

International Economic Concepts and Their Implementation in the Indonesian Context: Literature Study

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Abstrak

Penelitian ini bertujuan untuk memahami dan menganalisis konsep ekonomi internasional serta bagaimana implementasinya dalam konteks perekonomian Indonesia. Dalam menghadapi ketidakpastian ekonomi global seperti perang dagang, krisis energi, dan disrupsi rantai pasok, Indonesia sebagai negara berkembang perlu mengadopsi strategi yang tepat untuk mempertahankan stabilitas dan meningkatkan daya saing ekonominya. Dengan menggunakan pendekatan kualitatif deskriptif melalui studi pustaka, penelitian ini mengkaji berbagai sumber literatur seperti buku, jurnal ilmiah, laporan pemerintah, dan artikel terpercaya. Hasil kajian menunjukkan bahwa penerapan ekonomi internasional di Indonesia mencakup kebijakan perdagangan, investasi asing, diversifikasi pasar ekspor, serta transformasi digital dan industri hijau. Indonesia juga menerapkan strategi fiskal dan moneter adaptif, mendorong hilirisasi industri, serta memperkuat kerja sama ekonomi regional dan global. Melalui pendekatan ini, diharapkan Indonesia mampu memperkuat posisinya di pasar internasional dan mencapai pertumbuhan ekonomi yang inklusif dan berkelanjutan.

Kata kunci: *Konsep, Ekonomi Internasional, Indonesia*

Abstract

This research aims to understand and analyze the concept of international economics and how its implementation is related to the Indonesian economy. In facing global economic uncertainties such as trade wars, energy crises, and supply chain disruptions, Indonesia as a developing country needs to adopt appropriate strategies to maintain stability and enhance its economic competitiveness. By using a descriptive qualitative approach through literature study, this research examines various sources of literature such as books, academic journals, government reports, and reliable articles. The findings indicate that the implementation of international economics in Indonesia includes trade policies, foreign investment, export market diversification, as well as digital transformation and green industry. Indonesia also implements adaptive fiscal and monetary strategies, encourages industrial downstreaming, and strengthens regional and global economic cooperation. Through this approach, it is hoped that Indonesia can strengthen its position in the international market and achieve inclusive and sustainable economic growth.

Keywords: *Concept, International Economics, Indonesia*

Introduction

In the face of increasingly complex and uncertain international economic dynamics, Indonesia as a developing country faces many challenges. The national economy is heavily influenced by global economic growth, which is affected by a number of variables such as trade wars, geopolitical tensions, and supply chain disruptions. To remain competitive in the global market, Indonesia must be able to adjust and capitalise on opportunities. As a result, understanding the concepts and practices of international economics is crucial to making effective economic policies. (Haspramudilla, 2025)

This question is all the more important as Indonesia's economy is highly vulnerable to external disruptions, such as the trade war between the United States and China, which creates uncertainty in the global market and hampers domestic economic growth. For example, high US import tariffs have led to rupiah depreciation, rising raw material import costs, and a slowdown in the manufacturing industry. In addition, global economic uncertainty has the potential to reduce Indonesia's economic growth from the target of 5.3 per cent to around 5.2 per cent in 2023. Therefore, an appropriate mitigation approach is required. (Ministry of National Development Planning/Bappenas, 2023)

One of the key issues facing Indonesia is how to manage the negative impacts of global economic uncertainty and disruption while capitalising on new opportunities, such as industries shifting from China that could bring new investment to Indonesia. To improve the competitiveness of Indonesian products in the international market, rapid bureaucratic and regulatory reforms are needed. To lower dependence on conventional markets such as the US and China, export market diversification is an important approach. It is eyeing markets in Africa, South Asia, and the Middle East. (kemhan, 2025)

In addition, digital transformation and environmental awareness play an important role in the implementation of the global economy concept in Indonesia. To improve competitiveness and attract sustainable investment, the government has incorporated the environmental agenda into macroeconomic and fiscal policies. To

strengthen Indonesia's position in an increasingly technology- and innovation-driven global economy, adaptation to rapid digitalisation trends is essential (Aravik, et.al, 2025).

Indonesia must address the issue of its low engagement in the global economy, which tends to be inward-looking. This is reflected in the fact that Indonesia is less involved in international trade and investment compared to other ASEAN countries. Therefore, in order to open up new opportunities and strengthen Indonesia's position in the global arena, the understanding and application of international economic concepts must be geared towards.(Astri Septiani, 2025)

In this paper, the concepts of international economics are thoroughly discussed, and how the application of these concepts can help Indonesia in facing the challenges being faced by the rapidly evolving global economy. The main focus is on how to cope with global uncertainty, capitalise on investment opportunities, increase export market diversification, and enhance digital transformation and environmental awareness. These methods will hopefully enable Indonesia to improve its competitiveness and sustainable economic growth despite the turbulent global economy.

Research Methods

This research uses a descriptive qualitative approach with a library research method that aims to systematically understand and describe the concept of international economics and its implementation in Indonesia. The data in this study were obtained from various secondary sources such as books, scientific journals, official government reports, credible online media articles, and related policy documents. The analysis is conducted qualitatively by examining the content and meaning of the literature reviewed, and linking it to the Indonesian economic context, especially in the face of global economic uncertainty, foreign trade, investment, and digital transformation. With this approach, the research not only describes the data, but also interprets and compiles a complete understanding based on various relevant references.

Results and discussion

1. Concept of International Economics

International economics is a branch of economics that studies economic transactions involving relations between countries, such as investment, trade in goods and services, and other economic transactions that occur beyond national borders. Scientifically, international economics is part of economics applied to economic activities between countries. However, in practical terms, international economics covers all economic activities carried out between countries as well as between individual bordering countries.

In international economics, the main objective is to optimise trade and investment between countries by maximising resource allocation. Countries can obtain goods and services that cannot be made efficiently within their country and expand the market for their domestic products through international trade. In addition, the global economy seeks to increase productivity through specialisation of production based on countries' comparative advantages. To create global economic stability that has a positive impact on national economic growth, another goal is to increase economic cooperation between countries.(Sosiawan, 2017)

The benefits that a country derives from the international economy are numerous and varied. Firstly, international trade allows countries to gain access to a wide range of products that are not available locally, increasing the variety and quality of goods that people consume. Second, with foreign trade and investment, countries can acquire new knowledge and technology that can improve production efficiency (Rahmatika, et.al, 2020). Thirdly, the international economy opens up a wider market for domestic products, which contributes to an increase in the country's income. In addition, economic relations between countries enhance diplomatic and co-operation between three or more countries, which contributes to global economic and political stability. Some definitions often put forward by experts are:

- a. Oxlay Summary (2024), international economics is a field of economics that scientifically and practically studies the behaviour of economic transactions between countries and the mechanisms of the global economy.(ROSYDA, 2024)

- b. Tri Widodo (2020), International economics discusses how countries can benefit from international trade and investment as well as differences in resources, technology, and preferences between countries.
- c. Richard E. Baldwin & Charles Wyplosz (2022), International economics brings together theories of international trade and international finance to understand the dynamics of globalisation, economic policy, and world market integration.

So it can be understood that international economics is a field of economics that studies economic transactions between countries, such as trade, investment, and service flows. The goal of international economics is to optimise the use of resources around the world. A country benefits a lot from this concept, such as access to goods that are not available locally, increased production efficiency through technology transfer, expansion of export markets, and increased economic and diplomatic co-operation between countries. International economics can be an important foundation for Indonesia to improve its competitiveness and achieve sustainable economic growth amidst the ever-changing global dynamics if utilised properly.

2. International Economy in Indonesia

Through cross-border trade and investment activities, Indonesia's international economy helps the national economy grow. By increasing production to meet global demand, Indonesia's international trade creates jobs and generates foreign exchange. In addition, strong trade relations strengthen diplomatic ties and enable technology transfer, which helps developing countries like Indonesia catch up with technology and innovation. As a result, the international economy helps diversify Indonesia's economy by connecting it to the global economy.

The government's trade policy that seeks to balance the openness of global markets with the protection of domestic products demonstrates the role of Indonesia's international economy. To prevent small and medium-sized industries from losing out to imported goods and to encourage the growth of domestic industries, certain protectionist policies are implemented. In addition, Indonesia participates in free trade agreements and international organisations such as the WTO and APEC, which help economic integration and expand the market for

Indonesian products. This suggests that the goal of Indonesia's international economic strategy is to optimise global trade gains while maintaining national interests." (Suryanto & Kurniati, 2022)

Indonesia derives many benefits from the international economy, such as increasing the country's foreign exchange reserves, meeting the needs of goods and services that cannot be produced domestically, and increasing specialisation and production efficiency. In addition, international trade accelerates technology transfer and opens up new employment opportunities. Ultimately, this will increase the competitiveness of Indonesian products in the global market. However, appropriate policies must also address negative effects such as economic dependence on developed countries and intense competition for MSMEs.

Despite facing various global challenges such as geopolitical conflicts and supply chain disruptions, Indonesia's international trade performance still shows a positive trend. Indonesia's economic resilience amidst global uncertainty is shown by the trade balance surplus that has continued since 2020 and the increasing contribution of the manufacturing industry in exports. Nonetheless, the high concentration of export markets and fluctuating commodity prices make Indonesia remain vulnerable to global economic shocks. Therefore, strengthening domestic industries and market diversification will be the main focus in Indonesia's international economic growth going forward (Deni Surjantoro, 2025).

3. Indonesia's Strategy in Facing Global Economic Uncertainty

In the face of global economic uncertainty, Indonesia uses various strategies to strengthen its own economy and anticipate risks from outside. National economic stability is based on strengthening people's purchasing power and macroeconomic stability, which includes investment flows and the rupiah exchange rate. Prudent fiscal policy and structural reforms are important steps in improving efficiency and long-term competitiveness, while reducing dependence on imports through strengthening domestic production capacity and downstreaming strategic sectors. (Reni Saptati, 2025)

In addition, the government is actively expanding strategic international cooperation with countries that do not depend on conventional markets such as Africa and the Middle East. The aim of this step is to reduce the risk of dependence on certain countries and at the same time open up new investment and export opportunities. In addition, the coordination of financial institutions such as Bank Indonesia, OJK, and LPS is strengthened to maintain the stability of the national financial sector and foreign exchange reserves to remain resilient in the face of global shocks.(FXSTREET, 2025)

The government implemented adaptive fiscal and monetary policies to address global trade pressures, such as the US tariff policy affecting Indonesia's exports. In the 2025 State Budget, the economic growth target of 5.2% and inflation of 2.5% showed optimism and readiness to face external challenges. To anticipate global uncertainties and keep domestic consumption strong, the government also conducted direct fiscal stimulus with large budget realisation at the beginning of the year. The government also employed an economic diversification strategy to reduce their dependence on export goods such as gas and oil. To create new jobs and foster an inclusive and sustainable economy, support for MSMEs and digital transformation was strengthened. It is expected that these policies will improve the national economic foundation and increase competition in the global market.(Nur Fadilah, 2025)

The government is also using infrastructure development and Special Economic Zones (SEZs) such as Gresik and Kendal to attract investment and create jobs. The government opened up the \$20 billion Indonesia Endowment Fund for investment in critical areas such as metal processing and renewable energy. In addition, the government is strengthening economic ties with partner countries such as Australia. The main focus of digital transformation and green economy is to improve competitiveness and promote sustainable economic growth (Muhammad rizki, 2025).

For businesses, strategies for dealing with global uncertainty emphasise the importance of understanding market dynamics and using the right strategies to capitalise on opportunities. Entrepreneurs are encouraged to adapt quickly through

product and market diversification and innovation in their business models to remain competitive amid global geopolitical and inflationary risks. Amidst the current global uncertainty, the success of Indonesia's economy depends on the co-operation between the government, private sector, and society.

Conclusion

It can be concluded that the international economy has a very important role for Indonesia's economic growth and resilience. Through trade and investment between countries, Indonesia can gain many benefits, such as increased exports, foreign investment flows, technology transfer, and expansion of domestic product markets. However, on the other hand, Indonesia must also be prepared to face various challenges from abroad, such as global uncertainty, geopolitical conflicts, and fluctuations in exchange rates and commodity prices. To deal with them, Indonesia has implemented various strategies, such as maintaining macroeconomic stability, encouraging new trade cooperation outside major partner countries, strengthening domestic industries through downstreaming, and supporting small businesses to compete in the global market. The government is also utilising digital transformation and the development of special economic zones to attract investment and create jobs. All these efforts show that Indonesia continues to adapt to the changing world economy. With the cooperation between the government, businesses, and the community, Indonesia is expected to strengthen its position in the international economic arena and realise more inclusive and sustainable economic growth.

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