

Economic Diplomacy Strategies to Increase Indonesian Coffee Exports to Russia in Pandemic Times

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Abstract

Indonesia's economic diplomacy strategy in Russia is an urgent step that must be taken to increase exports of coffee products during the Covid-19 pandemic. This paper aims to identify Indonesia's economic diplomacy strategies to Russia during the pandemic period. This research uses descriptive qualitative methods. Data is taken from various library sources, interviews, and observations. Library sources come from various journals. Meanwhile, interviews and observations were made on coffee exporters in Indonesia and coffee importers in Russia, executives in the Indonesian government, such as the Indonesian Embassy in Moscow (Russia). The information collected relates to variables, such as coffee exports, strategies and policies of Indonesia's economic diplomacy in the pandemic period. The study found that Indonesia implemented new strategies of economic diplomacy in coffee exports to Russia during the pandemic, such as the use of virtual meetings, mobilizing more coffee exporters, and involving role of the Indonesian embassy in Moscow. This paper contributes that economic diplomacy strategies to Russia in coffee exports can be a strategic input for similar policies of Indonesian government to various countries.

Keywords: *Economic Diplomacy, Indonesia, Russia, Coffee, Indonesia Embassy*



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INTRODUCTION

Economic diplomacy is one of the economic policy options for various countries in this pandemic period, including Indonesia (Vidya and Prabheesh, 2020). In addition to the priority of protecting citizens against the Covid-19 pandemic, the Indonesian government continues to conduct economic diplomacy. Russia is one of several major countries targeted for exports. Coffee products are becoming a new mainstay in encouraging Indonesian exports to Russia. The potential of the Russian market is still open for increased exports of Indonesian coffee products.

However, the reality shows that the pandemic has caused uncertainty for the increase in exports (Derkacz, 2020) of various Indonesian products to the Russian market, including coffee. Various countries, including Russia, implement a variety of strict policies to restrict and, in fact, shut down the traffic of people and goods entering their countries (Veeramani and Anam, 2021). Indonesian coffee traders and exporters are having difficulty visiting Russia. They cannot meet and negotiate directly with Russian buyers. Many of the agenda of economic product exhibitions, including coffee, Indonesia in Russia had to be canceled. The export opportunity of Indonesian coffee products to Russia became hampered during this pandemic. Therefore, Indonesia must have a new and different economic diplomacy strategy than the strategy before the pandemic (Bykvist, 2021).

This paper aims to identify Indonesia's economic diplomacy strategies in encouraging exports to Russia, especially coffee products, in times of pandemic (Creusen and Lejour, 2013). Analysis of this paper shows that the pandemic has changed Indonesia's economic diplomacy strategy (Yakop and Van Bergeijk, 2011), particularly towards Russia. Therefore, this paper is useful to provide input to the Indonesian

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government's economic diplomacy policy in increasing exports to other countries, especially Russia and related to coffee products.

LITERATURE REVIEW

The Covid-19 pandemic that has been ongoing since March 2020 has caused economic contraction in almost all countries (Erokhin and Gao, 2020). In that context, economic diplomacy needs to be considered to be a means of pursuing and achieving economic security in the international system affected by the pandemic. The pandemic apparently caused various countries to implement lockdown policies. Countries prohibit their citizens from going abroad and prohibit citizens from other countries from entering their territory. The closure of these international entrances has an impact on economic relations between countries (Bontempi et al., 2021). Therefore, countries need a special economic diplomacy strategy that is different from the strategy before the pandemic period is very urgent.

In international relations, economic cooperation and trade between countries are getting increased attention compared to the past. Relations between countries are not only dominated by defense and security cooperation, but economic cooperation has become one of the important areas of cooperation in a country's diplomacy. Economic diplomacy gets more attention than conventional diplomacy, which focuses on political and military issues (Zemanová, 2020). The growing importance of economic diplomacy causes economic issues, which are considered low-level politics, to be on the agenda in various high-level meetings among various leaders of countries.

Economic diplomacy is even seen as a strategy to gain the interests of a country, both in the political and economic fields (Margiansyah, 2020). Essentially, economic diplomacy emphasizes the importance of efforts to formulate and regulate policies regarding the production, movement and exchange of goods and services, labor, and other production resources in the context of international relations. In addition, economic diplomacy focuses attention on the role of diplomatic actors and the relationships established among various institutions. The actor is working to build and manage economic dependence (Peternel and Grešš, 2021).

In general, economic diplomacy is not a practice of diplomacy separate from general diplomacy. Nevertheless, economic diplomacy has a major character that differs from general diplomacy, such as the sensitive and reactive nature of economic diplomacy to market change and development. There are some cases, economic diplomacy can fail if the market has other, more attractive alternatives or in other words, this practice of diplomacy is a type of diplomacy that comes face to face with one other power, market forces.

Although put forward long before the pandemic, the work of Kishan S. Rana (2007) is still very relevant to the situation at the time of this pandemic. Rana explains some economic diplomacy strategies. Rana divides the typology of economic diplomacy into four types, namely traditional, niche-focused, evolving, and innovative. The difference in typology can be seen in the table below. Rana established the typology based on his collective experience in observing 130 developing countries in the G-77.

Traditional typology refers to countries that use conventional methods that tend to change slowly. Niche-focused includes countries that are able to identify strategic areas and focus actions on that chosen field. Evolving is a cluster of countries that are able to develop and adapt to new opportunities accompanied by structural changes and clear actions. Finally, innovative are countries moving to the forefront with the latest strategies and sustainable reforms. While there is no firm dichotomy between each type, this typology can at least be an early picture for classifying and identifying the types of economic diplomacy run by different countries.

Based on the four typologies, Indonesia's strategy is more in accordance with the typology of evolving. It already left traditional diplomacy, but it does not achieve innovation typology of Rana's. This typology can answer the challenges of the Covid-19 pandemic, especially in increasing Indonesian coffee exports to Russia. In this pandemic period, Indonesia's diplomacy strategy must abandon traditional means, namely inter-ministerial coordination in Indonesia, encouraging new strong networks-based initiatives, and increasing active participation from the Indonesian Ministry of Foreign Affairs through overseas representatives.

RESEARCH METHOD

This research uses descriptive qualitative methods. Data is taken from various library sources, interviews, and observations. Library sources come from various journals. Interviews and interviews are conducted on coffee exporters in Indonesia and coffee importers in Russia, executives in the Indonesian government (such as the Indonesian Embassy in Moscow (Russia)). The information collected relates to variables, such as coffee exports, strategies and policies of Indonesia's economic diplomacy in the pandemic period.

FINDINGS AND DISCUSSION

Indonesia implemented new strategies of economic diplomacy in coffee exports to Russia during the pandemic, such as the use of virtual meetings, mobilizing more coffee exporters, and involving the role of the Indonesian embassy in Moscow. Russia is a very potential coffee market for Indonesia. As the fourth largest coffee producing country in the world after Brazil, Vietnam, and Colombia, in 2019 Indonesia was the 7th largest coffee exporter in Russia with a total value of US \$ 20.15 million or up 119.5% compared to 2018. The composition of Indonesian coffee exports to Russia consists of Robusta at 73% and Arabica at 27%.

In this regard, the Indonesian Embassy in Moscow affirmed the potential of Indonesian specialty coffee is very promising in the Russian market share. To date, Russia is the largest coffee processor in the entire Eurasian region with an increase in coffee consumption of nearly 650 % in the last 10 years (<https://www.beritasatu.com/ekonomi/688871/promosikan-kopi-indonesia-kbri-moskwa-temui-importir-kopi-terkemuka-rusia>). Until the end of 2020, however, Indonesia can only meet four percent of coffee needs in Russia. Chairman of the Russian Tea and Coffee Producers Association, Ramaz Chanturiya, said Indonesia still has more potential than it does now. Moreover, coffee consumption in Russia is increasing. Pandemic conditions do not reduce Russians' consumption of coffee (<https://sumberterpercaya.com/202009053900/mengukur-potensi-kopi-indonesia-di-rusia>).

Virtual meetings through video conferences have been conducted for economic diplomacy. This tendencies is similar to those of virtual summit or digital conference in non-economic diplomacy (Izzuddin, 2021). The virtual meeting is the only strategic way for Coffee Exporters in Indonesia to meet with importers in Moscow. This online meeting is also a solution to the difficulties of entrepreneurs from both countries who usually negotiate directly. The lockdown policies of the Indonesian and Russian governments also make it difficult for both sides to make business visits. Therefore, virtual business meetings are very helpful in providing opportunities for entrepreneurs from both countries to continue to carry out coffee export and import activities in the pandemic period. The Indonesian Embassy in Moscow has held two international webinars from mid-2020 to mid-2021. From both webinars, most of Indonesian exporters, Russian importers, diplomatic staffs of the Indonesian embassy in Moscow showed their enthusiasm in discussing potential economic cooperation among them.

The second strategy is to mobilize more Indonesian coffee exporters as a network of exporters (Visser, 2019). Before the Covid-19 pandemic, Indonesian coffee exporters typically conducted personal business strategies based on their respective economic capabilities. Some small Indonesian exporters come to Moscow and other major cities at international trade shows or Indonesian products. However, individual and group visitation activities can no longer be carried out during this pandemic. As a result, they had to look for more effective and efficient ways to establish business contacts with Russian entrepreneurs.

In addition, pandemic situations in various countries, including Indonesia and Russia, are unpredictable. The number of Covid-19 victims can increase and decrease unexpectedly. This fact causes entrepreneurs to refrain from visiting other countries, including Russia. Coffee entrepreneurs scattered in various regions in Indonesia are trying to establish business communication with coffee importers from Russia. Although competition among entrepreneurs remains, cooperation efforts among Indonesian coffee exporters need to be appreciated. Many coffee exporters are present and actively speaking at various webinar forums about the potential of coffee exports in various countries.

The third economic diplomacy strategy is to encourage the role of the Indonesian embassy in Moscow to play a more active role (Bagir, 2020). In mid-2020, Indonesia's Ministry of Foreign Affairs updated Indonesia's foreign policy priorities. The new priorities include protecting Indonesian citizens against the threat of Covid-19 and conducting economic diplomacy to prevent the economic impact of the pandemic. The priority is a strong basis for the Ministry of Foreign Affairs to encourage Indonesian representatives abroad to conduct economic diplomacy. Since the announcement of the two new priorities, Indonesian embassies in various countries have begun to actively encourage the export of various products, including coffee exports to the Russian market.

One of Indonesian premium coffee exporters, Tanamera, has successfully penetrated the Russian market. In 2020, Tanamera made the first delivery of 19.2 tons or one container measuring 20 feet. After that, the exporter shipped eight containers of coffee to Russia. A Foreign Ministry press release said Tanamera had signed a trade contract with Russian company Cocar Coffee. The contract is a follow-up to Cocar Coffee's participation at the Indonesian Coffee Festival in Russia held by the Indonesian Embassy in Moscow on October 11, 2019. Cocar Coffee Russia is a roasting company and coffee importer that has brought in more than 100 containers of coffee from abroad, particularly Africa and Latin America during 2018.

The Embassy of the Republic of Indonesia in Moscow is one of the most active Indonesian representatives in encouraging the export of various Indonesian products, especially coffee. An example of an Indonesian coffee exporter, Tanamera, shows that coffee export to Russia is a form of synergy of economic diplomacy conducted jointly between the government and business actors, especially in encouraging the achievement of the RI-Russia bilateral trade target of US \$ 5 billion by 2020. The move is a starting point for Indonesia to break into the top 5 largest coffee exporters for Russia (<https://ekonomi.bisnis.com/read/20191205/12/1178415/perdana-tanamera-kapalkan-kopi-ke-rusia>). Indonesia's economic diplomacy strategy demonstrates the ability to coordinate between domestic and foreign representatives (Van Bergeijk, De Groot and Yakop, 2011), such as the Indonesian Embassy in Moscow and Indonesian employers' associations (such as the Indonesian Chamber of Commerce or KADIN), coffee farmers groups from various regions of Indonesia, and entrepreneurs or importers of coffee in Russia.

CONCLUSION

The pandemic period prompted the Indonesian government to implement a strategy of economic diplomacy that was different from the previous period. Virtual meetings, the mobilization of coffee entrepreneurs at international webinar forums, and the active role of the Indonesian Embassy can be said to have become a new strategy for Indonesian economic diplomacy. The new strategy is crucial in increasing Indonesian coffee exports to the Russian market in the pandemic period. The findings regarding the new strategy in economic diplomacy can be a strategic input for Indonesian government in formulating new economic diplomacy policy to other various countries during pandemic.

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