

Indonesia-Singapore Cooperation With Jewelry Export Commodities Through The Role Of The ASEAN Free Trade Area (AFTA) In 2015-2018

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Abstract

The ASEAN Free Trade Area is one of the cooperation carried out by countries in Southeast Asia region, there are a lot of cooperation in this region, such as from Indonesia and Singapore. Bilateral relations between Indonesia and Singapore began on September 7, 1967, and it is more than 50 years till now. With the background that is geographically close one and other and in the same region, there are many achievements that they got in all kind of cooperation before, especially in economic side. Indonesia and Singapore have a lot of cooperation such as export of jewelry commodities. Jewelry is one of the greatest commodity exports from Indonesia. The aim of this study is to find out how the jewelry export activities carried out by Indonesia and Singapore. And the theory used in this paper is Absolute Advantage, which is the ability of a country to produce goods or services in greater quantities when compared to other countries The method that used in this paper is qualitative, which explains the phenomenon in depth by collecting data continuously. The implementation of procedure of this research is by interviewing, observing and using data sourced from documents.

Keyword: Indonesia, Singapore, Economic, Jewelry, Asean

1. Introduction

There are many international organizations in various regions of the world, even in the Southeast Asia Region there is also one large Regional Organization known as the *Association of Southeast Asian Nations* or known as ASEAN which was born through the Bangkok declaration on August 8, 1967 which was signed by 5 *founding fathers*. namely Indonesia, Malaysia, Philippines, Singapore and Thailand. Then ASEAN members continue to grow, until now there are already 10 member countries; only Timor Leste is not part of ASEAN. As a regional organization located in the Southeast Asia Region, ASEAN is highly expected to provide benefits and accommodate the interests of each of its member countries. In making it easier to handle an issue, there are four main departments in the ASEAN organizational structure, namely the *ASEAN Political-Security Community (APSC) Department*, *ASEAN Economic Community (AEC) Department*, *ASEAN Socio-Cultural Community (ASCC) Department*, and *Community & Corporate Affairs (CCA) Department*.

In the ASEAN region itself, many developments have occurred, both in the economic, social and cultural fields, but the most significant developments have occurred in the economic field where the formation of a cooperation known as the *ASEAN Free Trade Area (AFTA)*. AFTA was formed at the 4th Asean Summit in Singapore in 1992. At the time of the agreement on this economic cooperation, ASEAN had six member countries, namely: Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand. Then Vietnam joined in 1995, Laos and Myanmar in 1997 and Cambodia in 1999. The ASEAN Free Trade Area now consists of ten ASEAN countries.

AFTA itself is a manifestation of the agreement of ASEAN countries to establish a Free Trade Area in order to increase the economic competitiveness of the ASEAN region by making ASEAN a forum for creating regional markets for around 500 million people. In addition, AFTA aims to make ASEAN a place for competitive production so that it can produce products that can have international competitiveness, attract more *foreign direct investment (FDI)*, and increase trade among ASEAN member countries. Initially, AFTA was a cooperation from ASEAN member countries with a target of 15 years (1993-2008), then accelerated to 2003, and finally accelerated back to 2002. Common Effective Preferential Tariff Scheme for ASEAN Free Trade Area (CEPT-AFTA) is a scheme to realize AFTA through: reducing tariffs to 0-5%, eliminating quantitative restrictions and other non-tariff barriers. The existence of AFTA has a positive impact on member countries in the form of increased trade and economic cooperation.

In this case, the cooperation relationship between Indonesia and Singapore can be used as an interesting example to study. Indonesia's relations with Singapore officially began on September 7, 1967, a year after Indonesia's recognition of Singapore's independence. Until 2021, the relationship between Indonesia and Singapore has been counted for more than 50 years. Indonesia and Singapore are countries that are geographically very close, also have territorial boundaries that are interconnected with each other. With the background of the adjacent region, there have been many achievements in various fields during the continuity of the cooperation between Indonesia and Singapore. One of them is in the economic field through a digital economy skills training program in 2017. Through this international collaboration with Singapore, it is targeted to improve quality and become a serious step from the government in improving the quality of the digital economy in the country. It is in this field of digital economy that countries in this era of globalization can be oriented and improve their economy.

And also like a working visit from the Minister of Industry Airlangga Hartarto to Singapore in terms of discussing Industrial Cooperation 4.0 and also the digital economy in which there are efforts to further strengthen small and medium business groups (SMEs). Although there are many cooperations between Indonesia and Singapore, there are still gaps that can be observed in the relations between the two countries, which relate to the effectiveness of AFTA's role in the cooperation. This also happens because AFTA is still not fully able to provide benefits to be able to increase trade between ASEAN member countries, but these countries are still focused on conducting trade with other countries that are not ASEAN member countries.

In this paper, the problem that will be studied by the author is "How is the implementation of the role of the *ASEAN Free Trade Area (AFTA)* in improving the economy and bilateral relations through the Indonesia-Singapore Jewelry export cooperation in the 2015-2018 period?" The author feels that this is very interesting to study considering that Indonesia has long cooperated with Singapore, which of course has a great influence on bilateral relations between the two countries, so that it can have a positive impact in the long term.

2.1 Objectives

Based on the explanation of the background above, this research aims to provide an overview of what efforts are provided by ASEAN in improving the economy of its member countries through the ASEAN Free Trade Area (AFTA) program, especially for Indonesia and Singapore which collaborate in the economic field, namely exporting commodities. jewelry in the 2015-2018 period and analyze what impact it has on Indonesia in the export cooperation. And the author wants to provide insight into the ASEAN Free Trade Area Program to readers, which is one of the larger programs from ASEAN in the economic field, but unfortunately there are still many people who don't know it, therefore the author hopes that by raising this research it will increase public knowledge about the importance of the role of AFTA for the economies of ASEAN member countries, especially for Indonesia.

2. Literature Review

Based on previous research that I found to strengthen the data in this paper, here I use 3 previous studies:

The first is research from Sobar Sukmana, Bogor. *Pakuan Law Review*, 2019, entitled *Agreement of ASEAN Countries in the Establishment of the ASEAN Free Trade Area (ASEAN Free Trade Area)*. The results of Sobar Sukmana's research can be seen that he provides an overview of the process of establishing the ASEAN free trade area and the ASEAN free trade area agreement in the Indonesian national legal system, which also explains the agreement involving ASEAN countries in conducting free trade cooperation. in the area. The difference between this research and what I have done is that this research only focuses on discussing ASEAN free trade in the view of Indonesian national law and only focuses on several countries in ASEAN and does not discuss its implementation more deeply on developments in other ASEAN countries.

The second study from Dr. Dies Nurhayati, M. Pd, Pasuruan. *Journal of Entrepreneurship, Business, and Management Economic Education*, 2017, entitled *The Impact of ASEAN Free Trade on the Indonesian Economy*. The results of this study discuss how the impact of ASEAN free trade on the Indonesian economy, Indonesia's readiness to face free trade carried out in the ASEAN Region and provide solutions in dealing with ASEAN free trade problems against Indonesia. The difference between this research and what I did is that this research only focuses on aspects related to the readiness and impact of ASEAN free trade only for Indonesia, meanwhile this free trade will be carried out in all ASEAN member countries.

And the last research from Romi Suahril, Khorul Ulum & Rani, *National Seminar on Innovation and Trends*, 2015, entitled *Strategy and Challenges Facing the ASEAN Free Trade Area (AFTA) 2015*. The results of the study discuss how strategic efforts can be made by countries countries in ASEAN towards ASEAN free trade and discusses the challenges of AFTA against Indonesia in 2015. The difference between this research and the research I did is that this research only focuses on the challenges that Indonesia will face in implementing ASEAN free trade activities in 2015.

And further more in the book *"International Trade"* by Wahono Diphayana, it is explained that comparative advantage is based on two things, namely: (1). Comparative advantage based on cost comparison. The value of labor which states that the value or price of a product is determined by the amount of time or labor hours required to produce it. (2). Comparative advantage based on production comparisons.

In this paper, researcher want to use International Trade Theory to analysis the information and to make strong the information for all the viewers. International trade theories are simply different theories to explain international trade. Trade is the concept of exchanging goods and services between two people or entities. *International trade* is then the concept of this exchange between people or entities in two different countries. People or entities trade because they believe that they benefit from the exchange. They may need or want the goods or services. While at the surface, this many sound very simple, there is a great deal of theory, policy, and business strategy that constitutes international trade.

3. Methods

The approach used in this study is a qualitative approach, where a qualitative approach is a methodology used to explain and understand a phenomenon in depth by using in-depth data collection methods. The research center is the symptoms found in social life experienced by humans. Bogdan and Taylor provide a definition of a qualitative approach, namely as a research procedure that produces descriptive data in the form of words in written or written form as well as observable behaviors.

In qualitative research, the procedures commonly used include conducting interviews, observing, and using documents. Qualitative use is used in this study because the author wants to understand more deeply about how the export activities of jewelry commodities carried out by Indonesia to Singapore, with the existence of the export cooperation whether it has a direct impact on economic development in each of these countries.

4. Data Collection

This research uses library research as a data collection technique. With this library study technique data collection is done through sources that are usually stored in libraries such as books, journals, relevant news, documents, scientific magazines, dissertations and theses. Library research technique can also be interpreted as a data collection technique by conducting a study of the data sources being studied related to the focus of the problem being studied.

5. Result and Discussion

- **The Importance of AFTA for ASEAN**

At this time AFTA (*ASEAN Free Trade Area*) is a form of cooperation that currently must be implemented and followed by its member countries. This is because on January 1, 2002, the agreement on AFTA was officially implemented, especially for countries that became *founding fathers*, namely Indonesia, Malaysia, Singapore, Thailand and the Philippines. With the implementation of AFTA for countries in ASEAN, countries must impose a reduction in import tariffs to 0%-5% on goods from fellow AFTA member countries that have fulfilled the agreement in the AFTA agreement. Which in the end the entire tariff will be completely removed to 0%, in 2010 for ASEAN-6 countries namely Brunei Draussalam, the Philippines, Indonesia, Malaysia, Singapore and Thailand. Meanwhile in 2015 for ASEAN-4 member countries, so the purpose of this organization is really to create a truly free Southeast Asian regional trade area. This has been ongoing since the agreement on the 2015 AEC (*ASEAN Economic Community*) blueprint and the *ASEAN Charter* by the leaders of ASEAN countries at the 13th ASEAN Summit, 20 November 2007.

When discussing the free trade area in ASEAN or better known as AFTA, here we discuss 2 important aspects in international relations, especially in the economic and political fields. First, we discuss the aspect of regionalism. This is intended because what is being discussed is the Southeast Asia Region or ASEAN. While the second aspect is trade liberalization, this is due to discussing AFTA which is part of the effort to create a free trade area, in which cooperation is carried out to trade freely, without tariff and non-tariff barriers.

Apart from being a form of economic cooperation in the Southeast Asia Region, the birth and emergence of AFTA is also a form of the emergence of trade liberalization that has hit the international world. In which the tone of the development of liberalization is sponsored by groups that have traditionally adhered to the understanding of capitalism liberalism. The group that adheres to this understanding of economic efficiency and effectiveness can only be achieved if economic activity is fully submitted to the market mechanism. In terms of implementing the market, the government only acts as a supervisor whether the mechanism carried out by the market is running well and there are no violations of the regulations that have been created previously.

Export of Indonesia-Singapore Jewelry Commodity

Table 1. Export Indonesia-Singapore with Jewelry Commodity in 2015-2018

No	year	Commodity Export	Ton	US\$
1	2015	Export of Jewelry and Valuable Goods by Main Destination Countries	136.4	380 419.2
2	2016	Export of Jewelry and Valuable Goods by Main Destination Countries	120.4	949 060.1
3	2017	Export of Jewelry and Valuable Goods by Main Destination Countries	102.7	789 601.8
4	2018	Export of Jewelry and Valuable Goods by Main Destination Countries	139.7	737 546.0

From the Table 1, it can be seen that the export activities of jewelry commodities carried out by Indonesia to Singapore have experienced ups and downs, if seen in 2015 export activities consisting of gold and valuable goods exported amounted to 136.4 tons with a total cost of 380 419, 2 US\$. In 2016, gold and valuable goods export activities amounted to 120.4 tons with a total cost of 949 060.1 US\$. In 2017, gold and valuable goods export activities amounted to 102.7 tons at a price of 789 601.8 US\$. And lastly in 2018, gold and valuable goods export activities amounted to 139.7 tons at a price of 737, 546.0 US\$.

From the data above, it can be seen that in 2016 and 2017 there was a decrease in the number of goods exported, but the increase again occurred in 2018 which did increase drastically.

In 2012 Singapore held the SIJS (*Singapore International Jewelry Show*), which is the largest jewelry exhibition in the country. This event featured US\$120 million worth of jewelry and gems from the 20 participating countries, it is also a platform for the government to be able to develop jewelry in Singapore and to develop the country into one of the centers for jewelry in the region. The activity also aims to attract sellers and buyers from Southeast Asia to Singapore.

Based on the responses given by sellers, buyers and the general public regarding the exhibition, the expert believes that Asia is already strong enough in the jewelry sector to soar further.

By now the Region's jewelry industry has grown to over US\$50 Billion, after 5 years, the industry is designed to grow 10%-15%, by increasing wealth in Asia. India leads the chart, where it is also one of the largest consumers of jewelry and the third largest consumer of diamonds. India is also the largest diamond resource center. In March 2011, India's jewelry exports were US\$43 million.

- **Why Singapore is a partner of Indonesia's Export Cooperation**

Coordinating Minister for Economic Affairs Airlangga Hartarto made a 2-day working visit to Singapore from July 13 to July 14 2021. During this working visit, Coordinating Minister Airlangga will hold a meeting with Prime Minister of Singapore Lee Hsien Loong and Deputy Prime Minister of Singapore who also serves as Coordinating Minister for Economic Affairs Economic Policy Heng Swee Keat, Senior Minister and Coordinating Minister for Social Affairs Tharman Shanmugaratnam, Minister for Foreign Affairs Dr Vivian Balakrishnan, and Minister for Communications and Information Technology, Second Minister for Home Affairs, and Minister in charge of Smart Nation and Cybersecurity Josephine Teo.

Coordinating Minister Airlangga is also scheduled to chair the Sixth Ministerial Meeting of the Singapore-Indonesia Bilateral Working Group with Singapore's Minister of Trade and Industry, Gan Kim Yong. The focus of the discussion in this meeting was related to the development of bilateral cooperation in the economic field between the two countries related to investment, transportation, tourism, the development of the Batam-Bintan-Karimun Region and other Special Economic Zones, labor and agribusiness.

A number of important bilateral issues were discussed in the series of bilateral meetings, including the development of bilateral relations, especially in the fields of investment and trade, the preparation of the *Leaders' Retreat of the* two countries, the preparation of the G20 Presidency in 2022, the chairmanship of Indonesia in ASEAN in 2023 and the development of economic management during the pandemic.

On the same occasion, Coordinating Minister Airlangga also expressed his appreciation for the support and medical assistance from Singapore for handling Covid-19 cases which have increased in recent weeks. As is known, Singapore sent ventilators and oxygen to Indonesia.

Singapore is one of the main economic partners for Indonesia in the fields of investment and trade. In the first quarter of this year, foreign direct investment from Singapore reached USD 2.6 billion spread over 3,634 projects. The trade value between the two countries was recorded at USD 20.47 billion in 2020 and reached USD 10.97 billion from the beginning of 2021 to May this year.

- **What does Indonesia export?**

Singapore has officially experienced an economic recession because in the first and second quarters of 2020, in the first and second quarters of 2020, economic growth has contracted or minus. Nevertheless, Singapore still bought goods in Indonesia during June with a value of US\$ 137.3 million. The high increase in exports from Indonesia to Singapore, said Suhariyanto, included precious metals, jewelry and gems. There are also exports of electrical machinery and equipment, as well as mechanical machinery and equipment.

Overall, the value of Indonesia's exports to Singapore reached US\$ 606 million. Where precious metals, jewelry/gems export value reached US\$ 209.6 million, machinery and electrical equipment US\$ 121.97 million. Machinery and mechanical equipment export value reached US\$ 67.42 million. As well as goods made of iron and steel, the export value reached US\$ 10.77 million. BPS today announced that the trade balance in June 2020 was a surplus of US\$ 1.27 billion. This figure was obtained from the export value of US\$ 12.03 billion and imports of US\$ 10.76 billion. As additional information, Singapore is officially experiencing an economic recession. Singapore's economy contracted aka negative growth of -12.6% in the second quarter of 2020. With a contraction of -0.3% in the previous quarter.

Table 2. Indonesian Exports in 2015-2018

No	Year	Export Type and Description	Export Value (US\$)	Export Weight (KG)
1	2015	Natural pearls, cultured pearls, precious or semi-precious stones, precious metals, precious metal clasps, imitation jewellery, coins	257 334 417,24	239 859,20
2	2016	Natural pearls, cultured pearls, precious or semi-precious stones, precious metals, precious metal clasps, imitation jewellery, coins	280 526 077,10	221 524,63
3	2017	Natural pearls, cultured pearls, precious or semi-precious stones, precious metals, precious metal clasps, imitation jewellery, coins	323 376 677,01	202 320,98
4	2018	Natural pearls, cultured pearls, precious or semi-precious stones, precious metals, precious metal clasps, imitation jewellery, coins	393 846 059,29	150 409,03

Based on the table 2 above, it can be seen that the exports of natural pearls, cultured pearls, precious or semi-precious stones, precious metals, precious metals baskets, imitation jewelry, coins made by Indonesia in 2015 with an export value of 257 334 417.24 and a total weight of are 239 859.20, Then the total exports of natural pearls, cultured pearls, precious or semi-precious stones, precious metals, precious metals baskets, imitation jewelry, coins by Indonesia in 2016 with a value of 280 526 077.10 and a total weight of 221 524.63. Furthermore, in 2017 Indonesia's total exports were in natural pearls, cultured pearls, precious or semi-precious stones, precious metals, precious metals baskets, imitation jewelry, coins with a total export value of 323 376 677.01 and total export weight of 202 320.98, most recently in 2018 Indonesian exports in natural pearls, cultured pearls, precious or semi-precious stones, precious metals, precious metals baskets, imitation jewelry, coins with a total export value of 393 846 059.29 and a total export weight of 150 409.03.

- **Advantages for Indonesia**

- a) The creation of wider and larger market opportunities for Indonesia. This is certainly beneficial for the people of Indonesia with a population of approximately 500 million.
- b) Production costs are getting lower and even more so for producers as well as entrepreneurs in Indonesia who need raw materials from other ASEAN members.
- c) The variety of types of products and prices on the market are increasingly diverse.
- d) Cooperation with businessmen from other ASEAN members is increasingly open.
- e) AFTA also provides benefits for small entrepreneurs to develop their business in Indonesia's foreign policy, such as going to foreign markets and not only domestically. There are several types of Indonesian products that are ready to compete, ranging from natural gas, shoes, garments, palm oil, electric tools.
- f) Not only does it provide so many benefits, but there are also challenges for AFTA for Indonesia, namely producers or entrepreneurs are required to improve their ability to run their business professionally. This

is useful to win the competition from other countries' products which will certainly continue to improve its quality as well as to satisfy customers.

- g) Another equally important factor is that there are many KKN practices in institutions that are supposed to help facilitate business and trade. As a result of the practice of KKN as well as the existence of levies carried out, it can have an influence on the prices of products sold in the international market.
- h) Indonesia has many comparative advantages starting from its natural resources (SDA) and human resources (HR). By utilizing these two things, Indonesia should be able to compete in the free market well, but in reality, our country's human resources are still lagging behind when compared to Thailand or the Philippines.

• **Benefits for Singapore as well as Indonesia**

With the cooperation carried out by Indonesia and Singapore in the export sector, this jewelry commodity also provides benefits for both countries, namely where in exporting these commodities, Indonesia and Singapore both have an important role in being able to support each other. also gives a positive picture to Indonesia because the export of jewelry is aimed at increasing the market reach of jewelry in Indonesia, where the SIJS (*Singapore International Jewellery Show*) activity conducted by Singapore is a form of benefit for both countries, where When the event took place, Singapore was able to attract 20 participating countries to come and witness the event, which provided income.

Then besides that, Singapore is another way to do marketing related to Indonesian jewelry which was previously exported to the country, namely by reselling the jewelry to member countries of the Gulf Cooperation Council (GCC), mentioned by the Minister of Trade of Indonesia, Muhammad Lutfi Indonesia, to export. jewelry in the form of gold worth US\$ 8.2 billion in 2020, which is equivalent to Rp 116.4 trillion at an exchange rate of Rp 14,200. more than a third of these exports are sold to various countries through brokers, namely Singapore.

Lutfi said that 37% of the jewelry in the form of gold exported by Indonesia was bought by Singapore, then they resold it. The GCC member countries buy gold from Singapore because the price is cheaper when compared to buying directly to Indonesia, because they themselves have conducted trade cooperation with Singapore. Therefore, Indonesia and the United Arab Emirates (UAE) both want to push for trade agreements to ensure that transition countries or transit countries can no longer interfere with the sale of Indonesian goods.

• **Easy entry fee for jewelry based on AFTA Agreement**

Over time, the AFTA agreement has undergone several developments, one of which is the cancellation of agreements with Indonesia, Malaysia, the Philippines, Laos, Myanmar, Singapore, Thailand, Cambodia, Brunei Darussalam (2010) and Vietnam (2015) Import tariffs on imported goods. Products that are not included in CEPT-AFTA for various reasons, such as human, plant and animal health, protection of archaeological objects, national security and safety. In Indonesia, general exceptions include weapons and ammunition products, alcoholic beverages and 68 other trailer posts.

Reaching an agreement with other countries in trade certainly provides its own advantages for the perpetrators. AFTA itself is a form of cooperation with ASEAN countries and has many advantages. The existence of AFTA is able to provide the benefits of AFTA for the Indonesian economy , opening up opportunities for Indonesia's export activities, especially in terms of agriculture which has so far been produced. In addition to provide many benefits, the existence of AFTA is also a challenge for our country. AFTA requires producers to be more competitive in selling their goods. In this case, of course, quality improvement must be done.

5.2 Validation

After searching and collecting data, the writer checked the validity of the data. This is done to check the data that has been obtained. Where by using this technique the author can classify which data is relevant to be used as valid data in this study. In the book *Qualitative Methodology* from Lexy J. Moelong, there are several criteria for data validity, including: the degree of trust (creadibility), transferability (dependability), and certainty

(confirmability). Apart from these criteria, a technique for checking the validity of the data is also needed. This study uses the Triangulation technique as a technique for checking the validity of the data.

The technique of checking the validity of the data with triangulation is a technique of checking the validity of a data by utilizing something else. Checking the validity of using something else means checking can use other data as a comparison. So that researchers can check the validity of their research by utilizing sources, methods, investigators and other theories.

Financial relations have a close relationship with international trade, this can be seen because these financial relationships accompany trade transactions between traders (with the exception of barter or counter trade transactions).

Given the close relationship between international trade and finance, Rafiqul Islam defines "international trade and finance law as a collection of rules, principles, norms and practices that create a regulation for international trade transactions and payment systems that have an impact on behavior. Trading institutions. The scope of international trade law is very broad, because this scope is cross-border or transnational, which has consequences related to more than one different legal system.

Then in the book "International Trade and Business: Theory and Empirical Analysis" by Jongkers Tampubolon, said that there are three main factors driving the sustainability of international trade, which include: (i) product availability, (ii) price differences, and (iii) differentiation. product. A country will import a product if the product cannot be produced, if it can be produced but not in an amount that can cover domestic demand. This inability to produce is motivated by several factors, one of which is socio-economic backwardness such as the low quality of human resources and low entrepreneurial spirit, so that countries that have weaknesses in quality human resources must import industrial products on a large scale.

And then in the book "International Trade" by Wahono Diphayana, it is explained that comparative advantage is based on two things, namely: (1). Comparative advantage based on cost comparison. The value of labor which states that the value or price of a product is determined by the amount of time or labor hours required to produce it. (2). Comparative advantage based on production comparison.

As a stream of international trade theory, the idea of comparative advantage is a theory that was first introduced by David Ricardo in 1817. In this tori David Ricardo was not satisfied with the theory made by Adam Smith, namely absolute advantage which raised the basic assumption, namely factor production used only labor, the quality of goods produced by both countries is the same. Exchanges are made by barter or cashless, and transportation costs are negligible. Meanwhile, the theory of comparative advantage provides two differences in trade, namely domestic trade and foreign trade.

In conducting foreign trade, must use the theory of comparative advantage (comparative advantage). The theory presented by Adam Smith which says that if only one country has an absolute advantage for the goods produced, there will not be a profitable international trade which is a weakness of the absolute advantage theory. This weakness is enhanced by the comparative advantage theory, both in terms of labor efficiency and labor productivity. According to David Ricardo, even though a country is able to produce all types of goods at relatively cheaper prices than other countries, that country is still able to benefit from international trade.

Therefore, in analyzing the cooperation carried out by Indonesia and Singapore in the jewelry commodity sector, it is necessary to use the theory of comparative advantage in which these two countries can take advantage of the international trade carried out.

6. Conclusion

The creation of a free trade area is a form of effort by a group of countries to reduce or eliminate all forms of existing trade barriers. One of the organizations that make up the free trade area in Asia is ASEAN. In order to integrate the economies of all its member countries, ASEAN established AFTA which is aimed at creating a single market and international production base, attracting foreign direct investment (FDI), and expanding intra-ASEAN trade and investment. In its implementation, AFTA is directly related to the export-import activities of ASEAN member countries, including the export of Indonesian jewelry commodities which are currently increasing. The concept that will be used is International Trade by Wahono Diphayana, to explain the role of AFTA in increasing

exports of jewelry commodities and the advantages possessed by the Indonesian jewelry industry. By referring to this concept, AFTA has been quite successful in helping to increase exports by eliminating tariff barriers, but to achieve an export-oriented jewelry industry, domestic efforts are certainly needed to increase the competitiveness of jewelry products.

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Biography

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