


Geopolitics And Its Impact On The Indonesian Economy In The Era Of Globalization

Valhan Hamdiana Rachman
Universitas Pasundan, Indonesia

Article Info	ABSTRACT
<p>Keywords: Geopolitics, Economy, Globalization Era, Policy, Global Competitiveness.</p>	<p>This study aims to analyze the relationship between global geopolitical dynamics and its impact on the Indonesian economy in the era of globalization. Geopolitics, as the study of the influence of political power on territory and resources, is increasingly playing a strategic role in determining a country's economic stability and growth. In the era of globalization, technological advances, and changes in the world order are accelerating changes in geopolitical relations, which have direct implications for the economic sector, including trade, investment, and energy security. This research uses a qualitative-descriptive approach. The results of this study show that geopolitics has a significant impact on the Indonesian economy, both in terms of trade, investment, the maritime sector, and tourism. Global geopolitical instability, such as international tensions and protectionist policies, can disrupt international trade routes, increase logistics costs, and affect the flow of foreign investment to Indonesia. In addition, disruptions to Indonesia's maritime security, such as smuggling of goods and overlapping territorial claims, have the potential to harm economic sectors that depend on natural resources and maritime transportation. On the other hand, geopolitical tensions have also had an impact on the decline in the number of foreign tourists, which has an impact on the decline in Indonesia's tourism sector revenue. Overall, this study underlines the importance of geopolitical stability in ensuring the sustainability and growth of the Indonesian economy amidst changing global dynamics.</p>
<p>This is an open access article under the CC BY-NC license</p> 	<p>Corresponding Author: Valhan Hamdiana Rachman Universitas Pasundan, Indonesia valhan.hamdiana@unpas.ac.id</p>

INTRODUCTION

Indonesia's geopolitics is an important factor that influences the nation's perspective and attitude towards its geography or territory. With a strategic position between two oceans and two continents, Indonesia has a significant geopolitical role on the global map. This position provides great opportunities in international trade, natural resource management, and global diplomacy (Hendrajit, 2017). However, on the other hand, the geopolitical aspect also presents various challenges, especially in facing the era of globalization which is marked by changes in technology, international relations patterns, and other global dynamics (Zulkarnain et al., 2018).

In today's era of globalization, Indonesia's geopolitical problems are increasingly complex. One of the main issues is the struggle for influence in the Indo-Pacific region, where major powers such as the United States and China compete to control major trade routes (Yadav, 2022). This condition affects regional political and economic stability, which has a direct impact on Indonesia's national interests. In addition, issues of territorial sovereignty such as border conflicts in the North Natuna Sea add to Indonesia's geopolitical complexity, testing the country's diplomatic and defense capabilities (Anugerah, 2021).

Technological advances in the era of globalization also strengthen the geopolitical dimension. The use of digital technology to secure borders, monitor maritime activities, and manage natural resources is an urgent need (Sarjito & Duarte, 2023). However, on the other hand, technology also opens up gaps for non-traditional threats such as cyber warfare and the spread of disinformation that can affect national stability. In this context, Indonesia needs to build strong technological capabilities to manage geopolitical challenges in the modern era (Sa ;diyah & Vinata, 2016).

Violations of Indonesia's territorial boundaries are a serious issue that has implications for various aspects of national life. One form of violation that often occurs is fishing activities by foreign fishermen in Indonesian waters (Muhamad, 2016). This activity not only violates state sovereignty but also causes exploitation of fishery resources that should be the rights of the Indonesian people. When fish stocks decrease due to this illegal activity, coastal communities that depend on marine products for their livelihoods will feel a significant economic impact. The decline in fish catches results in a decrease in their income, which ultimately affects the welfare of the community and the sustainability of the local fishing industry (Gerungan, 2016).

In addition to illegal fishing, smuggling of goods through sea routes is also a major threat to Indonesia. This smuggling includes various types of goods such as drugs, humans, and high-value commodities such as oil, coal, and fish. This illegal activity harms the country in two main dimensions: economic and social (Anwar, 2016). From an economic perspective, smuggling of goods causes losses to state revenue due to the loss of potential taxes and levies. For example, smuggling of commodities such as coal or fish in large quantities reduces state revenues from the natural resources sector. Meanwhile, from a social perspective, human and drug smuggling have serious negative impacts on social stability, security, and public health (Subagyo & Wirasuta, 2013).

With a very large water area, it has a big responsibility to maintain its maritime sovereignty. An effective surveillance system is an urgent need to detect, intercept, and prosecute various potential violations of territorial boundaries, such as illegal fishing, smuggling of goods, and other cross-border activities (Yani & Montratama, 2015). The use of advanced technology, such as maritime radar, surveillance drones, and satellite-based ship tracking systems, can strengthen early detection capabilities for suspicious activities in Indonesian waters (Heppi, 2023). In addition, increasing the number of patrol fleets, both from the Indonesian Navy and the Maritime Security Agency (Bakamla), is needed to ensure a speed of response in dealing with violations. With integrated and modern supervision,

Indonesia can secure its marine resources while protecting trade routes that are the lifeblood of the national economy (Utami, 2022).

As the largest archipelagic country in the world, Indonesia is also obliged to build a strong maritime defense force as part of its prevention strategy. Investment in modernizing the main maritime weapons systems (alutsista), such as warships and maritime patrol aircraft, is very important to strengthen deterrence against external threats (Kennedy, 2017). In addition, training and capacity building of maritime personnel needs to be a priority to ensure readiness to face various security scenarios. In the economic context, this effort not only protects natural resources from illegal exploitation but also provides a sense of security to business actors in the fisheries and logistics sectors (Subroto, 2014). With solid maritime defense forces, Indonesia can play a strategic role in the Indo-Pacific region and ensure economic stability and regional security amidst global geopolitical dynamics.

This study aims to analyze and understand the dynamics of Indonesian geopolitics in the era of globalization and its impact on the national economy, especially in the context of territorial violations and marine resource management. This research is expected to provide in-depth insights for policy makers in formulating maritime surveillance strategies and strengthening regional defense to deal with threats that disrupt economic stability and state sovereignty. The benefits of this research include contributions to the development of more effective policies in maintaining regional sovereignty, protecting natural resources, and encouraging sustainable economic growth amidst global challenges. In addition, this research can be a reference for academics and practitioners in understanding the complexity of Indonesian geopolitics and its management opportunities in the future.

METHOD

This research is a qualitative research using a qualitative descriptive method that aims to describe geopolitical phenomena and their impact on the Indonesian economy in the era of disruption. As a qualitative research, this approach allows for in-depth exploration of social and economic issues related to geopolitics, such as border violations, smuggling, and natural resource management, which have direct relevance to national economic stability. Data collection techniques are carried out through literature studies, utilizing various secondary sources such as official government documents, international organization reports, academic journals, and credible mass media to obtain relevant and comprehensive information (Yulianah, 2022).

The data analysis process is carried out through systematic stages, starting from data collection, data reduction to filter the most relevant information, data presentation in the form of a structured narrative, to drawing conclusions based on the findings that have been processed (Sugiyono, 2010). This approach aims to provide a deep understanding of how geopolitical dynamics in the era of disruption affect Indonesia's economic policies and strategies, including government efforts to maintain maritime sovereignty and economic stability. Thus, this study is expected to provide significant contributions both in the academic context and in practical policies related to managing geopolitical challenges in the modern era.

RESULT AND DISCUSSION

Indonesia, as the world's largest archipelagic country with more than 17,000 islands, has a role that cannot be ignored in global geopolitics. Its location at the crossroads of two major oceans, namely the Indian Ocean and the Pacific Ocean, makes Indonesia an important axis in international shipping routes. Every year, thousands of merchant ships cross Indonesian waters, including the Malacca Strait, Sunda Strait, and Lombok Strait, which are strategic routes connecting Asia, Europe, and Australia. This geographical position not only provides economic benefits in the form of potential revenue from trade and logistics activities but also provides significant bargaining power in international diplomacy, especially in issues of maritime security, free trade, and Indo-Pacific regional cooperation (Annisa & Najicha, 2021).

In addition, Indonesia's strategic position creates complex challenges in managing its geopolitics. On the one hand, Indonesia has a great opportunity to become a leader in regional maritime security initiatives, such as through ASEAN and strategic partnerships with major countries. On the other hand, challenges arise from illegal activities such as smuggling, piracy, and violations of territorial boundaries by other countries that test its maritime resilience and sovereignty (Rustam, 2020). Therefore, strengthening maritime infrastructure, modernizing maritime defenses, and active diplomacy are essential steps to ensure that Indonesia is not only able to maintain its territorial sovereignty but also utilize its strategic position to support economic growth and global security stability. In this context, Indonesia has great potential to become a central force in shaping the dynamics of world politics and economy in the 21st century.

Indonesia's defense system, centered on the Indonesian National Armed Forces (TNI), is a key element in maintaining the country's sovereignty and territorial integrity. As the vanguard, the TNI is not only tasked with securing land and sea borders, but also maintaining domestic security from various threats, both conventional and non-conventional. The complexity of the Indonesian archipelago, with thousands of islands spread between two oceans, emphasizes the urgent need to have a strong and modern defense system. The Indonesian Navy, for example, plays an important role in securing international trade routes and preventing illegal activities such as smuggling and piracy in Indonesian waters (Putra & Pramono, 2017).

The integrity of the sea and land areas is a very crucial aspect in maintaining Indonesia's national defense. With increasingly dynamic geopolitical challenges, including tensions in the South China Sea and increasing illegal activities in Indonesian waters, the government needs to continue to strengthen maritime defense infrastructure and expand international cooperation in the security sector (Yanuarti et al., 2020). In addition, strengthening defense diplomacy is a strategic step to ensure that Indonesia is not only a spectator in regional dynamics, but also an active player capable of influencing the direction of global policy. By maintaining the integrity of its territory, Indonesia can ensure internal stability which is a prerequisite for sustainable development and economic progress in the future.

Strong and harmonious international relations are a key element in strengthening Indonesia's geopolitical position on the world stage. By establishing mutually beneficial partnerships, Indonesia can open up various opportunities for strategic collaboration, including in trade, investment, and technological innovation. This collaboration not only supports national economic growth but also strengthens Indonesia's position as a respected and trusted country in global dynamics. By utilizing inclusive and proactive diplomacy, Indonesia can continue to play an important role in creating fairer and more sustainable international relations, while strengthening stability in the region and the world as a whole (Gunawan, 2023).

The close relationship between the level of stability and security with economic growth is very important to understand, because both influence and support each other. Maintained political stability and security create a conducive climate for investment, both domestic and foreign, which in turn encourages sustainable economic growth. When a country has high stability, both in political, social, and security aspects, then economic sectors, such as trade, industry, and tourism, can develop more rapidly. In addition, the level of investor confidence in the country will increase, opening up opportunities for more investment which ultimately creates jobs and increases economic competitiveness.

On the other hand, political instability and security disturbances can create uncertainty that is detrimental to economic activity. Insecurity, such as the threat of terrorism, social conflict, or even international tension, can prevent investors from investing in the country, due to the high risks. This can lead to economic stagnation, decreased state revenues, and increased unemployment rates. Therefore, maintaining stability and security is not only a matter of national defense, but is also a key factor in ensuring the continuation of healthy and sustainable economic growth. The government needs to ensure that the policies implemented can create security that is not only physical but also maintains public and international trust in the stability of the country. In general, according to the author, geopolitics has an impact on the economy in Indonesia.

International Trade Fluctuations

Indonesia, as the largest archipelagic country in the world, is located on very strategic international trade routes, such as the Strait of Malacca, which is one of the busiest shipping lanes in the world. Geopolitical tensions that occur, both in the Southeast Asian region and at the global level, can disrupt the smooth flow of trade traffic. Conflicts between major powers or geopolitical rivalries involving countries surrounding Indonesia could cause disruptions to major trade routes, such as temporary closures or restrictions on access to vital sea lanes. This could slow down the delivery of goods, disrupt global supply chains, and increase logistics costs, which in turn harms economic sectors that depend on imports and exports, as well as reducing the volume of trade flowing into Indonesia.

Disruptions to shipping routes can also affect the prices of Indonesian exports and imports, which are heavily influenced by the stability of global supply and demand. For example, if there is tension that causes a spike in shipping costs or delays in shipping goods, the prices of commodities such as oil, gas, coal, or agricultural products exported by Indonesia could increase. This could reduce the competitiveness of Indonesian goods in the

international market and potentially affect state revenues obtained from the export sector. In addition, the increase in the cost of importing raw materials and consumer goods can also worsen domestic economic conditions, affect inflation, and reduce people's purchasing power. Therefore, geopolitical stability is crucial for Indonesia to ensure the smooth running of trade routes and the stability of the national economy.

Changes in Investment Flows

Geopolitical tensions and international instability can cause high uncertainty in global markets, which in turn affects foreign investment decisions. Large countries involved in conflict or implementing protectionist policies often increase the risk for investors, who tend to prefer more stable and safe markets to invest their capital. In this uncertain situation, foreign investors will seek countries that are considered more politically and economically safe, which can lead to a significant decline in direct investment flows to Indonesia. This investor decision can result in slowing infrastructure development, reducing industrial sectors that rely on foreign investment, and disrupting large projects that should be able to drive economic growth.

In addition, the decline in FDI flows can also have an impact on reducing employment opportunities and reducing Indonesia's economic competitiveness at the global level. Many sectors of the Indonesian economy, such as manufacturing, energy and technology, rely heavily on foreign investment to expand production capacity and create new jobs. Without a steady flow of investment, many domestic companies will be unable to increase their capacity, leading to stagnation in economic growth and reduced employment opportunities for the people. In addition, Indonesia will also have difficulty in introducing new technologies or innovations that can improve the efficiency and competitiveness of Indonesian products in the international market. Thus, geopolitical tensions not only disrupt political stability, but also affect the sustainability of economic growth and the country's competitiveness.

Natural Resource Prices

Indonesia as a major producer of natural resources (SDA), such as coal, oil, natural gas, and palm oil, is highly dependent on exports of these commodities to support the national economy. However, geopolitical policies of major countries and international tensions, especially those involving major energy producing countries, can affect the prices of these commodities in the global market. For example, political conflicts or trade wars between major countries such as the United States, China, or OPEC countries can trigger energy price volatility. These tensions often create uncertainty in commodity markets, causing energy and other raw material prices to fluctuate significantly, which has a direct impact on the economy of producing countries such as Indonesia.

These commodity price fluctuations have a direct impact on Indonesia's state revenue, which is highly dependent on the export of these natural resources. When commodity prices fall, state revenues decrease, which can affect the state budget and infrastructure development. On the other hand, a spike in commodity prices can create inflationary volatility that affects people's purchasing power. In addition, sharp price fluctuations can also disrupt long-term economic stability, as Indonesia relies heavily on the extractive sector to create jobs and support other sectors such as manufacturing and energy. In the long

term, commodity price instability could hamper sustainable economic planning, reduce Indonesia's competitiveness in international markets, and reduce the potential for economic growth.

Maritime Security Threats

Indonesia, as an archipelagic country with a very large sea area, has potential threats to its maritime security, which are increasing due to global geopolitical tensions. These tensions often trigger various threats such as smuggling of goods, piracy, and overlapping territorial claims with other countries. One real example is the tension in the South China Sea, which involves territorial claims by several large countries, including Indonesia. Legal uncertainty and tensions between countries in the region could create an unsafe situation for international shipping lanes, which in turn could increase threats to Indonesian merchant vessels passing through these waters. These threats to Indonesia's maritime security have the potential to harm the economy, as they could disrupt the flow of goods and slow down the distribution of key commodities to the global market.

Disrupted maritime security also affects the logistics and transportation sectors that are vital to the Indonesian economy. When the threat of piracy or smuggling of goods increases, the cost of securing shipping lanes will also increase, leading to increased logistics costs. This condition can reduce the efficiency of Indonesia's trade transportation system, affect the competitiveness of Indonesian products in the international market, and slow down the flow of goods needed for domestic industry. In addition, disruptions to maritime transport could add pressure to other economic sectors, such as tourism and fisheries, which depend on secure access to Indonesian waters. Thus, Indonesia's maritime stability and security are key to maintaining the smooth flow of international trade and supporting sustainable economic growth .

Impact on the Tourism Sector

Geopolitical instability occurring in the Southeast Asia region can affect global perceptions of security and stability in Indonesia, which ultimately has a direct impact on the tourism sector. International tensions or political conflicts in neighboring countries often raise concerns among foreign tourists about the potential risks they face when visiting the region. While Indonesia may not be directly involved in the conflict, the impact of geopolitical instability in the region could tarnish Indonesia's image as a safe and stable tourist destination. Fear of potential conflict or threats to safety could drive foreign tourists to other countries that are considered safer, reducing the number of tourist visits to Indonesia.

The decline in the number of foreign tourists visiting Indonesia certainly has an impact on state revenues from the tourism sector. This sector plays a very important role in the Indonesian economy, contributing significant foreign exchange and creating jobs in various related sectors, such as hotels, transportation, and local services. With the decline in international tourist visits, many businesses that depend on the tourism sector will experience a decline in income, potentially leading to layoffs and a decline in economic activity in areas that depend on tourism. In addition, the country will lose the opportunity to promote its cultural, natural, and economic tourism potential. Thus, geopolitical stability

plays a very important role in ensuring the sustainability and growth of Indonesia's tourism sector on the international stage.

Global Economic Policy

Economic policies implemented by major countries, such as free trade policies, economic sanctions, or protectionist policies, can have a significant impact on the Indonesian economy, given the country's integrated position in the global market. For example, changes in tariff policies by major countries such as the United States or China can affect the competitiveness of Indonesian products in the international market. If these large countries impose higher tariffs on imported products, this could reduce demand for Indonesia's export goods, which in turn reduces state revenues and slows economic growth. In addition, protectionist policies, which are often accompanied by import restrictions or subsidy policies for domestic industries in large countries, can also affect Indonesia's export market which depends on free market access.

On the other hand, economic sanctions imposed by major countries on Indonesia's trading partner countries can disrupt the flow of trade and investment that has been established with these countries. Indonesia, which is dependent on certain export markets or global supply chains, can experience negative impacts, such as decreased exports to sanctioned countries, increased import costs for raw materials, or obstruction of the flow of goods. Disruptions in this supply chain can affect various sectors of the Indonesian economy, from the manufacturing industry to the energy and agricultural sectors. In addition, political tensions and uncertainties arising from these policies could damage the investment climate, reduce foreign investor interest, and increase market volatility, which would impact Indonesia's overall economic stability.

CONCLUSION

Geopolitics plays a very important role in influencing the Indonesian economy, both directly and indirectly. Geopolitical instability, whether caused by international tensions, political conflicts, or the economic policies of major countries, can have a significant negative impact on vital sectors of the Indonesian economy. Disruptions to international shipping lanes, threats to maritime security, and economic policies such as trade tariffs and economic sanctions can reduce trade volumes, disrupt global supply chains, and hinder the flow of foreign direct investment. In addition, geopolitical tensions occurring in the Southeast Asian region or the world can also affect Indonesia's image in the eyes of the world, impacting the tourism sector which is highly dependent on stability and security. In this context, Indonesia needs to optimize foreign policy that prioritizes diplomacy and international cooperation to maintain geopolitical stability and minimize its negative impact on the domestic economy. Strengthening the maritime defense sector, adaptive trade policy management, and developing the tourism sector based on the advantages of Indonesia's natural resources and culture are important steps to ensure sustainability and stable economic growth. Therefore, geopolitical stability is not only an external factor that must be managed wisely, but is also the main key in maintaining Indonesia's economic competitiveness at the global level.

REFERENCES

1. Annisa, H., & Najicha, F. U. (2021). Konsekuensi geopolitik atas perdagangan internasional Indonesia. *Jurnal Global Citizen: Jurnal Ilmiah Kajian Pendidikan Kewarganegaraan*, 10(2), 8-14.
2. Anugerah, B. (2021). Pembinaan Wilayah Pesisir dan Pulau-Pulau Terdepan di Indonesia Dalam Rangka Menegakkan Kedaulatan Nasional. *Jurnal Kebijakan Pembangunan*, 16(2), 253-266.
3. Anwar, S. (2016). Membangun keamanan maritim Indonesia dalam analisa kepentingan, ancaman, dan kekuatan laut. *Jurnal Pertahanan dan Bela Negara*, 6(3), 69-90.
4. Gerungan, L. K. (2016). Penegakan Hukum Di Wilayah Perairan Indonesia. *Lex et Societatis*, 4(5).
5. Gunawan, I. (2023). Dinamika Politik Global Dalam Era Multipolar: Tantangan Dan Peluang Bagi Negara Berkembang. *Journal of Economic, Bussines and Accounting (COSTING)*, 6(2), 2787-2798.
6. Hendrajit, H. (2017). Pergeseran Sentral Geopolitik Internasional, dari Heartland ke Asia Pasifik. *Jurnal Lemhannas RI*, 5(1), 31-41.
7. Heppi, H. D. (2023). Peningkatan Keamanan Maritim Melalui Teknologi Deteksi Dan Pencegahan Kapal Berbahaya: Peningkatan Keamanan Maritim Melalui Teknologi Deteksi Dan Pencegahan Kapal Berbahaya. *Transborders: International Relations Journal*, 6(2), 37-49.
8. Kennedy, P. S. J. (2017). Tantangan pertahanan dan ekonomi Indonesia serta kebijakan yang perlu dilakukan. *Fundamental management journal*, 2(1), 67-76.
9. Muhamad, S. V. (2016). Illegal fishing di perairan indonesia: permasalahan dan upaya penanganannya secara bilateral di kawasan. *Jurnal Politica Dinamika Masalah Politik Dalam Negeri dan Hubungan Internasional*, 3(1).
10. Putra, I. N., & Pramono, S. H. (2017). Konsepsi pembangunan kekuatan dan kemampuan sistem informasi operasi TNI AL dalam mendukung penyelenggaraan strategi pertahanan laut nusantara. *JOURNAL ASRO*, 7, 1-48.
11. Rustam, I. (2020). Strategi maritime silk road China dan dampaknya pada keamanan maritim Indonesia. *Indonesian Journal of Peace and Security Studies (IJPSS)*, 2(2), 31-50.
12. Sa'diyah, N. K., & Vinata, R. T. (2016). Rekonstruksi Pembentukan National Cyber Defense Sebagai Upaya Mempertahankan Kedaulatan Negara. *Perspektif: Kajian Masalah Hukum Dan Pembangunan*, 21(3), 168-187.
13. Sarjito, I. A., & Duarte, E. P. (2023). *Geopolitik dan Geostrategi Pertahanan: Tantangan Keamanan Global*. Indonesia Emas Group.
14. Subagyo, A., & Wirasuta, D. S. (2013). Penyelundupan Manusia dan Ancaman Keamanan Maritim Indonesia. *Jurnal Pertahanan*, 3(3), 151-170.
15. Subroto, M. I. (2024). Perkembangan Kerja Sama Pertahanan Indonesia-Belanda Pada Periode 2014-2019. *Diplomacy and Global Security Journal: Jurnal Mahasiswa Magister Hubungan Internasional*, 1(1).

16. Sugiyono, S. (2010). Metode penelitian kuantitatif dan kualitatif dan R&D. *Alfabeta Bandung*, 170-182.
17. Utami, S. T. (2022). Keamanan Regional Asia Tenggara Dan Implementasi Terhadap Ketahanan Wilayah Indonesia Pasca Perjanjian AUKUS. *Jurnal Ketahanan Nasional*, 28(2), 199-222.
18. Yadav, A. S. (2022). *Indo-Pasifik: sebuah konstruksi geopolitik*. Elex Media Komputindo.
19. Yani, Y. M., & Montratama, I. (2015). Indonesia sebagai poros maritim dunia: suatu tinjauan geopolitik. *Jurnal Pertahanan dan Bela Negara*, 5(2), 25-52.
20. Yanuarti, I., Wibisono, M., & Midhio, I. W. (2020). Strategi Kerja Sama Indo-Pasifik Untuk Mendukung Pertahanan Negara: Perspektif Indonesia. *Strategi Perang Semesta*, 6(1).
21. Yulianah, S. E. (2022). *Metodelogi Penelitian Sosial*. CV Rey Media Grafika.
22. Zulkarnain, Z., Saragih, H. M., & Rambe, S. (2018). Pergeseran Sentral Geopolitik Internasional, dari Heartland ke Asia Pasifik, Apa Geopolitic Leverage Indonesia?. *Populis: Jurnal Sosial dan Humaniora*, 3(2), 721-732.