

# Enhancing Bilateral Ties: Analyzing the Multidimensional Cooperation between Indonesia and South Korea under the NSP Plus Framework

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## Abstrak

*Kebijakan New Southern Policy (NSP) Plus, sebuah inisiatif Korea Selatan untuk mempererat hubungannya dengan negara anggota ASEAN, menghadirkan peluang unik untuk meningkatkan kerja sama dan pembangunan bilateral, khususnya dengan Indonesia. Penelitian ini menyelidiki dinamika dan potensi kemitraan yang semakin intensif ini, dengan fokus pada implikasinya bagi pemberdayaan ekonomi dan sosial pada lingkup domestik dan internasional. Studi ini berlandaskan pada teori kelembagaan neoliberal dengan perspektif Keynesianisme dalam hubungan internasional, yang menawarkan pembahasan mengenai mekanisme kerja sama internasional dalam aspek multidimensi. Dengan menggunakan metode penelitian kualitatif dan analisis deskriptif, studi ini meneliti aspek-aspek pelengkap dari ekonomi Indonesia dan Korea Selatan dan bagaimana sinergi ini dapat mengangkat inisiatif NSP Plus dari kerangka bilateral menjadi model kerja sama internasional yang lebih luas. Penelitian ini berpendapat bahwa manfaat bersama yang diperoleh dari kemitraan ini sangat penting dalam membina hubungan yang lebih erat dan berpotensi dapat direplikasi di bidang kolaborasi internasional lainnya. Aspek penting dari studi ini adalah eksplorasi peran pemerintah sebagai fasilitator kebijakan dan keterlibatan aktif sektor swasta dan masyarakat luas dalam upaya kerja sama ini. Pendekatan multi-pemangku kepentingan ini penting untuk memahami dinamika kerja sama internasional dan dampaknya terhadap elemen-elemen masyarakat. Tidak hanya itu, penelitian ini menerapkan konsep Keynesianisme tentang five-multiplier effect pada pertumbuhan ekonomi untuk menganalisis bagaimana kebijakan NSP Plus dapat mendukung siklus pembangunan domestik; termasuk penciptaan lapangan kerja, perluasan pasar, dan pertumbuhan pasar investasi, yang semuanya difasilitasi oleh keterlibatan sektor swasta. Studi ini bertujuan untuk memahami secara komprehensif potensi inisiatif NSP Plus dalam memperkuat hubungan Indonesia-Korea Selatan dan implikasinya yang lebih luas bagi pembangunan ekonomi regional dan kerja sama internasional.*

*Kata kunci: bilateral, Indonesia, NSP Plus, kemitraan, Korea Selatan*

## Abstract

*The New Southern Policy (NSP) Plus, an initiative by South Korea to deepen its ties with the Association of Southeast Asian Nations (ASEAN), presents a unique opportunity for enhanced bilateral cooperation and development, particularly with Indonesia. This research delves into the dynamics and potential of this intensified partnership, focusing on its implications for domestic and international economic and social empowerment. This study is anchored in the neoliberal institutional theory with the Keynesianism perspective within international relations, offering a nuanced perspective on international cooperation's mechanisms and multidimensional outcomes. Employing a qualitative research method and descriptive analysis, this study examined the complementary aspects of Indonesia and South Korea's economies and how these synergies can elevate the NSP Plus initiative from a bilateral framework to a more expansive model of international cooperation. This research posits that the mutual benefits derived from this partnership are pivotal in fostering closer ties and can potentially be replicated in other areas of international collaboration. A significant aspect of this study is the exploration of the government's role as a policy facilitator and the active*

*involvement of the private sector and broader community in these cooperative efforts. This multi-stakeholder approach is critical in understanding the dynamics of international cooperation and its impact on societal elements. Furthermore, this research applied the Keynesianism concept of the five-multiplier effect on economic growth to analyze how the NSP Plus policy can bolster domestic development cycles. It includes job creation, market expansion, and investment market growth, all facilitated by the private sector's engagement. The study aims to comprehensively understand the NSP Plus initiative's potential in strengthening Indonesia-South Korea relations and its broader implications for regional economic development and international cooperation.*

*Keywords: bilateral, Indonesia, NSP Plus, partnership, South Korea*

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## INTRODUCTION

National security, particularly within a regional context, is paramount for any country, necessitating strategies to mitigate tensions that threaten a nation's security (Viotti and Kauppi, 2014). In the era of globalization, competitive vulnerabilities have prompted the Moon administration in South Korea to initiate economic reforms in 2017, focusing on expanding both domestic and foreign economies. This vision materialized through the New Southern Policy (NSP), a foreign policy initiative officially announced during President Moon's state visit to Indonesia in November 2017 (Botto, 2021). The NSP, structured around three main pillars—people, prosperity, and peace—encompasses 16 critical work areas that foster cooperation between South Korea and the Association of Southeast Asian Nations (ASEAN) (Yoon, 2020). The inception of the NSP was driven by a strategic need for autonomy and diversification of economic alignments, achieved through a balanced approach to diplomatic and economic cooperation (Wongi, 2021).

The NSP is a policy instrument to enhance diplomatic and economic relations with ASEAN and India, propelled by domestic economic development measures that integrate and intensify economic cooperation. On November 12, 2020, the NSP was updated to NSP Plus, reflecting new development policies in response to the economic challenges posed by the global COVID-19 pandemic (Thuzar, 2021). The NSP Plus initiative symbolizes South Korea's adaptive foreign policy approach, aimed at bolstering the nation's economy amidst reduced economic and social cooperation due to the pandemic (Presidential of New Southern Policy Committee, 2020). In the wake of market competition and global health countermeasures post-2020, NSP Plus emerged as a pragmatic policy to redirect efforts, restore

cooperation, and strengthen South Korea's economic resilience. It also signifies South Korea's expanded ambitions as a middle power in the international arena (Wongi, 2021).

The economic downturn risk, marked by market stagnation and diminished cooperation during the pandemic, has led South Korea and ASEAN to forge stronger ties, exemplified by the signing of the Free Trade Area (FTA) agreement and improved bilateral relations with the ASEAN Member States (AMS) (Lee, 2019). The ASEAN market's potential, dominated by developing AMS, represents a pivotal shift in aligning NSP Plus policies, targeting domestic interests and societal rebuilding through comprehensive economic engagement (Thuzar, 2021). From Indonesia's perspective, with its diverse market potential and socio-economic conditions, there lies an opportunity for more complementary cooperation, particularly given its status as the largest country with varied socio-economic activities within ASEAN.

The cooperative relationship between South Korea and Indonesia has evolved into an inclusive and strategically enhanced partnership. As an AMS, Indonesia's free-active foreign policy stance underscores the significant potential of Indonesia-South Korea cooperation within the NSP Plus framework. NSP Plus is a policy instrument for Indonesia to strengthen cooperation ties and address imbalances caused by market stagnation during the global pandemic. Among other AMS, South Korea views Indonesia as a key partner (Suoneto, 2021) due to its regional leadership, strategic geographical position, large population, and abundant natural and human resources (Emmers, 2014).

This research focuses on the impact of the NSP Plus renewal on the intensification of Indonesia-South Korea cooperation, leading to expanded and more complementary forms of cooperation. Among the seven new initiatives of NSP Plus, this study concentrates on Initiative 4 (promotion of sustainable and mutually beneficial trade and investment) and Initiative 6 (cooperation in industry for mutual prosperity), as both are intrinsically linked to the outcomes of intensive collaboration. The analysis employed the concept of the five multiplier effects of economic growth to identify the implications of these initiatives. Implementing Indonesia-South Korea development cooperation, particularly in these areas, establishes a high level of complementary collaboration. South Korea is an industrial hub, and Indonesia is a market-rich country with high consumption levels. Through a detailed review of the cooperation agenda, this research aims to elucidate strategies for strengthening the Indonesian economy.

## **LITERATURE REVIEW**

### **SOUTH KOREA'S NATIONAL INTEREST IN NSP**

The achievement of national interests in the era of globalization encourages interconnection and broad cooperation through a policy embracing broader international cooperation. An effort to achieve South Korea's interest in enhancing cooperative partnerships with Southeast Asia was initiated through the NSP policy. The improvement of partnership status with Indonesia, in particular, was carried out due to Indonesia's broad market potential with the high economic cycle of the country and the defense sector capable of encouraging defense and military cooperation with South Korea (Pashaa and Paksi, 2022). This research leads to the NSP prosperity and peace pillar by looking up in NSP impact on the economic and defense sectors of Indonesia.

The significant impact of NSP was achieved through the official signing of the Indonesia-Korea Comprehensive Economic Partnership Agreement (CEPA) in 2020, which helped both countries improve the trade sector through export and import activities by removing barriers to tariffs on goods and trade. The research result shows the

increase in the defense sector between the two countries, viewed from the intensification and renegotiation of the joint venture project to manufacture fighter jets, which was initiated in 2011. The existence of improving the trade and security sector in the NSP policy scheme offers a different analysis in directing the research to the cooperation of NSP Plus initiatives in the trade and investment sector, as well as improving the agenda of deploying the technology industry. This study focuses on theoretical analysis of the five-multiplier effect of the economic growth concept related to the complementary NSP Plus cooperation through both sectors to gain a possibility for collaboration in the industry multiplied.

### **BILATERAL PARTNERSHIP BETWEEN INDONESIA AND SOUTH KOREA**

One of the closest bilateral partnerships between Indonesia and South Korea is bilateral trade cooperation through trade liberalization agreements negotiated by the Joint Study Group (JSG), commonly known as the Indonesia-Korea Comprehensive Economic Partnership Agreement (IK-CEPA). IK-CEPA is a bilateral trade and economic cooperation agreement based on three main pillars: access to trade in goods and services, trade and investment facilitation, and cooperation and capacity building (Sudirman, 2023). First proposed and drafted in 2012, IK-CEPA underwent temporary suspension in 2014 and then reactivated in 2019 until it was finally signed in 2020. The halt in the IK-CEPA negotiation in 2014 was caused by several issues, including South Korea's failure to make decisions.

IK-CEPA represents a new opportunity for both countries to optimize their capabilities and gain more benefits. The IK-CEPA between Indonesia and South Korea presents new opportunities in trade, investment, and economic cooperation for both countries. The agreement allows Indonesian products to enter the South Korean market and vice versa while offering convenience and protection for investors from both countries. The agreement is expected to boost economic growth and create jobs in both countries. In addition, IK-CEPA has the potential to strengthen bilateral relations between Indonesia and South Korea, as well as provide a positive

model for ASEAN countries and South Korea in expanding regional economic cooperation (Sudirman, 2023). This research focuses on Indonesia as a country with great potential for economic development agenda through the trade and investment sector, as well as the development of an innovative and sustainable technology industry. The possibility for multiplied cooperation comes from the NSP Plus initiative because it is based on Indonesia and South Korea's efforts to fulfill the market and industrial needs of the country.

Through the explanation and the basic assumptions of the international relations concept in the theory of neoliberal institutionalism, it is concluded that NSP Plus as a complementarity policy provides an opportunity to create broader cooperative relations for Indonesia as a member country of ASEAN and South Korea as the initiated country of the policy. Both countries have long-term interests in dealing with the imbalance in cooperation due to the global pandemic, which also led to domestic economic decline. The idea of NPS Plus led to the intensification of Indonesia-South Korea cooperation through the accessibility of more targeted cooperation projections on the NSP Plus initiative. The result of the international cooperation scheme gives inception to an active, intensive relationship between Indonesia and South Korea through participation in the roles of high-ranking state officials, non-governmental organizations (NGOs), private companies, and the people of both countries. The compatibility of Indonesia's economic and social conditions with South Korea aligns with the concept of international cooperation based on shared national interests, with the possibility for multiplied cooperation.

The superiority of the Indonesian market illustrates its huge potential, attracting South Korea's attention, especially in boosting active partnerships in various sectors. NSP Plus, as a complementary policy, provides an excellent opportunity for the two countries to establish international cooperation even in an anarchic system. The rationality of the state in establishing international cooperation in various sectors is a non-negotiable interest. The acknowledgment of neoliberal institutionalism in international political stability reveals that a state will

never be able to fulfill its interests and compensate for its autarchic shortcomings without the operation of intensive and complementary cooperation (Hadiwinata, 2017). The concept of the five-multiplier effect of economic growth views international cooperation as an opportunity for countries to fulfill their national interests and open the effects of multiplied collaboration compared to the mutually agreed agreements.

## RESEARCH METHOD

This study employed a deductive approach within the qualitative research framework, utilizing a descriptive methodology. The qualitative method was selected for its suitability in analyzing complex data and aligning it with this research's specific variables and objectives. The descriptive qualitative approach is instrumental in detailing the data sources and the methodologies employed for data collection and analysis.

This research utilized secondary data comprising scholarly articles, books, official websites, and comprehensive literature reviews from previous studies. These sources have been meticulously selected to ensure credibility and reliability, guaranteeing the data's accuracy and validity. This study focuses on the complementary cooperation between Indonesia and South Korea, as manifested in the intensification of trade and investment sectors, as well as in innovative industry and technology collaborations under the NSP Plus policy initiative. The research aims to analyze the outcomes of the NSP Plus policy, mainly how it fosters direct, expansive, and interrelated cooperation between the two nations.

In terms of methodology, a literature review formed the core of the research, drawing from a range of secondary sources, including books, academic journals, official government reports, and digital resources. The analytical process adhered to the Miles and Huberman model, involving a systematic progression through stages of data collection, data reduction, conclusion drawing, and triangulation to mitigate bias (Miles, Huberman, & Saldana, 2014). This model is particularly effective in ensuring that the analysis remains focused on the research problem, facilitating the distillation of complex data into more manageable and relevant information.

During the data analysis phase, emphasis was placed on aligning the data with the central research questions. It involved carefully presenting and simplifying the data to ensure the relevance of the analysis to the research objectives. Concluding represents the culmination of the data analysis and processing techniques. This final stage is critical in synthesizing the findings and presenting them in an informative manner, reflecting the research goals.

## RESULT AND ANALYSIS

### NSP PLUS AND INTENSIFICATION OF INDONESIA-SOUTH KOREA COOPERATION

The increasing ties among countries in the global cooperation scheme are based on national needs and interests, both domestically and abroad. According to Keohane, international cooperation is based on the state's long-term interest and rational idea in fulfilling the market balance, which becomes a strategy to deal with market failures and imbalances (Keohane and Nye, 1977). Neoliberal institutionalism assumes that the emergence of international organizations and regional organizations provides empirical justification that organizational models are expected to bridge the gap over the inability of the state to fulfill national interests and needs.

Through improving the prospects for NSP cooperation that provides tangible benefits for ASEAN partners, South Korea indicated the need for an objective evaluation and review of the sustainability of NSP, especially amid the instability of the market system and cooperation due to the issue of the global COVID-19 pandemic, which has severe implications for stagnation and economic crisis. The renewal of NSP Plus was triggered by the COVID-19 crisis that urged the entire international economic global system, demanding a need for a change in the direction of South Korea's new development policy focused on intensifying recovery cooperation in response to the decline of economic-social cooperation.

NSP Plus was officially announced during the 21st South Korea-ASEAN Summit, held via online conference on November 12, 2020. It received a constructive response from ASEAN officials and

representatives of each AMS. The inauguration of the extension of NSP Plus as a foreign policy in partnership with ASEAN reveals that the selection of topics discussed constituted the main agenda of the 21st South Korea-ASEAN Summit, specifically the establishment of future development collaboration. (Presidential of New Southern Policy Committee, 2020). Pursuing the essential reasons for the renewal of NSP Plus, when viewed from the perspective of Indonesia as a country that certainly experiences such a significant impact from economic to social aspects, intensification of cooperation with South Korea through crucial indicators of NSP Plus renewal is highly necessary, expected to be able to recover the country's economy amid a global economic crisis (Sohyun, 2022). Indonesia, as an AMS actively engaged in the regional and national development agenda, regards the NSP Plus initiative cooperation scheme as a vital decision-making step to enhance collaboration in superior sectors with South Korea.

To meet the need for field indicators in the intensification of cooperation, NSP Plus was updated with details of seven main areas that broadly focus on sustainable industries in the future, improving the quality and standard of living of human resources, and comprehensive public health. The seven initiatives include (1) Comprehensive health care cooperation, (2) Supporting education and human resources models centered on developing the quality of human resources, (3) Promotion of two-way cultural exchange, (4) Promotion of sustainable and mutually beneficial trade and investment, (5) Improving the quality of life with infrastructure development, (6) Cooperation in innovative industries for mutual prosperity, and (7) Cooperation for a safe and peaceful society (Lee & Ro, 2022)

This study adopted the concept of the five-multiplier effect of economic growth in analyzing the attracting factors of South Korea's cooperation with ASEAN, especially in the implementation of NSP Plus renewal, with a focus on expanding the range of development to Indonesia. In the prosperity pillar and the point of renewal of NSP Plus, there is also an agenda of improving the institutional framework with active participation in development to create sound investment and trade

activities (Lee & Ro, 2022). Through the promotion of the NSP Plus initiative, this study tries to describe the cycle of cooperation generated through NSP Plus achievement by relating data and analysis to the five-multiplier effect of the economic growth concept. In addition, the thoughts put forward in the concept of the five-multiplier effect of economic growth can explain economic development by forming the character of NSP Plus as a development policy oriented toward the concentration of investment and trade.

NSP Plus allows Indonesia to create a peaceful and prosperous community that highlights the recovery from the global pandemic crisis. The increase in planning for developing the South Korea-Indonesia partnership creates a win-win international cooperation situation through implementation plans aligning with each other's interests. According to Keohane, international cooperation is based on the long-term interest and rational idea of the state to reach the market balance, which becomes a strategy to deal with market failures and imbalances (Grieco, 1988).

However, it is worth considering that the South Korea-Indonesia strategic partnership forms a pattern of partnership cooperation called a robust policy because the consistency of the two actors is implemented continuously. The inception of this consistency seeks the continuous development of NSP Plus with guaranteed legitimacy and credibility. In line with the projected expansion of the South Korean market to Indonesia to deeper partnerships and more various activities, the assumptions on the concept of international cooperation describe South Korea's cooperation in Indonesia with a focus on the NSP Plus initiative. Furthermore, NSP Plus, as a policy intended to bridge and become a policy strategy in establishing cooperation with Indonesia, is a manifestation of South Korea's efforts to expand the development project.

#### THE POSSIBILITY FOR MULTIPLIED COOPERATION OF NSP PLUS

The expansion of South Korea's strategic policy with the renewal of the NSP policy to NSP Plus is targeted to be able to strengthen the economic development of the

two actors in the face of the economic crisis and the social involvement. Thus, in responding to the absence of cooperation involving the economic and social communities, this study discusses new debates in the NSP Plus policy through a research focus on trade and investment cooperation and the development of innovative industries and technologies. Therefore, the main points of the influence of NSP Plus policies on efforts to strengthen the Indonesian economy are at the constraints of research leading to two NSP Plus, in Initiatives 4 and 6. The focus of further discussion and analysis of the two initiatives was motivated by the implications and prospects of the two sectors in the same direction as the concept of a five-multiplier effect of economic growth. The two industries are closely related to the dynamics of development cooperation between Indonesia and South Korea through the expansion of economic activities, impacted by economic turnover between investment, trade, industry, and technology sectors in Indonesia. The indicators of the NSP Plus initiative go straight to a complementary partnership between Indonesia and South Korea in realizing the possibility of multiplied cooperation in the leading of Initiative 4 and Initiative 6.

#### Initiative 4: Promotion of Sustainable and Mutually Beneficial Trade and Investment

International trade is an essential factor behind the pattern of economic growth and development, which is principally based on the state's purpose in facing competitive market competition as a part of fulfilling the state's interests and needs. The output of transnational trade is interconnected with the state's efforts to achieve the welfare and prosperity of the country (Polachek, Robst, & Chang, 1999). The evolution of various types of investment into economic activities in the globalization era has become one of the relative cooperation mechanisms amid the impact of the liberalization of international trade. The investment positively affects future generations' wealth needs through job creation and the demand for the production and supply of goods and services. Government intervention in promoting economic development and improving market operations

is carried out through a policy (Sadeh, Radu, Feniser, & Borşa, 2020). Various supplies, both funds and government policies, which actively stimulate an opening wider road to support the expansion of employment to productive capital investment, are seen to minimize the impact of the crisis.

The integration between trade and investment gradually pressured the country to innovate through the idea of foreign trade policy (Hirschman, 1980) NSP Plus became a policy tool of political pressure that actively required states to interact with each other in agreed partnership schemes.

The volume of trade and investment cooperation between Indonesia and South Korea was integrated through Indonesia's participation in the full South Korea-ASEAN dialogue partnership relationship in 1991 (Centre, 2020). These trade and investment activities underscore Indonesia's need for the attention of investors and supplier countries that excel in supporting domestic economic movements. Maximizing two-way trade and investment interactions expands the reach of the vision and mission of NSP Plus in achieving the economic development agenda through the intensification of cooperation in the trade and investment sectors. Hence, the complementary partnership of NSP Plus highlights the urgency of trade and investment cooperation in supporting the achievement of a better economic cycle during the global pandemic.

The trade liberalization model has significantly embraced each country to interact with each other in designing national development strategies through international cooperation (Lee & Ro, 2022). Trade liberalization is a crucial strategy to achieve a more open and free cooperation mechanism, prompting Indonesia to reach an agreement with South Korea through the official implementation of the IK-CEPA on December 18, 2020, with the implementation of tariff barriers for market access to goods (Ministry of Trade of the Republic of Indonesia, 2022). The IK-CEPA deal eliminates import tariffs on 95.5% of Indonesia's exports to South Korea and 93% of South Korea's exports to Indonesia (Koty, 2022). The expansion of market access between Indonesia and South Korea has achieved a broader capability to minimize market stagnation.

In terms of NSP Plus as a complementary policy that exists in expanding the scale of trade and investment supply, South Korea plays a key role as a partner country for the partnership. In addition, the renewal of NSP Plus by targeting the Southeast Asian region as a policy partner region cannot be separated from the growing relationship between South Korea and the AMS, especially Indonesia, in economic and political relations. Diplomatically, Indonesia and South Korea have a common interest in reaching an official agreement and upgrading their diplomatic ties to a special strategic partnership (Koty, 2022). Since the complementary economic and political relations between Indonesia and South Korea, Indonesia has become South Korea's second-largest destination for foreign direct investment (FDI) in ASEAN, with growth reaching USD 19.28 million with a scale of 39% in 2021 (Choi, 2022).

According to the concept of the five-multiplier effect of economic growth, the promotion of economic development provides a great opportunity to multiply cooperation of the Indonesian economy, which can raise employment opportunities in increasing micro, small, and medium enterprises (MSMEs), escalate the demand for goods and services, and grow the number of workers. The success of the economic field is not only based on the increase of the country's economy or gross domestic product (GDP), without paying attention to the developing industrial sector. Analysis of the concept of a five-multiplier effect of economic growth illustrates the raise in market activity in the trade and FDI sectors by generating great opportunities to boost the chances of MSME products penetrating the international market at 0% rates. Through socialization with representatives of the Indonesian Export Education and Training Center, MSME players are strongly encouraged to open product market access, allowing them to compete in the global market (Ministry of Trade of the Republic of Indonesia, 2021)

#### **Initiative 6: Cooperation in Innovative Industries for Mutual Prosperity**

The pace of escalation of digital transformation explores the presence of digital economy growth that accelerates global economic changes, especially amid the

spread of the financial crisis during the COVID-19 pandemic. Increasingly fierce market competition strengthens the assumption of international cooperation regarding market balance that needs to be elaborated through international collaboration (Saeri, 2012). According to a review of global policy studies by Mellisen and de Keulenaar (2017), South Korea's digitization is an essential asset in its diplomatic relations and cooperation with various countries. The South Korean government adopted the narrative of economic strengthening through innovative industries by implementing the NSP Plus renewal vision focused on digital collaboration with ASEAN. In line with Hallyu's high distribution demand for the manufacturing industry, electronic products from South Korea are becoming a trend of digital consumption in the Southeast Asia region (Indraswari, 2022).

South Korea's excellence in digital infrastructure, supported by high connectivity and technological integration, has attracted much attention from Indonesia in finding the multiplied partnership in the digital transformation industry. South Korea's exist in credibility highlights the innovative industry's areas of excellence in establishing cooperation and diplomacy through the implementation of appropriate policies. Moreover, the projection of NSP Plus, with a vision of developing innovative industry partnerships, has received attention from the Indonesian government (Ministry of Trade of the Republic of Indonesia, 2022; Lee & Ro, 2022; Melissen & De Keulenaar, 2017; Sudirman, 2023). South Korea's attention to Indonesia in making a new production base in ASEAN has been realized through the construction of the first automotive factory company in ASEAN, which became Hyundai's Research and Development (R&D) center. Hyundai Company's production development resulted in various profits in terms of investment. These improved employment opportunities almost absorbed as many as 2,000 workers, escalated exports, and the use of local raw materials (Ministry of Investment / Indonesia Investment Coordinating Board (BKPM), 2022).

In addition, a Memorandum of Understanding (MoU) has been agreed in the cooperation of investment projects and development of the electric vehicle battery

cell industry by the South Korean company LG, running since 2020 by embracing local entrepreneurs and small and micro enterprises (SMEs) with good potential, capability, and capacity. The joint venture between LG companies and industrial SMEs has driven the country's economy, impacting employment and the growth of the private sector (Ministry of Investment/Indonesia Investment Coordinating Board (BKPM), 2020). Therefore, the acceleration of South Korean Chaebol companies in Indonesia through the development of innovative, digital, and investment industries has driven domestic economic activities through the expansion of employment and the growth of private sector involvement.

The expansion of policy strategy through diversification of two-way cooperation reflects the intense effort of South Korea to relocate its production to the level of highly competitive global marketing. The trend of South Korean market activity to prominently involve the independent private sector, such as Samsung, LG, Hyundai, Kia Motor, and various other companies in achieving government interests plays a crucial role in the expansion of FDI (Visions & Nicolas, 2021). The market expansion of South Korean global companies in AMS has supported the agility of the country's economy with a significant FDI reach, and the establishment of branch offices spread throughout Indonesia.

In line with the analysis of the concept of the five-multiplier effect of economic growth, the possibility of creating multiplied cooperation between Indonesia and South Korea lies in economic movements, which directly impact the country's financial resilience and strengthen the ongoing financial stability. The achievement of economic development of both countries is the result of their partnership commitment to establish cooperation through the implementation of the sixth initiative from NSP Plus. The significance of NSP Plus cooperation in achieving the vision of the success of the NSP Plus initiative can be seen materially from the openness of South Korea's industry in Indonesia. The increase in material obtained by Indonesia is evidenced by the rise in employment rate created by Hyundai's R&D company and the involvement of the private sector in the development of innovative industries.



## CONCLUSION

The renewal of NSP Plus, with a more targeted cooperation sector offering, is critical in promoting Indonesia's economic development to South Korea. The NSP Plus policy does not prevent the creation of more multiplied cooperation. It expands partnership schemes, allowing the market expansion between Indonesia and South Korea to become an essential stimulus that successfully builds community empowerment through domestic and foreign economic development. Broadly, the manifestation of partnership under the complementary policy of NSP Plus has affected the trade and investment sector, as well as the increase in innovative industries. Under the system of anarchism in international cooperation, both countries can set limits on policies that do not significantly impact both parties. Through the implementation of the complementary policy of NSP Plus, Indonesia and South Korea stride anarchism while still prioritizing national interests.

Based on the argument of the five-multiplier effect of the economic growth concept in articulating the meaning of state development and economic agility, Indonesia and South Korea have succeeded in maintaining market movements while still paying attention to the leading industrial sectors that can move together as the NSP Plus policy that prevents the realization of cooperation between them. The scale of the country's economic agility can be measured by the resilience of its financial system; Indonesia and South Korea have been connected through the active participation of the trade and investment sectors, as well as the development of innovative industries to meet and achieve market needs. When viewed from Indonesia's perspective in the service of investment needs and superior automotive sources, South Korea has filled the void by placing more complementary cooperation through the implementation of IK-CEPA. The impactful advantages, as the result of the implementation of market openness, provide great opportunities and results for the spread of suitable economic activities in Indonesia. The existence of South Korea in seeking a broad and potential market scale is realized with the existence of significant market potential in Indonesia, especially in investment and marketing of innovative industries.

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