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**Assessing the Response of the Global South to Russo-Ukrainian War:
Case Study of India**

Muhammad Irsyad Abrar, Alfin Febrian Basundoro, Trystanto

**Challenges and Opportunities of the 2022 G20 Summit in Strengthening
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**Digital Economy To Boost Economy Recovery Post-Pandemic:
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The editorial board of Global South Review would like to express our utmost gratitude to all the peer reviewers that participated in this edition's articles review process.

Editor's Note

Mohtar Mas' oed
Suci Lestari Yuana

We are thrilled to present the latest issue of the *Global South Review*, featuring a diverse selection of articles that shed light on critical issues facing countries in the Global South. As always, our aim is to provide a platform for scholarly research and insightful analysis that contributes to a better understanding of the challenges and opportunities in this dynamic and evolving region.

Each article in this issue brings valuable insights into different aspects of the Global South's contemporary landscape, offering readers a comprehensive understanding of the issues that shape its trajectory. The theme that unites these articles is the interconnectedness of Global South issues, transcending geographical boundaries and highlighting the region's global significance.

The first article, titled "Assessing the Response of the Global South to Russo-Ukrainian War: Case Study of India," delves into the global geoeconomic impact of the Russo-Ukrainian War and its repercussions on Global South economies. This thought-provoking case study of India's response brings to the forefront the delicate balance between national interests and the principles deeply cherished by Global South countries. The authors' analysis raises pertinent questions about how Realpolitik influences foreign policy decisions in the Global South.

The second article, "Challenges and Opportunities of the 2022 G20 Summit in Strengthening Prevention, Preparedness, and Response (PPR) Financing as a Part of Global Health Architecture Restructuration," focuses on the critical issue of global health architecture. The article underscores the importance of global health equity, especially for low- and mid-income countries in the Global South. It emphasizes the need for multilateral cooperation to address health crises and the role of international forums like the G20 in finding sustainable solutions.

The third article titled "Global Health Governance: The Case of the Biopolitics of Covid-19 Vaccine Nationalism" makes a significant contribution to the ongoing discussion on Global South issues, particularly in the realm of global health governance. By exploring the concept of vaccine nationalism and its impact on the distribution of COVID-19 vaccines, the article addresses a crucial research gap in understanding the complexities of global health governance during the pandemic. This article examines the consequences of vaccine nationalism on the Global South, where low- and mid-income countries often face challenges in accessing sufficient vaccine doses for their populations. This examination highlights the stark disparities in vaccine distribution between countries in the Global North and those in

the Global South, resulting in vulnerabilities and inequities in the pandemic response.

Our fourth article, “The Shifting of Regional Regime: Study Case of Renegotiation NAFTA to USMCA,” brings attention to regional economic dynamics. The authors meticulously explore the factors that led to the renegotiation of NAFTA to USMCA, providing insights into the internal and external considerations driving regional trade agreements. This case study serves as an important reminder of the complexities surrounding economic integration and compliance with international laws in the Global South.

The fifth article, “Digital Economy to Boost Economy Recovery Post-Pandemic: Indonesia’s Strategic Position as New Economic Power in Southeast Asia,” highlights the transformative potential of the digital economy in Indonesia. The authors demonstrate how embracing the digitalization wave can pave the way for Indonesia to become a new economic power in Southeast Asia. The discussion on challenges and opportunities in this digital transformation provides valuable insights into the changing economic landscape in the Global South.

We, at the Global South Review Journal, firmly believe that addressing the issues and concerns of the Global South is vital for the progress and well-being of the region. These articles exemplify the diversity and complexity of the challenges faced by Global South countries and underscore the importance of academic research in finding innovative solutions.

As we continue our mission to promote rigorous research and foster dialogue on Global South matters, we express our gratitude to the dedicated authors and peer reviewers who have contributed to this issue. We hope that the insights presented in these articles stimulate further discussions, inform policies, and inspire actions to create a more equitable and sustainable Global South.

Thank you for your continued support, and we invite you to explore this enriching collection of articles in the current issue of the Global South Review Journal.

Sincerely,

Mohtar Mas’oed - Editor in Chief

Suci Lestari Yuana - Managing Editor



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Assessing the Response of the Global South to Russo-Ukrainian War:

Case Study of India

Muhammad Irsyad Abrar, Alfin Febrian Basundoro,
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The Russian invasion of Ukraine on February 24, 2022, resulted in a prolonged war between the two countries. It creates a worldwide geoeconomic impact, including stagflation due to the disruption of the supply chains, profoundly affecting the economies of Global South countries. Additionally, the aggression contradicts the principles of sovereignty, territorial integrity, and independence that the Global South countries hold dear (United Nations, 2015). Despite these, most Global South countries, including India, refused to condemn Russia for its actions, except for the UN General Assembly vote to condemn Russia on March 2. This situation begs the question: Why would not India, one of the significant Global South countries, blame Russia for its detrimental actions to the ideals of the Global South? We argue that when national interests and values come into conflict, Global South countries may prioritize their interest rather than uphold the values deeply held by the Global South—a vindication that Realpolitik still held preeminence within the foreign policymaking of the Global South countries, including India. This is evident in India's response to the Russian aggression, as India still maintains a strategic partnership with Russia even after Russia tramples the values of the Global South via its war in Ukraine. At the same time, India tries to avoid being engaged closely with Russia as India still needs the support of the United States to balance China's geopolitical moves, given India's territorial disputes with China.

Keywords: *Global South; Russo-Ukrainian War; India; Realpolitik*

Introduction

The Russian invasion of Ukraine that began on February 24, 2022, trapped Ukraine and Russia in a prolonged war. The war caused a domino effect in geoeconomic sectors, including trade, energy, and agriculture. In mainland Europe, the war heavily impacted people and goods mobility, partic-

ularly the rise in the risk of fuel supply shortage and the increasing fuel price (European Council, 2022). Moreover, the sanction policy—enacted by the Western governments toward Russia—also creates a ripple effect on the global economy. For example, as Russia is blocked from the international banking and electronic payment system—SWIFT,

international trade between Russia and the rest of the world becomes more complicated. Thus, it will raise the commodities price, including energy and agriculture, that are internationally strategic. This situation is worsened by the decision of the Kremlin to retaliate economically through severe measures, including requiring to pay the energy import using the Rouble (Harlan & Pitrelli, 2022). So far, as calculated by the World Bank (2022), the impact of the invasion is severe for both sides. Russia's economy plummeted by 11.2%, with a 35% shrink in Ukraine's GDP.

Per the UN Charter, the invasion also crosses the internationally recognized sovereignty, integrity, and independence principles that appertain to all UN members. Vladimir Putin's speech evidence it at the beginning of the invasion—a decision he called a “special military operation”—to unilaterally support the Luhansk People's Republic and Donetsk People's Republic, two secessionist states that formed in eastern Ukraine in 2014. He stated that the Ukrainians, as the brother of Russians, have an “undeniable right” to support the Russian interest in the region (Al Jazeera, 2022). However, Ukraine, which gained independence from the Soviet Union on August 26, 1992, is a sovereign state recognized as an independent entity by the United Nations (UN). Thus, the country is equal to the rest of the UN members and has independent authority to determine its political decision and protect its territorial integrity.

The Global South upheld and promoted the value of sovereignty, integrity, and independence, most of which had been

under the great power's colonization. The 1955 Bandung Declaration became the cornerstone of the initiative to encourage and unify those values among its member that brought up the Global South as an “alternative power” to challenge the two hegemonies of the United States and the Soviet Union. Lately, within the UN General Assembly, the Global South created a loose coalition called “Group of 77” (G77) to encourage an equal sharing of power among the members in the decision-making process in the UN (Mark et al. (ed.), 2020). Nevertheless, the Global South's response to the invasion could be more apparent; instead of bearing its core values and consolidating support for Ukraine's political position against Russian aggression. During the UN General Assembly vote to condemn Russia's warmongering decision on March 2, 2022, the G77 members, as a representative of the Global South, gave mixed responses. Thirty-five members gave abstention, while North Korea, Eritrea, and Syria supported Russia's decision.

At the same time, the relations between Russia and the Global South are primarily unchanged compared to the pre-invasion. One example, India, one of Russia's most significant economic partners, concluded US\$ 8.8 billion in bilateral trade in 2021 (OEC World, 2022). In the strategic sector, Russia remained India's most prominent source of arms; arms transfers reached US\$ 1.4 billion in 2021. Russia is also the largest arms supplier to Southeast Asia and various Middle Eastern states. Another instance is in the energy sector, where Russia is the world's largest oil producer and exporter, and most

of its oil is sold to China—another Global South member—with a value of US\$ 23,8 billion (OEC World, 2022). This situation indicated that the Global South is still reluctant to set up a solid understanding of its core values due to the dominance of the *Realpolitik* principle within foreign policymaking. Thus, rather than continuously upholding its core values by offering solidarity to Ukraine—a country with similar experiences of occupation by the great power—the Global South chooses a more pragmatic step by keeping its strategic partnership with Russia.

Departing from the backgrounds above, this analysis will answer the question: amidst the Russian invasion of Ukraine, why does India still maintain a close engagement and pragmatic stance towards Russia? Using the concept of Middle Power by Easley and Park (2017), we argue that in the circumstances critical to their interest—especially in the political and economic contexts—India tends to prioritize and justify their interests first rather than uphold their core values. This case is evidenced in India’s decision to maintain a strategic relationship with Russia, despite its opposition to the interventionist international community (Mehrotra, 2022). Simultaneously, the country is in the stance of “not fully supporting the invasion,” considering its membership in the Quadrilateral Security Dialogue (Quad)—an initiative created by the US to counterbalance China in the Indo-Pacific region.

To understand the ambiguous decision of the Global South, particularly India, towards Russia’s military action in Ukraine, this analysis is divided into several essential

parts. First is the explanation of the general response of the Global South regarding the invasion, especially when it comes to the contradiction between the compliance of Global South’s values and their national interests. *Realpolitik* will be the main focus of the next part, explained further by the case of India, which focuses on the country’s behavior. Indeed, as a middle power, India tends to continue its ambiguous stance whenever it faces any complex international affairs that pertain to its interest. This part will explore further the two main aspects encompassing the relationship between India and great powers—Russia and the US—and its reaction to the invasion. First is the strategic association between India and the Soviet Union and Russia, especially from both the Cold War and post-Cold War era, which somehow pressure India to remain close to Russia. The second is the relationship with the US—as Russia’s main adversary—that India tries to seek closer to counter the Chinese regional expansion and hegemonic narratives. These complex geopolitical affairs coerce India to make a more thoughtful decision in responding to the invasion and retain its global political position.

Theoretical Framework: Middle Power (Easley & Park, 2017)

In international relations, some research is interested in explaining the behavior and role of states categorized as middle power in the international system. As a concept, it first appeared in the 19th century to describe the necessity rather than the existence of a state that is geographically

located between great powers and capable of resisting attacks from great power for a while (Holbraad, 1971, p. 79). There are two approaches to defining middle power in the development of middle power studies. First, its capabilities or power. Middle power is a state with less power than a great power and is more significant than a small power. Second, its behavior. A middle power tends to support multilateralism and maintain the existing international order. However, studies by Joordan (2003) found that not all middle powers espouse multilateralism and the status quo, with the emerging middle powers tending to support reforming the existing international order.

In some cases, the middle powers' behavior did not correspond with their expected behavior. Easley and Park (2017) attribute this phenomenon to the identity and interest of the middle power. The identity of a state is influenced by how elites perceive the state based on their political values. In contrast, national interests are influenced by geographical, economic, military (hard power), and non-material (soft power) factors. The state did not have a single identity or interest; instead, states had multiple identities and interests. There is contestation between the different identities and interests, with the dominant identity and interest shaping state behavior in the international system. Other identities and interests sometimes sideline the identity and interest of a middle power.

This approach helps this paper explain India's behavior related to the Ukraine-Russia conflict. India is one country that can be categorized as a middle power of its materi-

al capabilities and behavior. Since the Cold War, India already had a significant population and economy than its neighbors in South Asia or other countries in Asia (Holbraad, 1984). On international institutions and global governance, India supports the existing order but resists the element of liberalization and seeks to reform institutional institutions to become more representative (Stephen, 2012).

Global South “Solidarity” in the Face of the Russian Invasion of Ukraine

This section will specifically discuss the general response of Global South countries to the Russian invasion of Ukraine. Note, however, the word “general.” This section will only discuss the average reaction of Global South countries, while the more detailed response of India will be explained in detail in the next section. Firstly, this section will describe the general response of Global South countries to the war in Ukraine. This discussion will be followed by the argument that the response is due to Global South countries prioritizing their self-interests over the interest of safeguarding the values held by the Global South. Finally, this section will discuss the March 2 UN General Assembly vote that overwhelmingly condemned the Russian aggression and argues that Global South countries will only act to reprimand Russia under the umbrella of the UN or other intergovernmental organizations due to the weak power of the UN General Assembly resolutions.

General Response of Global South Countries to the Russian Invasion of Ukraine

The best word to describe the response of Global South countries to the Russian Invasion of Ukraine is “ambivalent.” Most Global South countries decide not to unilaterally condemn the Russian aggression and continue to resort to conventional lip-service statements such as calling for a succession of hostilities and calling on both parties to resolve their differences through negotiation and dialogue. The statements of other Global South countries are nearly similar. Generally, it contains the following: calling for respect for the UN Charter, a succession of hostilities, a peaceful resolution of the dispute, and (sometimes) condemning the attack without naming the aggressor. For another example, Egypt, one of the Global South countries, also made the same statement as Indonesia, emphasizing international law and its opposition to military attacks without naming the aggressor (Hendawi, 2022). This means that Global South countries as diverse as Indonesia and Egypt have relatively the same response to the war in Ukraine. One exception may be Singapore, where its government has harshly condemned Russia and put sanctions on Russian officials (Goh, 2022).

This phenomenon baffles some observers. It is important to note that the Russian invasion violated many norms enshrined in the Bandung Conference of 1955: respect for territorial integrity and sovereignty and refrain from using military means to resolve

international disputes. One could also argue that Ukraine is a member of the Global South due to its similar history to other local South countries: its developing country status and Ukraine only gained its independence in 1991 after centuries of Moscow rule.¹ The response of Global South countries to a flagrant violation of values deeply held by the Global South is baffling and will be discussed in more detail in the following subsection. Therefore, the Global South is in neutral and ambivalent solidarity.

The Realpolitik of Global South Countries

Another reason for the Global South’s ambivalence to the war in Ukraine is the most straightforward. All countries, including those included, will always prioritize their selfish national interests over the interest of maintaining the values dearly held by the Global South. To put it another way, when there is a conflict between the selfish national interests of Global South countries and the need to uphold Global South values, countries will almost always prioritize the former over the latter.

Another way of saying this is that Global South countries pursue a *de facto* realpolitik foreign policy, even though their rhetoric may suggest otherwise. According to the Merriam-Webster Dictionary, Realpolitik is based on “...practical and material factors rather than on theoretical or ethical objectives.” In other words, it is a pragmatic foreign policy that seeks to fulfill its urgent

¹ This raises the question of what the “Global South” actually is. Is it a geographical designation or a slogan representing the newly independent and developing countries that emerged post-World War II? If it is the former, then Ukraine is not a member of the Global South as Ukraine is physically located in the European Continent. However, if it is the latter, one could argue that Ukraine is a member of the Global South as it is a newly independent and developing country. Despite this, a complete discussion on this issue lies beyond the scope of this article.

national interests within the present condition. This foreign policy is, ostensibly, free from any moral, ideological, or normative consideration and considers how to achieve a state's national interests. It is synonymous with the international relations theory of realism, which postulates that states will continuously pursue power and other essential objectives to ensure survival and fulfill a state's vital national interests (Dunne & Schmidt, 2014).

Of course, there are several indications that countries of the Global South are following the *realpolitik* diktat. According to the Minister of Foreign Affairs of Ukraine, Dmytro Kuleba (2022),

“It is unrealistic to suggest that Ukraine sacrifice its people, territory, and sovereignty in exchange for nominal peace. These recent calls for compromise are merely a byproduct of growing fatigue. I have spoken with some decision-makers in African, Arab, and Asian states. Some started our conversations by affirming their support for our cause before making a hard pivot, politely proposing that we simply stop resisting. It's an unthinkable proposition, but their reasoning is simple: *They want the grain trapped in our ports by Russia's naval blockade, and they are willing to sacrifice Ukrainian independence to get it.* Other policymakers peddling concessions have expressed concerns about similar Russian-provoked economic crises, including spiraling inflation

and energy prices.” [emphasis added]

This statement means that the Global South countries in Africa, Asia, and Latin America are tired of the war that disrupted their countries' ordinary lives. As a result, they are willing to do things pragmatically to rectify the situation, including sacrificing Ukraine and letting the trapped grains in Ukrainian ports go to their respective countries to be used to feed their people. Of course, the fast way to ensure a speedy conclusion of the war is to let Ukraine capitulate to Russia. Even though this is against the values held by the Global South, this makes sense seeing from the *realpolitik* perspective where urgent national interests are prioritized over ideological interests.

The most overt example is the Ukrainian grain trapped in ports since the war began. According to Swanson (2022), Russia and Ukraine collectively provide a quarter of the world's wheat supply. Additionally, 40% of the wheat the UN World Food Program uses comes from Ukraine (Green, 2022). After the war began, the Ukrainian Institute of Agrarian Economics (quoted by Interfax, 2022) estimated that the volume of Ukraine's grain exports through its main ports dropped by approximately 90% before the sea blockade of Ukraine was lifted in August 2022, allowing grain exports to flow freely once more. This crippling situation had enormous impacts on vulnerable countries of the Global South that depend on grain imports (Tobin, 2022). Despite this, many Global South countries refuse to condemn Russia's war that caused the food cri-

sis. Instead, many African countries warmly welcomed the Minister of Foreign Affairs of Russia, Sergey Lavrov, when he visited several countries on the continent (Crawford, 2022). Consequently, this proves that countries of the Global South will try to connect closely with both sides of the conflict and reap their benefits.

UN General Assembly Vote to Condemn Russia on March 2: (Rhetorical) Global South Solidarity

However, the UN General Assembly vote to condemn Russia on March 2 has proven our argument wrong. On that occasion, 141 countries voted to condemn Russia's invasion, including many Asian, African, and Latin American Global South countries such as Indonesia, Thailand, Brazil, Argentina, Libya, Saudi Arabia, and Kenya (Basu & Saric, 2022). Consequently, one could argue that the vote has shown that the Global South is united in its opposition to the Russian-Ukrainian war, thus nullifying our previous arguments.

Despite this, a closer examination of how countries see the UN will prove that our arguments still stand. According to Abbott and Snidal (1998), states act through international organizations as international organizations serve two critical purposes: centralization and independence. The former implies that international organizations could centralize resources due to their formal and transparent organizational structures and administrative staff. The latter means that international organizations are independent entities ostensibly free from any state's vested interest. Consequently, the indepen-

dence of international organizations "often entails the capacity to operate as a neutral in managing interstate disputes and conflicts" (Abbott & Snidal, 1998). Thus, states are more confident and willing to present their views on a conflict if it is done through international organizational channels, such as the United Nations.

This phenomenon manifested in the UN General Assembly vote on resolution ES-11/1 to condemn Russia. The resolution itself condemns Russia's "special military operation" in no uncertain terms and demands that Russia cease its military attacks on Ukraine. Therefore, a Global South country can argue that it stands for the values held by the Global South. The vote and their diplomats' speeches are delivered on the ostensibly neutral UN General Assembly floor, thus benefiting from the supposedly-neutral nature of the United Nations. It is also striking that many Global South countries that voted to condemn Russia in the UN General Assembly, such as Indonesia, do not directly condemn Russia in their official unilateral statements.

A closer look at UN General Assembly resolutions would *bolster* our argument. A UN General Assembly resolution is a non-binding document. According to the UN (n.d.-a) itself, the UN "General Assembly's resolutions are *recommendations* and *not legally binding* on Member States [emphasis added]." Consequently, the UN General Assembly resolution does not have the power to compel Russia to stop its war. Instead, it only consists of "recommendations," and it is up to the states to implement them. It is,

effectively, nothing more than the UN telling Russia to stop without any consequences if Russia violates the resolution. Of course, many Global South countries are more comfortable voting to condemn Russia in the UN General Assembly. Russia has no consequences (other than a rhetorical rebuke). Thus, Russia can continue business as usual even after the resolution. Russia would not impose harsh punishment on countries that voted for the resolution and continue friendly relations with them.

India followed its long-standing policy of not voting in favor of the UN General Assembly resolution that condemned Russia. On February 25, 2022, India abstained from a UN Security Council resolution condemning Russia. In explaining the vote, the Indian Permanent Representative to the United Nations, T. S. Tirumurti (2022), stated that “It is a matter of regret that the path of diplomacy was given up. We must return to it” without any explicit reference to who is the belligerent or who started the war first. This should not be surprising. On the UN General Assembly vote to condemn Russia on March 2, India also abstained from the UN. Since the Cold War, Russia – then the Soviet Union – and India have always protected each other from international criticism in the UN and other international forums. Such mutual protection was due to the warm relationship between India and the Soviet Union at the time, even though India was officially a non-aligned state in the Cold War. The Soviet Union had long opposed international intervention in the conflict in Kashmir, considered by India as a part of its sovereign

territory, and used its veto power to protect India in the UN Security Council when it annexed Goa in 1961 (Price, 2022). In return, when the UN Human Rights Commission wanted to condemn Russia for its disproportionate use of force in Chechnya in 2001, India voted against the resolution (Roy, 2022).

Therefore, looking at this historical pattern, it should not be surprising that India continued to, at the very least, not protect Russia in the UN. As mentioned above, the UN General Assembly resolution is not legally binding on its member states. Instead, it is only a rhetorical and political rebuke with a minuscule legal weight. Given Prime Minister Modi’s re-rapprochement with the West in recent years, it would be imperative not to be seen as overtly friendly with India. Consequently, India’s vote on the UN Security Council on February 25 and the UN General Assembly on March 2 can be seen as a way for India to maintain good relations with Russia and the United States pragmatically. On the one hand, India can continue its good relationship with Russia based on historical and defense matters. On the other hand, India can continue to maintain its good relationship with the West as India could argue that, while it does not condemn the Russian invasion, it does not support it either.

Consequently, the UN General Assembly March 2 vote to condemn Russia reinforces our argument that Global South countries are acting in Realpolitik and pragmatically to safeguard their interests. They pay lip service to the need to defend Global South values by voting in favor of a non-binding resolution while also enjoying good rela-

tionships with Russia at the same time. The same can also be seen in the case of India. Due to India's historical relationship with Russia and the close cooperation between India and Russia on defense matters, India chose to abstain from maintaining its good relations with Russia while not rupturing its relationship with its Western partners.

The Case Study of India

Among other Global South countries, India stands out as one of the fiercest hedgers in its response to the Russian invasion of Ukraine. Due to its 'non-alignment' foreign policy and the geopolitical developments in its surrounding environment, India is the perfect example of how Global South countries pragmatically orient their foreign policies to fulfill their interests during the Russo-Ukrainian war. This section will be divided into three parts. Firstly, this section will discuss the history of India's foreign policy and military relations with the Soviet Union and, later, Russia. Secondly, this section will also discuss the growing Indian-US ties in recent years, especially concerning China. Finally, this section will dissect India's response to the Ukraine war.

India's Association with the Soviet Union and Russia

The Indian 'non-alignment' foreign policy has its roots in the Cold War. The 'non-alignment' foreign policy stipulates that India must remain neutral to "...survive and negotiate with a world that was getting dragged into the politics of the cold war" (Harshe, 1990). According to Harshe (1990),

this is due to three reasons: the newly-independent states of India, which wanted to focus on its development, its geographical proximity to China and the Soviet Union, as well as the Indian economic and political systems that mix parliamentary democracy (more similar with the West) and a planned economy (more identical with the Soviet bloc). Consequently, India could not be neatly inserted into either of those camps. This policy enabled India to focus on its development while, at the same time, exploiting the Cold War hostilities for its benefit by courting both the US and the Soviet Union (Raghavan, 2017). After the Cold War had ended, India continued to maintain and cultivate the 'non-alignment' foreign policy. The fall of the iron curtain has enabled the rise of several newly-emerging economies. Consequently, using the 'non-alignment' foreign policy as a backdrop, India continued cultivating friendly relations with all the newly-emerging economies (Raghavan, 2017). However, other forces underpin India's relationship with the newly-emerging economies, such as India's relatively favorable reputation as a non-aligned power during the Cold War and ideological and political factors.

However, it is essential to note that, in reality, India was not entirely neutral during the Cold War. Instead, seen through a continuum, it can also be said that India was leaning more toward the Soviet bloc. To quote Mastny (2010), "[t]he partnership between India and the Soviet Union during the Cold War has been widely regarded as a *success story* [emphasis added]." This is exemplified by the fact that, according to the Stockholm In-

ternational Peace Research Institute (SIPRI) (quoted in Anthony, 1998), India was the top 3 largest recipient of weapons from the Soviet Union and later Russia between 1982 and 1996. Additional SIPRI (quoted in Anthony, 1998) data also shows that in 1991—the year that the Soviet Union disintegrated—roughly one-third of India's aircraft and missiles originated from the Soviet Union.

Moreover, India's infatuation with the Soviet Union also had an ideological underpinning. India's first Prime Minister, Jawaharlal Nehru, supported socialism in India. As early as 1928, Nehru rejected the portrayal of the Soviet Union as a sworn enemy by the British colonial authorities, noting that there needed close cooperation between India and the Soviet Union. After Nehru became the Prime Minister of an independent India in 1950, Nehru implemented socialism across India, rejected Western capitalism, and made constructing a "socialist pattern" a principal goal of the Indian economy in 1954 (Tchitcherov, 1994). This adherence continued even after Nehru left office in 1964. In 1966, after previously being rebuffed by the Soviet Union, Prime Minister Indra Gandhi successfully convinced Soviet leaders to give much-needed assistance to Indian military modernization due to her fidelity to the "Indian way of socialism" (Mastny, 2010). The closeness of the relationship between India and the Soviet Union was also manifested by the Soviet displeasure towards China during the Sino-Indian border conflicts of 1962 (Stein, 1967). Therefore, even the ideological underpinning of India-Soviet Union relations had to be cemented by concrete actions.

The collapse of the Soviet Union does not reduce the intensity of India's military relations with the Soviet Union's successor, Russia. Due to the need to continuously maintain the bought military armaments, India required reassurance from Russia that it would continue to service Russian-made military armaments (Anthony, 1998). Soon, India began talks to continue buying Russian arms. In June 1994, during the visit of Russian President Boris Yeltsin to New Delhi, Indian Prime Minister Narasimha Rao requested approval to purchase MiG-29 fighter aircraft. This request materialized in the following year (Anthony, 1998). Near the end of the millennium, India bought 40 Su-30M Flanker fighter aircraft and two additional Kilo-class submarines (Anthony, 1998). Later in October 2000, India also received a technological transfer from Russia so that it could design and build the Su-30s by itself, under the license from Sukhoi. Recently, India was also looking to buy the Russian-made S-400 air-defense systems, a point of consternation in India-US relations (The International Institute for Strategic Studies, 2022). These purchases continued to increase until today, just before the Russo-Ukrainian war, India was the biggest consumer of Russian arms (Ghoshal & Ahmed, 2022).

Additionally, the Russo-Indian relations were underpinned by ideological and normative considerations after the world war. While the ideology of socialism no longer worked as a unifying ideology, the fundamental principles of international law do. According to the former Minister of External Affairs of India, Kanwal Sibal (2008), India

and Russia were united in their continued commitment to respect other countries' sovereignty (at least rhetorically), intervention in the internal affairs by an external power, and "combating international terrorism without double standards." Plus, according to the current Minister of External Affairs of India, S. Jaishankar (2020), India also strived to achieve strategic autonomy in its foreign relations after the Cold War. While India continued to develop friendly relations with the West, especially during the Global War on Terror, India also cultivated and enhanced its friendly relations with Russia to avoid being 'dependent on the West' in its foreign relations.

Furthermore, India's nuclear weapon testing in 1998 was also designed to enhance its strategic autonomy, and India used this justification to oppose any international restrictions on its nuclear program (Smith, 2020). It is possible that India felt that it needed an independent nuclear deterrent to avoid being dependent on another nuclear power for its defense. Even in the case of the Indian nuclear test, Russia extended its goodwill to India by refusing to condemn the Indian government for its nuclear tests and not supporting any international sanctions on India due to its normative belief that international sanctions do not have the necessary efficacy to force a behavioral change (Gordon, 1998).

However, there are several signs that India is trying to wean off its dependence on Russia after it invaded Ukraine. Wary of Western sanctions, India has started diversifying its arms' origins and invigorating its domestic arms industry, thus making the Indian

armed forces more self-sufficient (Ghoshal & Ahmed, 2022). It proposes US\$324 million of arms purchases from national defense corporations. Additionally, according to SIPRI (2022), India has significantly reduced the number of weapons it bought from Russia. These decisions suggest that, in the coming years, India will be less likely to be cordial with Russia all the time, as India will not need much Russian assistance for its arms maintenance. Despite this great relationship with Russia before the Russian invasion of Ukraine, India will be forced to turn to Russia's main global rival, the United States, for problems caused by Russia's leading global partner, China.

India's China Dilemma

The relationship between India and China is interesting to explore. Even though they had friendly relations at the beginning of the Cold War, their relationship has turned sour over India's border dispute with China. Consequently, India has cultivated a strong relationship with the United States and its regional allies, primarily Japan and Australia, to balance China. This could explain why India began to avoid earning the ire of its Western partners, as India needs its Western strategic partners to help balance China.

In 1950, India was the second Asian country to officially recognize the People's Republic of China as the legitimate government of China (Harsche, 1990). Afterward, the two countries began an amicable and close relationship under Indian Prime Minister Jawaharlal Nehru (Hersche, 1990). This cordial relationship is symbolized by

the saying “Hindi Chini Bhai Bhai,” meaning “India and China are brothers” (Arpi, 2015). Both countries tried to solve the border dispute and the problem of Tibet. During a meeting between Prime Minister Nehru and the young Dalai Lama in Beijing in 1954, Nehru appeared to be “...motionless, no speech, not looking in the eyes...” and refrained from supporting Tibetan independence (Arpi, 2015). However, India-China relations took a turn for the worse in the 1960s. Caused by the rising tension on the Himalayan border as well as the Sino-Soviet split (India was closer to the Soviet Union at the time), the Sino-Indian relationship turned sour, and both countries even fought a minor skirmish on the disputed Himalayan border in October 1962 before tensions simmered down a month later. (Malik, 1995). The conflict was eventually managed after both countries signed an agreement in 1993 to address the border dispute (Malik, 1995). The suspicion and tension between China and India have not receded despite this.

Fast forward to today, and China-India relations have again turned sour due to clashes on the Himalayan border. In 2017, after China began illegally constructing buildings in the Bhutanese-claimed Doklam Plateau, India (on behalf of Bhutan) intervened and sent troops and bulldozers to demolish the Chinese structure. In response, China also sent troops, and a 2-months-long stand-off occurred before the troops retreated on August 28 (The Times of India, 2017). On May 28, 2020, after allegations that Chinese troops had illegally occupied Indian territory around the Pangong Tso lake, Chinese

and Indian soldiers clashed using rocks and other melee weapons. Worse, in June 2020, Chinese and Indian troops fought in Galwan Valley, killing 20 Indian and 4 Chinese soldiers (Reuters, 2021).

As a result, to balance China, the Indian government, under the premiership of Narendra Modi, started to deepen its cooperation with the US and her allies. This makes sense as India’s long-term defense partner, Russia, is unwilling to pressure China due to its strategic relationship with Beijing (Borah, 2020). Consequently, India began attending the meetings of the newly-resurrected Quadrilateral Security Dialogue (Quad), a security grouping allegedly to counter China made up of the US, Japan, India, and Australia (Griffith & Souza, 2022). In this spirit, India has agreed to contribute to the Quad’s efforts to counter China’s vaccine diplomacy and contribute to the COVAX vaccine alliance (Smith, 2022).

India’s conflict with China and its approach to the West are at the heart of its conundrum. On the one hand, India wanted to enlist the help of its Western partners in the struggle with Beijing over its border in the Himalayas and other issues. On the other hand, India does not want to lose its crucial defense and military relationship with Russia, given that a substantial proportion of Indian armament is Russian-made or made under license from Russian companies. Such defense equipment means that India would depend on Russia for the spare parts and equipment of its war machine, at the very least. India brilliantly navigated this dilemma before the 2022 Russian Invasion of Ukraine,

when the geopolitical tensions between Russia and Ukraine were, at least, not overly hostile—given India’s increasing importance and centrality, Western countries, at the very least, tolerated India’s burgeoning relationship with Russia. India also went to lengths to ensure that its cooperation with the West will not impede its cooperation with Russia. For example, when the Quad was resuscitated, India was reluctant to include a significant increase in military cooperation in the Quad’s framework (Sharma, 2021). Such reluctance was due to India’s desire to avoid Quad being seen by Moscow as a threat that would, by extension, damage New Delhi’s relations with Moscow.

However, the Russian invasion of Ukraine changed this equilibrium. Western countries view this war as a war against the international order that merits the immediate response of all nations on the side of Ukraine. India, meanwhile, refused to take this position. Several Western governments have criticized India for its reluctance to condemn Russia outright (see Martin & Sen, 2022). India’s way of navigating through this conundrum will be discussed in detail in the next part.

India’s Response to the Russian-Ukrainian War

India’s response to the Russian-Ukrainian war is similar to that of the majority in the South. In the UN Security Council (UNSC), India voted to abstain from resolutions on the situation in Ukraine. Furthermore, the country representative in the UNSC explained that the current international order is based on the UN Charter,

international law, and respect for the sovereignty and territorial integrity of the state, but at the same time, refused to mention Russia at all (Permanent Mission of India to the UN, 2022). India also voted to abstain at the UN General Assembly (UNGA), voting on Russia’s membership in the Human Right Council (UN News, 2022).

India’s rhetorical commitment to international order, international law, and sovereignty, while refusing to condemn Russia, shows how interests in its relationship with Russia influence India’s behavior. Historically, India and Russia (formerly the Soviet Union) had a close relationship due to ideological reasons, such as rejecting capitalism and arms trade. However, India is interested in Russia beyond their past ties because it wants to avoid becoming tied to any one nation or political group. While India began to align itself with the United States, Australia, and Japan through the Quadrilateral Security Dialogue, it only partially aligned its foreign policies beyond the interest of containing China in the Indo-Pacific. India can maintain its alignment option by refusing to follow the step of the US and its allies in condemning Russia. In the context of the Indo-Pacific, India is quite vocal about economic cooperation with Russia. There is a proposal for a sea route between Chennai and Vladivostok, which Indian Prime Minister Narendra Modi said is a confluence of rivers of Eurasia and Indo-Pacific, to increase trade between the two countries (Saha, 2022).

India’s reasons for not taking a firm position against Russia also can be attribut-

ed to its role in the former's efforts to develop and maintain its military capacity. As described in the previous section, until now, Russia (formerly the Soviet Union) has been India's leading supplier of armaments, such as fighter aircraft, submarines, and air defense systems. Strongly condemning Russia for what is happening in Ukraine could harm India's relations with that state, particularly regarding arms supplies and natural resources. To guarantee the continuation of Russia's purchase and maintenance of armaments, India chose to provide a soft response to the Russian-Ukrainian conflict. It did not condemn Russia directly but noticed what happened in Ukraine concerning sovereignty and territorial integrity. It satisfied Russia but created a problem in India's relationship with the US and its allies.

Conclusion

From the explanation above, in the context of the global crisis, the Global South countries prioritize their national interests rather than upholding their ideals. This situation departs from the reiteration of the *realpolitik* concept that is not monopolized by the great power but also the middle power that made up the Global South. Characterized by modest political power, limited leverage and resources, and bounded by international structure, the Global South was forced by the structure into a dilemma. They must choose between obeying their values or continuing to appease the great power. Some Global South countries with sufficient political leverage and economic resources, such as India, are more pragmat-

ic and strategic in maintaining connections with the great powers, which may flagrantly flout their ideals.

Using the lens of the middle power-ism concept by Easley and Park (2017), this paper emphasizes India's middle power behavior and interest in hedging any political rift with Russia—that, in this context, is characterized as a great power. Even though Russia's action is detrimental to Global South's value of independence, self-determination, and sovereignty invading Ukraine in 2022, India still maintains a strategic relationship with Russia in various sectors. This is reflected by the significant bilateral trade volume—especially in the energy sector and arms transfer between them, even in a crisis. India sought to maintain this status quo by not voting in favor of the UNSC resolution condemning Russia and avoiding any official statements that adverse to Russia's action. At the same time, as scripted through Subrahmanyam Jaishankar's *India's Way* and numerous statements from its top officials, India is also foraging its strategic partnership with the West, again, for its strategic benefits. It can be concluded that for India, it is safer to diversify its relationship with as many parties as possible for its national interests.

We could infer these situations by analyzing India's considerations to responding to Russia's action, both in normative and strategic aspects. From the normative side, it should be noted that India and Russia have been in the same ideological camp since the Soviet Union era, as both countries upheld the value of socialism, and leaders of both countries respect each other's foreign poli-

cy principles. While both countries were no longer explicitly “socialist” throughout the post-Cold War era and the dependency between each other are weaning, both continue to respect each other’s value and principle of sovereignty. While Russia respects India’s way of strategic autonomy, India also continues to convince Russia by maintaining its distance from the West. It could imply that India is trying to maintain its strategic autonomy, portraying itself as a “friendly country for every country in the world” and gaining support for its foreign policy strategy, including its regional vision of the Indo-Pacific. From a strategic perspective, India still views Russia as a vital partner for its military development despite gradually reducing its dependency on Russia’s arms. A series of bilateral technological transfers, defense industrial cooperations, and license production of various arms means that there are immeasurable impacts that both countries could not bear if the strategic partnership between them is wholly cut off. Both aspects are crucial for India to exist, expand its leverage, and maintain its status as a regional power.

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Challenges and Opportunities of the 2022 G20 Summit in Strengthening Prevention, Preparedness, and Response (PPR) Financing as a Part of Global Health Architecture Restructuration

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Restructuring and strengthening the framework of Global Health Architecture (GHA) is one of the significant agendas raised at the 2022 G20 Summit held in Bali, Indonesia. One of the identified motivations behind this initiative concerns the gap in the prevention, preparedness, and response (PPR) financing policy and its sustainability. This problem generates inequity in the global health system—especially experienced by the low- and mid-income countries (LMICs)—and hinders the effort to comprehensively mitigate the impacts the threats have caused, such as from the current COVID-19 outbreak. Consequently, these countries are struggling due to their inability to acquire healthcare resources such as health infrastructures, vaccine access, and human resources. To understand how the 2022 G20 forum could contribute to restructuring and strengthening the architecture, this paper investigates the upcoming summit's potential challenges and opportunities in restructuring the GHA framework to close the gap in financing PPR and creating an equal global health system. In doing so, this article will apply desk study by collecting information from secondary data sources. One of the potential opportunities is to strengthen global health multilateralism through the G20 members' active engagement in the financial intermediary fund (FIF) platform. However, there is also a significant challenge regarding the current global solidarity and political tension. Therefore, the forum must consider these notions to create a more robust and sustained financial policy to strengthen the architecture.

Keywords: *restructuration; global health architecture; prevention, preparedness, and response (PPR); financial intermediary fund*

Introduction

Health is a fundamental aspect that supports the progress of human development. This facet develops into a part of human rights that must be fulfilled to achieve development progress, and the state becomes an actor who plays an essential role in ensuring good health quality for its citizens. However, countries are now facing a complicated

circumstance caused by the emergence of an unprecedented global health threat, namely the COVID-19 outbreak. Since its first emergence in Wuhan, China, in 2019, the number of COVID-19 transmissions has continued to increase. The rapid transmission of the virus has significantly impacted the stability of almost all global development sectors, be it social, economic, or educational, among

others. These include things such as slowing down the global economy that generates global recession and many people facing hardships to lift their welfare (Witteveen & Velthorst, 2020; Wang et al., 2021; International Monetary Fund, 2022), increasing unemployment (International Monetary Fund, 2022; Falk et al., 2021; Center on Budget and Policy Priorities, 2022; Ramadani, Sartika, and Herawaty, 2022), widening economic inequality, shifting the trend of social interactions that communities dependent on online platforms to communicate to each other as well as affecting the psychological sense of the people such as creating loneliness and affecting mental health (Calbi et al., 2021; Perez-Brumer et al., 2022), and many others. In addition, the high number of confirmed COVID-19 cases is also causing a very high global death toll. Therefore, steps to mitigate the risks posed by this pandemic are critically needed to minimize other impacts resulting from the outbreak.

Global affairs through the World Health Organization (WHO) have designed the anticipation and mitigation measurements to manage the impact of global health problems. However, the current pandemic has emerged massively and rapidly spreading, and nations are unprepared to tackle the problem. Lack of anticipation and prediction, as well as due the absence of specific global health mechanisms to prevent the potential global health threats, is considered to be significant challenges for countries to handle the widely increasing global pandemic (Djalante et al., 2020; OECD, 2020, pp. 18-20; OECD, 2022). The unpreparedness of

international actors in dealing with the current global pandemic can be seen in the lack of global health funding management, which has become one of the essential elements in the global health architecture (GHA) framework. As a result, the mechanism for regulating global health funds to help support the financing of the healthcare capacity development is disrupted and creates a possibility for countries that are classified as low-and middle-income countries (LMICs) are struggling to acquire access to proper health facilities and infrastructure, develop human resources to provide health care, as well as to get access to vaccines, drugs, among others. Eventually, the existing health architecture becomes questionable and global affairs need to restructure and strengthen the GHA, especially in strengthening the funding aspect.

Some prominent international actors have begun to formulate feasible mechanisms to address the impact of the current global pandemic has caused. The Group of Twenty (G20)—a multilateral economic cooperation organization of twenty emerging economies – is one of the actors actively contributing to accelerating the mitigation of COVID-19 diseases. This year, the forum will hold its meeting in Bali, Indonesia, and one of its significant agendas raised is the restructuring of GHA that pinpoints the urgency to address and mitigate global health issues, especially regarding the occurring global outbreak and one of the concerns that the forum seeks is related to the funding mechanism. In this paper, the author proposes, “What are the opportunities and challenges of the G20 Summit in restructuring and strength-

ening the financial mechanism in the GHA framework?”. Analyzing the opportunities and challenges that potentially be faced by the summit becomes very important to help understand the chances that G20 member countries can take advantage of in their contribution to designing comprehensive global health funding policies and to pay attention to the potential challenges that will be faced in achieving the goals.

In elaborating on the analysis, this paper presents general information about global COVID-19 and its current development. They then followed by defining the GHA notion and discussing its implementation challenges, especially regarding financing the Prevention, Preparedness, and Response (PPR) mechanism that the global health actors are currently facing. Next, the author will describe the role and urgency of the G20 forum in health issues, which will address the research question proposed and becomes the core part of this paper, as it will analyze the challenges and opportunities for the forum in restructuring and strengthening PPR financing mechanism as a part of global health architecture restructuring. Eventually, a concluding remark will be presented.

COVID-19 at a Glance: The Emergence, its impacts, and the current global condition

The World Health Organisation (WHO) has confirmed Coronavirus disease (COVID-19) as an infectious disorder mainly affecting the respiratory system. People can be diagnosed with the COVID-19 virus if they catch a fever, dry cough, and tiredness, as these are the common symptoms of the disease (World Health Organization, 2020).

As mentioned, the first transmission case was found in Wuhan City, China, on December 31, 2019. Since its first occurrence, the virus began spreading outside mainland China to several countries such as Thailand, Italy, South Korea, and Japan. It made them the virus's epicenter (WHO, 2020) until the whole world was finally exposed to this pandemic.

The COVID-19 pandemic has resulted in massive and critical changes in the local, nation-state, and international scopes. Countries are working hard to survive this situation even though their economic and social conditions have deteriorated dramatically. In the economic sector, for instance, many countries have eventually imposed lockdowns that strictly prohibit their citizens from traveling out of their homes, causing the economy to experience a setback where the exchange of economic transactions between demand and supply is slowing as economic actors are unable to run their business (Chudik, 2020) productively. In addition, many people are losing their job the unemployment rate is observed to be significantly increasing.

Regarding its social impacts, COVID-19 transmission has led to the estrangement of direct social interaction in the community. The restrictive policies implemented have resulted in this so that social activities, such as associations, teaching and learning activities in schools, and religious activities, are very limited in their implementation. However, at this time, several countries such as China, Japan, and Indonesia have been imposing policies to relax the restrictions, and social interaction activities in the community are slowly

starting to return to normal by implementing the applicable health protocols (International Monetary Fund, n. d.; Han et al., 2020; Ryan et al., C. S., 2020; Shafer et al., 2021; Fardah, 2022).

The development in the global transmission of COVID-19 cases is reported to have fluctuated. Tracing back to 2021, global COVID-19 cases showed a very high increase due to the emergence of a new Delta variant. The tightening of restrictions on people's mobility has also been strengthened and has impacted the slowdown in the development of vital global sectors. However, along with the massive development of vaccine distribution and global health facilities, the transmission of COVID-19 tends to be controlled, even though the total number of cases is still relatively high. This has also decreased the number of virus transmissions and has made several countries begin to implement relaxation policies toward social restriction.

A report released by the WHO has shown a decrease in transmission and death rates. However, the cumulative confirmed cases and death toll still show a very high number. As of August 29, 2022, it was reported by this organization that the confirmed weekly transmissions and death rates showed a downward trend. This trend has occurred since early August after experiencing an increase at the end of July (WHO, n.d.). To obtain more detailed information, Figure 1 and Figure 2 below illustrate the dynamics of the trend of the global COVID-19 cases and the total death rate, which was abstracted from the official report of the WHO (n.d.).

In Figure 1, the yellow arrow shows the weekly trend of COVID-19 transmission as of August 29, 2022. Up to that date, the trend of COVID-19 transmission has declined since August 1, 2022. On this date, the total number of confirmed cases was 7,169,732 (black arrow), with 332,916 additional cases. The following week until August 29, the trend of COVID-19 transmission continued to decline and reached 3,895,127 at the end of the observed period. Meanwhile, the global total death rate depicted in Figure 2 explains an identical description, where, generally, the trend from the beginning of August to the 29th shows a decrease in the death rate. Only on August 8 (pink arrow), the global death toll experienced a slight increase from the previous week, which accounted for 17,364 death cases. Since then, the trend has declined until the end of August 2022 (red arrow), reaching 11,585.

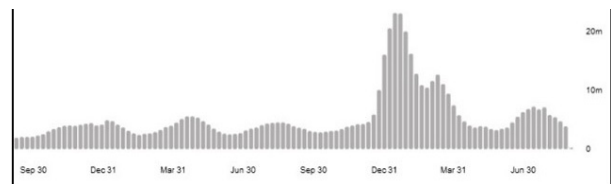


Figure 1. Graph of the weekly COVID-19 transmission trend from September 2020–August 2022 (WHO, n.d.)

The decline in COVID-19 transmis-

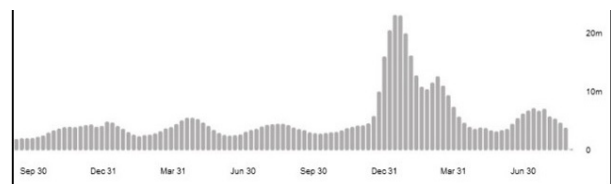


Figure 2. Graph of the weekly COVID-19 death toll COVID-19 since September 2020–August 2022 (WHO, n.d.)

sions and the global death toll shows hope for global affairs to escape the COVID-19 crisis. Nevertheless, the global health actors still must strengthen the mechanisms for preparedness, risk management, and mitigation of the impact of this health threat. For this reason, they must strengthen the structure of multilateralism, partnership, and strong global health diplomacy to effectively address global health problems, especially the currently occurring coronavirus. By ways of cooperation and building diplomacy, the involved nations will find it easier to deal with common global health problems, be able to meet their domestic health infrastructure needs, accelerate the mitigation and recovery in the post-pandemic condition, and it can strengthen sustainable health development, which will certainly affect the improvement social and economic development; without cooperation, one country will less likely be able to deal with these problems by itself (Federal Ministry of Health, 2022; Akashi et al., 2019; G20, 2022). To realize it, a strong global health architecture is critically needed.

Global Health Architecture (GHA)

a. Global Health Architecture as a Framework

The increasing awareness of the global actors towards global health problems has allowed those entities to formulate a *global health architecture* (GHA). According to Kickbush et al. (2012), GHA refers to a dynamic and systematic relationship between various actors that en-

gage in global health affairs and a collaborative process to achieve a common goal to address the related issues. The core point of this architecture is *multilateralism* and *cooperation* between states and international health organizations in building a global network to address common health issues that threaten global society.

The global health architecture serves some fundamental functions to guarantee the formulation of a cooperative and sustainable global health system that invites various agencies dealing with global health matters. The presence of the GHA system is expected to be able to guarantee the production of global public goods, manage the externalities across nations, maintain global solidarity mobilization, deal with stewardship facet, support the technical work carried out by the global health units, monitor, and lending, as well as bridging the multilateral negotiations (Hoffman & Røttingen, 2013, p. 1018). Then, to implement the visions and missions carried by the framework, Sidibe and Buse mention three agencies to fulfill fundamental functions in implementing the framework, where one can handle the financing of the programs carried out by the global health actors as a unit that can set the norms and standards; and another element that supports the advocacy and accountability of the framework (2013).

b. The Problem in Global Health Architecture Amid Global COVID-19 Pandemic

As a global instrument, GHA is pro-

jected to regulate the mechanism of global health management, partnership, and sustainability to create a sense of multilateralism in strengthening international cooperation to prevent global health threats. One of the agendas carried out by the global health actors in their collaboration is regarding the design of the Prevention, Preparedness, and Response (PPR) mechanism. Generally, the system has several objectives, such as reducing the risk of threats to global health, mitigating the impacts caused by health disorders, taking precautionary measures to encounter health threats, managing early response as well as rehabilitation for public health emergencies when health disasters occur, to construct global network surveillance and research to prevent emerging infectious diseases, to help support all nations in accessing health infrastructures, among others (WHO, n.d.; ECDC, n.d.; WHO, 2022). Since the coronavirus transmission has expanded worldwide and caused a massive impact on all sectors, the PPR has become an utterly important element for global health actors to mitigate the risks it has triggered at this critical time.

However, in realizing an effective PPR mechanism, the global health actors often encounter some challenges, and one of them is concerning the disparity in the PPR financing, so it becomes a problematic issue that hinders the strengthening of good quality of global health (Jessica, 2022). As a result, recalling the statement in the introductory part, this gap has led to global health inequity, where the LMICs

have to face substantial budget pressures. It remains struggling to develop the quality of its health sector, such as the inability to acquire access to health infrastructure due to lack of financing and access to acquire or produce its health care system, as well as has relatively low-quality human resources in developing the health sector, the problem of political instability, and many others (Glassman et al., 2022; Hamid et al., 2020; Dawkins et al., 2021).

Before the emergence of the global COVID-19 outbreak, funding issues within the GHA mechanism had been studied by the majority of global health experts since the appearance of the SARS virus in 2003, the 2009 H1N1 outbreak, and Ebola in 2014-2016 centered in Africa (Glassman et al., 2022). They found that the financing mechanism was still utterly minimum to mitigate and measure feasible preparedness strategies in combatting those viruses. As a recommendation, they suggested that global health actors increase sustainable financing to ensure the preparedness of all actors in anticipating and mitigating the possibility of new global health threats in the future (Glassman et al., 2022).

In the current state where the global community has been heavily suffering from disadvantages caused by the newly emerged Coronavirus Disease (COVID-19) pandemic, the gap in PPR has grown higher. The World Health Organisation (WHO) (2022) mentioned that the current pandemic has created a significant gap in preparedness ca-

capacities. This unpreparedness arises because of the need for more anticipation and gains relatively minimum attention from most countries to project potential threats that can grow in the future. Therefore, the majority of states are unable to formulate preparedness policy to respond and mitigate this newly emerging pandemic immediately; for example, in the case of production as well as creating an equal distribution of COVID-19 vaccines and the infrastructures that support it, the prominent global actors have failed in pursuing this agenda (Kim, 2021, p. 1). A study conducted by Tatar et al. (2021) similarly emphasizes the inequality of vaccine distribution in global affairs, where the wealthiest nations tend to hoard the vaccines produced so that they can distribute them immediately to their citizens. In their research, which gathered data on vaccine distribution until March 31, 2021, of 178 countries and involved about 98% of the world population, the result shows that there is a severe COVID-19 vaccine distribution inequality which is illustrated by a Lorenz Curve (2021, pp. 1-2) in Figure 3 below. The figure shows the proportion of vaccines depicted on the vertical (Y) axis and the cumulative population level shown on the horizontal (X) axis. Equality can be achieved when the curve is precisely on the straight diagonal line with a slope of 1 which forms an angle of 45 degrees (red line); however, the Lorenz curve is observed to be situated below the diagonal line (blue curve) which indicates an

inequality (2021, p. 2).

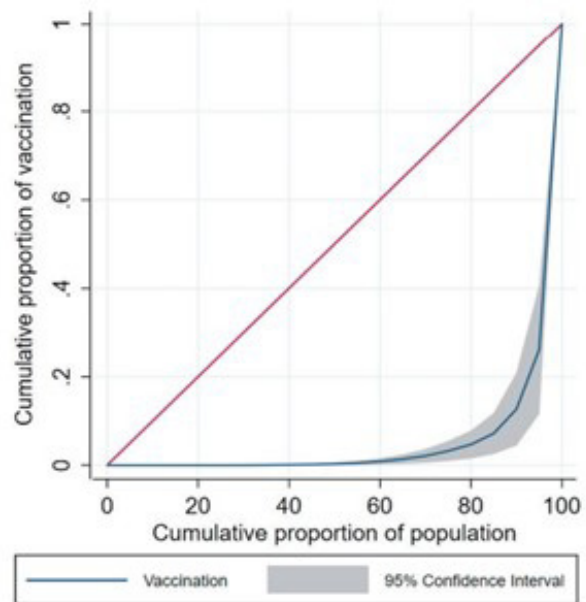


Figure 3. Lorenz Curve of COVID-19 vaccine distribution

Abstracted from Tatar et al. (2021, p. 2)

In further research regarding vaccine inequity, the poorer states, such as Burundi, the Democratic Republic of Congo, and Chad, had only less than one percent of the total population be fully vaccinated. In comparison, only two percent of citizens have received vaccines in Haiti and Yemen (United Nations, 2022). Therefore, it can be seen that the global vaccine distribution remains highly unequal.

In addition to vaccine distribution inequity, another problem identified in the LMICs is the lack of available health facilities, especially to treat patients with infectious diseases. Quoting from Angrup et al. (2020), it is mentioned that “...very few hospitals have stand-alone buildings or even wards with negative pressure ventilation settings to house infectious patients such as COVID-19.” Further-

more, it is also identified that the availability of qualified medical staff, including doctors and nurses, is relatively poor, which challenges these countries to immediately serve healthcare for the patients, especially those infected by the coronavirus (2020). In fact, not only are the LMICs suffering from the degrading quantity of competent health workforces, but almost all nations experience this phenomenon. Their lives are at stake as they become the forefront of handling COVID-19 and providing care services to infected patients.

Furthermore, Angrup et al. (2020) highlighted other aspects regarding the availability of good quality health and medical instruments. They considered that in LMICs, the availability of essential personal protective equipment (PPE), such as gloves, goggles, face shields, respirators, gowns, and aprons, was minimal. Consequently, the health actors, including the doctors, nurses, and health workers, are forced to deal with patients by not using proper protective apparatuses, which pose a high risk to their lives. Then, it was identified that the level of hygiene in the environment around hospitals in LMIC countries still needs to be improved, where disinfection is not adequate, and some medical equipment is also easily contaminated by viruses. Inadequate facilities for disinfectants, soaps, alcohol-based hand rubs (ABHR), piped water supply, and electricity makes the cleanliness of the hospital environment in LMIC countries prone to be contaminated by viruses. Consequently, the fulfillment of proper and hygienic health facilities is a big

challenge for these countries to be realized.

G20 Forum and Global Health Architecture Restructuration Amid Global Health Threats

The impacts triggered by the emerging health issues like COVID-19 have alarmed global health actors to formulate more anticipative policies to mitigate the risks the threats have caused. One of the notable multilateral organizations that have been contributing to help address global health problems is the Group of Twenty (G20). In general, this multilateral forum consisting of 19 newly emerging economies and one supranational organization—the European Union (EU)—was formed to build and strengthen international economic and financial agendas. Its main tasks include coordinating economic policy to achieve global stability and sustainable economic growth. In its development, the G20 agenda has moved beyond economic development and begun to address other common global issues including health, and environmental issues, among others; the meeting of Health Ministers at the 2017 G20 summit in Berlin, Germany, to discuss global health matters such as antimicrobial resistance (AMR), public health emergencies, and universal health coverage (UHC) (Akashi et al., 2019) has shown the expansion of the G20 forum agenda and roles also to address global health issues.

The upcoming G20 summit in Bali, Indonesia, will be conducted in November by raising the motto “*Recover Together, Recover Stronger.*” One of the three main agendas is to restructure the global health architecture. This notion was initiated as the global health

situation was in crisis, which led to massive impacts in all global sectors. Under his presidency, President Joko Widodo, in his speech, invited world countries to strengthen global health architecture to build a more resilient world against pandemics and future shocks (Office of Assistant to Deputy Cabinet Secretary for State Documents & Translation, 2021). Furthermore, the president emphasized that by strengthening the global health cooperation mechanisms, it is expected that global health resources, such as funding, vaccines, medicines, health infrastructure, and good quality health workers, can be distributed relatively with transparency and inclusivity, that can be accessed by all nations (2021). This multilateral meeting between member states will eventually be a golden momentum for them to rethink and strengthen the global health network and multilateralism to achieve the goal of mitigating the risks caused by the current—which is COVID-19—and the future global health threats as well as for a better global health architecture.

As identified earlier, one of the issues the GHA is currently facing is the financial gap in funding the global prevention, preparedness, and response (PPR) mechanisms. There are some opportunities for the G20 forum to strengthen global multilateralism to improve global health funding so that the quality of PPR mechanisms becomes well-improved and closes the gap in health infrastructure distribution, which is in line with the purpose of the GHA restructuration agenda. First, the G20 forum can contribute to strengthening the global health network by using the Joint Finance and Health Task

Force (JFHTF) platform. This task force was formed in 2021 under the presidency of Italy to strengthen pandemic prevention, preparedness, and response which emphasizes the revamping of the global health funding mechanism to form a global health order that is more resilient to potential health threats (Ministry of Economy and Finance, 2021). In meeting the objective, this task force has held a series of intensive meetings involving various actors, including G20 member countries and several invited nations, international organizations such as the World Health Organisation (WHO), Organisation for Economic Cooperation and Development (OECD), World Bank, the United Nations Environment Program (UNEP), the United Nations Children's Fund (UNICEF), among others, in each meeting conducted (Kenny, 2022). The issue of strengthening the coordination between health and financial aspects becomes the main agenda at the meetings. One notable JFHTF meeting was the fourth virtual conference conducted on May 31, 2022. In this session, the main agenda raised was regarding the formulation of a new financial mechanism that can be utilized to alleviate the gaps in global health financing (Kenny, 2022). Therefore, the JFHTF platform can be used as an opportunity for the member states to increase a solid multilateral architecture so that cooperation, communications, and partnership among global health actors will reach better prospects to mitigate the current pandemic and anticipate potential health threats in the future.

In addition to the JFHTF platform, the G20 member states also take advantage of

the panel conference agendas whose meeting results can be an opportunity for the forum to increase everyday global awareness of health threats and to plan and strengthen the global health funding system. In 2021, for example, the forum conducted the G20 High-Level Independent Panel on Financing the Global Commons for Pandemic Preparedness and Response (HLIP) to discuss the design of financial mechanisms that are useful for anticipating potential health threats as reflected in the proposal of Global Health Threats Fund instrument as the result of the meeting. This instrument was designed to increase the surveillance capacities to monitor infectious diseases transmissions and their impacts, providing a more robust grant financing structure, ensuring the reliability of the funding system that can increase solid public-private partnerships, providing support for the improvement of scientific research and innovation capacities, as well as to improve more investments on healthcare and medical sources including facilities, drugs, human resources, and other needs relevant to health, as a part of strengthening the PPR capacities (WEMOS, n.d.; Friends of the Global Fund Japan, 2021; The G20 High-Level Independent Panel on Financing the Global Commons for Pandemic Preparedness and Response, 2021, p. 9). The projected amount of funds for global health finance mobilization is approximately accounts US\$ 10 billion per year, and in providing this donor, the countries involved are based on pre-agreed contributions (The G20 High-Level Independent Panel on Financing the Global Commons for Pandemic Preparedness and Response,

2021). Therefore, this funding proposal can be considered for this forum to develop further this funding system that can be used to create better global health management and mitigate the risks of global health threats, including COVID-19.

The G20 Forum also has the opportunity to support the global health financial system through its active involvement in promoting and implementing Financial Intermediary Fund (FIF) comprehensively. According to World Bank (n.d), FIF refers to a set of “*financial arrangements that typically leverage a variety of public and private resources in support of international initiatives, enabling the international community to provide a direct and coordinated response to global priorities.*” In general, the purpose of this funding mechanism is to provide and assist global affairs in countering the problems that threaten the global society through strengthening the Prevention, Preparedness, and Response (PPR) capacity, be it at the national, regional, and global levels (The World Bank, 2022). The impacts resulting from the global COVID-19 transmission are a severe threat that humankind is currently facing and have already been the top priority for the international actors to immediately be mitigated. Therefore, the World Bank’s Board of Executive Directors has initiated the FIF, which specifically directed to respond to and mitigate the impact of COVID-19 by strengthening the PPR mechanism covering the national, regional, and global levels. The WHO Director General, Dr. Tedros Adhanom Ghebreyesus, has even recognized the FIF as a mechanism capable of closing the gap in funding

preparedness capacities to reach excellent quality PPR implementation and become an essential instrument in the global health architecture (WHO, 2022).

There are four fundamental elements in the implementation of the FIF funding scheme. Those include 1) a governing board as a decision-making unit in the mechanism; 2) an administrative secretariat to support the work of the governing board; 3) a financial trustee concluded by the World Bank; and 4) the FIF implementing entities at the national, regional, and global levels (The World Bank, 2022). At the national level, FIF assists in several aspects, such as strengthening the disease surveillance system; proper development of laboratories and operational mechanisms; increasing the capacity building for emergency communication, coordination, and management; improving the capacity and skills of the health workforce; and developing more community engagement (2022). Meanwhile, at the regional level, the forms of support provided by the FIF scheme include assistance in strengthening the functions and coordination of PPR and providing technical, analytical, learning, and convening assistance (2022).

The implementation of FIF involves various actors, and each has its role, which reflects the four fundamental elements mentioned earlier. The World Health Organization (WHO) has a significant role as a central actor in implementing FIF. The organization plays a vital role in supporting the technical advisory panel, participating in the secretariat formed by delegating staff who will carry out the coordination function to strengthen

the technical advisory panel and become one of the FIF implementing entities (The World Bank, 2022). Furthermore, the World Bank also takes part in FIF operations through three prominent roles, including 1) as a trustee, which regulates donor transfers to external parties after receiving recommendations from the FIF governing body; 2) acts as a secretariat in charge of administering program management and administration services to the FIF and backing its governing body; and 3) an observer to the FIF's governing board and will work as a supporter of FIF-financed projects implementation (2022). Furthermore, institutions such as Multilateral Development Banks involved in the PPR project, International Monetary Fund (IMF), and UN agencies also play an essential role as FIF-implementing entities that directly operationalize health funding (2022).

The initiation of FIF can undoubtedly be an excellent opportunity for strengthening health funding mechanisms to help countries facing difficulties in overcoming the risks posed by the coronavirus pandemic. Countries prioritized as recipients of health funds are the low-and middle-income countries (LMICs) to increase the capacity of these countries PPR in dealing with health threats such as those caused by COVID-19. Then, the entities that provide donors are not limited to states with an advanced economy, but international non-governmental organizations (INGOs) also participate in this mechanism. According to the World Bank (2022), the organizations that have participated in giving financial donors include the Bill and Melinda Gates Foundation and the

Rockefeller Foundation, which have contributed US\$15 million each, as well as the Wellcome Trust with a total contribution of GBP 10 million (US\$11.5 million). In the end, this FIF mechanism can be a platform used in building global health cooperation, and it is expected that this global health funding structure can ensure open access for the LMICs to obtain healthcare infrastructure and allow them to develop their PPR capacities. This mechanism can ultimately synergize with and adopt the previous Global Health Threats Fund proposal to increase active financial participation and coordination between global health actors in dealing with health threats, both currently occurring and those that could potentially occur in the future.

Then, other opportunities have the potential to strengthen GHA instruments that can be carried out by the G20 forum, namely by formulating policies on digitizing health services to form an effective and appropriate system for handling and mitigating infectious disease risks. Not only that, but digitalization is also essential to oversee the distribution flow of global funding for health missions in a transparent and accountable manner. Alfarizi and Arifian (2022), in their investigation, mentioned the importance of digitizing medical and healthcare services as a part of satisfying one of the global health management architectures, which emphasizes digitization of health services that is just and can be accessed effectively. For health workforces, digitalization is very helpful in determining accurate and fast diagnoses. It can collect, filter, and sort health data quick-

ly so that medical intervention can be immediately carried out for patients. Interestingly, providing healthcare service digitalization opens vast job opportunities for health workers and those involved in IT sectors, as the digital healthcare system might require more human resources to operate the mechanism (Alfarizi & Arifian, 2022, p. 7). The progress and innovations of health technology development can be essential in formulating feasible steps to strengthen GHA and formulating a health funding system that the G20 forum must consider.

As it has been explained that the G20 forum has several opportunities that can be utilized to strengthen the GHA; on the other hand, this organization must also face a severe challenge in achieving the goal of strengthening the multilateral mechanism. The challenge for the G20 forum in pursuing good GHA restructuration can be identified from the impact of international conflict, namely the Russo-Ukrainian War that currently threatens a peaceful and cooperative global constellation (Borrell, 2022). The war between Russia—as one of the G20 member countries—and Ukraine is the most challenging issue for the G20 forum to build a strong partnership in economic development to address global issues and, in the context of health matters, to help strengthen global health diplomacy between the member states (Llewellyn, 2022; Nugraha et al., 2022; Nangoy & Sulaiman, 2022). This also has the potential to disrupt the solidarity among the representatives to unite and decide feasible solutions to end global health crises, especially the ones caused by the current corona-

virus outbreak. For example, several Western countries that are members of the G20 have begun to show a non-cooperative attitude towards Russia in several G20 meeting agendas (Treeck, 2022). Some even harshly criticized and showed feelings of hostility to Russia after a series of attacks were carried out on Ukraine. On the other hand, Russia has also responded to the criticisms which are considered to be interfering with their national interests and considered some of these countries to be politicizing global health issues by mentioning the chaos of the Ukrainian health system after the invasion (Widianto, 2022; Shandilya, 2022). At the very worst, it was reported that a Russian representative walked out during the foreign ministers meeting to respond to the criticisms launched by some other representatives (Wolff, 2022).

The escalation between Russia and Ukraine has significantly impacted the developing global health architecture and cooperation between nations in strengthening health diplomacy. According to Fidler (2022), the situation in Europe is dire due to the Russian aggression against Ukraine. It generates multi-aspects tension, including political aspects, weakening the economic and diplomatic relations between the states in that area, and military tension. If the condition sustains, European nations, especially those involved in G7 and G20 organizations, will be handicapped in forming cooperation with Russia to emphasize health diplomacy.

Conclusion

Based on the findings and the analysis above, it is understood that the world is

currently facing a severe health crisis caused by the emergence of the global COVID-19 pandemic. The sense of multilateralism as the essence of the global health architecture becomes crucial to be strengthened and able to play a significant role in mitigating and reducing the risk of the coronavirus's impact. The restructuring of the GHA is an aspect that must be considered by all international actors, including the G20 forum. It can be concluded that in the effort to strengthen the architecture, the G20 forum has the opportunity to contribute to the restructuring project through its meeting agendas that are realized in the form of, such as the JFHTF platform, which has succeeded in bringing together various countries and international organizations to discuss effective strategies for strengthening the PPR funding. This is purposed to ensure the quality of global health amid the onslaught of the impact of the coronavirus. In addition, with the proposal for the Global Health Threats Fund system, this forum can extend its contribution by promoting this structure to strengthen the primary funding mechanism of the World Bank's Financial Intermediary Fund. The digitalization of healthcare services and monitoring of the flow of financial distribution is also an opportunity for the G20 forum to strengthen the health architecture. However, global stability, which is currently experiencing severe tension due to the conflict between Russia and Ukraine, can be a critical challenge for the G20 forum in increasing the sense of multilateral solidarity, which will hinder multilateral cooperation in formulating the global PPR funding system. Strength-

ening solidarity in unstable global dynamics becomes a matter that the G20 Forum must fulfill in order to be able to develop a more assertive global health multilateralism. This paper, however, still needs to investigate the progress of the post-G20 talk and the implementation of the concluded agreements to strengthen the global health architecture. This is caused by the lack of available data that explains this concern. Therefore, both issues can be utilized as a potential topic for further research in the future.

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Global Health Governance: The Case of the Biopolitics of

Covid-19 Vaccine Nationalism

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In April 2020, the World Health Organisation (WHO), Coalition for Epidemic Preparedness Innovations (CEPI), GAVI, and the Vaccine Alliances officially launched COVID-19 Vaccines Global Access (COVAX) as a policy to facilitate equal access to COVID-19 vaccines for low-to-middle-income countries. The initiative has 184 member countries and supplies vaccines to 140 countries. By August 2021, COVAX will have provided 200 million vaccine doses instead of the 600 million doses initially proposed. The shortfall of vaccine doses through the mechanism of COVAX is not only because of production shortage but also partly due to vaccine nationalism by more high-income countries (HIC), where they secure vaccine stocks for their population. Such a phenomenon has made the Global South countries vulnerable as they have no facilities for vaccine production except India. Vaccine nationalism can be better seen from two spheres, biopolitics, and geopolitics. Previous researches on geopolitics and infectious disease are still rare. Thus, this research hopes to fill this gap. The two terms imply that vaccine nationalism involves the creation of borders and separating things and people. In other words, a particular spatial dynamic of exclusion divides the world, as manifested by an inadequate distribution of the benefits of COVID-19 vaccines between the North and the South. This research intends to analyze vaccine nationalism that causes the discrepancy in vaccine distribution between the North and the South countries from the theoretical perspectives of biopolitics and geopolitics. This research employs a case study of vaccine nationalism from 2020 to 2021. It is argued that vaccine nationalism is further divided between the North and South and the division between homeland security and world security.

Keywords: *biopolitics; vaccine nationalism; geopolitics; COVID-19; global North and South*

Introduction

In December 2019, Pneumonia severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) that instigated Pneumonia became known in Wuhan, China. The World Health Organisation (WHO) officially referred to the disease as coronavirus disease 2019 (COVID-19). As it has been called, COVID-19 is highly contagious and could rapidly spread among the population in great

numbers. As a result of its contagious nature, COVID-19 has been a global threat that spirals and menaces not only world health but also other aspects such as the economy, political stability, and defense. (Censolo & Morelli, 2020; Group, 2021, p. 5; Martin et al., 2022; Ozili & Arun, 2020; Shrestha et al., 2020). Just like previous tragedies have been faced have a similar nature, such as SARS-CoV, Middle East respiratory syndrome

coronavirus (MERS-CoV), AVIAN Influenza A (H5N1), and Swine Flu (H1N1); international organizations and private actors have prepared a preventive measure to overcome such a tragedy, that is, by preparing vaccine which is relatively practical to contain the virus.

Vaccine, the most crucial thing to contain a virus, was first successfully invented by Edward Jenner in 1796. The purpose of the vaccine was to prevent smallpox (A Brief History of Vaccination, n.d.). The vaccine was first globally used when the Spanish Flu spread in the early 20th century. Differing from the governance of the pandemic in the 21st century, at the time was an absence of an international regime that regulated global vaccine distribution (Honigsbaum, 2020). Shortly after COVID-19 became a global epidemic, the global community—countries, intergovernmental organizations, and individuals—started preparing vaccines as the primary cure for the virus in mid-2020, along with the Coalition for Epidemic Preparedness Innovations (CEPI) and the Vaccine Alliance (GAVI), WHO formed COVID-19 Vaccines Global Access (COVAX). The platform became an international regime for global vaccine distribution (COVAX, n.d.).

However, there is a specific problem regarding COVID-19 vaccine distribution, especially some nationalist policies of some countries which can produce the vaccine. Most vaccine developers are North countries, except India, with the Serum Institute of India (SII) producing 400 million vaccine doses for domestic consumption. The United States, the United Kingdom, Germany,

Japan, France, Sweden, and Switzerland, are among the top vaccine-producing countries, including some vaccine-producing developing countries such as India, Brazil, Mexico, and Indonesia. However, there is a problem with vaccine allocation: a nationalist policy of certain nations. The United States had procured 800 million doses of six types of vaccines.

On the other hand, the United Kingdom had secured 340 million doses (Callaway, 2020, pp. 506–507). Moreover, The European Union—a supranational group of 27 member countries—and Japan had hundreds of millions of doses (Callaway, 2020, p. 506). Those advanced procurements would imply vaccine availability for other countries, especially lower-middle-income countries. According to a weekly report about vaccine research by Duke University, developed countries had accumulated 1.2 billion doses of vaccines. In comparison, lower-middle-income countries only secured less than half of the developed countries that had procured 582 million doses (Harris, 2021, p. 1).

Vaccine nationalism is an act and rhetoric in which some countries prohibit particular exportation of vaccines or make supply accords affecting other countries.

Some nationalist rhetoric emerged regarding vaccine distribution during the Trump Administration. An Administration official stated, “You put on your own Country first, and then we want to help others as quickly as possible, (Bollyky & Bown, 2021, p. 1). The 45th president also issued a nationalist speech regarding covid-19 vaccines; for example, during the virtual G-20 meeting,

Trump stated that Americans were to be the first to obtain vaccinations (Herszenhorn, 2020). The nature of the international system in which no global enforcement consequently makes countries compete against one another. It consequently results in vaccine nationalism, in which HICs attempt to protect the so-called functioning core and the non-integrating gap. In other words, the anarchic international system encouraged HICs to shield the 'tame zones' of the world from 'wild zones.' In policy practice, the U.S. under the Trump Administration obliged companies to meet federal orders before retail orders, which curtailed raw materials for vaccine production, such as bags and filters, through a Defence Production Act (Lupkin, 2021).

In studying vaccine nationalism, this paper utilizes the biopolitics concept developed by Michel Foucault (1990). Biopolitics signifies politics that talk about life. Biopolitics is an oxymoron; it is an amalgamation of two conflicting terms. It is about standard action and decision-making exceeding the necessities of bodily experience and biological facts and opens up the realm of freedom and human interaction (Lemke, 2011, p. 2). In other words, on the one hand, there is some regulation of people's life; on the other hand, there is liberty for the people.

In this context, vaccine nationalism deals with forming borders and the estrangement of people and things. Thus, there is a specific spatial dynamics of exclusion. There have been abundant studies using biopolitics on the issues of globalization, nationalism, technology, and epidemics. In particular, bi-

opolitical research on health primarily concerns governing the body, internal control, and securitizing the pandemic. Pertaining to the literature on nationalism, the majority of them focus on decolonization, nationalist struggle in the era of globalization, the relationship between nationalism and ethnicity, and nationalism and its relations to a state (Beiner, 1999; Breuilly, 1993; Brinks et al., 2006; Brown, 2000; Hughes, 2007; Manela, 2007; Mayall, 1990; Smith, 1998, 2009).

There have been many previous studies on vaccine nationalism (Bollyky & Bown, 2020; Chatterjee et al., 2021; Hassoun, 2021; Katz et al., 2021; Lagman, 2021; Riaz et al., 2021; Rutschman, 2021; Santos Rutschman, 2020; Wagner et al., 2021; Zhou, 2022). However, most lack theoretical analysis, particularly the relationship between biopolitics and vaccine nationalism. These research questions are biopolitical and geopolitical implications of COVID-19 vaccine nationalism. Thus, this research would like to fill the gap in the biopolitical theoretical perspective on vaccine nationalism, especially between the Global North and the Global South countries. This research adopts a biopolitical perspective from earlier research (Braun, 2007; Foucault, 2004; Højme, 2022; Ingram, 2009; Kelly, 2004; Lemke, 2011; Liz, 2022).

Methodology

This study uses the case study of vaccine distribution under the COVAX scheme during 2020-2021. In that period, COVAX delivered vaccines to 140 member countries. The research employs qualitative methods. Qualitative studies use alternatives to num-

bers, and the process is inductive (Neuman, 2002, p. 203). Qualitative research is a situated activity that places the researcher in the world. It comprises a set of interpretive, material practices that make the world visible. It attempts to study natural settings and interpret phenomena (Denzin & Lincoln, 2017, p. 43). Writing materials are secondary sources such as journal articles, books, policy reports, news reports, and lectures.

Literature Overview

Very little attention has been given to biopolitics and nationalism, mainly on the relations between biopolitics and vaccine nationalism. Chatterji (2004) connected ethno-religious nationalism and biopolitics by analyzing Hindu groups' cultural dominance and majoritarianism in India. On the other hand, Kloet et al. (2020) have written the relationship between biopolitics and nationalism during the COVID-19 pandemic. However, they attempted to look at the competition for biopolitical control in Taiwan, China, and Hong Kong. Both kinds of research focus on the aspect of national identity. However, they do not discuss the exclusion of certain countries from receiving vaccines by other countries, especially by HIG countries in the context of vaccination.

Ingram (2009) made a breakthrough by conflating biopolitics and geopolitics; he analyzed critical geopolitics from a biopolitical perspective. In this case, according to him, there had been a tiny endeavor to research disease and geopolitics. Moreover, he argues that the discussion of global disease implicates the spatialization of governance,

in which disquietude over virulent malady is a component of place, nation, and world-making processes. Braun (2007) argued that biosecurity is biopolitical and geopolitical, which explores beyond areas of domestic security and overseas security. Braun also stated that global health governance is divided into two camps, the "functioning core" of liberal peace' and the 'non-integrating gap.' O' Tuathail (1996) has argued that one of the concerns in international politics is shielding the 'tame zones' of the world from 'wild zones.' The arguments imply a 'planetary architecture of containment,' concentrated on the geopolitical management of the 'insured' liberal life of the global North and the 'uninsured' life of the global South.

According to King (2002), the geography of biosecurity results in the emergence of an infectious diseases worldview; for example, U.S. officials emphasize the pre-eminence of public health or securitization of public health after the Cold War ended. Gregory (2004) stated that biosecurity implicates performances of space that aggrandize otherness and bends it into remoteness. The main challenge of such problems is how the North and South can cooperate during pandemics, principally in intellectual property management and medicine acquisition (Tayob, 2008).

From such discrepancy, this research wants to discern such vaccine nationalism from the perspective of biopolitics which Foucault has long developed in the 1970s-80s. Research on biopolitics and nationalism is mainly related to state racism. Thus, this research wants to fill the gap in biopolitics

and nationalism that focuses on medical nationalism. As a concept, biopolitics has been contemporarily used to analyze the relations between policy and health, such as research on HIV/AIDS, vaccination, and abortion. On HIV/AIDS, biopolitics focuses on the securitization of the disease as an international security issue (Elbe, 2005, p. 403). Literature on biopolitics and vaccine, mostly about government controls and vaccination resistance—see Charles (2020), Giambi & Perrey (2012), Hausman (2017), and Højme (2022).

Theoretical Approach

Biopolitics has been widely used, but this concept has only been employed in disciplines, including health studies. Principally, there are two conflicting views regarding biopolitics as a tool of analysis. First, biopolitics is a perspective bound to rational, intellectual government and the democratic institution of life. Second, biopolitics is also relatively used as an analytical tool for racist and eugenic approaches (Lemke, 2011, p. 1). The notion concerns political asylum policies, AIDS prevention, financial support for agricultural products, medical research, abortion, and demographic change (Lemke, 2011, p. 1).

In biopolitics, there is a polarisation between the two main points of view concerning the relationship between politics and life. On the one hand, some state that life is the basis of politics. Moreover, on the other hand, some argue that life is the object of politics (Lemke, 2011b, p. 3). However, more than the two approaches is needed to explicate the inconsistency in the boundary

between life and politics since both are mutually isolated. Thus, it encourages many scholars to use biopolitics to explain life and politics comprehensively.

In Policratius, John of Salisbury uses the term *body politic* to refer to the members of society. Political scientist Rudolf Kjellén argued that states are super individual creatures that are equivalent to human beings but larger and more potent; in other words, states as a form of life that struggles for existence and growth while cooperating for the objective of existence (Kjellén, 1920, pp. 93–94). The organicist approach to the analysis of the state includes Salety (1918), Uexküll (1920), Hertwig (1922), and Roberts (1938). This approach argues that the state is the earliest life form, providing the institutional foundation for individual and collective activities (Lemke, 2011b, p. 10).

In the contemporary, Michel Foucault employed the notion of biopolitics comprehensively. Foucault focused on biopolitics in his lecture in 1976 at the Collège de France (2004) and the first volume of *The History of Sexuality* (1990). According to Foucault, biopolitics refers to a modern form of exercising power that historically discontinues. Principally, Foucault uses the idea of biopolitics in three categories. First, biopolitics is a re-articulation of sovereign power that depicts historical discontinuity in political practice and thinking. Second, biopolitics is associated with modern racism. Third, biopolitics, as a peculiar way of government, historically comes out with the liberal type of social regulation and individual self-governance (Lemke, 2011b, p.

34). In this context, he uses biopolitics and biopower interchangeably, distinguishing them from the traditional sense of power.

The latter is power relations that function in the manifestation of deduction: deprivation of goods, products, and services. To an extent, it has the right to decide life and death, though in a limited form. While the former refers to the Administration, securitization, development, and fostering of life. The transformation occurs due to industrialization, agricultural production, and the development of medical and scientific knowledge of the human body. Unlike traditional power, biopower operates by structuring the sensation of the grid and physical routines. It accords the economic productivity of the body while weakening its forces to ensure political subjugation of the population. The latter, in this sense, is not a legal/political—totality of individuals), nevertheless a biological corpus, processes, and phenomena characterizing a social body, for example, birth and death rates, health status, life span, and the production of wealth and its circulation. They become a security technology target intended to preclude jeopardy resulting in the population's existence as a biological entity. Another aspect that must be considered is discipline technology which differs from technology security in terms of historical appearance, purposes, instruments, and institutions. Institutionally, discipline has arisen in the army, prisons, schools, and hospitals since the 18th century. In this context, they are not independent but linked together (Lemke, 2011b, p. 37).

He briefly discusses biopolitics in the first volume of the last chapter of the *History of Sexuality*. In the chapter, Foucault begins arguing the privileges of the sovereign to determine life and death. However, in modern times, the sovereign power no longer has absolute authority to decide such events. Nevertheless, when foes threaten his existence, he could wage war lawfully by ordering his subordinate to participate in such a war. In this context, according to Foucault, the ruler exerted a collateral force over his subjects of life and death. It also occurs in law enforcement, where he wielded direct power over the felon's life. The power of life and death depends on the defense of the sovereign and survival (Foucault, 1990, p. 135).

Foucault further argues that power was exerted as a means of deduction, a right to seize things, time, bodies, and life. In modern times, the deduction has transformed into a component inciting, reinforcing, controlling, surveilling, optimizing, and organizing power. Such power renders, raises, and orders the forces instead of obstructing, subjugating, and destroying them. In the contemporary world, existence is no longer about sovereignty but rather the biological existence of the population. In advanced times the ruler has the power to sustain life that supersedes the ancient power to take a life; in other words, the most prominent role of power is to invest in life. The most important is distributing the living in value and utility, which is no longer about carrying death in the domain of sovereignty. The most desired result of power technology is a

normalizing society (Foucault, 1990, p. 137).

The power over life evolved into two principal anatomies that are not antithetical and make up two poles of development. The first pole constitutes the body as a machine, disciplining, optimizing, and extorting. The second pole focuses on the species body that serves as the basis of the biological processes, for example, propagation, births and mortality, health level, life expectancy, and longevity.

Life has transformed into an autonomous, neutral, quantifiable element and can be dissociated from concrete living beings and idiosyncratic individual experiences (Lemke, 2011b, p. 5). The idea of biopolitics is related to such knowledge and disciplines as statistics, demography, epidemiology, and biology that grant correction, exclusion, normalization, disciplining, therapeutics, and optimization.

Foucault's thoughts on biopolitics relevant to this analysis are his views on protecting a population from dangers and risks. In his lecture, Foucault argues that the subject could call for a sovereign's protection against external or internal foes. However, in the context of liberalism, it moves into the arbitration between the freedom and security of individuals with the mention of the dangerous nation. Liberalism is also exposed to the political culture of danger that began in the 19th century. For example, campaigns against disease and hygiene (Foucault, 2010, pp. 53–66). It is relevant to the case of vaccine nationalism, which is the competition amongst countries to acquire vaccines that implies the exclusion of other

countries to obtain vaccines.

Another theoretical concept that supplements Foucault's biopolitical thoughts is the ideas formulated by Giorgio Agamben (1998). He argues that there is a connection between sovereign power and biopolitics; that is, inclusion in political society is simultaneous with the negation of the legal status of other human beings. He differentiates between bare life (*zoé*) and political existence (*bíos*), meaning the disparity between a natural being and an individual's legal existence. It is a promulgation of a space divesting the safeguard of the law. In his phrase, he envisages "The original juridico-political relationship is the ban" (Agamben, 1998, p. 109; Lemke, 2011b, p. 54). Bare life means marginal from politics, in which the existence and decease of a human being become the aim of a sovereign decision. The bare life for example, refugees and asylum seekers receive humanitarian assistance. However, they cannot uphold a legal claim or are scaled down to the status of biomass, scientific definitions, and assertions (Lemke, 2011b, p. 55).

Discussions

In December 2019, in Wuhan, there was a report of an outbreak of Pneumonia of unknown origin. Such cases were linked to the Huanan Seafood Wholesale Market. According to the research, the outbreak was caused by a novel coronavirus associated with SARS-CoV and therefore named severe acute respiratory syndrome coronavirus 2 (SARS-Cov-2). The coronavirus COVID-19 caused the latter. On March 12, 2020, WHO

promulgated COVID-19 as a global pandemic. The disease has taken a toll on human lives, economic crises, and poverty (Ciotti et al., 2020, pp. 365–366). Until September 2022, the confirmed cases of COVID-19 have been 601,189,435, and the verified deaths are 6,475,346 (WHO Coronavirus (COVID-19) Dashboard, 2022). The virus also caused a contraction in the world's economy. Either the North or South countries; for example, the world's gross domestic product (GDP) fell by 3.4 percent, though the world's GDP has recovered (Topic, 2022).

To solve such a global problem, a vaccine is a leading solution to prevent the spread of the virus amongst the population because vaccine effectiveness against COVID-19 patients was above 90% (Zheng et al., 2022, p. 252). As such, COVID-19 corroborative impacts such as economic contraction, unemployment, and poverty could be ended.

Like other pandemics, in April 2020, WHO announced the formation of COVAX as a framework to facilitate equal access to COVID-19 vaccines for low-to-middle-income countries. The platform is managed by GAVI, the Coalition for Epidemic Preparedness Innovations (CEPI), and the World Health Organisation. The initiative has 184 member countries. COVAX is one of the four elements of the Access to COVID-19 Tools Accelerator, an initiative commenced in the same month by the French government and the European Commission. COVAX's finance instrument is the COVID-19 Vaccines Advance Market Commitment (COVAX AMC). COVAX intends to support 92 low-

to-middle-income countries, mainly focusing on the 34 countries below 10 percent of coverage in January 2022 (COVAX, n.d.).

By August 2021, COVAX has supplied 200 million doses instead of 600 million doses as initially proposed and, up till now, has distributed vaccines to 140 countries (Paun, 2021). The shortfall of vaccine doses through the mechanism of COVAX is not only because of production shortage and the diversion of 400 million Oxford–AstraZeneca COVID-19 vaccine doses, under the certification of SII, for use in India but also partly due to vaccine nationalism by more advanced countries such as the United States. Vaccine nationalism implies more vulnerable countries, especially the global South countries with no vaccine production facilities except India.

Vaccine nationalism emerges via supply accords or export prohibitions, which, as a consequence, impair other countries' vaccine quotas. The nationalist policy of vaccine distribution can be interpreted through the perspective of national security/national interest, in which the securitization of medical insecurity becomes prominent. Largely, HICs have safeguarded vaccine doses in sufficient amounts causing the unequal allocation of vaccines globally. Such a disproportional vaccine distribution has also been exacerbated by HICs' crusade for third-dose boosters and children's vaccination. Despite the unequal vaccine supply will decelerate the ending of the global pandemic, it also probably allows new virus variants.

This article tries to tell what nationalism is. This research first describes nationalism

from a general perspective. Nationalism is categorically classified as an instinct (primordialism), an interest (situationism), and an ideology (constructivism)—the first related to the assertion of natural primordial rights before the interests of other ethnicities. The second is associated with situational changes in the global economy. The third comes to insert new myths of certainty, that is, to resolve the insecurities because of modernization and globalization (Brown, 2000, p. 4).

In the context of nationalism and vaccine distribution, some dimensions can be discerned. Before the COVID-19 pandemic, nationalism was essential to vaccine allocation. For instance, HICs safeguarded vaccine acquisitions for domestic use preceded international distribution, such as polio, smallpox, and H1N1, and drugs for HIV/AIDS. Vaccine nationalism is analytically connected with domestic ownership and control of vaccines. Besides the symbolic meaning of national character to vaccines, nationalist images of winning and achievement (Vanderslott et al., 2021, pp. 2–3). This is called national pride; being better, out-competing others, and winning.

In such a case, the public favors national vaccine production by arguing that their vaccines are more effective than other countries. It implies that vaccines, like other pharmaceutical products, become power instruments facilitating social and symbolic processes (van der Geest & Whyte, 1989, p. 345). Another factor why people are against vaccines supplied by other countries or external actors is the fear of them becoming

an object of experimentation for the benefit of governments, pharmaceutical companies, and the international community (Vanderslott et al., 2021, pp. 7–8). In other words, it is a reaction to foreign knowledge of outside experts to solve a domestic problem.

Another important note is public pessimism for a global solution that emerges due to a discrepancy between expectation and reality. In the school of thought idealism, international institutions become vital to solving global problems, including nullifying self-interests for common goals. However, the objectives' implementation is only occasionally flourishing as initially expected. For example, there is skepticism that low-to-middle-income countries' logistics are barriers to successful vaccine distribution. Moreover, some argue that there is no way that government will invest in things globally that are also needed by its population. The last thing is why the global vaccine supply is hampered since some governments politicize the distribution of vaccines. Politicians use this as an opportunity to depict their respective countries' greatness which, if vaccines are effective, will boost their image domestically, especially for their re-election.

Vaccine nationalism is manifested rhetorically and practically. The first is showcased by some statements issued by politicians and leaders regarding vaccine distribution. Donald Trump, the 45th president of the United States, at the Group 20 (G20) meeting in 2020, stated that United States nationals (the U.S.) would be the first to receive vaccinations (Herszenhorn, 2020). Another U.S. official,

Peter Navarro, stated that the U.S. could not depend on other countries, even its allies, to supply vaccines (Bollyky & Bown, 2020, p. 103). In policy practice, the U.S. under the Trump Administration obliged companies to meet federal orders before retail orders, which curtailed raw materials for vaccine production, such as bags and filters, through a Defence Production Act (Lupkin, 2021). In March 2020, Trump reportedly persuaded a German firm to move its research work exclusively to the (United et al., 2020). Despite the United States, a European country, Italy blocked vaccine export Oxford-AstraZeneca in 2021.

The practice of vaccine nationalism is not limited to the cases mentioned above but also occurs in safeguarding vaccines before their production. The U.S. secured 800 million doses of six vaccines in development. Another global North country, the United Kingdom (the U.K.), also secured 340 million doses. The European Union (the E.U.) and Japan have pre-ordered hundreds of millions of doses of vaccines (Callaway, 2020, p. 506).

In sum, HICs by February 2021 have secured 4.2 billion doses, upper-middle-income countries secured 1.2 billion doses, lower-middle-income countries have pre-ordered 582 million doses, and low-income countries purchased 670 million vaccine doses. From such information, some countries, especially HICs, have obtained more vaccine doses than needed. For instance, New Zealand procured 20 million doses, while its population is only 5 million (Callaway, 2020).

From such cases, there is a discrepancy in vaccine distribution between the global North and global South due to vaccine nationalism. This act occurs according to the logic of biopolitics: protecting certain parts of lives while handling other lives as expendable, right of a death, and power over life, which states try to protect its population. Biopolitics controls people by letting them live, using the right to kill, and controlling life. In short, it is the right to take life or let live (Foucault, 2003, pp. 240–241; Kelly, 2004, p. 60). Biopolitics, in a crude manner, consists of demographic control—for example, epidemics. In modern times biopolitics yet involves the right to take life, domestically monopolizing the right to use violence, or internationally the right to wage war to protect the population. From that, there is an idea of a scramble between opposing forces, in which society is trapped in a struggle with its enemies both within and without, in which other groups are in danger. In this context, the struggle is the internal dynamic of every society. Biopolitics differs from discipline, the former is more novel and sophisticated, and it treats society at the stage of multiplicity. In other words, biopolitics is employed to manage the population, that is, to assure that a healthy workforce exists (Foucault, 2003, p. 242). Foucault refers to it as state racism; it allows the enemy to be identified as an out-of-group. They can be found inside and outside our borders, thereby sanctioning or killing is part of biopolitical technology, which tries to keep people alive, at least in its more developed form. This is what Foucault refers to, for example, as “indirect murder,” where some

people are at greater risk of things to which the body of the general public is not usually exposed (Foucault, 2003, p. 256; Kelly, 2004, p. 60). Racism, in Foucault's sense, is not conventional racism or aversion to other races; more precisely, it is biological racism, the notion of evolutionary competition, and the health of the species (Kelly, 2004, pp. 60–61).

In the contemporary world, a state differentiates between those it maintains alive and those it takes life, along with those it only permits to be exposed to increased mortality risk (Kelly, 2004, p. 61). According to Foucault, Racism uses the idea that the death of others makes one physiologically stronger insofar as one is a member of a race or a population, insofar as one is an element in a unitary living plurality, to defend the death function in the economy of biopower (Kelly, 2004, p. 258). Biological racism, in this sense, is an understanding that both internal and external forces endanger the population and that removing such risks may strengthen the population (Kelly, 2004, p. 61).

To work, biopolitics needs consent. Thus, a population is demanded their cooperation which is showcased by hygiene practices, medical self-monitoring, reproduction, and consent with population measurement. The purpose of biopolitics is not simply the existence of the population but rather to achieve an economic objective. In biopolitical logic, death is private/taboo or even evil. However, it permits a particular part of a population to die for more significant numbers to be saved.

In the case of COVID-19 vaccine nationalism, geopolitically, there is a fractioned globe where the inadequate distribution of modern medicine and public health benefits divides North and South. It cannot solely be seen from the case of interstate relations and the practices of global institutions; rather, it can be discerned that there are spatial dynamics of inclusion and exclusion of wealth, power, and domination. Thus, the pandemic is geopolitical in the sense that it is governed in a world that is spatially uneven and unequal (Ingram, 2009, p. 2085).

The nationalism of COVID-19 vaccines implicates boundary creation and the division of things, people, and places. In Bashford's words, it comprises the socio-spatial management of contagion (Bashford & Hooker, 2001).

It also implies that ensuring "national" health has frequently involved proactive engagement by entities with "global" reach to minimize disease risks. Such interferences have often been justified simultaneously in a range of ways, including by ensuring the health of both the "homeland" and the "world," as well as by strategic objectives in certain areas (Ingram, 2009, p. 2086).

In geopolitics, a signification of creative geographies can be drawn out—a zone intentionally created dividing the North and the South. Consequently, we could derive a notion of geopolitics from creative geographies in that biosecurity incorporates spatial performances that highlight difference and fold it into the distance. COVID-19 vaccine nationalism

reflects advanced countries trying to shield the “functioning core” of liberal peace from menaces developing from the ‘non-integrating gap’ (Braun, 2007, p. 22). That is to say, some countries attempt to defend the ‘tame zones’ from the ‘wild zones of the world’ (Tuathail, 1996, p. 253).

Global health governance via new rationalities of development and security has been interlinked in a ‘planetary architecture of containment,’ intended to handle two biopolitical zones, the ‘ascertained’ liberal life of the global North and the ‘uninsured’ life of the global South (Duffield, 2007). In this case, global vaccine governance unintentionally created a vaccine access gap between the North and the South. Even though through the COVAX mechanism HICs were encouraged to provide their limited vaccine supply to low-to-middle-income countries. Nevertheless, specific rules, norms, and laws pushed HICs to supply vaccine doses to certain countries, such as sub-Saharan Africa. Therefore, the global North can secure itself from the unwanted effects of global interdependence and circulation. Cooperation such as intellectual property agreements and medicines access may be agreed upon. However, there is still a possibility that governments may use their emergency authorities to cope with serious public health issues or to fend off virtual dangers that have not yet materialized (Braun, 2007).

Conclusion

It is argued at the beginning of this article that COVID-19 vaccine nationalism

implies the logic of biopolitics: protecting certain parts of lives while handling other lives as expendable, the creation of borders and separating things and people, and specific spatial dynamics of exclusion. The findings that have been presented suggest that the global North countries attempt to protect to shield the “functioning core” of liberal peace from menaces that are developing from the ‘non-integrating gap’; or protecting the ‘insured’ liberal life of the global North and the ‘uninsured’ life of the global South. This is important for the case of COVID-19 vaccine nationalism because that type of nationalism endangers another part of the world, especially the global South.

While this study does not offer a conclusive answer to the question of biopolitics and COVID-19 vaccine nationalism, it does suggest the biopolitical perspective of vaccine nationalism.

As a result of conducting this research, a notion is proposed that countries must lose intellectual property barriers to free the world from the pandemic. It would be fruitful to pursue further research about vaccine nationalism to escape the unequal distribution of COVID-19 vaccines.

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The Shifting of Regional Regime: Study Case of Renegotiation

NAFTA to USMCA

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This study was designed using descriptive writing techniques using secondary data, library research techniques, and qualitative analysis. The results of this study indicate that the factors behind the renegotiation of NAFTA to the USMCA come from internal and external factors. From internal factors, there are considerations from each NAFTA member country in the form of profit and loss considerations from an economic perspective, such as gains from Foreign Direct Investment (FDI) and losses in the form of trade deficits. Meanwhile, from external factors, there were considerations related to economic threats from third parties, several NAFTA rules considered detrimental and irrelevant, and concerns about the potential for modernizing NAFTA rules from a digital trade perspective. In addition, the renegotiation of NAFTA to the USMCA also brings those international agreements to a deeper stage of economic integration, where the USMCA is between the Free Trade Agreement (FTA) and Customs Union stages because the USMCA has more profound rules than the FTA stage. However, on the other hand, it still needs to fully comply with the laws at the stage of the Customs Union.

Keywords: NAFTA; USMCA; renegotiation; economic integration

Introduction

NAFTA (*North American Free Trade Agreement*) is a regional trade agreement comprising the United States (US), Canada, and Mexico. The agreement came into force on January 1, 1994, and the purpose of NAFTA was to create and enhance economic cooperation and encourage fair economic competition with fellow member countries. In addition, NAFTA is one of the world's largest regional cooperation organizations and the first to agree on a free trade agreement involving rich countries (the United States and Canada) and low-income

countries (Mexico).

This collaboration made trilateral trade between NAFTA partners reach US\$ 1.2 trillion in 2017 (Sonneland, 2018). Even though NAFTA has provided benefits in the form of increased trade to its member countries, the US, as a member country of NAFTA, instead submitted a notification of NAFTA renegotiation to USMCA (United States-Mexico-Canada Agreement) on May 18, 2017¹.

On August 16, 2017, official talks regarding the renegotiation of NAFTA began between the three countries and were held in Washington, DC. The meeting brought

¹ The intended renegotiation is the original United States-Mexico-Canada cooperation agreement negotiated into NAFTA in 1994.

together representatives from the three countries: the United States Trade Representative Robert Lighthizer, Canadian Foreign Minister Chrystia Freeland, and Mexican Economic Secretary Ildefonso Guajardo. After seven rounds of talks, NAFTA was successfully renegotiated into USMCA. This success is reflected in the official signing of the USMCA on November 30, 2018, by the three countries, namely by the President of the United States, Donald J. Trump, the President of Mexico, Enrique Peña Nieto, and the Prime Minister of Canada, Justin Trudeau (Villarreal & Fergusson, 2020). The success of the renegotiations continued with the effective entry into force of the USMCA on July 1, 2020, which came into effect after Canada ratified the USMCA on March 13, 2020 – in which Canada was the last party to ratify the USMCA.

The renegotiation of NAFTA to USMCA then led to changes in several points of the rules agreed upon in several sectors, such as the automotive sector, labor law, dairy products, technology, environment, and biological medicine. In addition to the several changes to these rule points, there are several policies in the form of additional articles in the new USMCA rules, and one of the additional articles of concern is Article 32.10. That article regulates non-market country provisions, which aim to limit the trade of its member countries with outsiders.

Based on the introduction, the formulation of the problem from this article is “What are the factors behind the renegotiation of the North American Free Trade Agreement (NAFTA) into the United States-Mexi-

co-Canada Agreement (USMCA)?” Thus, this study aims to see, explain, and analyze the factors behind renegotiating the North American Free Trade Agreement (NAFTA) into the United States-Mexico-Canada Agreement (USMCA).

The structure of the article is as follows. The first section introduces NAFTA briefly and how it shifts into USMCA. The second section describes this article’s data collection and analysis techniques. The third section is an overview of NAFTA, which explains the origins of trade cooperation between the three member countries and the impact of NAFTA on its member countries. The fourth section provides information on regulatory changes in several sectors, from NAFTA to USMCA. The fifth section describes the application of economic integration theory to analyze the regime’s level or position at the economic integration stage. The sixth section attempts to answer the article’s question by explaining the factors that led to the renegotiation of NAFTA to USMCA and dividing these factors into internal and external factors. The last section is the conclusions of this article.

Methodology

This research uses a descriptive type of research, which will provide an overview and analyze the various factors causing the renegotiation of NAFTA to USMCA, as well as how the renegotiation affects the changes in the stages of the economic integration of the regional organization. The data sources used in this study are secondary data obtained through reading and analysis

of various books, journals, news, articles, and official documents, such as the NAFTA and USMCA agreement documents sourced from the official website of the United States, Canada, and Mexico government. The data collection technique used in this research is library research, namely by collecting various data needed and related to the problem under study. The data analysis technique used in this study is a qualitative data analysis technique. This technique is carried out by explaining the data based on the facts obtained based on the collection of various data, which will then be drawn to a conclusion.

Renegotiation as a Way to Enhance Regional Economic Integration

Understanding the term regionalism is closely related to the integration process – especially economic integration. The word integration can be understood as a unification process, and when combined with the word economy, economic integration can be interpreted as a process of economic unification. Meanwhile, based on Bela Balassa's understanding, economic integration is defined as a process and condition which seeks to design the elimination of discrimination between economic units owned by different countries (Balassa, 1994). Furthermore, Balassa also categorizes the definition of economic integration into six stages, namely:

- a. Preferential Trading Area (PTA) is a trade block seeking to reduce tariffs on certain products between member countries.
- b. Free Trade Area (FTA), member countries try to reduce trade barriers by elimi-

nating tariffs and quotas to increase trade within the block. Nevertheless, conversely, each member country can still apply tariff policies according to their respective interests against countries outside the membership.

- c. Customs Union is at a higher stage than FTA, where member countries not only abolish tariffs and quotas between member countries but also agree to impose tariffs (Common External Tariff) or the same economic policies on non-member countries.
- d. Common Market, namely the stages in which there are eliminating obstacles to the various movements of factors of production (services, goods, and capital flows), is done by setting the same price on the factors of production. The similarity of prices for the factors of production will likely result in an efficient allocation of resources.
- e. Economic Union is a stage similar to the Common Market but adds rules by harmonizing economic and social policies.
- f. Total Economic Integration, namely the stages carried out by unifying monetary, fiscal, and social policies, as well as forming supra-national institutions that bind all member countries. In this stage, the national government surrenders power and sovereignty in the country's economic and social policies to supranational authorities mutually agreed upon.

The theory of economic integration in this study is used to analyze the position (stages) and reasons for renegotiating NAF-

TA to USMCA concerning changes in the stages of economic integration.

Apart from using the theory of economic integration, this study also uses rational choice theory to analyze the considerations of NAFTA member countries in deciding to renegotiate.

The rational choice theory used in this study uses an explanation from Stephen M. Walt, where he states that there are several basic assumptions from rational choice theory. One of the basic assumptions of Walt's rational choice theory, which relates to the case in this study, namely the assumption that "*Rational choice theory assumes that each actor seeks to maximize its "subjective expected utility." Given a particular set of preferences and a fixed array of choices, actors will select the outcome that brings the greatest expected benefits.*" Based on this explanation, the state, as a rational actor, will take actions that can provide maximum benefits. So that every action will be chosen based on consideration of various aspects or available options so that the interests of a country can be achieved. In addition, it is undeniable that every choice the state makes will still cause benefits, costs, and risks. This can then be seen as a result of decisions made by the state. Therefore, analysis is needed related to considering the benefits, costs, and risks a country will obtain in making a decision.

Related to that assumption, in this case, each NAFTA member country has considerations in deciding to engage in renegotiations. The consideration analysis is divided into two factors, namely internal factors and external factors. The division of these

factors was carried out to analyze internal and external economic interests and threats, which was then seen as a consideration for each country – or regime – in deciding on renegotiations. Then, knowing each country's economic interests and threats can also be known what benefits, costs, and risks are, which is also a consideration by each country in deciding renegotiation.

The Overview of the North American Free Trade Agreement (NAFTA): How It Has Formed and Its Impact on Its Member

In 1984, the US Congress passed the Trade and Tariff Act. This law gives the President fast-track authority, in which the President has the authority to negotiate trade agreements (bilateral) without the direct involvement of Congress (Amadeo, 2022).

Through the Trade and Tariff Act, the United States then discussed the formation of the Canada-U.S. Free Trade Agreement (CUSFTA) in 1986. The negotiations took place from 1986 to 1987, wherein in 1987, the two countries agreed to form CUSFTA, and the agreement became effective on January 1, 1989. In addition to establishing bilateral cooperation with Canada, the US subsequently entered into negotiations on establishing bilateral cooperation with Mexico – which is also part of the North American region – where the negotiations took place in September 1990.

On February 5, 1991, Canada then requested the formation of a trilateral trade agreement with the US and Mexico. This was proposed because Canada was concerned

that there would be dissimilarity or an imbalance in the agreement between the US-Canada and US-Mexico bilateral relations. The trilateral agreement was later named the North American Free Trade Agreement (NAFTA). It was signed on December 17, 1992, by Canadian Prime Minister Brian Mulroney, US President George H. W. Bush, and Mexican President Carlos Salinas de Gortari. Furthermore, NAFTA was then officially enforced on January 1, 1994. The purpose of establishing NAFTA was to create and enhance economic cooperation and encourage fair economic competition with fellow member countries.

Since NAFTA took effect, this collaboration has positively impacted the US, Canadian, and Mexican economies. Trilateral trade between NAFTA partners reached US\$ 1.2 trillion in 2017, and according to data from the World Trade Organization, exports of NAFTA goods in 2018 have increased almost fourfold compared to 1993 (Kryvenko, 2020).

On the other hand, it cannot be denied that the regional organization has negative implications for its member countries, namely as 682,000 US manufacturing workers lost their jobs in 2011, there was competition between workers from Mexico and US workers, Mexican deforestation increased because US companies used fertilizers and chemicals (to keep costs low).

Considering the positive and negative impacts of the existence of NAFTA, its member countries decided to renegotiate NAFTA to become USMCA in 2017. The renegotiations were carried out to protect state

interests and adapt to changing circumstances, and more specifically, to rebuild balance (Maula, 2019).

Outcomes of Renegotiations: The Changes in USMCA

The United States-Mexico-Canada Agreement (USMCA), successfully formed on July 1, 2020, resulted from NAFTA renegotiations carried out in seven talks from 2017 to 2020. In the proposed USMCA, there are 34 chapters and 12 side letters. However, in the completed renegotiations, the USMCA retained most of the contents of NAFTA, with only a few changes.

Table: Changes in NAFTA and USMCA Rules

Sector	NAFTA	USMCA
Automotive	62.5% of vehicle components must be made in one of the member countries.	75% of vehicle components must be made in one of the member countries.
Labor law	Sending jobs to Mexico because of lower labor costs.	Labor reform and compliance with the panel's obligation to review for possible facility violations.
Agriculture (Dairy products)	Eliminate tariffs of up to 0% on most dairy products.	- Maintain a 0% rate. - Expansion of the opening of the Canadian market for dairy products from the US.
Environment	Environmental requirements are difficult to enforce.	Set aside \$600 million to address environmental issues.
Intellectual property protections	The term of the author's copyright guarantee is 30 years after the death of the creator or author.	The copyright guarantee period was then increased to 70 years and for publication guarantees to 75 years.
Technology (Digital trade)	Digital trading is not regulated.	Canada and Mexico can no longer force US companies to store data on domestic servers.
Dispute settlement	There is a Chapter 11 law related to Investor-State Dispute Settlement (ISDS) which allows private investors to file claims against a country if there is a violation of the investment provisions in a trade agreement.	Chapter 11 was removed regarding the Investor-State Dispute Settlement (ISDS) system between the US and Canada.
Biologic drugs	Drug company protection.	Removing drug company protection, and being replaced by granting biologic exclusivity for several years. In this case, the US gives exclusivity for 12 years, Canada for 8 years and Mexico for 5 years.

As the changes to the rules from NAFTA and USMCA have been compiled in the table above, here are some sectors that have changed and added to the rules in the USMCA:

- i. Automotive
In this sector, there are changes to the Rules of Origin (ROO) regarding the

rules for making automobiles. The previous NAFTA stipulated that as much as 62.5% of an automotive component must come from member countries. The minimum amount was then increased to 75% under USMCA rules, which will gradually increase until January 1, 2023.

In addition, in the automotive sector, the concept of “Labor Value Content” was also added, in which the concept stipulates that as much as 40% of workers must make 45% of vehicle parts with a minimum income of \$16 per hour. This is done to provide protection and also so that Mexican labor standards can increase. Then, there is a requirement that as much as 70% of the vehicle’s steel and aluminum must come from North America.

ii. Agriculture

Through the USMCA, the US seeks to expand its dairy, poultry, and egg product markets in Canada. This was done because, previously, Canada imposed high import tariffs on dairy products and restricted domestic milk production, causing the price of milk to be very high in Canada. To overcome this, in the USMCA, Canada must expand its dairy sector market for the US by 3.5% of the approximately \$16 billion annual Canadian domestic dairy market. This is done by eliminating tariffs and quota limits (tariff-rate quota).

iii. Environment

Enforcement of environmental requirements was strict in the previous

NAFTA. However, the USMCA’s establishment of environmental rules is more accessible to enforce by removing the requirement to prove violations affecting trade. In addition, the USMCA also stipulates the provision of \$600 million to deal with environmental problems in member countries, for example, the overflow of waste from Tijuana (Mexico), which impacts San Diego (USA).

iv. Intellectual Property Rights

The previous NAFTA only provided a period of guarantee for the author’s copyright (copyright) for 50 years after the creator’s or writer’s death. The copyright guarantee period was later increased to 70 years, and for publication guarantees to 75 years under the USMCA. Apart from that, in the HAKI chapter, which also regulates patents, there is a change in the form of removing the protection of drug companies and replacing it with the granting of biological exclusivity for several years. In this case, the United States gives exclusivity for 12 years, Canada for eight years, and Mexico for five years.

v. Digital Trade

The new USMCA added a chapter on digital trade, which was not previously in NAFTA. The three-member countries approved this rule because the USMCA is expected to facilitate economic growth, expand trade opportunities through the Internet, and overcome various potential barriers to digital trade. In general, digital trade rules

regulate the protection of consumer privacy data in digital systems and prohibit customs duties and discriminatory actions on digital products such as e-books, videos, music, and software.

vi. Dispute Settlement

In this chapter, Chapter 11 is related to the Investor-State Dispute Settlement (ISDS) system between the US and Canada. However, on the other hand, the system still applies to specific sectors between the US and Mexico (government contracts in natural gas, power generation, infrastructure, transportation, and telecommunications). Where ISDS is an agreement related to the arbitration system that allows private investors to submit claims against a country if there is a violation of the investment provisions in a trade agreement. The elimination of the ISDS arbitration between the US and Canada was carried out in order to encourage US investors to trade more within the US than abroad. In addition, the elimination of ISDS was also carried out to prevent foreign investors who committed violations in the US from being prosecuted in court.

vii. Sunset Clause

There is an addition to chapter 34, a rule related to the Sunset or the “sunset” clause. The clause stipulates that if the USMCA is 16 years old, then the terms of the agreement end. In addition, the members will review the agreement (joint review) six years after the USMCA is inaugurated. If all members

agree to continue the agreement, then the agreement will remain in effect for an additional 16 years. Also, in this clause, members can withdraw from the trade agreement after giving six months’ notice.

viii. Non-Market Country

In chapter 32, related to Exceptions and General Provisions, an addition is made to article 32.10, which regulates non-market countries. The rules were created to prevent USMCA members from entering into free trade agreements with countries other than member countries. However, it is considered implicitly that Article 32.10 is aimed at China, so the USMCA prohibits its member countries from forming FTAs with China.

Stages of NAFTA Renegotiation To USMCA

The process of the economic integration of the three member countries, the beginning of the economic unification of the US, Mexico, and Canada, and the change from NAFTA to USMCA can be analyzed in the context of the stages of economic integration. Thus, the USMCA’s position in the stages of economic integration can be seen. The stages of economic integration that occurred from NAFTA to USMCA were:

- a. Preferential Trading Area, the three-member countries are still cooperating bilaterally at this stage, namely the US-Canada (1989) and the US-Mexico (1990).

- b. Free Trade Agreement, NAFTA, entered the FTA stage on February 5, 1991, when Canada requested the formation of a tri-lateral trade agreement with the US and Mexico. At this stage, NAFTA has fulfilled the elements of an FTA because it has article 302 regarding eliminating tariffs and forms chapter 4 concerning the Rules of Origin (ROO).
- c. Customs Union, at this stage, NAFTA has been renegotiated into USMCA, where USMCA has article 32.10 regarding non-market country rules, which aim to limit the formation of FTAs between its member countries and outsiders.

Article 32.10, which requires USMCA members to comply with the same rules regarding applying rules to non-member countries, then shows that the USMCA is a more profound – or higher – collaboration than an FTA. This is because establishing restrictions on trade negotiations with third parties can be seen as an impact of implementing profound trade integration (Vidigal, 2020).

Referring back to the link between the Customs Union and article 32.10 in the USMCA, in this case, the existence of article 32.10 has met one of the requirements of the Customs Union. This is because the article complies with CU requirements regarding applying the same duties and trade regulations (economic policies) to non-CU member countries. However, the USMCA cannot be fully categorized as a Customs Union because it needs to fulfill the requirements for implementing the Common External Tariff (CET).

Factors Causing NAFTA Renegotiation to USMCA

In the proposed renegotiation of NAFTA to USMCA, the US, Canada, and Mexico have their respective considerations in deciding to engage in the renegotiation. At first, Canada and Mexico refused to renegotiate because there were differences of opinion on the proposal submitted by the US regarding the Rules of Origin (ROO) for automotive sector products and the sunset clause rules, which establish that NAFTA will be renegotiated every six years. Canada and Mexico rejected the US proposal because Canada believes the sunset clause regulation would not be a good foundation for creating a lasting relationship (in NAFTA). Meanwhile, Mexico, on the other hand, thinks that the US proposal does not benefit the three NAFTA partners (Lopez, 2017).

The refusal arose based on rational considerations of Canada and Mexico. This is because the two countries have economic interests with the US under the NAFTA regime, so it is feared that the US proposal regarding the sunset clause rules will make the regime easier to end because the joint review, which is conducted every six years, can lead to differences of opinion among member countries. Thus, the actions of Canada and Mexico in rejecting the proposed sunset clause from the US can be considered a rational decision to maintain their economic benefits.

Although, in the end, all members agreed to renegotiate, reaching the agreement had to go through seven rounds of talks before the USMCA was officially enforced.

The timeline for the NAFTA renegotiation round to become the USMCA is as follows:

1. Round One: held from 16-18 August 2017 in Washington DC, US. The three countries started talks on two dozen different topics in this round.
2. Round Two: held from 1-5 September 2017 in Mexico City, Mexico. Canada and the US wanted Mexico to raise wages and labor standards in this round, while Mexico wanted greater North American energy market access.
3. Round Three: held from 23-27 September 2017 in Ottawa, Canada. The talks at this round made progress in discussions in telecommunications, competition policy, digital trade, good regulatory practices, and customs and trade facilitation. In addition, this round also discussed strengthening small and medium enterprises (SMEs) and the logistics chain.
4. Round Four: held from October 11-17, 2017, in Arlington, Virginia. At this round, the three countries announced that they had completed a new chapter that could expand trade benefits for small and medium enterprises (SMEs).
5. Round Five: held from 15-21 November 2017 in Mexico City, Mexico. The talk provided little progress at this round because no chapters were completed.
6. Round Six: held from 23-29 January 2018 in Montreal, Canada. At this round, the three countries concluded talks on the corruption chapter, but there has yet to be any progress on other topics.
7. Round Seven: held on March 5, 2018, in Mexico City, Mexico. Again, this round

has yet to make much progress; this round only closed the discussion on three additional chapters, namely good regulatory practices, administration and publication, and sanitary and phytosanitary measures. Nonetheless, this round continued to complete other annex works, such as chemicals, food formulas, telecommunications and technical barriers to trade, and energy.

At the end of the seven rounds of NAFTA renegotiation talks, the USMCA still needs to complete all the topics that need to be discussed because only six of the 30 new chapters have been completed. Therefore, the three countries continued discussions regarding the remaining chapters. Finally, on November 30, 2018, the USMCA was officially signed by the three countries: President Donald J. Trump, Mexican President Enrique Peña Nieto, and Canadian Prime Minister Justin Trudeau. The USMCA became effective on July 1, 2020, after the three member countries ratified the agreement.

As mentioned in the previous section on methodology, this study applies rational choice theory analysis by dividing internal and external factors. The rational choice theory is used to look at the considerations of internal and external factors from each country – and as members of the regional regime – in facing and overcoming their problems and interests. Therefore, the actions or choices of countries in deciding to renegotiate NAFTA into USMCA can be seen as a rational choice because they seek to maximize their country's benefits. Then, as for the internal factors, namely:

a. Internal Factors

1. United States

In deciding the renegotiation, the US has several considerations from the side of internal influence. First, there is a trade deficit between the US and other NAFTA members. Even though in 2016, the US had a surplus in the services trade sector of US\$31.4 billion through NAFTA. However, in 2017, the US experienced a deficit in the goods trade sector with Canada and Mexico of US\$89.6 billion (Villarreal & Fergusson, 2019). Second, the loss of jobs in the United States. Based on data from the US Labor Department, there are more than 980,000 workers who are certified to have lost their jobs due to imports from Canada and Mexico and also due to the relocation of factories from the US to these two countries (Public Citizen, 2019).s

2. Canada

As for Canadian considerations from an internal influence perspective, namely, NAFTA can contribute to improving the Canadian economy, which has implications for strengthening bilateral relations between Canada and the US. This is marked by Canada's dependence on trade and Foreign Direct Investment (FDI) with the US. Canada's trade dependence on the US is shown by the significant exports and imports between the two countries; where since the we enacted NAFTA, it has contributed three-quarters to Canada's exports and two-thirds of its imports. Meanwhile, from the Foreign Direct Investment (FDI) side, there has been a rapid increase in US FDI stocks in Canada;

even in 2018, the FDI reached \$406 billion. On the other hand, the stock of Canadian FDI in the US in 2018 reached \$595 billion (Awwalia, 2022).

3. Mexico

There are several Mexican considerations from the side of internal influence in considering the renegotiation of NAFTA. First, Mexico has experienced an increase in Foreign Direct Investment (FDI) of around 40% since NAFTA was enacted, and 55% of the total FDI is the result of contributions from US investment in Mexico. Second, through NAFTA, Mexico's average total exports grew by 20% because NAFTA's partners – especially the US – became Mexico's leading export destination. Third, Mexico's GDP has grown by 4% since joining NAFTA, whereas Mexico's average GDP was only 2% (Rachmanantya, 2019).

Seeing the many advantages that Mexico has gained since joining NAFTA, Mexico will, of course, try to maintain the existence of the trilateral agreement so that it can continue to receive economic benefits.

Aside from the interest in maintaining the economic benefits that Mexico has gained in NAFTA, Mexico, as a developing country with a low wage level, will also enjoy benefits if it renegotiates NAFTA to become USMCA. The average wage for Mexican workers is \$3,60-\$ 3,90 per hour, while in the US is \$24 per hour. By renegotiating NAFTA to USMCA, the government will seek to support independent trade unions in Mexico to become more effective. Thus, it can be assumed that with more effective Mexican labor unions, workers will get higher wages,

and purchasing power will be greater so that the economic turnover will run better (David, 2018).

Thus, Mexico's consideration to renegotiate NAFTA to become USMCA is a rational choice because Mexico seeks to make the renegotiation an action to align its position – in terms of wages – as a less powerful country with more powerful country members.

4. Regional (North American Area)

In addition to the internal considerations of each member country, there are considerations by the three-member countries as a unified regime in the North American region. This consideration is because some NAFTA rules are considered irrelevant.

Because NAFTA was negotiated two decades ago, some of its provisions have been deemed obsolete or irrelevant. NAFTA needs policies that could cover new areas, such as trade policy, as for some parts of NAFTA that are considered obsolete, such as chapters on dispute settlement, competition policy, government procurement, and rules of origin (Lavin & Erixon, 2018).

Concerning the dispute settlement chapter, in this case, chapter 11 related to Investor States Dispute Settlement (ISDS) is considered to be too pro-foreign investors rather than prioritizing the public sector. Even in other international agreements, such as the Comprehensive Economic and Trade Agreement (CETA), many have faced criticism due to the existence of ISDS. In response to the criticism, CETA later amended

the ISDS rules by establishing a permanent dispute resolution court and an appeals body. As for the NAFTA case, the ISDS rules have also been criticized for causing losses to Canada. NAFTA can then imitate or adopt the actions taken by CETA in resolving disputes between foreign investors and the state.

In addition to chapter 11 of ISDS, the Rules of Origin (ROO) must also be updated because US President Donald Trump claimed that the old ROO was very weak and had hurt US trade and jobs – especially in the automotive sector (Bergsten and Monica (ed), 2017). As for updating the ROO, the US recommends establishing standards alignment in automotive products. This can be done by limiting imports of automotive products containing high components made outside the NAFTA trade zone (Bergsten and Monica (ed), 2017).

b. External Factors

1. United States

As for external influence, the US sees a threat to China's influence in the North American region. China's rapid GDP growth causes its country to have projected capabilities in the economic and military fields that can compete with the US. China's economic growth is felt to proliferate because it can form rules adapted to current conditions in the international area. This was then seen as a threat by the US because the US was worried that China's economy would outpace the US and have an impact on reducing US capabilities – regionally and internationally. Thus, in order to respond and also maintain its country's capabilities, one of the things

the US has done in its regional scope in the North American region, namely by renegotiating NAFTA to become USMCA. The renegotiation was carried out to update the NAFTA rules to suit modern conditions – in line with China’s efforts to shape its economic rules in a modern way.

2. Canada

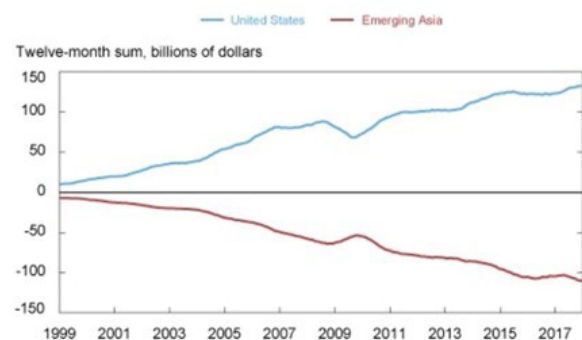
In considering external influences, Canada, in this case, sees a loss arising from Chapter 11 regarding Investor States Dispute Settlement (ISDS) in NAFTA. As for NAFTA, chapter 11 regarding ISDS stipulates that foreign companies can sue the government for compensation when public policies (such as environmental, health, or resource management rules) are deemed discriminatory because they can potentially reduce foreign company profits.

As a result of the existence of Chapter 11, Canada has been sued 41 times by foreign companies from the US and Mexico. While the US has only sued 21 times and Mexico 23 times, Canada became the country with the most lawsuits. Through these lawsuits, Canada has also paid compensation (penalties) of more than \$219 million to foreign companies and incurred legal fees of as much as \$95 million in the ISDS case (Sinclair, 2018). In addition to generating losses, ISDS was later criticized for the lack of independence of the panelists, the poor quality and consistency of panel decisions, and the lack of an appeals process (Bergsten and Monica (ed), 2017). As a result of the many losses and defeats in the ISDS trial case, Canada then made the abolition of the ISDS rules a consideration for renegotiating NAFTA.

3. Mexico

The considerations from the perspective of Mexico’s external influence in deciding to renegotiate NAFTA are related to a trade deficit in goods with countries in the Asian region. The deficit occurred because Mexican imports from China had increased. In 2000, Mexican imports from China only amounted to \$3 billion, then increased to \$75 billion in 2017. Many imports caused China to become the most significant contributor to the deficit because it accounted for nearly half of the total deficit originating from the Asian region (Klitgaard & Susannah, 2018). Nonetheless, a trade surplus with the US can still offset Mexico’s trade balance.

Graphic: Mexico’s Trade Balance with the US and Asia



The surplus obtained by Mexico can occur because of the existence of NAFTA, where NAFTA can become a means of providing an export market – in this case, the US – for Mexico. So it can be said that Mexico has a sizeable economic dependence on the US. Thus, if Mexico does not want its trade balance to become harmful – because it cannot offset the trade deficit from Asia – then Mexico must maintain its relationship with NAFTA members to maintain its stability. Therefore, renegotiating NAFTA to USM-

CA became an essential thing for Mexico to do in order to continue to partner with the US and Canada.

1. Regional (North American Area)

As a regional regime, NAFTA has external considerations to renegotiate NAFTA. The consideration is due to the development of the international economy. In the early days of NAFTA, NAFTA rules focused more on tariff regulation, and at that time, the technology was still in its infancy. This then causes regulations related to digital trade or e-commerce that still need to be considered to be implemented in NAFTA regulations, so NAFTA does not have rules related to digital trade. However, e-commerce has become a standard practice in doing business for many companies in domestic and international trade (Lester & Inu, 2017).

Then, NAFTA member countries have great potential to develop e-commerce. The US is a significant player in the global digital economy because it can be home to leading internet and technology companies and also the dominant global supplier of online and cloud computing services. Furthermore, the Canadian e-commerce market has grown alongside the US market, where one-third (1/3) of Canada's digital spending (purchases) comes from US e-commerce or digital markets. On the other hand, Mexican e-commerce has also experienced significant growth in recent years, which has made Mexico the second-largest e-commerce country in Latin America (Bergsten and Monica (ed), 2017). Then, with the potential of each NAFTA member country and the importance of e-commerce in the modern

economy, provisions related to this matter need to be considered in the renegotiation of NAFTA.

After knowing the internal and external factors that the three countries consider in deciding renegotiations, there is an analysis related to the benefits, costs, and risks, which is also considered by each country in deciding renegotiation.

1. United States

- Benefit: First, more US workers will be hired due to the equalization of minimum wages among NAFTA members. Thus, companies will pay more attention to the quality of US labor rather than consider cheaper labor (from Mexico). The renegotiation of NAFTA to USMCA is expected to create 176,000 new jobs in the US (Long, 2019).

Second, US dairy products will gain more complete access to the Canadian market. This is because Canada must expand its country dairy sector market for US dairy products by 3.5% of Canada's approximately \$16 billion annual domestic dairy market.

- Cost: The US cannot remove Chapter 19 related to the Dispute Settlement because Canada insisted on maintaining the chapter. Chapter 19 allows Canada and Mexico to avoid the US system of justice, and the chapter can also force the US government to reverse the actions taken in a

trade considered unfair by the Defendant's state. As a result of the chapter's existence, as many as 750,000 people in the US wood industry have been disadvantaged because of an unfair trade system. However, because Canada insisted on maintaining Chapter 19, the US must be willing to maintain the chapter to expedite the renegotiating NAFTA into USMCA.

- Risk: If the US conducts a renegotiation, then the US must be prepared that there may be a decline in sales figures in the automotive sector. This decline could occur due to an increase in the price of raw materials and wages of workers in the sector. The increase in automotive raw materials occurred due to an increase in the minimum percentage of raw materials for vehicles originating from member countries (Rules of Origin). The default rule rises to 75% from 62.5% previously. Thus, previously automotive manufacturers could use cheap raw materials from countries other than NAFTA members. However, with the new rules of origin, automotive manufacturers must use raw materials from fellow member countries – where prices can be higher.

2. Canada

- Benefit: As for the renegotiations that were carried out, Canada

succeeded in retaining Chapter 19 regarding dispute settlement – whereas, in the USMCA, the chapter was changed to Chapter 10. Canada seeks to maintain the dispute settlement chapter to allow affected companies and governments to challenge the final determination of anti-dumping or counterweight measures before a binational panel rather than in the court of the party imposing the measure (Kronby et al., 2019).

- Cost: As previously mentioned, the US experienced an advantage in the dairy sector when it renegotiated NAFTA to become USMCA. However, on the other hand, Canada suffered losses because it had to give up its dairy sector market due to the entry of dairy products from the US. Whereas previously, Canada imposed high import tariffs on dairy products and restricted domestic milk production, causing the price of milk to be very high in Canada – including the price of milk from the US.
- Risk: Just like the US, Canada must also be prepared that there may be a decline in sales figures in the automotive sector.

3. Mexico

- Benefit and Cost: There is a paradox between benefits and costs regarding minimum wage regulations. Mexican automotive work-

ers will experience prosperity in terms of wages because they will experience salary increases and labor protection from the USMCA. However, on the other hand, this can also be seen as a cost that Mexico must sacrifice. The minimum wage requirement of \$16 per hour will make it difficult for Mexico as a developing country. After all, the average Mexican wage is only \$3.60-\$3.90 per hour. Thus, automotive manufacturers in Mexico must pay more for their workers, and Mexican workers must also compete with US and Canadian workers in order to be able to maintain their position.

- Risk: The same thing as US and Canada, namely Mexico, must also be prepared for declining sales figures in the automotive sector.

Conclusion

In the change from NAFTA to USMCA, two factors were behind the renegotiation: internal and external. As for internal factors, there are considerations from each NAFTA member country in the form of considerations of profit and loss from an economic perspective, such as Canada and Mexico, which consider the advantages of Foreign Direct Investment (FDI), and the US, which considers losses in the form of trade deficits, as well as regional considerations in the form of

several regulations. NAFTA was deemed detrimental and irrelevant. Meanwhile, from external factors, there are several related considerations; (i) there is a threat from outsiders in the form of a decrease in US capabilities and the threat of Mexico's economic deficit with the Asian region; (ii) international economic developments are a consideration for expanding the potential for modernization of NAFTA rules in terms of digital trade or e-commerce.

In addition to seeing internal and external factors that the three countries consider in deciding renegotiations, there are also considerations regarding benefits, cost, and risk. It was found that the three countries had different benefits, such as the US focused on the benefits of increased employment and expansion of the dairy product market, Canada which seeks to maintain Chapter 19 Dispute Settlement, and Mexico which will get an increase in workers' wages in the automotive sector. The cost that each country must lose looks more like a cost for one of the countries, but on the other hand, it becomes a benefit for other parties. While the risk that the three-member countries will face tends to be the same because the new rules in the USMCA related to the Rules of Origin from the automotive sector focus on strengthening the economy between fellow member countries in the automotive

sector – economic integration.

Then, back to the two factors causing renegotiation, the most significant factor influencing the renegotiation of NAFTA to USMCA was the external factor regarding regional considerations in the North American region. This is due to changes in market trading patterns, where previously trading was not digital but later developed to become digital-based. In order to adjust to these developments, NAFTA members are trying to deepen their economic integration through renegotiations.

Concerning economic integration, in this case, the regional regime has experienced developments in the stages of economic integration. The stages of economic integration that occurred from NAFTA to USMCA were: (i) Preferential Trading Area (PTA); at this stage, the three-member countries were still cooperating bilaterally, namely the US-Canada (1989) and the US-Mexico (1990) ; (ii) Free Trade Agreement (FTA), NAFTA entered the FTA stage on February 5, 1991, when Canada requested the establishment of a trilateral trade agreement with the US and Mexico. In this stage, NAFTA has fulfilled the elements of an FTA because it has article 302 regarding the elimination of tariffs and forms chapter 4 concerning the Rules of Origin (ROO); (iii) Customs Union (CU), at this stage, NAFTA has been renegotiated into USMCA,

where USMCA has article 32.10 regarding non-market country rules which aim to limit the formation of FTAs between its member countries and outsiders.

From the stages of economic integration that occurred from NAFTA to USMCA, the regional regime has undergone significant changes. These changes can be linked to USMCA members' efforts to strengthen and maintain regional economic integration. Where member countries desire to develop trade modernization, this can be done if they strengthen their economic integration by renewing the NAFTA rules. On the other hand, efforts to maintain and also maintain the economic integration that has been built through renegotiations are carried out by adding article 32.10 so that the goals to be achieved by USMCA members do not encounter obstacles from outsiders. The external party in question is China. The addition of article 32.10 can be said as part of the US effort to limit trade between Mexico and Canada with China so that the two countries prioritize their trade relations with the US under the USMCA regime.

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Digital Economy To Boost Economy Recovery Post-Pandemic:

Indonesia's Strategic Position as New Economic Power in

Southeast Asia

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The concept of the digital economy is a relatively new term used by Don Tapscott in 1995. Since then, this term has been widely discussed in different environments, and many countries have started transforming into digital economies using various strategies. The COVID-19 pandemic did not even stop the popularity of the digital economy; in fact, it is expected to be the core of economic recovery post-Covid-19, necessarily in Indonesia. Indonesia's massive number of internet users creates the opportunity to promote digitalization and eventually transform into a digital economy environment. In 2021, the digital trade valuation reached IDR 401 Trillion with an increasing preference for online spending habits. Supported by the rapid growth of the digital payment system and digital banking, the digital economy in Indonesia is projected to reach USD 146 billion valuations by the end of 2025. This study aims to discover the progression of the digital economy in Indonesia in regards to accelerating economic recovery post-pandemic covid-19 and how it would affect Indonesia's position in relations with South East Asia Countries. Furthermore, the article will also discuss the challenge and opportunity to transform into a digital society.

Keywords: *digital-economy; economic-recovery; economic-power; digital-society*

Introduction

The development of technology and the rapid growth of internet access has opened various digital streams. Digital data has grown exponentially over the internet in recent years, parallel to the expansion of big data, artificial intelligence, cloud computing, and a new business model based on a digital platform (UNCTAD, 2019, p. 3). All economic sectors began to adopt technology to enhance productivity, expand market research, and reduce operational costs

(OECD, 2014, p. 70). These changes eventually shaped the new pattern of production and consumption, bringing out the notion of the digital economy. According to the World Bank (2016), the digital economy is a system of economic, social, and cultural relations based on digital information and communication technologies.

The digital economy has become a new phenomenon that has grown fast and is estimated to be an essential key factor for economic development. It is growing at

a double-digit annual rate worldwide, especially in the Global South (Bukht & Heeks, 2017, p. 2). The transformation into a digital economy is expected to open new opportunities for creating economic inclusivity. During the Covid-19 pandemic, many countries rapidly declined their economic development. Nevertheless, it does not stop the popularity of the adoption of the digital economy; in fact, it is hoped to be a salvation to boost economic recovery post-Covid-19, including in Indonesia.

Indonesia's digital economy development is thriving at an extraordinary level due to its large and young populations, rising middle classes, and high-density megacities (Astuti S.A., 2021). Even though internet access was still relatively low initially, this did not impede the adoption of the digital economy. In 2016, Indonesia's internet penetration was around 34 percent, half that of ASEAN neighbor Malaysia, and far behind that of leaders such as the United Kingdom, Japan, and Canada (Das, Gryseels, Sudhir, & Tan, 2016, p. 9). Internet access was not evenly distributed across Indonesia and concentrated only in big cities, like Jakarta or Yogyakarta. Connected Indonesians, on the other hand, were very tech-savvy and heavily involved in social media and e-commerce. Despite having lower internet penetration, e-commerce revenue in Indonesia reached USD 6 billion, with 78 percent of purchases made online in 2016 (Das, Gryseels, Sudhir, & Tan, 2016, p. 9).

The Indonesian government also supports the opportunity to transform into a digital economy power, which initiates some

policies to improve infrastructure to create a supportive environment for the digital economy's growth. In August 2017, through Presidential Regulation (Peraturan Presiden) No. 74/2017, the Government of Indonesia released Indonesia E-Commerce Roadmap 2017 – 2019. The purpose of this roadmap was to enhance the development of e-commerce by focusing on eight main points: funding; taxation; consumer protection; education and human resource, logistics, communication, cybersecurity, and management (Arfani et al., 2021). Furthermore, the Government of Indonesia also executed Palapa Ring II Project to improve the internet speed by planting underwater fiber optic cables. In 2019, the Ministry of Finance launched Indonesia Payment System Blueprint 2025 (Blueprint Sistem Pembayaran Indonesia 2025/BSPI), which directs the policy of payment systems in Indonesia with 23 key deliverables, which will be implemented gradually from 2019 to 2025. SPI is expected to support the integration of the national digital economy to achieve economic inclusivity (Bank Indonesia, 2019, p. 3).

The Covid-19 pandemic that started in early 2020 has impacted many sectors in Indonesia, notably resulting in economic decline. During the first quarter of 2020, the economy was steadily growing at a pace of 2,97 percent (Badan Pusat Statistik, 2020). As the daily cases increased and activity restriction was tightened, the economic growth after quarter I declined to minus 5,32 percent (Badan Pusat Statistik, 2020). However, the Covid-19 pandemic affected the adoption of the digital economy more positively. Mo-

bility limitations have encouraged businesses – Micro, Small, and Medium Enterprises (MSMEs) in particular – to go digital. The government, via the Proudly Made in Indonesia movement initiation, had targeted to digitalize 2 million MSMEs. By December 2020, it was noted that 3,8 million MSMEs were entering the digital ecosystem, surpassing the target set.

Furthermore, on March 2021, this number steadily increased to 4,8 million – increasing by about 1 million within four months (Auliya et al., 2022). The increasing number of digital production and consumption activities has a good impact on economic growth. By early 2021, the financial sector showed solid and steady growth, and unemployment was successfully suppressed from 7,07 percent to 6,26 percent (Kementerian Keuangan, 2021).

Despite all the disruptions during the Covid-19 pandemic, the digital economy has flourished significantly during this time. In 2021, digital valuation trade amounted to around IDR 401 trillion, along with the increasing acceptance and public reference towards online spending habits (Bank Indonesia, 2022). In addition, e-commerce and fintech began to grow steadily and become the key elements in the process of digital economy adoption. Supported by the rapid growth of the digital payment system and digital banking, the digital economy in Indonesia is projected to reach USD 146 billion valuations by the end of 2025 (Bank Indonesia, 2022). Considering this growing pace, the Governor of Bank Indonesia also announced that digitalization is the pillar of In-

donesia Maju (Indonesia Onward) and fully supports the realization of the national digital economy to boost the economic recovery post-pandemic Covid-19 (Bank Indonesia, 2022).

The solid growth of the digital economy is unlocking more significant opportunities to expand economic power. This paper aims to discover the progression of digital economy adoption in Indonesia regarding the acceleration of economic recovery post-pandemic and how it would affect Indonesia's relations and cooperations with South East Asia countries. Further, this study will discuss the challenge and opportunity of optimizing resources in achieving a digital economy.

THEORETICAL FRAMEWORK

Digital Economy

Information communication technology has been growing at a breakneck speed over the past few decades, leading to the modern commercial internet in the early 1990s (Goldfarb & Tucker, 2019). The adoption of the internet for public use has become a game-changer that affected how people live, communicate, and work. The term digital economy itself was coined in the mid-1990 and generally describes the phenomena where the advancement of information communication technology started to impact the economy heavily. In its early development, the discussion about the digital economy was mainly focused on adopting the internet and early thinking on how it might affect the economy (UNCTAD, 2019, p. 4). The concept was explicitly correlated with the inter-

net following internet mainstreaming during the 1990s (Bukht & Heeks, 2017). Along with the more significant influence of the internet over time, the concept of the digital economy is evolved, reflecting the changing nature of technology and its application by businesses and consumers (Barefoot et al., 2018; Unold, 2003). Starting in the mid-2000s, the focus was shifted increasingly to include the various analysis of different policies and the growth of digitally oriented firms as the key actors (UNCTAD, 2019, p. 4).

The notion of the digital economy was initially known by various terms, including *new economy*, *internet economy* (Turban et al., 2002, p. 45), *knowledge-based economy*, and *information economy* (Brynjolfsson & Kahin, 2002). The term was first mentioned in the research conducted by Professor Don Tapscott. However, it needed to be clearly defined as Tapscott was more focused on describing its characteristics than exploring its definition (Puzina et al., 2021). In his book, "*The Digital Economy: Promise and Peril in the Age of Networked Intelligence*," Tapscott called the digital economy as "*Age of Networked Intelligence*," where it was not only about the networking of technology, innovative machine but also the networking of humans through technology that combine intelligence, knowledge, and creativity for a breakthrough in the creation of wealth and social development (Tapscott, 1996). This definition emphasizes how the digital economy explains the relations between the new economy, new business, and new technology and how they enable one another (Bukht & Heeks, 2017, p. 6). Further, Brynjolfsson & Kahin stated that:

"The term "information economy" has come to mean the broad, long-term trend toward expanding information and knowledge-based assets and value relative to the tangible assets and products associated with agriculture, mining, and manufacturing. The term "digital economy" refers specifically to the recent and still largely unrealized transformation of all sectors of the economy by the computer-enabled digitization of information."

The definition above includes the aspect of transformation from the traditional economy to a digital-based environment. Although many researchers have tried to define the term digital economy, nevertheless, until today, there has yet to be a singular and standard definition of it.

Due to the extreme rising of the digital economy and its extensive adoption by many countries, International Monetary Fund (IMF) expressed the need to have a standard definition of the notion so that it can be measured. However, because of its complexity, finding a broad definition that could support political discussion and economic measurement proved challenging. The Organization for Economic Cooperation and Development (OECD) proposed a tiered definition as below (Hatem et al., 2020):

"The Digital Economy incorporates all economic activity reliant on, or significantly enhanced by the use of digital inputs, including digital technologies, infrastructure, digital services, and data. It refers to all producers and consumers, including govern-

ment, utilizing these digital inputs in their economic activities.”

The definition proposed was quite broad and included the consideration of current nature of digital advancement and data usage. Considering how broad and specific the definitions proposed by OECD are; therefore, OECD's definition will be used in this study.

Measuring Digital Economy

The existence of technology that started supporting many transactions makes it an inseparable aspect of the economy itself. The different technology and economic aspect can be breakdown into below elements (UNCTAD, 2019, pp. 4-5):

1. **Core Aspects** are the foundation of the digital economy, composed of various digital innovations and the enabling environment such as the internet and telecommunications network.
2. **Digital and Information Technology (IT) Sectors** provide crucial products and services based on core digital technology, including a digital platform, mobile application, and payment service. The digital development economy is heavily affected by this particular sector which simultaneously makes a thriving contribution and enables potential growth effects for other sectors.
3. **A Wider Set of Digitalizing Sectors** includes where digital products and services, such as e-commerce, are

widely used. New activities and business models have emerged in response to the increasing digitalization. This is also supported by digitalized workers, consumers, and users with profound digital knowledge.

As explored in the previous explanation, OECD defined digital economy as all economic activities which depend on or are significantly enhanced by digital inputs. In this definition, OECD explained an underpinning tier to provide a consistent and consensual policy-making framework. The tiers are explained as follows (Hatem et al., 2020):

1. The **Core Measure** includes economic activity from producers of ICT goods and digital services. The existence of firms that produce ICT goods and services would be the primary indicator for this definition related to the digital economy.
2. The **Narrow Measure** includes the core industry and economic activity produced by enterprises relying on digital inputs.
3. The **Broad Measure** includes the first two measures added by firms' economic activity that is significantly enhanced by using digital inputs. The acceleration of information communication technologies has leveraged digitalization to improve the process of business activities. Some business sectors have transformed how they deliver their products to customers, and using digital units has enhanced

their business processes.

4. The final measure is **Digital Society**, which extends the digital economy and incorporates the digitalized interaction and activities not included in the GDP production boundaries, such as the usage of free digital platforms. Not all digital activities are counted in GDP. Nevertheless, any digital activity that can improve consumers' benefits should be part of the digital economy and be considered in policy-making.
5. Additional measurement covers all economic activity that is digitally ordered and digitally delivered. This measurement would be closely correlated with digital trade and e-commerce activity.

The digital technology measurement by OECD above would be used to analyze the progression digital economy in Indonesia as an essential component for boosting economic recovery post-covid-19. The measurement is also expected to identify the challenge and opportunity to transform into a digital society.

International Image Theory

Image Theory was brought up for the first time by Boulding, and its objective is to predict and understand the state's behavior in international relations (Bilali, 2010, p. 275). According to Boulding, Image Theory refers to "the total cognitive, affective, and evaluative structure of the behavioral unit, or its external view of itself and its universe" (Bould-

ing, 1959). This theory argued that the ideas of other nations could be the determinant factor on how a state behaves in correlation to that other nation. Images, perceptions, or stereotypes are essential in international relations as they "justify a nation's desired reaction or treatment toward another country" (Alexander et al., 2005, p. 28). There are three specific dimensions used to determine the perception of a country towards other nations, which then create behavioral tendencies, which are (1) goal compatibility; (2) relative power or capability; and (3) relative cultural status (Alexander et al., 2005, p. 29). The dimensions above identified five images in the international relations study (Herrmann & Fischerkeller, 1995). Every image defined resulted from the unique combination of goal compatibility, relative power, and cultural status. Those images are explained as follows (Bilali, 2010, pp. 276-277):

1. **Enemy.** The image as an enemy has risen when two nations have similar power and cultural status, but both are incompatible in goals, resulting in a competitive relationship. Both nations would perceive one another as a threat and trustworthy, thus inclined to attack to eradicate the threat.
2. **Ally.** When one nation sees the other as having equal power and cultural prestige, as well as mutual goals and interests, the ally image emerges. Both nations see their relationship as a possibility for mutual advantage, and hence

a desire to collaborate with each other grows. Viewing the other as benign and akin to oneself, as driven by positive forces and led by moral leadership, facilitates bilateral collaboration.

3. **Barbarian.** When a nation is perceived as having incompatible goals, being strong in terms of power capability but culturally inferior, a barbarian image would emerge. The perceived cultural inferiority causes insecurity and unpredictability regarding the other nation's actions. Under these circumstances, self-protection (i.e., avoidance or retreat) is frequently viewed as the ideal method for dealing with such a threat.
4. **Imperialist.** The perceived threat posed by a nation regarded as more powerful and higher or similar in cultural standing to one's own nation leads to support for the imperialist image. The opinion of a state's relative cultural position determines whether it is imperialist or barbaric. The imperialist vision depicts the other as highly sophisticated in decision-making processes and institutions, capable of carrying out complicated tactics while exploiting one's own country's resources. This vision of the other legitimizes resistance and insurrection.

5. **Dependent.** The dependent image shows the other nation as inferior in terms of power and culture, but as an opportunity to increase one's benefits. As a result of such interaction, the more powerful nation takes advantage of the weaker one. A reliant picture of the other allows the exploitation propensity to seem justified and moral.

Table 1. Image of Other Nations as a Function of Goals Compatibility, Relative Cultural Status, and Relative Power (Alexander et al., 2005, p. 30)

Relations Patterns with Other Nations	Image of Other Nations
Goal Compatibility Status Equal Power Equal	Ally
Goal Incompatibility Status Equal Power Equal	Enemy
Goal Incompatibility Status Lower Power Lower	Dependent
Goal Incompatibility Status Lower Power Higher	Barbarian
Goal Incompatibility Status Higher Power Higher	Imperialist

For the study, the Image Theory would be used to analyze how South East Asia countries perceived Indonesia and to find out if there is a changing pattern under the rising digital economy in Indonesia.

DISCUSSION

Boosting Economic Recovery Via Digital Economy

More substantial internet penetration is a starting point for the development of the digital economy in Indonesia. Along with faster and broader internet connections, internet users are steadily growing. In 2017, internet users reached 143,26 million, which increased by around 7,96 percent from the previous year (Aniqoh, 2022). By 2020, Indonesia became the world's fourth-largest number of internet users, with around 185 million (Deloitte, 2021). In conjunction with this situation, technology across the internet continuously improves, creating new business models and encouraging existing businesses to use the internet. Indonesia then becomes a potential market with millennials and Gen Z, notably avid internet users who spend an average of 2 – 7 hours daily online (Deloitte, 2021). The endorsement of the internet in various economic activities has become inevitable; thus, the narration of the digital economy is thriving at full speed.

The digital economy is expected to boost the economic recovery post-pandemic Covid-19. The reason behind it is that digital adoption has proved to help numerous businesses survive during Covid-19, which forced people to lessen their mobility, affecting economic activity immensely. Some sig-

nificant factors determined the development of the digital economy in Indonesia, including the presence of e-commerce, the rapid growth of digital payment systems, and the increasing existence of financial technology. These three things played an enormous role as the backbone of supporting the development of the digital economy. According to Kenneth Laudon in Junadi and Sfenrianto (2015), *e-commerce* is a purchase activity made by internet users using an online buying and selling platform. E-commerce is designed to enable producers to market their products more accessible and the consumers to get the goods and services they need without going to physical stores.

Furthermore, adopting e-commerce has created efficiency in the production and marketing process. E-commerce does not require leasing fees, shop staff wages, power bills, or other operational costs. It could improve the reach of customers – thus helping the business to develop further in today's competitive business environments (Scupola, 2009). E-commerce has successfully provided more considerable access for Micro, Small, and Medium Enterprises (MSMEs) – which happens to be the backbone of Indonesia's economy – to thrive and endure even amid Covid-19.

Economic decline and crises had been predicted to be unavoidable following the spread of corona disease in early 2020. Indonesia's economic situation could have been better, considering the economic growth was freefalling to minus 5 percent after the first quarter of 2020 (BPS, 2020). Activity restriction was considered to be the main factor

in this decline. People were forced to do all activities at home, thus affecting economic movement. The journey to the end of the quarter of 2020 was greeted with pessimism.

Nevertheless, against all odds, Indonesia's economic growth picked up by the end of 2020. Being at home, the online activities of people from various backgrounds increased, creating a more prominent digital market. During Covid-19, Indonesia emerged as the fastest and biggest adopter of e-commerce, with 87 percent of Indonesia's internet users purchasing something via an online platform (Deloitte, 2021). Eventually, these circumstances encouraged businesses to go digital and, in the case of Indonesia, including MSME in particular.

Before the Covid-19 pandemic, only about 8 million, or 13 percent of the total MSMEs in Indonesia, transformed its operation into digital units (Deloitte, 2021). Covid-19 affected the situation positively, as 15 to 20 percent of SMSE were estimated to join the digital transformation and extend their operation to a digital platform (Partogi, 2020). Lessons from the Covid-19 situation showed that digitalization is a prerequisite for creating a resilient economy. While around 42 percent of offline businesses had to halt their business operation, online businesses fare much better, as only 24 percent had to cease operating (Deloitte, 2021). The resiliency offered by the digital economy is one of the reasons why the government of Indonesia is vigorous in the effort to digitalize as much as MSMEs and encourages them to adopt e-commerce. Some of the policies that the government undertakes to support this trans-

formation are as follows (Deloitte, 2021):

1. The creation of **Pasar Digital (PaDi)** by the Ministry of State-Owned Enterprises (SOEs) aims to encourage four central SoEs in Indonesia to use their expenditures for the program, which could include 540,000 MSMEs in Indonesia.
2. **Belanja Pengadaan (BELA)** is launched by Government Goods and Service Procurement Agency (LKPP) to include MSMEs in the government's procurement process.
3. **Laman UMKM (MSME Page)** was initiated by the Ministry of Cooperative and Small and Medium Enterprises to provide e-catalogs to support MSMEs going digital.

The massive adoption of e-commerce in both MSMEs and internet users as part of digital transformation to achieve a digital economy is expected to strengthen the economy's resiliency, thus promoting a faster economic recovery.

Furthermore, the digital payment system's development is also affecting the digital economy's growth in supporting Indonesia's economic recovery post-Covid 19. Digital payment enables people to purchase on online platforms. The current growth stream of digital payment has made any payment easier and cheaper. Conventional payment via bank transfer, for example, requires the users to transfer to the same bank; otherwise,

they would be charged an additional transfer fee. BI-Fast innovation launched by the Central Bank of Indonesia has recently reduced inter-bank transfers. Launching Quick Response Code Indonesia Standard (QRIS) in 2020 enables users to pay the merchant using QR Scan and remove the transfer fee altogether. Besides that, the growing number of financial technology such as Doku, Go-Pay, or OVO not only helps to make payment easier for any online transactions but also to reach some segments of the population which did not have access to modern bank services – which eventually expected to promote economic inclusivity.

These developments are moving towards a more excellent digital economy, which is expected to create a more resilient economic system and promote inclusivity. The increasing number of digital trade valuations and their contributions to GDP indicate how the digital economy could accelerate economic recovery. In response to this potential, various government policies to promote greater adoption of technology in economic activities are launched, which include (Kominfo, 2020):

1. Improving digital infrastructure by creating a roadmap to adopt 5G connection, establishing Base Transceiver Stations (BTS) in urban villages to expand the connectivity, and realizing Indonesia Single Data which aims to increase the effectiveness of public services.
2. Enhancing digital talents by creating Digital Leadership Academy, Siber-

Kreasi, and Digital Talent Scholarship. The Government of Indonesia also encourages start-ups to scale up and secure digital space by eliminating illegal content and improving data protection.

3. Increasing the adoption of technology in the government's dissemination of information to society.

How incessantly the government of Indonesia encourages people and businesses to adopt digital behavior shows the government's commitment to fully transforming into a digital economy power.

Measuring the Digital Economy in Indonesia

The process of digitalization has affected various sectors. It is not only impacting behavior on individual levels but also collectively changing the nature of business and governance and driving the policy direction. Economic sectors are one of the sectors that are heavily impacted by the advancement of technology as it shaped a new pattern of consumption and production. From this circumstance, the notion of the digital economy becomes apparent to explain the phenomena of digitalized economic activity. The trend of technological adoption in economic sectors has been rising over the past decades, mainly due to its abundant benefits. Using digital technology can increase productivity, save the cost of production, and improve the efficiency of developing and marketing products (Astuti S.A., 2021). Technology makes the market grows significantly, and business can reach more customer at a lower cost. More

than that, technology has made it possible to collect consumers' data so that the company can evaluate the key between failure and success. It would also enable the company to understand customers' needs better through promotion targets and advertising, increasing the opportunity for cross-selling and upselling (Astuti S.A., 2021). From the consumers' side, the technology adoptions provide more extensive variant goods and services which considerably lower prices. The comfort of shopping from home has become a new preference of spending habits as it is simple.

The digital economy has become a global phenomenon as its adoption amongst countries increases. In Indonesia, various government policies have fostered its adoption process. Further, it is increasingly popular and proved more resilient during the Covid-19 pandemic. To what extent the development of Indonesia's digital economy can be measured using the tiered definition offered by OECD. There are four tiered which are, core measure, narrow measure, broad measure, and digital society. On the core and narrow measures, the digital economy is indicated by businesses that produce ICT goods and services and companies whose operational activity relies on digital inputs. In recent years, there has been rapid growth in the industry that produces ICT goods and services, which affects the development of companies whose operations rely on digital inputs. Companies offering ICT services have started growing in numbers, such as Biznet – offering internet service, and Telkom – offering telecommunication

products. The improvement of internet penetration and communication technology due to the development of these companies promotes the enormous company that relies on digital inputs. Nowadays, Indonesia is the home of one decacorn in this sector valued at around USD 18 billion – GoTo (Gojek and Tokopedia). The company provides ICT services, including e-commerce, ride-hailing, delivery services, and financial technology. Bukalapak, which offers e-commerce service, and Traveloka, which engage in travel needs, have also become unicorn company with a valuation of around USD 3 billion. These companies' existence indicates Indonesia's digital economy has passed core and narrow measurements.

Board measurement includes the first two measures added by firms' economic activity that is significantly enhanced by using digital inputs. Based on OECD, this measurement would consist of e-commerce, e-business, and Industry 4.0. In correlation with e-commerce, it is clearly shown how the adoption of e-commerce in Indonesia has been increasing over the years, surpassing any other country in South East Asia (Menko Perekonomian, 2022). In 2020, total online market sales in Indonesia reached USD 44 billion, of which 72 percent of the total value was accounted for by the e-commerce sector (Negara & Soesilowati, 2021). This valuation is predicted to be kept increasing in the years to come. Besides the growing e-commerce trend, the Government of Indonesia has started to care more about Industry 4.0 by creating Roadmap to Making Indonesia 4.0. There are five priority sectors in im-

plementing Making Indonesia 4.0: food and beverages, textile, automotive, electronics, and chemistry (Kemenperin, 2022). Nevertheless, Indonesia still needs to be fully transformed into Industry 4.0. Therefore, in this case, the digital transformation in Indonesia is still under broad measurement but has yet to reach the level of a digital society.

The measurement of digital society includes all digitalized interactions, which indirectly extend to strengthening the economic sectors and eventually contribute to GDP. Indeed, digital interaction has started to form, yet total transformation has not occurred due to some factors related to the digital divide. Considering the massive size of internet users, it must still be recognized that the digital divide remains large. Hence, Indonesia still has a long way to go to fully transform into a digital society. However, Indonesia has much potential that allows the transformation to happen in the future.

Indonesia-ASEAN Relations

The emergence of digital disruption leads to the development of the digital economy at an unstoppable pace. It has kept growing in valuation and market (Britton & McGonegal, 2007). The increasing trend of digital economy adoption is caused by many factors, including the ability of the digital economy to promote prosperity and inclusivity through a variety of channels, such as lowering the production market, increasing existing market efficiency and size, creating a new market, improving quality of production, and promoting MSMEs and other sectors (Dahlman et al., 2016). ASEAN countries are also embracing the digital economy

to various degrees, as it is believed to help to leverage economic and social advancement (Box & Gonzalez-Lopez, 2016). Internet penetration started the adoption, which gradually increased in the 2000s. Nowadays, more than 80 percent population in Singapore is using the internet, and over 70 percent of people in Malaysia and Brunei are exposed to the internet (Box & Gonzalez-Lopez, 2016). Despite digital disparities amongst ASEAN countries, the situation does not restrain the development of the digital economy. ASEAN country members are still committed to transitioning towards a digital economy. The devotion is clearly shown in the AEC Blueprint 2025 – which drives toward the direction of ASEAN's economic integration – having the narration on electronic commerce under the main characteristic of Enhanced Connectivity and Sectoral Cooperation (Box & Gonzalez-Lopez, 2016). The blueprint implicitly shows that the digital economy is one of the key features to help ASEAN achieve economic integration.

Indonesia surprisingly becomes one country with a thriving digital economy among ASEAN countries members. Despite the late start in internet penetration and industrialization compared to neighboring countries – Singapore and Malaysia – digital valuation in Indonesia has recently become the largest in South East Asia. This growing number is expected to keep increasing and reach USD 146 billion by 2025 (Bank Indonesia, 2022). This circumstance is also supported by digital payment innovation, start-up scalation, and the expansion of financial technology. The magnitude of In-

Indonesia's digital economy power would potentially strengthen Indonesia's prominent role in ASEAN, parallel to ASEAN's goal of achieving financial integration. As before, Indonesia would still be perceived as an ally by ASEAN Member countries due to its compatible goals. The QRIS innovation launched by the Central Bank of Indonesia, which enables cross-border transactions using QR codes, could be an essential starting point for financial integration, mainly as it has been implemented in 4 other countries, Malaysia, Singapore, Thailand, and the Philippines. Indonesia would also be benefited from ASEAN Chairmanship in 2023. The opportunity would allow Indonesia to become the leading party in the digital transformation process across ASEAN, which could promote economic and financial integration.

Challenge and Opportunity

The structure of the current Indonesia population and the expanding middle and demand for consumers good become one of the opportunities to develop the digital economy further and achieve a digital society. Amid the strong growth of the digital economy in Indonesia, some frictions still prevent the government of Indonesia from achieving maximum transformation. The internet disparity is still a challenge as there are still around 12,500 villages with a minimum internet connection (Deloitte, 2021). The government's effort was employed to tackle the challenge by executing the Palapa Ring II Project to improve the internet speed and expand the internet reach by planting underwater fiber optic cables. Developing a 5G connection could also be an opportunity to

improve connectivity across Indonesia and eliminate the challenge altogether.

Another bottleneck that could impede Indonesia from achieving total transformation is data privacy and cybersecurity. It has to be acknowledged that security infrastructure is still below average, with an abundant risk of security breaches and data theft. Some incidents of data leakage have occurred recently, proving how the level of security is still challenging. Furthermore, the need for more digital talents with high digital literacy becomes urgent. To accelerate the digital economy's development, Indonesia needs nine million people to step up to the role known as digital talent (ADB & Kemenkeu, 2020).

CONCLUSION

The development of technology and the rapid growth of internet access has opened various digitation streams. These changes eventually shaped the new pattern of production and consumption, bringing out the notion of the digital economy. It has become a new phenomenon that has grown fast and is estimated to be an essential key factor for economic development. The transformation into a digital economy is expected to open new opportunities for creating economic inclusivity. During the Covid-19 pandemic, many countries rapidly declined their economic development.

Nevertheless, it does not stop the popularity of the adoption of the digital economy; in fact, it is hoped to be a salvation to boost economic recovery post-Covid-19, necessarily in Indonesia. Economic decline

and crises had been predicted to be unavoidable following the spread of corona disease in early 2020. The journey to the end of the quarter of 2020 was greeted with pessimism. Nevertheless, against all odds, Indonesia's economic growth picked up by the end of 2020. Being at home, the online activities of people from various backgrounds increased, creating a more prominent digital market that positively impacts economic development. In supporting the economic recovery through the digital economy, the Government of Indonesia launched various sets of policies to encourage businesses – MSMEs, in particular, to go digital and also conduct some innovations related to digital payment, including launching Bi-Fast and QRIS.

To what extent can the development of Indonesia's digital economy be measured using the tiered definition offered by OECD? According to the instrument provided, Indonesia is still under broad measurement but has yet to reach the level of a digital society. However, digital valuation and development in Indonesia has recently become the largest in South East Asia. The magnitude of Indonesia's digital economy power could change the power map in ASEAN. As before, Indonesia would still be perceived as an ally by ASEAN Member countries due to its compatible goals. Nevertheless, raising its digital economy power would make Indonesia more prominent in achieving ASEAN economic integration.

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**Must be brief and informative, between 15-20 words
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First Author; Next Author; Last Author – without academic title (12pt, bold)

First Author's Affiliation (Department, University, Country) (12pt);

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Abstract (13pt, bold)

Abstract should be typed in italic, font size 10pt, single-spacing format and justified. The abstract should briefly summarize the aim, findings, or purposes of the article. Authors encouraged to write clear explanation on methodology or conceptual framework used in the article, followed by short summary of the research findings. The end part of the abstract should give conclusion that indicates how this paper contributes to fill the gap in previous studies, or any practical implication that might occur. The abstract should be written in one concise paragraph of no more than 250 words.

Keywords: *contains; three to five; relevant keywords; separated by semicolon; written in lower case, italic 10pt*

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The manuscript should be written in English on A4-sized papers (21x29.7 cm), with custom margins as follows: left 2.5 cm, right 2 cm, bottom 2 cm, and top 2 cm. The manuscript should use Callisto MT, 12pt font size, 1.5 line spacing. Manuscript should consist of 4,000—7,000 words (research article) and 3,000—4,000 words (book review). Referencing and citing technique used is APA 6th edition, with in-text citation format

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All sources quoted or paraphrased should be listed in the reference list. Cite source using APA in-text citation format, by writing author's last name followed by the publication

year, for example: (Hudson, 2014). Direct quotations, tables, or figures referred should include the page number, for example: (Hudson, 2010, p. 44).

The introduction part should explore these elements: (1) Explanation about the research background and the general theme or topic; (2) Provide clear and convincing answer to the question: Why is this article is important? (3) A concise literature review of available literature or research. Please cite the most imperative part, theories, or debates from existing studies; (4) Indicate how your article will contribute to fill the gap to the current studies. This is also important to show that your idea is original; (5) Offer explanation on specific problem or question¹ and hypothesis

that will be the main point(s) of the article.² We encourage authors to bring only one or two questions.

Author should also describe objectives of the research and offer the brief structure of the article.

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Author is encouraged to describe methodology clearly. Put it in a dedicated subchapter if necessary. This part should contain a brief justification for the research methods used.

This part should contain enough detail to enable the reader to evaluate the appropriateness of your methods and the reliability and validity of your findings.

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[This is an example text]

Vivamus quis nisi ut diam vehicula mollis rhoncus et massa. Sed in sem felis. Nulla facilisi. Fusce lobortis vel nisl non viverra. Phasellus id molestie nunc.

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¹ Fewer question or hypothesis is better, we encourage author to bring only 1-2 questions

² Footnote may be used to provide additional description (terms, concept, specific event, etc.) that might be too excessive to be included in-text.

tempor odio, in porta orci. Phasellus scelerisque

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If You Have 2nd Level Subchapters, Use 12pt, Underline, Title Case

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If You Have 3rd Level Subchapters, Use 12pt, Italic, Title Case. Run the text on after a punctuation mark. **[This is an example text]** In hac habitasse platea dictumst. Nunc in euismod libero, vel interdum lacus. Proin ut dignissim risus. Nunc faucibus libero sed eleifend bibendum. Nam mattis, odio ac placerat euismod, mauris felis consequat nunc, ut porttitor ligula risus ac nisl. Nulla ullamcorper sapien non quam gravida, nec dignissim ligula

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- Sed ut dolor eleifend, malesuada sem vitae, mollis risus.
- Sed sit amet massa felis. [This is an example text for 2nd level subchapter]

and discussion. It is strongly recommended to avoid mere repetitive statements or phrase from the previous section. Author may also discuss implication of the findings and point out prospect for further research.

Conclusion should followed by reference list format. Reference list is based on American Psychological Association (APA) style. Reference list should appear at the end of the article and include only literatures actually cited in the manuscript. Citation should be sorted alphabetically and chronologically, written in single spacing and 0pt before-after spacing format.

Guidelines - Conclusion

Conclusion is a brief summary of findings

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