, it was able to increase West Java exports, especially from the MSME sector. Micro, small and medium enterprises (MSMEs) in West Java (West Java) are encouraged to explore the export market

through cooperation with the Indonesian Ministry of Cooperatives and SMEs, FTA Centers, and ITPC Representatives in various countries and the MSME Champion program. Product Titles and Business Meetings The MSME Program Wins by increasing competitiveness to be able to enter the export market. To reach West Java's MSME exports, they must have a qualified capacity to get orders in large quantities.

Product quality and packaging can follow the standards requested by the buyer. Apart from that, legal aspects such as business licensing and product certification are needed, besides that, business networks are needed. in the Champion MSME program, the West Java Provincial Government through the West Java KUK Service will facilitate leading MSMEs to participate in exhibitions abroad. MSMEs participating in foreign exhibitions have indicators such as:

1. ability to increase profits and assets
2. Able to digitize business using technology
3. can take advantage of market access
4. licensing
5. financing
6. media use
7. Able to innovate products and be competitive.

The MSME Champion program is a West Java Provincial Government program through the West Java Cooperatives and SMEs Service (KUK) to increase the competitiveness of MSME actors. One of the series of activities is the Champion's Product Title and MSME Business Meeting. The selection process for the UMKM Champion program is done online. In 2019 Out of 3,000 registrants, 2,500 passed and were entitled to assistance for six months. Activities carried out with the assistance of as many as 263 companions in the form of Product Titles and MSME Business Meeting Champion.

MSME Activities Champion in 2019

Name of activity	Place of execution	Number of participants
Product Degrees and Business Meetings	Kabupaten Cianjur,.	100
	Kabupaten Sukabumi,	100
	Kabupaten Bandung Barat,	100
	Karawang,	100
	Kabupaten Garut,	100
	Kota garut	100
	Kabupaten Tasikmalaya,	100
	Kota Sukabumi,	100
	Kabupaten Purwakarta,	100
	Kabupaten Indramayu,	100
	Kota Cimahi,	100
	Kota Bogor	100
	Subang,	100

Source: Department of Cooperatives and SMEs West Java

The activity has been held in 13 regencies/cities in West Java. The product title in the regencies/cities was attended by 100 participants of MSME Class Up. The purpose of this Champion MSME Product Title and Business Meeting is to build the courage of MSME actors to market their products. Due to the constraints of actors who have not dared to market their products abroad. The data for the 2019 Champion MSMEs recorded that 5,500 MSMEs participated in export assistance through the Champion MSME program. From the results of this assistance, it is estimated that 132 MSMEs have export potential with accessory products, batik crafts, fashion, processed food, and beverages. Export destination countries for the ASEAN Region, the Netherlands, Japan, India, Taiwan, Korea, Spain, Germany, Saudi Arabia. Various efforts have been made by the West Java Provincial Government to increase MSME export opportunities.

During the pandemic, West Java became the province with the highest export contribution in Indonesia. Based on data from the Central Statistics Agency, 3 provinces contributed the largest to Indonesia's exports from January 2020 to September 2020, namely West Java with a value of US\$ 19.11 billion or 16.31 percent, followed by East Java with US\$ 15.20 billion, which is Rp. 12.97

percent, and East Kalimantan province of US\$9.57 billion or 8.17 percent.

West Java MSME Exports During the Covid-19 Pandemic

Number of Indonesian Companies that export	Number Of Province	Number of Companies from West Java	Products from West Java	MSMEs Enter the Global Market	Export Destination
133 companies.	16 Provinces (one of them is west java))	12 companies.	1. techni cal textile 2. masks , PPE 3. footw ear 4. rattan furniture 5. microf iber (cloth, pad/poly edge, sponge cloth) 6. snack s (sumpia/sprin g roll) 7. gold jewelry.	1. CV Nagam Rattan 2. CV Cipta Abadi 3. CV Mandiri Sejahtera 4. CV Mekar Asih Rotan 5. PT Brata Adi Laksana 6. PT Mipacko Farrela 7. Eno Furniture Introduce.	Europe, America and Australia.

Source: Researcher Process

West Java's exports are inseparable from the participation of MSMEs in December 2020 The release of exports by the government to the Global Market was attended by 12 companies in West Java, 7 of them MSMEs. This level of success shows that West Java has been able to carry out trade diplomacy with the form of cooperation from sub-national actors of the provincial government with related institutions such as the Indonesian Ministry of Cooperatives and SMEs, with the FTA Center from the Ministry of Trade and Indonesian trade representatives through ITPC as well as with companies private exports. This form of cooperation is managed using the channel owned by the West Java provincial government and the diplomatic process. The forms of cooperation established by the West Java Provincial Government are coordinated diplomacy that is diverse so that they can establish cooperation with partners such as other departments in government as well as business groups and civic groups to convey West Java diplomatic goals.

Conclusion

West Java carries out para-diplomacy activities, as a sub-national actor in the international arena. West Java's para-diplomacy activities are carried out in the economic field by opening trade contacts abroad, this activity is carried out by trade diplomacy. In carrying out its activities, West Java carries out trade diplomacy activities to support West Java's para-diplomacy activities. These activities include conducting coordinated diplomacy with the West Java Provincial Government in collaboration with related Ministries/Institutions such as the Indonesian Ministry of Cooperatives and SMEs, FTA Center, ITPC, civil groups as training companions, and from business groups, namely companies. export as a place for MSME internships. The purpose of this collaboration is to convey the West Java provincial government's diplomatic goals in increasing MSME exports during the pandemic.

Bibliography

Arrais, C. A., Corcioli, G., & Medina, G. d. S. (2021). The role played by public universities in mitigating the coronavirus catastrophe in Brazil: solidarity, research and support to local

- governments facing the health crisis. *Frontiers in Sociology*, 6, 25. doi:<https://doi.org/10.3389/fsoc.2021.610297>
- Arum, A. S., & Suryadipira, D. (2021). Diplomasi Komersial: Promosi Perdagangan dan Investasi Indonesia terhadap Kenya Pasca KTT Indian Ocean Rim Association (IORA) Di Era Presiden Joko Widodo (2015-2019). *Padjadjaran Journal of International Relations*, 3(2), 277-297. doi:<https://doi.org/10.24198/padjir.v3i2.33517>
- Berridge, G. R. (2015). *Diplomacy: Theory and Practice*: Palgrave Macmillan UK. Retrieved from <https://books.google.com.pk/books?id=1tleCwAAQBAJ>.
- Hamilton, K. (1995). Langhorne, R.: *The Practice of Diplomacy. Its Evolution, Theory and Administration*: Routledge, New York.
- Higashida, M. (2021). Education and training opportunities for local and indigenous social workers: case studies in disability-related fields from an international development perspective. *Social Work Education*, 1-18. doi:<https://doi.org/10.1080/02615479.2021.1978966>
- Issundari, S., Yani, Y. M., Sumadinata, R. W. S., & Heryadi, R. D. (2021). From Local to Global: Positioning Identity of Yogyakarta, Indonesia through Cultural Paradiplomacy. *Academic Journal of Interdisciplinary Studies*, 10(3), 177-177. doi:<https://doi.org/10.36941/ajis-2021-0074>
- Jalal, H. D. (2021). Theoretical approaches towards the steps of non-state actors in world politics: global para-diplomacy of the Iraqi Kurdistan (KRI). *Международные отношения*(1), 23-33. Retrieved from <https://cyberleninka.ru/article/n/theoretical-approaches-towards-the-steps-of-non-state-actors-in-world-politics-global-para-diplomacy-of-the-iraqi-kurdistan-kri>
- Jönsson, C., & Hall, M. (2005). *Jönsson and Hall 2005*: Palgrave Macmillan UK. Retrieved from <https://books.google.com.pk/books?id=6fXMCwAAQBAJ>.
- Lee, D., & Hocking, B. (2010). Economic diplomacy *Oxford Research Encyclopedia of International Studies*. doi:<https://doi.org/10.1093/acrefore/9780190846626.013.384>
- Liu, T., & Song, Y. (2020). Chinese paradiplomacy: A theoretical review. *SAGE Open*, 10(1), 2158244019899048. doi:<https://doi.org/10.1177%2F2158244019899048>
- Marshall, J., Adcroft, A., Hill, C., Perelman, L., & Heisey, C. (1997). A finite-volume, incompressible Navier Stokes model for studies of the ocean on parallel computers. *Journal of Geophysical Research: Oceans*, 102(C3), 5753-5766. doi:<https://doi.org/10.1029/96JC02775>
- Masias, A., Marcicki, J., & Paxton, W. A. (2021). Opportunities and challenges of lithium ion batteries in automotive applications. *ACS Energy Letters*, 6(2), 621-630. doi:<https://doi.org/10.1021/acsenergylett.0c02584>
- Pacheco, L. M., & Matos, A. P. (2021). Foreign Presence and Export Performance: The Role of Portuguese Commercial Diplomacy. *The International Trade Journal*, 1-23. doi:<https://doi.org/10.1080/08853908.2021.1907262>
- Watson, D. (1982). The actor and the observer: How are their perceptions of causality divergent? *Psychological Bulletin*, 92(3), 682. doi:<https://psycnet.apa.org/doi/10.1037/0033-2909.92.3.682>