Indonesia’s Economic Diplomacy to South Korea in Increasing Coffee Exports in 2016 – 2021

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Abstract

As a coffee-producing country, Indonesia needs help exporting its coffee to South Korea, which has high coffee consumption. It causes the value and volume of Indonesian coffee exports to fall below expectations. This research aims to discuss the export of Indonesian coffee to South Korea by using international trade theory and the concept of economic diplomacy. This study uses descriptive qualitative methods with primary data from semi-structured interviews, while secondary data is obtained from documents and literature related to data collection collected from January – April 2023. The results of this study are economic diplomacy carried out to maximize Indonesian coffee exports in 2016 – 2021, consisting of business matching, coffeeversation, the Seoul coffee expo and Seoul café show, and the role of government and private actors. These efforts significantly increased the value and volume of Indonesian coffee exports to South Korea the following year.

Keywords: Economic Diplomacy, Coffee Export, Indonesian Coffee, South Korea

INTRODUCTION

Indonesia has many natural resources ranging from agricultural to aquacultural. Through the natural resources, Indonesia's economy is improved through International Trade. In addition, coffee is one of Indonesia's renowned commodities in international trade. Coffee is one of the plantation's most important exports and essential to Indonesia's economic growth. Forms of coffee trade in the global market include green coffee beans, roasted coffee, and instant coffee (Siregar & Rahayu, 2023). Although Indonesia focuses on the central destination countries for coffee exports, several countries have good opportunities for Indonesian coffee exports. One is South Korea, where people tend to consume coffee, especially looking at the coffee-drinking culture known to South Koreans since the 1950s after a shift from a tea-drinking culture due to globalization (Lee & Kwon, 2022). As it became lifestyles changed, coffee-drinking culture became common in South Korea (Lee, Kim, & Kim, 2017). South Korean people's interest in coffee increases the amount of coffee consumption in
South Korea every year. This high consumption will eventually increase the demand for coffee in South Korea. In addition, South Korea has limited land for managing plantations, so coffee commodities are challenging to grow, coupled with the sub-tropical climate, which is also an obstacle to the growth of coffee beans in South Korea. It causes a high number of coffee imports in South Korea every year. Due to the limitations in natural resources, South Korea makes many efforts to maintain its economic stability and the needs of its people by increasing activities in international business such as international trade, investment, export-import, and many more (Anjani & Warsito, 2023).

Meanwhile, tropical Indonesia produces many commodities, including coffee, so this is an excellent reciprocal relationship and an opportunity for increasing Indonesian coffee exports to South Korea through economic diplomacy activities. In addition, Indonesian coffee's unique and distinctive taste can undoubtedly be an added value for its competition in the South Korean coffee market, mainly since South Korean people import raw coffee beans (green coffee beans) the most (ITPC Busan, 2021).

The potential of Indonesia's excellent coffee distinctiveness in the South Korean market must pursued by maximizing existing opportunities. Therefore, diplomatic relations are needed to face existing challenges through economic diplomacy. Economic diplomacy is a research concept here, with coffee commodities as its main instrument. According to Rana (2011), economics diplomacy was examined using economic salesmanship, networking, regulation management and image building/promotion.

Based on the opportunities Indonesian coffee faces in its exports to South Korea, a new approach is needed to increase its exports through economic diplomacy. Fadillah's (2019) writings explain Indonesian coffee exports to South Korea, the government's prospects for increasing coffee exports, and domestic problems. Then, a paper by Shertina (2019), Hervinaldy (2021) and Ibnu, Offermans and Glasbergen (2019) examines Indonesian national policies and laws in pursuing Indonesian coffee exports. Furthermore, the writings by Putri (2019) explain the obstacles experienced in coffee exports to Italy and Japan due to sustainability standards and carbaryl pesticides. A paper by Winingsih and Septiani (2022) and Zuhdi and Yusuf (2021) analyzes the aspects affecting the volume of Indonesian coffee exports and measures the competitiveness of Indonesian coffee in Germany. Germany is also one of the highest consumer countries in Europe.

Based on the literature review, research has yet to comprehensively discuss the form of economic diplomacy and how it was used to increase Indonesian coffee exports. This research is expected to expand and add to the discussion on the field of international political economy and precisely can be a solution for handling Indonesian coffee exports to South Korea from 2016-2021.

METHODS

This research uses qualitative descriptive research intending to produce findings following the facts. Data collection in this study was conducted by conducting semi-structured interviews with representatives from the Indonesian Ministry of Trade, the Indonesian Embassy in Seoul, Indonesian Trade Promotion Centre (ITPC) Busan and Association of Indonesian Coffee Exporters (AEKI) as primary data and related documents and literature as secondary data collected from January – April 2023.

After collecting data, data analysis techniques are carried out using data analysis, according to Miles and Huberman (1994). First, data reduction is a process carried out to simplify and sort data so that the data focuses on research themes and patterns. Second, data presentation organizes and compresses data to make it easier to understand. Third, conclusions are made to answer the problem question.

RESULTS

Mutual benefits arise from South Korea's and Indonesia's bilateral and regional interactions. Those benefits arise because Indonesia sees
South Korea as an important strategic ally. Many cooperation agreements made and developed over time prove that the bilateral collaboration between South Korea and Indonesia has benefited both nations significantly (Rahim & Sudirman, 2023).

As trade liberalization continues, the economy is expected to grow even further. International trade has become an inevitable part of interactions with the domestic economy. It is closely related to the economic conditions of trading partner nations. The Indonesia-Korea Comprehensive Economic Partnership Agreement (IKCEPA) is an example of a cooperative partnership that aims to enhance trade and investment performance between both countries (Abdullah, 2016).

The establishment of IKCEPA also intends to complement the existing ASEAN Free Trade Area (FTA) Agreement. The IKCEPA negotiations begin a new chapter in bilateral relations between Indonesia and South Korea, expected to benefit each country economically (Rompas, 2019).

Cooperative measures between nations can enhance bilateral trade and investment, according to the theory of economic diplomacy. Economic diplomacy functioning smoothly and productively can lead to an increase in trade and investment (Bila & Wijayati, 2022). Thus, cooperation and improving economic relations are among the efforts made by the country to enhance international trade performance.

Regarding international trade, coffee is the second most traded commodity after crude oil. Additionally, demand for coffee, a popular beverage ingredient, is rising annually and economically benefits every link in the global value chain, from farmers to consumers. Regarding the coffee export trade, South Korea is a potential market for Indonesian coffee (Yuhendra & Pebrian, 2023).

Indonesia is the fourth largest coffee-producing country in the world, following Brazil, Vietnam, and Colombia. The country's focus is on marketing its coffee products. Over the last 15 years (2003-2017), Indonesia has maintained an average market share of 3.75% in the world coffee export market (Apriani, Marissa, & Igamo, 2022).

The performance of agricultural products, like coffee, can be improved through an agreed trade cooperation program because it is considered a strategic product and the primary source of income for small Indonesian farmers (Dermoredjo, Pasaribu, Azahari, & Yusuf, 2021). Coffee is also one of Indonesia's most significant sources of foreign exchange, especially in recent years. It increased because the popularity of coffee has been increasing each year due to the growth of cafe culture and the changing drinking habits of the younger generation (Widadi & Dellyana, 2023).

However, the growth has not been stable every year because of economic globalization. Indonesia faces an ever-evolving free trade process that ultimately brings influences, opportunities, and challenges to trade activities. Increasing the competitiveness of Indonesian coffee can also be done through market diversion and penetration into other countries such as South Korea, ASEAN countries, the United States and European countries due to the increasing demand for coffee (Rosiana, Nurmalina, Winandi, & Rifin, 2018).

Gross domestic product positively and significantly impacts Indonesia's coffee exports abroad. The exchange rate positively and significantly impacts the overseas export volume of Indonesian coffee (Lubis, Syafii, & Sukardi, 2023). Therefore, Indonesia needs to take advantage of countries with extensive market opportunities in exporting its coffee, and this research focuses on the South Korean coffee market.

Indonesia is one of the countries with the best quality coffee products compared to other coffee-producing countries. Indonesian coffee has a unique taste because Arabica coffee, one of Indonesia's typical coffees, is famous for its intense and unique taste.

Three central regions of Indonesia produce coffee, including Sumatra, Java, and Sulawesi. Java is the largest coffee production region among the three regions, and it has Arabica coffee that tastes high and has an intense taste concentration,
characteristic of Arabica coffee types. One of Java's oldest and best coffees is known as Old Java. The Sulawesi region famous for its coffee production is Toraja, where Toraja coffee cultivation uses traditional methods that are selected and picked by hand. The uniqueness of Toraja coffee is from the sweet aroma integrated with the thick, crisp, and clean aftertaste. The Sumatran region famous for its coffee production is Mandailing and Ankola. This coffee has low acidity, complex flavour density, and high viscosity (Gumulya & Helmi, 2017).

However, Indonesian Arabica coffee from other regions has distinctive characteristics, such as Kintamani coffee from Bali, Wamena coffee from Papua, Bajawa coffee from Flores, Liberika coffee from Riau, and many more. In addition to Arabica types, Indonesia also produces Robusta coffee types, whose production is almost 90% (Gumulya & Helmi, 2017).

Robusta coffee has a more pungent caffeine taste. It is more bitter than Arabica, so milk coffee dishes like latte, macchiato, cappuccino, and others use it as a coffee base. Although the productivity of Arabica coffee is higher than Robusta coffee, current Indonesian production is dominated by Robusta coffee (Sahat, Nuryartono, & Hutagaol, 2016). Indonesian coffee’s unique taste is an opportunity to gain more recognition in a country with a large coffee consumption, like South Korea.

In South Korea, coffee is a beverage that is more recognized than other beverages. More than 65% of Korean adults drink coffee every day. The proportion of Koreans drinking coffee tends to increase at least one time a day, especially in the middle-aged group (40-59 years old) and older to the elderly (60 years and older) people (Kim, Tan, & Shin, 2021).

The percentage of coffee sales in South Korea for ten years from 2007 – 2017 increased to 295.6%, with an average annual increase of 2.09%. This percentage shows South Koreans consume up to 512 cups of coffee annually, or around 26.5 billion coffees yearly (Hong-Jo, 2022). High coffee consumption also supports increased coffee retail businesses throughout South Korea. The condition of the increase is inversely proportional to the existing conditions because South Korea has limited land to grow coffee. Not only is land limited, but the climate and weather in South Korea are less favorable for plantation commodities to grow luxuriantly. With limited land and an unfavorable climate and weather, it certainly cannot meet the coffee consumption needs of the South Korean people. Therefore, South Korea decided to import coffee from coffee-producing countries and became one of the countries with considerable coffee market opportunities for these coffee-producing countries (Syaputra, 2017).

Although it has considerable opportunities, the position of Indonesian coffee needs to be improved. Indonesian coffee exports to South Korea fluctuate every year from 2016 – 2021. These fluctuations can be clarified in Table 1 from the following data.

<table>
<thead>
<tr>
<th>Year</th>
<th>Value (000 US$)</th>
<th>Volume (ton)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>11.458</td>
<td>2.593</td>
</tr>
<tr>
<td>2017</td>
<td>13.306</td>
<td>3.334</td>
</tr>
<tr>
<td>2018</td>
<td>11.501</td>
<td>3.037</td>
</tr>
<tr>
<td>2019</td>
<td>11.045</td>
<td>2.714</td>
</tr>
<tr>
<td>2020</td>
<td>9.633</td>
<td>2.888</td>
</tr>
<tr>
<td>2021</td>
<td>8.471</td>
<td>2.142</td>
</tr>
</tbody>
</table>

Source: BPS and Trademap, 2016 – 2021, data processed by the author.

In Table 1, it can be seen that Indonesian coffee exports decrease every year, both in value and volume. Although the decline is inversely proportional to the coffee opportunity in South Korea, Indonesia still shows consistency by shipping coffee above 2,000 tons per year. The decline occurred due to market dominance by major import countries such as Vietnam, Colombia, Brazil, Ethiopia, and others.

Moreover, as one of the competitor countries, Vietnam has never shipped its products below 30,000 tons in the same period based on Trademap. Therefore, Indonesian coffee needs to increase its quantity and quality. Moreover, the existence
of a reasonably strict import policy will filter coffee products that are suitable for consumption by the community. Also, based on information findings from representatives of ITPC Busan and the Indonesian Embassy in Seoul, one of the challenges Indonesian coffee faces is the price of coffee, which tends to be more expensive than coffee from other countries.

Behind Indonesia's great opportunity to export coffee, some challenges affect the decline in the value of Indonesian coffee exports. In a condition like this, there will be inequality in economic diplomacy between countries (Killian, 2012). The challenges faced by Indonesia in exporting coffee to the South Korean market consist of several aspects.

First, competitor countries. There is a dominance from countries that also produce coffee and export large quantities to the South Korean market, especially since trade between countries is increasingly developing, creating a competitive market environment (Rahardjo, Akbar, Iskandar, & Shalehah, 2020).

Second, the price of Indonesian coffee tends to be more expensive and even reaches twice the price of coffee in other countries (ITPC Busan, 2021). The main reason is the expensive shipping costs of exporting coffee to South Korea according to the interview with one of the trade attaches of the Indonesian Embassy in Seoul. In addition, the high tariff of supporting materials and low technology and innovation in diversifying coffee products are also factors in the high price of Indonesian coffee in South Korea (Sudjarmoko, 2013).

Third, Indonesian coffee is less popular than other coffees from other countries dominating the South Korean market. Indonesia, the world's fourth largest coffee producer after Brazil, Vietnam and Colombia, aims to commercialize coffee products (Apriani, Marissa, & Igamo, 2022). However, the value of coffee imports in South Korea, according to Korea Customs and Trade Development Institute on Trademap, is dominated by these three countries, making Indonesian coffee slightly less popular.

Fourth, the consistency of the quality and quantity of Indonesian coffee needs to be improved. The result of the interview with the representative of AEKI said that it happens because the climate and soil need more human resources (coffee farmers), which also causes this to be a challenge in increasing the consistency of the quality and quantity of Indonesian coffee. The coffee commodity management system in Indonesia indicates weakness because of this aspect (Ibrahim & Zailani, 2010).

Indonesia's economic diplomacy with South Korea is expected to be a promising approach for developing Indonesian coffee in South Korea to trigger an increase in economic welfare through incoming export and investment activities. For this reason, exporters need to know and master the crucial things in entering the South Korean coffee market to facilitate and launch economic diplomacy activities.

There are at least five main capitals that Indonesian coffee exporters need to know to enter the South Korean coffee market (KBRI Seoul, 2021). First, being able to adapt to the tastes of the South Korean coffee market, be it by innovating, proactively and creatively so that the coffee follows the interests of the South Korean people. Second, exporters ensure the quality of coffee beans delivered to withstand climate and weather changes in production areas. Third, exporters ensure consistency in export timeliness that goes hand in hand with good coffee quality. Fourth, exporters use digital technology optimally to introduce and expand Indonesian coffee's reach in the South Korean market. Fifth, comply, pay attention to and follow all regulations, standards and stimuli on coffee imports that South Korea has imposed.

DISCUSSION
Through the five main capitals in entering
the South Korean coffee market, Indonesian exporters will be facilitated in penetrating the South Korean coffee market. They can facilitate economic diplomacy activities such as business matching, coffeeversation, the Seoul Coffee Expo and the Seoul Café Show. Aside from that, by maximizing the role of government actors and the private sector that supports it. Coffee needs to attract the attention of both governments and the private sector to take innovations and strategic steps to overcome these problems and make future coffee prospects better and more promising (Hotman & Malau, 2022). Chart 1 shows Indonesia’s Economic Diplomacy to South Korea presented in the following section.

![Chart 1. Indonesia's economic diplomacy to South Korea.](chart)

Through Chart 1 above, the economic diplomacy activities carried out intend to address the challenges faced by Indonesia by maximizing existing opportunities. Economic diplomacy can generate demand and increase Indonesian coffee sales, trade agreements or networks between Indonesian exporters, South Korean importers, and incoming foreign investment. These results will create economic benefits for Indonesia and could increase Indonesian coffee exports to South Korea in the following periods.

**Business matching**

According to Moghaddam and NoF'in Kurniadi & Ibrahim (2021), business matching is the process of matching a concept, vision, mission, ideas and business models under one country's culture, values and economic climate with another. The main goal is to achieve a continuous increase in competitiveness.

In this business matching activity, the operationalization of economic diplomacy used is economic salesmanship and networking. The application of economic salesmanship can be seen in the expansion of the coffee market carried out through virtual business matching. As a coffee exporter, Indonesia promoted trade and expanded its market through its official foreign representative. As for the application of networking, this activity involves non-state actors who are also present as Indonesian coffee exporters in the chamber of commerce.

The primary purpose of this virtual business matching is as a bridge to bring together Indonesian coffee exporters as business actors with South Korean importers as potential buyers (KBRI Seoul, 2021). The activity was initiated by the Indonesian Embassy in Seoul and ITPC Busan and held on September 8, 2021, through the Zoom platform, which the Directorate General of National Export Development (PEN) of the Indonesian Ministry of Trade also attended. This activity invited 22 coffee exporters from Indonesia and seven importers from South Korea. Table 2 compares coffee export volume after business matching, the limited space in implementing this activity does not prevent Indonesian coffee from becoming better known by South Korean importers.
In Table 2, it is shown that the implementation of virtual business matching activities shows positive results. The average volume of Indonesian coffee exports to South Korea in 2016-2021 is 2,784 tons, while in 2022, it is 3,297 tons. As shown in Table 1, Indonesia's coffee export volume in 2021 was 2,142 tons. Through this data, it can be seen that there has been an increase in exports from 2021 to 2022 of 1,155 tons. Although it was not a high increase, this still brings positive value to virtual business matching activities. For this reason, it would be better if, in the future, business matching activities were carried out offline to maximize the economic diplomacy that goes on.

The Indonesian Embassy in Seoul and ITPC Busan published a digital guide for the business matching activity. The guide, titled "Practical Guide to Export Food and Beverage Products to South Korea," provides an overview of food and beverage exports to South Korea, including coffee. Start from market conditions, export strategies, lists of potential importers, and import policies imposed by South Korea, which are listed in the digital guide. Although not specifically for coffee exporters, the guide can be supporting information for Indonesian coffee exporters in knowing market conditions and policies that apply in South Korea.

**Coffeeversation**

From the words coffee and conversation, coffeeversation is an activity that includes discussions about coffee-related matters. Coffeeversation activities are a series of supporting virtual business matching activities. The operationalization of economic diplomacy from coffeeversation activities is networking and image building/promotion. Networking in coffeeversation is similar to the operationalization of networking in virtual business matching, namely through coffee industry players as non-state actors in the chamber of commerce, so that established partnerships are closer and friendlier. Meanwhile, the image-building/promotion stage can be seen from the involvement of Indonesian coffee exporters as public-private by promoting Indonesia's good name through coffee.

This coffeeversation aims to expand its existence and introduce Indonesian coffee to South Korean importers. This activity began with an opening by the former Minister of SMEs of South Korea, Young-Sup Joo, and explained a little about Indonesian coffee. After that, it continued with presentations and discussions about coffee by three coffee business actors, namely Kim Myeong Suk, the owner of Ulubelu Coffee retail in Seoul; Lee Mi Ae, the owner of MIA Coffee retail in Busan; and Steve Hidajat, the owner of PT Selera Indah Perdana or Presidential Coffee in Jakarta (KBRI Seoul, 2021). In addition to the material, the presentation of coffee by the coffee industry players also explained the technique of serving coffee in Table 3.

<table>
<thead>
<tr>
<th>Coffee Industry Players</th>
<th>Serving Techniques or Coffee Names</th>
<th>Types of Coffee Beans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ulubelu Coffee</td>
<td>Iced Dolce Latte dan Hot</td>
<td>Aceh Gayo Coffee Beans</td>
</tr>
<tr>
<td>Cappucino</td>
<td>Lampung and Mandailing</td>
<td></td>
</tr>
<tr>
<td>Coffe Beans</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MIA Coffee</td>
<td>Brewed coffee</td>
<td></td>
</tr>
<tr>
<td>PT Selera Indah Perdana atau Kopi Presiden</td>
<td>Cold Brew (Java Mocha)</td>
<td></td>
</tr>
</tbody>
</table>

As seen in Table 3, Ulubelu Coffee, which named its coffee retail after one of the mountains in Lampung, Mount Ulubelu, uses Lampung and Mandailing coffee beans with exposure to iced dolce latte and hot cappuccino. Furthermore, MIA Coffee uses Aceh Gayo coffee beans to present brewed coffee. Finally, PT Selera Indah Perdana or Kopi Presiden serves Java mocha, a unique blend by Mr. Umar Hadi, presented by Steve Hidajat. Java mocha is produced as a coffee variant, a sign of economic diplomacy by Indonesia with South Korea.

**Seoul coffee expo**

Seoul Coffee Expo is one of the exhibitions held in South Korea since 2012. This exhibition allows coffee industry players to maximize their trade promotion, especially since it allows a country to open pavilions for more than one company. With approximately 250 companies and 800 pavilions, this international exhibition showcases premium coffee products, coffee-making equipment, raw materials, and retail. Some of the countries participating in this exhibition are Colombia, Brazil, Italy, Kenya, India, the United States, Ghana, India, and South Korea (ITPCBusan, 2017).

This exhibition applies the stages of economic diplomacy, economic salesmanship, and image building/promotion. The Indonesian Embassy in Seoul and ITPC Busan, as Indonesia's official trade representatives in South Korea in developing markets, export activities, and incoming investment, implement economic salesmanship. Meanwhile, the operationalization of image building/promotion is implemented through trade promotion carried out by participation in exhibitions and pavilions established to expand the existence of Indonesian coffee through industry players who participate in the pavilion.

In 2017, Indonesia was honored as a guest of the country at the Seoul coffee expo, where the pavilion displayed by Indonesia is in an honorable and strategic position. By presenting the best types of coffee, of course, Indonesia became the prominent coverage for local media during the exhibition (ITPCBusan, 2017). The exhibition, held on April 6-7, 2017, presented more than 30 Indonesian specialty coffee products, both arabica and robusta. A cupping test also complemented the presentation by 9 Indonesian coffee exporters. The types of coffee displayed in cupping coffee are Sumatra Arabica Bengkulu Kaba Mountain Coffee, Sumatra Arabica Kerinci Natural Coffee, Sumatra Arabica Mandailing Lintong Coffee, Sumatra Arabica Aceh-Gayo Coffee, West Java Preanger Agro Jabar Arabica Coffee, Java Arabica IJEN Bondowoso Coffee, Sulawesi Arabica Toraja Coffee, Flores Arabica Bajawa Coffee, Java Robusta Temanggung Baron Coffee, and Flores Robusta Natural Manggarai Coffee.

With the theme Home of World's Finest Coffee, the pavilion resulted from a collaboration between the Indonesian Embassy in Seoul and ITPC Busan. Garuda Indonesia and BNI Seoul also supported it. They also participated in coffee seminars conducted at the marketing stage location. Transactions recorded at the Seoul coffee expo in 2017 reached $270,000 (ITPCBusan, 2017). Table 4 shows several overseas pavilions at Seoul Coffee Expo 2017, presented in the following section.
Table 4. Presentation of coffee by coffee industry players in coffeeverse activities

<table>
<thead>
<tr>
<th>Country</th>
<th>Person In Charge</th>
<th>Pavilion Size</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AS</td>
<td>BIADGI LLC</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Ghana</td>
<td>Ghana Embassy</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>India</td>
<td>Embassy of India</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Indonesia</td>
<td>Indonesian Trade Promotion Centre</td>
<td>10</td>
<td>Official Guest Country</td>
</tr>
<tr>
<td>Ecuador</td>
<td>Pro Ecuador (Embassy)</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Italy</td>
<td>Clabo S.P.A</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td>VIDYA</td>
<td>4</td>
<td>Media Press</td>
</tr>
</tbody>
</table>


As a guest of the country, Indonesia has a much larger pavilion than the pavilions of other participating countries, as seen in Table 4. Even so, the size of the pavilion is not a barrier for a country in promoting its coffee. The proof can be seen from Indonesia’s involvement as a participant in the Seoul Coffee Expo 2018. Although no longer a guest of the country, Indonesia still gains profits and investments through the pavilions displayed. At the Seoul Coffee Expo 2018, Venture Coffee, PT Indo Arabica Mangkuraja, and Alpha Gemilang signed an MoU with trading partners from South Korea, namely Beanst Coffee, Tona Co. Ltd., Quantum International Co. Ltd., and Treeplanet Co. Ltd. The signing of the MoU was carried out during the activity, where the potential of the MoU reached $2 million (Rahayu, 2018).

In addition to the three coffee industry players above, the MoU was signed between the Indonesian Coffee Exporters Association (GAEKI) and the Convention & Exhibition Center (COEX) to promote and exchange information. Indonesia also presents various typical coffee products in the form of green beans, roasted beans, and ground coffee, both Arabica and Robusta (Rahayu, 2018). Indonesia did not participate in the Seoul Coffee Expo 2019. Then, the following year, the Seoul Coffee Expo 2020 was canceled due to the spread of Covid-19.

Through the Seoul Coffee Expo, which is not just an exhibition, the Indonesian government (Ministry of Trade of the Republic of Indonesia, Indonesian Embassy in Seoul, and ITPC Busan) maximizes the expansion of the existence of Indonesian coffee. With the network built with South Korean importers, it will be a trigger for increasing demand for Indonesian coffee for the people of South Korea. The development of the network can be seen from the signing of the MoU by COEX and South Korean importers, who increased incoming investment. It is in line with the objectives of economic diplomacy, namely improving the Indonesian economy through increasing the value of coffee exports. Then, through the MoU, the network established between the Indonesian government and South Korean importers will become a new gap and opportunity for Indonesian coffee in South Korea.

Seoul café show

Another exhibition that carries the theme of coffee is the Seoul Café Show, the largest exhibition in Asia since it was held in 2002. The Seoul Café Show officially received direct support from ICO, with 600 participants from 40 countries and 160,000 visitors from 80 countries. The Café Show is also located in other countries such as Ho Chi Minh, Beijing, and Vietnam, as well as Paris from outside Asia. The exhibition aims to share knowledge on sustainable development with the World Coffee Leaders Forum, create a network of partnerships between global coffee leaders and professionals with exhibitors, and promote industry development through special programs. The series of exhibition activities are (1) the World Barista Championship; (2) the World Latte Art Battle and Cocktail Battle; (3) the Seoul Coffee Festival; (4) “Thank you, Coffee” campaign; (5) Contribution to economic benefits through cultural and industrial marketing (Café Show, 2020).
The operationalization of economic diplomacy at the Seoul café show is economic salesmanship, networking, and image building/promotion. Economic salesmanship can be seen from the involvement and supervision of ITPC Busan and the Indonesian Embassy in Seoul, which supervised the activities and sustainability of the exhibition, market expansion, and trade promotion. Furthermore, networking is carried out through communication and trading partner relationships established to ensure the sustainability of the exhibition. Networking can be seen from the purpose of the exhibition, which hopes to create a network of partnerships between global coffee leaders and exhibitors that can facilitate established transactions, from the ordering process to other forms of collaboration. Then, image building/promotion operationalization is carried out by displaying the best coffee products in the pavilion to expand Indonesia’s existence as a coffee-producing country.

Seoul Café Show focuses on not only coffee products but also products that are available in cafes and F&B (food and beverage) industries, such as tea, ice cream, desserts, machines, raw materials, interiors, services, and others; the opportunity of increasing the existence of coffee through this exhibition is quite ample. Therefore, visitors from the Seoul Café Show are not only ordinary people but also importers, exporters, factory entrepreneurs, wholesalers, distributors, independent resellers, service companies, exporter agents, and importer agents to purchasing offices (Café Show, 2020).

In 2017, Indonesia participated in one of its series of activities, the World Barista Championship, and ranked 12th out of 60 participants (Coffee Expo Seoul, 2017). Then, in 2018, Indonesia participated and established a pavilion with the Indonesian Embassy in Seoul as the coordinator. Indonesia also showcased its coffee production at the origin adventure session, where Indonesia served and displayed Mandailing coffee. In this case, Indonesia is referred to as one of Asia’s leading coffee-producing countries, with Mandailing as one of its signature coffees (Café Show, 2018).

Indonesia again participated in the Seoul Café Show 2019, with 11 companies participating in establishing pavilions and serving other café products such as chocolate, coconut sugar, palm sugar, herbal drinks, tableware, coffee roasting machines, and mini barong roasting machines. Visitor interest in the Indonesian pavilion can be seen from the total transaction of $3.5 million from 155,012 visitors.

In addition to mini barong, the most popular Indonesian products are coffee, chocolate, and tableware, such as eco-friendly bamboo straws (Kementerian Perdagangan, 2019).

As in previous years, Indonesia participated in the Seoul Café Show 2020 and 2021. At the Seoul Café Show 2021, Indonesia also received honors and awards as an honorary country. Indonesia's consistency in participating in the Seoul café show certainly makes Indonesia better known for branding coffee-producing countries. With this existence and branding, it will undoubtedly increase the sales value of Indonesian coffee and increase the demand and value of Indonesian coffee exports to South Korea.

Just like the Seoul Coffee Expo, which is not just an ordinary exhibition, through the Seoul Café Show, the Indonesian government maximizes the potential of Indonesian coffee. It is done by maximizing established trade contacts so that incoming investment can increase by using the dollar as a benchmark. The increase in investment can also be maximized by participating in a series of Seoul café show activities and not only being a pavilion participant. The results that will be obtained are certainly an opportunity for Indonesian coffee's existence, which can be seen from Indonesia, which received an award as an honorary country. Through this honor, Indonesian coffee will be more branded and respected by the people of South Korea. Although not establishing direct relations in writing, the network built between the Indonesian government and, South Korean importers and other pavilion participants can be a business opportunity in the future.

The role of government and private sector actors to maximize Indonesian coffee exports
Different actors in the Indonesian coffee industry integrate into the global coffee value chain, such as smallholder farmers, large plantations, village collectors, traders, factory operators, exporters, and coffee processing and roasting coffee companies (Neilson, 2013). In addition to the forms of economic diplomacy carried out above, economic diplomacy can also be carried out between state actors, both government and private actors. As representatives in conducting economic diplomacy, these actors strive to maximize their work units' main tasks and functions in the Indonesian coffee industry. It is done to support the form of economic diplomacy carried out. The government actors are the Directorate General of PEN of the Indonesian Ministry of Trade, the Indonesian Embassy in Seoul, and ITPC Busan, while the private actor is AEKI.

The Directorate General of PEN of the Ministry of Trade oversees official representatives of Indonesia abroad, including the Indonesian Embassy in Seoul and ITPC Busan, and serves as a supervisor. In general, the functions of the Directorate General of PEN of the Ministry of Trade in the Indonesian coffee industry refer to the provisions of a Regulation of Minister of Trade No. 29 of 2022 stipulated on May 18, 2022, such as formulating and implementing policies, providing technical guidance and supervision, conducting evaluation and reporting and carrying out administration.

In addition to these functions, the result of the interview with the representative of the Directorate General of PEN of the Ministry of Trade of the Republic of Indonesia, the Directorate General of PEN also runs several programs to maximize market opportunities for Indonesian coffee products, namely: First, participate in trade show promotion activities on an international scale and carry out trade missions. Second, increasing competitiveness and developing products through Product Adaptation activity facilities, Product Design or Packaging Development and Consultation at the Indonesia Design Development Center (IDDC), Good Design Indonesia, Brand Development, Certification of export products such as Halal and Hazard Analysis and Critical Control Points (HACCP), and registration of Intellectual Property Rights (IPR). Third, export development cooperation with ASEAN Regional Integration Support from the European Union (ARISE+ IPR) and Trade Facilitation Office (TFO) Canada. Fourth, utilize and maximize information services on export market opportunities through INAEXPORT. The program is in line with the five main capitals to enter the South Korean coffee market previously described, where the above program complements the principal capital.

The participation of the Directorate General of PEN of the Ministry of Trade in Indonesia's economic diplomacy towards South Korea can be seen from the support and presence of the Directorate General of PEN of the Ministry of Trade in business matching and coffeeversation activities. Especially as the government in charge of the Trade Attaché of the Indonesian Embassy in Seoul and ITPC Busan as the official representative of Indonesia in South Korea, of course, the Directorate General of PEN of the Ministry of Trade appreciates the activities initiated by the Indonesian representative in South Korea. The role of the Directorate General of PEN of the Ministry of Trade in maximizing the concept of economic diplomacy, according to Rana (2007), is that domestic government actors, namely ministries involved in economic activities, are stakeholders and main drivers in these activities.

Then, the Indonesian Embassy in Seoul, which is also a government actor and official representative of Indonesia in South Korea, takes care of all types of trade carried out in South Korea, ranging from export activities to requests from exhibitions or outside exhibitions through its trade attaché. The function of the Indonesian Embassy in Seoul in the Indonesian coffee industry focuses on promoting coffee (coffee as a commodity or coffee as a product), maximizing incoming investment, and distributing information in the field.

Law Number 11 of 2020 facilitates the transaction process and coffee export activities
of Indonesian coffee, developing the market and trade potential of Indonesian coffee in South Korea, providing information services, and engaging in business contracting.

Unlike the Indonesian Embassy in Seoul, which has a broader scope (not only taking care of the trade section), ITPC Busan has much direct contact with South Korean importers. An interview conducted with ITPC Busan representatives mentioned that South Koreans like the taste of Mandailing coffee. The liking for Mandailing can be seen from the agreement made by the Indonesian exporter, PT. Santama Arta Nami with South Korean importer Sun Woo New Media Corp. The agreement resulted in a cooperation agreement on Mandailing Arabica coffee exports to South Korea for three years, namely from 2016 – 2019, with ITPC Busan as a facilitator of business meetings between Indonesian exporters and South Korean importers. The cooperation resulted in an agreement from both parties with an export value of up to $1 million per year from 2016 to 2019. Mandailing Arabica coffee is exported to South Korea in the form of raw beans or green beans whose export volume reaches 2 tons (Syaputra, 2017).

ITPC Busan is also the official representative of Indonesia and the initiator of Indonesia's economic diplomacy activities in South Korea by focusing on business relations and product promotion. As described above, most of Indonesia's economic diplomacy activities with South Korea involve ITPC Busan as an actor and facilitator of promotion. The role of ITPC Busan is also in line with economic diplomacy, according to Rana (2007), where export promotion involves commercial companies finding markets, market studies, business delegation visits, participation in international trade fairs, and buyer and seller meetings.

In addition to government actors, the private sector maximizes Indonesia's economic diplomacy with South Korea. In this case, economic diplomacy carried out by the private sector will focus more on domestic needs and maximize domestic production to suppress the increase in Indonesian coffee exports. Although
more focused on the domestic sector, the role of the private sector is no less important than government actors. As a private sector, the AEKI primarily functions in the domestic plantation process. AEKI is tasked with analyzing and improving the condition of Indonesian coffee, ranging from quality quantity to the supply chain. In addition, AEKI also has other functions, namely improving the image of Indonesian coffee in the international arena, directing and developing cooperation between members, conducting joint efforts with the government, and collaborating to improve the standard of living of Indonesian coffee farmers.

Although not directly involved in Indonesia's economic diplomacy activities with South Korea, AEKI, as a private sector, still has an active role in the Indonesian coffee industry. AEKI which is also under the supervision of the Ministry of Trade of the Republic of Indonesia, the Ministry of Industry of the Republic of Indonesia, the Ministry of Agriculture of the Republic of Indonesia, and the Ministry of Cooperatives and MSMEs of the Republic of Indonesia and maintains quite good relations. Even the government assists Indonesian coffee producers, and through AEKI, the assistance is well distributed. However, sometimes assistance is not an essential ingredient that is more needed in Indonesian coffee production. Establishing relations between AEKI as a private sector and the government supports increasing Indonesian coffee production for the better. It is also in line with the typology of economic diplomacy, according to Rana (2007), where non-state actors must establish solid networks and harmonize with economic stakeholders.

Economic diplomacy activities carried out in conjunction with the role of government actors and the private sector are carried out quite well. However, for business matching that is carried out, it would be better if it invited the South Korean government trade department to establish better relations between government and government. Moreover, business matching is quite successful in increasing Indonesian coffee exports because, through these activities, Indonesian coffee exporters become more understanding and can set strategies for selling and expanding the existence of Indonesian coffee in South Korea. Coffeeversation is also quite successful in facing the challenges of trade competition because, through these activities, it can be known that there are coffee retailers in South Korea that specifically use Indonesian coffee beans in serving their coffee.

**CONCLUSION**

Efforts by conducting economic diplomacy are an excellent strategy for Indonesia to increase the value and volume of its coffee exports. It is done so that Indonesian coffee's existence is well-known worldwide. More and more foreign investment is coming in through Indonesian coffee commodities. This foreign investment will improve the Indonesian economy and experience benefits that will prosper the community's economy. For this reason, Indonesia's economic diplomacy towards South Korea will seek the challenges experienced by maximizing all existing opportunities.

Indonesia's economic diplomacy towards South Korea must be maximized in responding to the challenges and opportunities faced. Economic diplomacy consists of several forms: business matching, coffeeversation, Seoul coffee expo, and Seoul café show. In addition, this form of economic diplomacy is maximized by the role of government actors (Directorate General of PEN of the Ministry of Trade, Indonesian Embassy in Seoul, and ITPC Busan) and the private sector (AEKI) in the Indonesian coffee industry. The economic diplomacy efforts carried out have achieved quite good results, where it can be seen that in 2022, the value and volume of Indonesian coffee exports have increased from before. The increase in 2022 is also the most significant value and volume compared to 2016-2021. It is under the opinion of economic diplomacy, according to Rana (2011), where the stages of economic diplomacy carried out will produce economic benefits for a country.

This research takes the perspective of the Indonesian government and the private sector
in seeking the value and volume of Indonesian coffee exports. However, the author also feels it is essential to see South Korean coffee importers or the South Korean government's point of view regarding economic diplomacy. Future research should consider research on economic diplomacy from the point of view of South Korean coffee importers or the South Korean government so that economic diplomacy activities can be maximized. Of course, this can also contribute to academic development, especially for economic diplomacy discourse.

ACKNOWLEDGMENTS

This research uses independent funding. Many parties provided support and assistance to the author during the completion of this research. Therefore, with respect, the author would like to thank the Ministry of Trade of the Republic of Indonesia, the Embassy of the Republic of Indonesia (KBRI) in Seoul, the Indonesian Trade Promotion Centre (ITPC) in Busan, and the Indonesian Coffee Exporters Association (AEKI), who have provided opportunities to the author and provided many sources to support the author's research.

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if Indonesian Coffee Seed Export Competitiveness.


