

JAPAN AND INDONESIA ECONOMIC PARTNERSHIP IN FOOD INDUSTRIES MARKET

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Abstract

Economic became high foundation in each countries and with Cooperation Agreement can increase GDP (Gross Domestic Product). ASEAN (Association Southeast Asian Nations) as a regional which has potential doing business especially Indonesia with the Implementation of ASEAN Economic Community Blueprint 2025 specifically in Food, Agriculture and Forestry sector for Foreign Investment doing business in Food Industries Market area and Global Economics. Free Trade Agreement (FTA) one of Economic Agreement between two countries for arrange International Trade Cooperation and for encounter of that, Indonesia first time did in work Partnership comprehensive in bilateral Economic International Trade with Japan as a partner between two countries and got a point of Indonesia Japan Economic Partnership Agreement (IJEPA). Indonesia Japan Economic Partnership Agreement (IJEPA) is Economic Agreement between Indonesia and Japan based on the Principle of Economic Partnership Agreement (EPA). This research aims to analyze bilateral cooperation between Japan and Indonesia in Food Industries Market through by companies or multinational enterprises with the concept of John H Dunning (I) Ownership, (II) Location and (III) Internationalization called OLI as International Business Paradigm and Economic Liberalism as International Relations Paradigm with using Qualitative method technical in this writing.

Keywords: *Implementation ASEAN Economic Community Blueprint 2025, Japan and Indonesia Economic Partnership Agreement, Food Industries Market, John H Dunning Concepts in International Business.*

Introduction

ASEAN (Association of Southeast Asian Nations)

ASEAN (Association of Southeast Asian Nations) was established 8th August 1967 at Bangkok-Thailand. In first time, ASEAN members are Indonesia, Malaysia, The Philippines, Singapore, Thailand and enlargement : Brunei Darussalam (1984), Vietnam (1995), Lao-PDR and Myanmar (1997) and Cambodia (1999). The member states of The Association are Brunei Darussalam, The Kingdom of Cambodia, The Republic of Indonesia, The Lao People's Democratic Republic, Malaysia, The Union of Myanmar, The Republic of The Philippines, The Republic of Singapore, The Kingdom of Thailand and The Socialist Republic of Vietnam. Timor Leste already joined to ASEAN in KTT ASEAN 11th November 2022 at The Kingdom of Cambodia.

Amid the changes in the political and economic structure of Asia that arose in the 1990s, ASEAN worked to strengthen Intra -Regional economic cooperation, including the signing of the ASEAN Free Trade Agreement (AFTA) in 1992, and adopted the Declaration of ASEAN Concord II in 2003, declaring its commitment to establishing an ASEAN Community. Furthermore, in 2007, the ASEAN Charter was passed (effective December 2008) to reaffirm ASEAN principles such as democracy, human rights, the rule of law, peaceful resolution of disputes, and non interference in

internal affairs, and to strengthen ASEAN's institutions and clarify its decision making process towards the establishment of an ASEAN Community. Subsequently, at the 2015 Summit, ASEAN adopted the ASEAN Community Vision 2025 to further deepen ASEAN's integration by declaring the establishment of an ASEAN Community consisting of a "Political Security Community", an "Economic Community", and a "Sociocultural Community". As the focus of ASEAN Community Vision 2025 in the Economic Community, following: (i) A highly integrated and cohesive regional economy, (ii) A competitive, innovative, and dynamic community, (iii) Enhanced connectivity and sectoral cooperation, (iv) A resilient, inclusive, people-oriented, and people-centered community, and (v) a global ASEAN.

ASEAN Economic Community Blueprint 2025 in Food, Agriculture and Forestry

Implementation ASEAN cooperation on food, agriculture and forestry (FAF) plays a crucial role in the context of rising population, strong income growth and an expanding middle class. Going beyond 2015, the vision for The Food, Agriculture and Forestry sector will be "Competitive, inclusive, resilience and sustainable in The Food, Agriculture and Forestry sector integrated with the global economy, based on a single market and production base, contributing to food and nutrition security, and prosperity in The ASEAN community with the goals of ensuring food security, food safety and better nutrition, gaining from access to global market as increasing resilience to climate change. The following interventions will be considered to promote deeper integration of The Food, Agriculture and Forestry sector in the region and the world through, among others: (i) enhancing trade facilitation and economic integration; (ii) strengthening cooperation and capacity for sustainable production; (iii) enhancing agricultural productivity; (iv) increasing investment in agricultural science and technology, and (v) ensuring the involvement of agricultural producers in globalization process. Strategic measures include in the following:

- i. Increases crop, livestock, and fishery/aquaculture production
- ii. Enhance trade facilitation, and remove barriers to trade to foster competitiveness and economic integration
- iii. Enable sustainable production and equitable distribution
- iv. Increase resilience to climate change, natural disasters and other shocks
- v. Improve productivity, technology and product quality to ensure product safety, quality and compliance with global market standards
- vi. Further enhance cooperation in production and promotion of halal food and products; and
- vii. Develop and promote ASEAN as an organic food production base, including striving to achieve International Standards.

ASEAN, which celebrated its 50th anniversary in August 2017, has undergone remarkable economic growth. Its GDP (Gross Domestic Product), which was 23 billion USD for 5 (five) countries when established in approximately 3.3 trillion USD for 10 (ten) countries. This is why ASEAN is known as the world's growth centre.

ASEAN has also been active in promoting regional cooperation in Asia, creating multilayered ASEAN centered frameworks such as the ASEAN Regional Forum (ARF) (1994), ASEAN+3 (1997), and the East Asia Summit (EAS) (2005), ASEAN is located at a strategic point on the sea lanes connecting the Indian Ocean and the Pacific Ocean: hence the stability of ASEAN is crucial for the prosperity of the Indo Pacific region, including Japan.

ASEAN Basic Data (2021)

- Population: Approx. 670 million (approx. 8.6% of the world's population)
Largest in the region: Indonesia (276.36 million) / Smallest in the region: Brunei (440,000)
- Surface area: Approx. 4.49 million km²
Largest in the region: Indonesia (approx 1.91 million km²) / Smallest in the region: Singapore (approx. 719 km²)
- GDP: Approx. 3.3 trillion USD (approx. 3.5% of the world's GDP)
Largest in the region: Indonesia (1.186.1 billion USD) / Smallest in the region: Brunei (14 billion USD)
- GDP per capita: 4,965 USD
Largest in the region: Singapore (72,794 USD) / Smallest in the region: Myanmar (1,187 USD)
- Trade Value: Approx. 3.5 trillion USD (approx. 8.0% of the world's total)
Japan's trade value with ASEAN: Approx. 24.9 trillion JPY)

Source: IMF, World Bank, Trade Statistics of Japan

Japan and ASEAN

Over the past 50 years, since the dialogue on synthetic rubber in 1973, Japan and ASEAN have worked closely together for the sake of peace and stability, development and prosperity in the Asia Pacific region. In 1977, Prime Minister Takeo Fukuda visited the Philippines and announced the Fukuda Doctrine, which would later become the ASEAN diplomatic principles and Fukuda Doctrine, as follows: (i) Japan will never be a military power (ii) establish a "Heart to Heart" relationship with ASEAN and (iii) Japan and ASEAN are equal partners.

In 2013, which marked the 40th anniversary of ASEAN Japan Friendship and Cooperation, Prime Minister Shinzo Abe announced the 5 (five) principles of Japan's ASEAN Diplomacy, as follows: (i) Will work with ASEAN countries to consolidate and expand universal values such as freedom, democracy, and fundamental human rights, (ii) Ensure in cooperation with ASEAN countries that the free and open seas, which are the "most vital common asset", are governed by "laws and rules" and not by "force". And welcome the United States focuses towards the Asia Pacific region, (iii) Further promote trade and investment, including flows of goods, money, people, and services, through various economic partnership networks for Japan's economic revitalization and the prosperity of both Japan and ASEAN member states, (iv) Protect and nurture Asia's diverse cultural heritages and traditions, and (v) Promote exchanges among the younger generations to further foster mutual understanding.

In 2023, ASEAN and Japan celebrates their 50th anniversary of friendship and cooperative relations, Based on the strong partnership described above, Japan and ASEAN are expected to further strengthen their friendship and cooperative relationship.

A Brief History of ASEAN and Japan

- 1967 : ASEAN was established by Bangkok Declaration
- 1973 : Japan ASEAN Ministerial Conference on Synthetic Rubber (Start of ASEAN Japan relations)
- 1976 : 1st ASEAN Summit (Bali) passed the Treaty of Amity and Cooperation in Southeast Asia (TAC) and the Declaration of ASEAN concord
- 1977 : First ASEAN Japan Summit (Kuala Lumpur); Fukuda Doctrine announced (Manila)

● 1978 : First ASEAN Japan Foreign Ministers' Meeting was held
● 1981 : Establishment of the ASEAN Japan Centre (Tokyo)
● 1984 : Brunei joins ASEAN
● 1987 : ASEAN Japan Summit
● 1992 : Agreed to establish the ASEAN Free Trade Area (AFTA)
● 1994 : 1 st ASEAN Regional Forum (ARF) Ministerial Meeting was held
● 1995 : Vietnam joins ASEAN
● 1997 : Myanmar and Laos join ASEAN, ASEAN Vision 2020 was passed at the ASEAN Summit (Kuala Lumpur), ASEAN Japan Summit held (held annually thereafter), 1 st ASEAN + 3 Summit held (held annually thereafter)
● 1999 : Cambodia joins ASEAN
● 2003 : ASEAN Summit (Bali): Passed the Declaration of ASEAN Concord II, ASEAN Japan Commemorative Summit (Tokyo): Passed the Tokyo Declaration
● 2004 : Japan joins the Treaty of Amity and Cooperation in Southeast Asia (TAC)
● 2005 : Adopted the Joint Statement of the ASEAN Japan Summit on Deepening and Broadening of ASEAN Japan Strategic Partnership. 1 st East Asia Summit (EAS) held (held annually thereafter)
● 2007 : ASEAN Summit (Cebu): Agreed to advance the target year for establishing the ASEAN Community (from 2020 to 2015), ASEAN Summit (Singapore): ASEAN Charter Signed (effective from 2008)
● 2008 : ASEAN Japan Comprehensive Economic Partnership (AJCEP) Agreement comes into effect
● 2009 : ASEAN Summit (Cha-am): Passed the Road map for an ASEAN Community (2009-2015)
● 2010 : ASEAN Summit (Hanoi): Passed the Master Plan on ASEAN Connectivity, Japan appoints resident ambassador to ASEAN (first ASEAN dialogue country)
● 2011 : Special ASEAN Japan Ministerial Meeting (Jakarta) (held at the initiative of the ASEAN side immediately after the Great East Japan Earthquake), Established the Mission of Japan to ASEAN, ASEAN Japan Summit: Passed the Joint Declaration for Enhancing ASEAN Japan Strategic Partnership for Prospering Together (Bali Declaration) and the Action Plan
● 2013 : ASEAN Japan Commemorative Summit (Tokyo): Passed the Vision Statement on ASEAN Japan Friendship and Cooperation, the Implementation Plan, and the Hand in Hand, Facing Regional and Global Challenges (Joint Statement on the ASEAN Japan Regional and Global Issues)
● 2015 : Inauguration of the ASEAN Community
● 2016 : ASEAN Summit (Vientiane): Passed the Master Plan on ASEAN Connectivity 2025
● 2017 : 50 th Anniversary of ASEAN
● 2018 : 45 th Anniversary of ASEAN Japan Friendship Cooperation
● 2019 : ASEAN Summit (Bangkok): The ASEAN Outlook on the Indo Pacific (AOIP*) was issued
● 2020 : ASEAN Japan Summit (Video Conference): Issued the Joint Statement of the 23 rd ASEAN Japan Summit on Cooperation on AOIP
● 2023 : 50 th Anniversary of ASEAN Japan Friendship and Cooperation

Partners for Prosperity in Economic Cooperation

The economic interdependence between Japan and ASEAN Member States continues to deepen. The movement of people, goods, money, and information across borders is becoming increasingly active, and Japan is ASEAN's 4 (fourth) largest trading partner as of 2021. Additionally, the number of Japanese residents in ASEAN has exceeded 200.000, making ASEAN the largest investment destination for Japan in East Asia, thus establishing a strong cooperative relationship between Japan and ASEAN as business partners.

To further facilitate such active economic exchange, Japan and ASEAN Member States have concluded bilateral economic partnership agreements and investment agreements, as well as the ASEAN Japan Comprehensive Economic Partnership (AJCEP) Agreement, and have established cooperative relations not only in trade and investment, but also in a wide range of areas such as competition, intellectual property, and movement of people, in particular, ASEAN Japan Comprehensive Economic Partnership (AJCEP) Agreement has helped to strengthen production networks throughout the ASEAN region and Japan. In January 2022, the Regional Comprehensive Economic Partnership (RCEP) Agreement, which also includes Japan and ASEAN, have entered into effect.

Furthermore, Japan has consistently supported the establishment of the ASEAN Community, its integration, and the reduction of disparities within the region. In particular, Japan has promoted public and private sector support for efforts to strengthen ASEAN connectivity, which is at the core of community development, thus has worked to deepen Japan - ASEAN economic relations.

Economic Diplomacy

Overview of Economic Diplomacy

In the International community, as competition among nations arises in the fields of politics, economy, and the military, the balance of power in the International arena is changing in an increasingly rapid and complex manner, while uncertainty over the existing International order is growing. In January 2022, The Regional Comprehensive Economic Partnership (RCEP) Agreement into force. With regard to The World Trade Organization (WTO), which is central to the multilateral trading system, The Twelfth Ministerial Conference, which had been postponed 3 (three) times so far, was held in June. Based on the assessment, Japan has advanced initiatives with the aim of accelerating the promotion of economic diplomacy as one of the priority areas of its diplomacy, centered around the following in 3 (three) areas: (1) rule-making and initiatives through International organizations to bolster free and open global economic systems by promoting Economic Partnership Agreement (EPA), while maintaining and strengthening the multilateral trading system; (2) supporting the overseas business expansion of Japanese companies through promotion of public-private partnership; and (3) promoting resource diplomacy along with inbound tourism toward Japan.

1.4.2 Investment Related Treaties

Investment related treaties (Investment Agreement and EPA/FTA including Investment chapter) constitute an important legal basis to improve predictability for investors and promote investment by establishing common rules for the protection of investors and their investment property, enhancement of transparency in regulations, expansion of investment opportunities, procedures for investment dispute settlement, and other matters. Japan has actively engaged in concluding investment agreements, as these

agreements are considered to improve the investment environment for Japanese companies overseas and to attract foreign investment to the Japanese market.

Intellectual Property Protection

Strengthening intellectual property protections is extremely important for the promotion of technological innovation and eventually for economic development. Japan has actively participated in multilateral consultations such as APEC (Asia Pacific Economic Cooperation), The WTO (World Trade Organization) TRIPS (Agreement on Trade Related Aspects of Intellectual Property Rights, and The World Intellectual Property Organization (WIPO), and is working to improve an environment for ensuring that Japanese intellectual property is appropriately protected and utilized overseas. For EPA (Economic Partnership Agreement) as well, Japan strives to establish regulations on intellectual property rights to ensure the adequate and effective protection of intellectual property. Moreover, for this purpose of rapidly and efficiently providing assistance for Japanese companies that are facing problems such as counterfeit and pirated goods, The MOFA appoints Intellectual Property Officers at almost all of Japan's diplomatic missions overseas so that they can advise Japanese companies and make inquiries with or requests to their counterpart governments. Furthermore, every year, Meetings of Intellectual Property Officers are held to assess the damage in each country and the response status by diplomatic missions overseas, exchange opinions and share best practices on building appropriate systems, and strengthen efforts to combat intellectual property right infringements.

Japan's Economic Strengths

(1) Promotion of Japanese Companies Overseas Business Expansion by the MOFA and Accompanying Diplomatic Missions Overseas

The number of Japanese companies operating overseas has been increasing over the medium to long term despite being affected by domestic and overseas economic conditions and other circumstances. One of the reasons behind this is that many Japanese companies, which underpin Japan's economic development, have embarked more actively than ever before on overseas expansion with the aim of further cultivating foreign markets. There is considerable momentum behind economic growth abroad, mainly in Asia. To capture this for The Japanese economy, it is becoming increasingly important for The Government to support Japanese companies.

In light of the situation, MOFA, in coordination with diplomatic missions overseas, has been engaged in supporting Japanese companies in their efforts to expand their businesses overseas. At the diplomatic missions overseas, all staff, including those responsible for Japanese business support, provide Japanese companies with information while lobbying foreign governments under the leadership of ambassadors and consul general. Under the motto of being "open and responsive governments offices", these missions aim to provide specific support that corresponds with the conditions in that respective region. In addition to consultations about business problems, another important function performed by diplomatic missions overseas for Japanese companies is promotion and publicity of the "Japan Brand" for products, technologies and services, as well as for agricultural, forestry and fishery products from Japanese companies at receptions to celebrate the Emperor's birthday and various other events and exhibitions. These missions actively offer the embassies and official residences of the ambassadors for use a publicity and advertising spaces for Japanese companies to hold product exhibitions, or for local governments to hold local product exhibitions and food-tasting events.

FDI (Foreign Direct Investment) in Japan

With regard to promotion of foreign direct investment in Japan, the “Council for Promotion of Foreign Direct Investment in Japan”, which has been held since 2014, is spearheading initiatives to promote activities for discovering and attracting investments. While gathering opinions from foreign company managers, Japan continues to respond to the needs of foreign companies by making further progress in implementing additional measures such as regulatory and institutional reforms and support measures that help improve the promises for Attracting Foreign Businesses to Japan,” decided at the second meeting of the Council for Promotion of FDI (Foreign Direct Investment) in Japan, held in March 2015, foreign companies have utilized the Investment Advisor Assignment System since April 2016 to meet with the relevant State Ministers in charge. At the ninth meeting of the Council for Promotion of Foreign Direct Investment in Japan, held in June 2021, a new Strategy for Promoting Foreign Direct Investment in Japan was adopted as a medium to long term strategy to promote foreign direct investment in Japan, and a decision was made to aim to double (compared to 2020) the inward foreign direct investment stocks to 80 trillion yen by 2030 and reach 12% of GDP (Gross Domestic Product) as the key performance indicator (KPI).

MOFA implements various measures adopted by the Council for Promotion of Foreign Direct Investment in Japan. It utilizes diplomatic resources to engage in initiatives through diplomatic missions overseas and trade promotion by key government officials, and also strategically implements various initiatives towards promoting foreign direct investment in Japan.

ANALYSIS

Japan and Indonesia Economic Partnership Agreement

Background of Japan and Indonesia Economic Partnership Agreement

During the APEC (Asia Pacific Economic Cooperation) Summit Meeting in November 2004, President Susilo Bambang Yudhoyono of the Republic of Indonesia addressed to Prime Minister Junichiro Koizumi of Japan the importance of Economic Partnership Agreement (EPA) as a means to further promote the close economic relationship between two countries. On December 16, 2004, Minister of Economy, Trade and Industry Shoichi Nakagawa of Japan and Minister of Trade Mari Elka Pangestu of the Republic of Indonesia shared the view on the need to launch the Joint Study Group to explore the future of the Economic Partnership between the two countries. On January 6, 2005, Minister for Foreign Affairs Nobutaka Machimura of Japan and Vice President H. Muhammad Jusuf Kalla of the Republic of Indonesia decided to hold three rounds of meetings by April 2005 in order to produce recommendations on issues including whether to commence negotiations on bilateral Economic Partnership Agreement (EPA). The first round of the meeting was held in Jakarta on January 31 and February 1, 2005. The second round was in Bali on March 4 and 5 and the third round was in Tokyo on April 11 and 12. The meetings were conducted between the representatives of relevant ministries and agencies of both Governments, and involved representatives of academic and private sectors from the two countries and as A wide range of areas was covered by the discussion throughout the meetings.

Overview Japan and Indonesia Economic Partnership Agreement

Japan and Indonesia have established a close economic relationship in a wide range of areas. In the field of trade in goods, Japan is the largest trade partner in both export and import for Indonesia. In addition, Japan is the largest provider of Official Development Assistance (ODA) to Indonesia. The close economic relationship mentioned above,

however would not be maintained for perpetuity without continuous efforts by the two countries. In the Joint Study Group, the researchers of both sides indicated that the bilateral Economic Partnership Agreement (EPA) between the two countries could significantly benefit both sides. Taking this circumstances into consideration, detailed discussions were conducted in each area by the Joint Study Group as introduced about a view to further strengthening the economic partnership between the two countries.

Trade in Goods Japan and Indonesia Economic Partnership Agreement

Japan and Indonesia shared the view of both sides Economic Partnership Agreement (EPA) should include elements of Free Trade Agreement (FTA) consistent with Article XXIV of the General Agreement on Tariffs and Trade, given that improvement of market access for trade in goods including tariffs elimination and reduction is an important element to strengthen the Economic Partnership between the two countries. The Indonesia side expressed interests in reduction or elimination of tariffs, especially in tariffs peaks or in tariff escalation as well as in non tariffs barriers, particularly of products of interests between the two countries.

Rules of Origin

Japan and Indonesia shared the view that it would be highly desirable that the rules of origin under the ASEAN - Japan Comprehensive Economic Partnership Agreement and those under the bilateral Economic Partnership Agreement (EPA) are harmonized each other.

Customs Procedures

The Japanese side pointed out that balance between trade facilitation and ensuring security is important in the field of customs procedures. The Japanese industry requested to enhance predictability of customs procedures through further improvement of transparency in the procedures, facilitation of the procedures, uniform application of the regulations and so on. Based on these opinions, the Japanese side emphasized that with regard to customs procedures, the Economic Partnership Agreement (EPA) should include as follows; (a) ensuring transparency, (b) cooperation and exchange of information between the customs authorities for the purpose of facilitating trade through simplification and harmonization of their customs procedures, and ensuring effective enforcement against illicit trafficking of goods, and (c) establishment of proper follow - up mechanism. The Indonesian side provided information concerning its customs procedures that have been simplified. In addition, the Indonesian side emphasized that Indonesia was making efforts to continuously improve its customs procedures. The Indonesian side shared the views on the importance of cooperation between Japan and Indonesia customs authorities in the areas above.

Competition Policy

Japan and Indonesia shared the view on the importance of efforts in competition policy under the Japan and Indonesia Economic Partnership Agreement (EPA). The Japanese side emphasized that the purpose of discussions on competition policy under the Economic Partnership Agreement (EPA) is to prevent anti competitive activities in the territories of both countries from hindering the benefits of liberalization in trade and investment, while pointing out that efforts in the area of competition policy will be a soft infrastructure for investment by Japanese enterprises. On top of these, the Japanese side suggested that efforts of a high standard including both enforcement cooperation and technical cooperation should be conducted under the Economic Partnership

Agreement (EPA) between two countries, as Indonesia is one of the most advanced countries among the ASEAN countries in terms of efforts in competition policy. The Japanese side emphasized that notification, cooperation, coordination, and positive and negative comity in particular should be discussed in the field of enforcement cooperation. The Indonesian side shared the view on an importance of enforcement cooperation under the Economic Partnership Agreement (EPA), while stating that the first step would be their effective application of competition laws of the two countries. The Indonesian side proposed that the focus of cooperation in this area should include; (i) exchange of information, and (ii) capacity building. The Indonesian side emphasized that those activities may include; a) reviewing competition policy and law; b) developing competition policy and law tools; c) capacity building for law enforcement agencies; d) increasing multi stakeholders' support and awareness; and e) developing infrastructure capacity.

Investment / Trade in Services

1) The Japanese side stressed that it places the greatest importance on the field of investment / trade in services under the bilateral Economic Partnership Agreement (EPA), and that it would be very important to improve business environment where foreign companies can continue to stably operate under free and fair competition with the principle of non discrimination between domestic and foreign capital, particularly in order for Indonesia to realize economic development by encouraging foreign investment. 2) The Japanese side expressed that, in the area of investment, it is interested especially in national treatment in both pre - establishment and post-establishment stages, most favored nation treatment and prohibition of performance requirements as well as restrictive measures on market access, that it will be important to provide as core elements in the Agreement, among others, expropriation and compensation, freedom of transfers and procedures of international arbitration between a party and an investor of the other party, and that introduction of standstill obligations and ensuring transparency regarding regulations are important. 3) The representative of the Indonesian Chamber of Commerce and Industry (KADIN) explained that national treatment in the steady process of liberalization and further liberalization is under consideration through the new upcoming Investment Law which is currently being amended; that the national treatment at the post - establishment stage is a policy in principle, but there is no discrimination regulations even at the pre - establishment stage other than foreign capital restriction; that the new upcoming Investment Law, however, is a general law and specific law related to individual services provide for certain restrictions on foreign capitals in some cases; that the new upcoming Investment Law aims at simplification of investment - related procedures including shift from license system to registration system, and certain other arrangements including adoption of one-roof services are also planned to be prepared; and that there is no problem on the inclusion in the agreement of expropriation and compensation, freedom of transfers and the International arbitration between a party and an investor of the other party. The Indonesian side provided clarification regarding the existing laws and regulations of investment (see the attachment).

Methodology

This research in qualitative methods uses approach Economic Liberalism with the concept of John H Dunning Paradigm as follows; (I) Ownership, (II) Location and (III) Internationalization called OLI as International Business Paradigm and Economic Liberalism as International Relations Paradigm. Based on these view, can more deep

understanding about the Japan and Indonesia Economic Partnership Agreement for focuses on the Food Industries Market. As we knew that, so many Japanese companies in charge for expand doing business at Indonesia especially in Food and Beverage market and one of them well known Japanese company is THasegawa Co Ltd Japan as top ten in the world as flavor and fragrances industries. Research market for see Japan and Indonesia products together sell at supermarket, food hall and spread of in Indonesia.

Economic Liberalism

The main perspective of this research is based on the theory of economic liberalism. Economic Liberalism is a branch of the Theory of Liberalism which was born from a British Economist named Adam Smith in 1976. Economic Liberalism is a set of principles aimed at managing the economy and markets to achieve maximum efficiency, economic growth and individual welfare through cooperation to avoid conflicts between countries and create interdependence. Departing from the basic assumption of John Locke and Adam Smith, the relationship between countries considered the same as the relationship between citizens in a country. That each country has the same economic interests as humans and every constitutional state will think rationally, namely for the achievement of each of these interests, each country will obey itself to an International Law that will regulate their lives in International Relations.

In the 70s, institution around the world have developed rapidly. Countries are increasingly dependent on each other and are increasingly sensitive to the actions of other countries. In this case, International Politics is a process in which actors in International Relations mutually solve problems that arise in International Relations. Even today, actors are not only the state, the world is in a cross between countries, NGO's, elite groups, MNC's and even individuals. Those who are bound by interdependence are forced to cooperate extensively. So, the higher the level of cooperation and integration, the more difficult it will be for countries to withdraw from the commitments they have made because their people will realize the various benefits obtained by cooperation.

Interdependence between actors in International Relations is well written in Susan Strange's book, named "The Retreat of The State" which is able to shift the understanding of balance of power through economic integration cooperation. The progressive integration of the world economy, through International Production, has sifted the balance of power away from states and toward world market. Integration between countries through an economic dependence will be able to get rid of the balance of power between countries because; **First**, economic integration is able to cooperate with many countries. **Second**, the situations are also able to change the pattern of relations in which the market and non state actors have sufficient power to match the state. **Third**, there is no situation where one country is absolutely capable of controlling all relations between countries without the influence of large economic force. In the study of International Political Economic (IPE), Susan Strange's statement of "non - state actors being now more significant than state themselves". Susan Strange argues in her book "The Erosion of The State" that the state's power has been eroded, for instance: in the finance sector, states no longer have the power to control their own currencies, because in reality today the balance of International Trade impact currency exchange rates as supply and demand can lead to an appreciation or depreciation of currencies. A country with a high demand for its goods tends to export more than it imports, increasing demand for its currency.

In the reality of economic Interdependence between actors in International Relations, the concept of free trade cannot always be used. The concept of free trade promoted by economic liberalism, which is released from the market mechanism, individuals who play the main role in economic activity, and government intervention must be minimized. However, state has a role in creating peace through its intervention to make relations between countries occur and create interdependence. This can happen if the government intervenes to regulate the free market. The concept of free trade promoted by economic liberalism refers to trade conditions oriented towards openness, including free movement between commodities, capital flows and labour. Adam Smith describes a liberal framework of thought that provides rational individual actors, believes in progress, and assumes mutual benefits. This theory believes that the market economy is the primary source of progress, cooperation and prosperity. Different from mercantilism, they believed that the main actor is a state. Economic liberals believe in the importance of non-state actors' role, especially in the era of globalization and technological advances today. Ideally, in an entirely free trade system, each country naturally devotes its capital and labour to the aspects most favourable to its individuals. In short, although global economic activity does have various positive impacts on the state, the main objective of this economic liberalism assumption is more aimed at the interests of individuals. In reality, today companies especially multinational companies can carry out their activities without having to involve the state directly. For instance, the transfer of capital that crosses territorial borders is currently carried out by various multinational companies worldwide. When carrying out business activities that cross the territorial boundaries of a country, multinational companies, in reality, will not be separated from the concept of foreign investment or what is commonly referred to as Foreign Direct Investment (FDI). Foreign Investment can be defined as capital provided by residents of one country to another country's resident (Griffin & Pustay, 2015, p.8).

Paradigm Ownership, Location and Investment (OLI) by John H Dunning

To understand why multinational companies are competing to invest and position themselves abroad, this frame of mind is equipped with the OLI (Ownership, Location and Investment) model or what is commonly called the eclectic paradigm proposed by John H Dunning in 1979. OLI model stands for Ownership Advantages, Location Advantages and Investment Advantages. These three things are the factors that become the reasons for a multinational company to invest abroad.

Ownership Advantages

Ownership Advantage could be the first and foremost capital that a multinational company must have when it would like to Foreign Direct Investment (FDI). These companies must have their advantages in terms of their own before they can expand into the global market. This Ownership Advantage is certain Advantages owned by the company, which allows them to have the higher competitiveness than other companies. These advantages are used to transfer and enlarge themselves beyond their national borders. These advantages could be in the form of many things, whether it is their good company reputation, strong brand, large company scale, or certain uniqueness. Including the owner of the company itself because it turns out that the company's owner can have an influence on the success of the company's investment. According to Dunning, preponderance in terms of ownership is a value and competitiveness that significantly affects its ability to conduct Foreign Direct Investment (FDI). Without both, it would be difficult for an overseas company to expand itself to the global level.

Location Advantages

Location Advantage leads to the question of where the multinational company should invest its investment capital. Because as the finalization stage of Foreign Direct Investment (FDI), this location selection is a critical factor for the company's internationalization process. The location chosen must have an advantage that makes it value added compared to other locations, be it in economic opportunities, development opportunities for companies, or perhaps the uniqueness of a region. In essence, the company must choose a location that can bring and offer them an advantage. According to the eclectic paradigm by Dunning (1993), location advantages include benefits arising from the host country's factor endowments, such as natural resources, geographical location, labour, etc. Also, advantages in the investment environment include economic system and political, laws, regulations and policies, market capacity, infrastructure, and community factors. The OLI (Ownership, Location and Internationalization) paradigm holds that Foreign Direct Investment (FDI) is related to the host country's location advantages and is consistent with Multi National Companies strategic objectives.

Internationalization Advantages

Internationalization Advantage is carried out by internationalizing the company. They are expanding the company into a broader market share, hoping that when they internationalize, the company will get other benefits such as reaching new customers, automatically increasing their company's profits. In the long term, it is hoped that the advantages of internationalization will help improve the previous companies competitiveness and ownership.

Food Industries Market

As we knew that, Japan one of country which has many unique creation especially in food products, for instance snacks, biscuits, drinks etc and expand business in market globe. Japan and Indonesia has close relations in partnership between two countries which can make increase in economic sectors. In food industries, so many foreign companies make business set up in Indonesia and can elaborate with domestic companies for increase market in food industries sector.

In economic analysis is to figure out what makes the world economy and its many subpart work what they do. The more that is known about economic relationships and economic behaviour, the more able are societies to direct their energies toward producing a stream of goods and services that yield the greatest consumer and societal fulfillment. There are two essentially different levels at which economic analysis is conducted. Microeconomics concerns the behavior and activities of specific economic units such as individuals, households, firms, industries, and resource owners. In macroeconomics, the spotlight is on the national and international economic picture, along with the major economic sectors that influence the direction of economy wide change. Macroeconomics analysis views all consumers as a unit (the consumer sector), all business as an aggregate unit (the business sector), and all the various public sector agencies as a unit (the governmental sector) in an effort to explain and predict the structure and functioning of whole economies.

THasegawa was established in 1903 as Hasegawa Totaro Shoten in Tokyo, Japan by Totaro Hasegawa and the new company established headquarters in the prestigious Nihon bashi district of Tokyo. THasegawa Co Ltd Japan one of well known Japanese company at Japan and expand their business to the Asia Pacific and world globe. The company operates through three geographic market segments. Japan segment includes fragrances business and food business. The fragrance division is engaged in the

manufacture of cosmetic aroma, cosmetic products and compound perfume used in fragrance products, cosmetics, lip sticks and hair tonic, toiletry products as well as household products. The food division is engaged in the manufacture and sale of essence, food oil flavors, food powder flavors, seasonings, processed fruits and natural pigments used in beverages, confectionery, frozen desserts, desserts and instant noodle soups. The American segment is engaged in the manufacture and sale of oily flavors for foods, processed food materials, natural pigments and processed fruit products. The Asia segment is engaged in manufacture and sale of flavors, food additives as well as the import and THasegawa Co Ltd is a major producer of flavors and fragrances headquartered in Japan and one of world's top ten flavor and fragrances companies in world.

One of the products in food and beverages industries especially snacks, biscuits, cookies and soft drinks. In the industrial era, culture turns people and meaning into useful and salable commodities. Society as consumer gives text meaning to the goods they consume. Readers or audiences of cultural texts bring and use their cultural competence and discursive resources to consume commodities. So, popular culture can be seen as a cluster of meanings and practices produces by the audience at the moment of consumption (Sugiharti, 2017:44).

Popular text embedded in food and beverage products bring consumers to explore space and time to feel a sensation that is patented in the form of advertising language in product packaging, both language, writing and images. Furthermore, in product packaging design, the final process is not the finished product but continues on product advertisements shown on television or other media. The packaging is designed as if the product transfers Japan into a small package. Functionally, packaging design has five functional principles (Hidayat, 2009:142), namely; (1) Packaging (packing), where in this packaging is conveyed about the type of product and its use. (2) Packaging is a physical sense, its function is to protect the product from impact, friction, shock and others. (3) The packaging used is comfortable. Comfortable to the touch, does not hurt to the touch / hold, easy to clean, store, and stable when placed. (4) Packaging that is able to display the image of the product and the user's market segmentation. This principle involves many elements, especially those related to the imagination, taste, and fantasy of the user. This packaging must be able to translate what the wearer is, social status, where, and what kind of behavior the product is. Uniqueness is important. (5) Packaging with the principle of supporting environmental harmony. Referring to point 4 (four), the presence of food and drink products that bring imagination to Japan is a breath of fresh air for the capitalist and consumer society. Capitalists will try to move Japan as a country into a product of the popular culture that will become friends and fill their void in the imagination of the Japanese state.

Conclusion

The Association of South East Asian Nations (ASEAN), was established with the signing of the Declaration of the Association of Southeast Asian Nations at Bangkok Thailand. The five original nations are Thailand, Indonesia, Singapore, the Philippines and Malaysia followed by Brunei Darussalam, Vietnam, Laos, Myanmar, and Cambodia. The last one joined is Timor Leste. ASEAN serves as a regional cooperative organization composed of eleven Members States. ASEAN has experienced rapid economic growth in the last ten years and is expected to play a role as a centre of growth that is open to the world.

The year 2023 marks the 50th commemorative year of ASEAN - Japan relations. ASEAN - Japan relations have made remarkable progress since 1973. Japan made every effort to build up "heart to heart" relations of mutual confidence and trust with ASEAN Member States and committed itself as an equal partner to building peace and prosperity in the region. To celebrate this milestone of ASEAN - Japan relations, ASEAN and Japan agreed to designate the year 2023 as the 50th year of ASEAN - Japan Friendship and Cooperation, and ASEAN Member States encourage their people to people exchanges and hold various commemorative events and exchanges programs throughout the year both in ASEAN and Japan.

In food industries market, a country that became identity of countries have become cultural codes that are used as industries by capitalists due to culture one of the products in society that can affect the behavior and ideology of community itself and people outside the culture itself. Japan one of the countries that massively exports its culture to Indonesia through various media and cultural influences. The compilation between the high selling value of Japanese culture in Indonesia and the habit of eating snacks and drinks green tea, matcha that have become a modern lifestyle makes snack products a strategy for market wars to compete between producers and take a place in the heart of consumers especially Indonesia as a consumer people. Packaging design one of the most important factors to persuade consumers to buy and loyal that product because packaging design is directly related to consumers. There is also compilation in the product of Japanese flavor variants with local flavor variants using Japanese writing such as in Nu Green Tea, Potato Bee etc. The cultural economy in cultural commodities becomes an identity, making the figures in the packaging a medium to lift Japan in the eyes of the outside as well as provide a simulacrum for those who loves Japan.

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