

INDONESIAN FOREIGN RELATIONS WITH SAUDI ARABIA DURING THE JOKO WIDODO GOVERNMENT

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Abstract

Indonesia under the leadership of President Joko Widodo began to strengthen diplomatic relations with Saudi Arabia. One year after being sworn in as President of Indonesia, Joko Widodo made a state visit to Saudi Arabia on September 11, 2015. The main objective of the visit was to strengthen the cooperation relationship between Indonesia and Saudi Arabia, which had experienced passivity since King Faisal Ibn Abdul Aziz Al-Saud's first visit to Indonesia on June 10, 1970, by utilizing the potential and resources of both countries for the welfare of the people of both countries. Based on this, this study was conducted to describe and analyze Indonesia's foreign relations with Saudi Arabia during the Joko Widodo administration, starting with the foreign relations policy of the Joko Widodo administration which looked more aggressive in establishing bilateral relations with the Saudi government. Arabia. This research was conducted qualitatively where the data sources were obtained from observations, interviews, documentation, and visual materials. In determining the informants, selected purposively to get in-depth information from one informant and scroll to other informants. Meanwhile, researchers conducted literature studies and other document searches to collect supporting data and evaluated using data reduction methods. Research shows that the application of Indonesia's foreign relations to Saudi Arabia during the reign of Joko Widodo has resulted in 11 collaborations as outlined in a Memorandum of Understanding (MoU) covering the fields of economy, politics, and culture. The MoU is the initial stage in efforts to increase trade cooperation between the two countries and can encourage economic growth by increasing the value of Indonesia's investment and exports to Middle Eastern countries, especially Saudi Arabia. In the MoU agreed by the two countries (the Republic of Indonesia and Saudi Arabia) it is also clear that most points of cooperation are found in trade relations. Therefore, the government of the Republic of Indonesia needs to evaluate the field/sector of cooperation, it is recommended to expand and further detail the sector of cooperation in other fields such as the field of law, defense and security, and other fields.]

Keywords: Foreign Relations, Saudi Arabia, Republic of Indonesia, Joko Widodo.

INTRODUCTION

Relations between countries have become a significant need to meet the national interests of each country. No country in the world can stand up and fulfill its needs without cooperating with other countries (Eby Hara, 2011). Therefore, in cooperation between countries, both bilateral and multilateral, the principles of mutual benefit, mutual respect, and mutual respect, regardless of the size of a country.

In other words, large or small countries, rich and poor countries, and developed and underdeveloped countries need cooperation with other countries to be able to fulfill economic, political, and security interests, and so on. Indonesia is no exception, as an archipelagic country rich in natural resources requires cooperation with other countries, including bilateral cooperation with Saudi Arabia.

In its development, to strengthen Indonesia's relations with Saudi Arabia, the two countries agreed to form a joint Commission Session which functions as a bilateral forum to discuss various issues related to the latest developments between the two countries in the fields of economy, trade and investment, energy trade, socio-culture, and employment (Kementerian Agama RI, 2010).

Both Indonesia and Saudi Arabia view the partnership relationship between the two countries as very strategic. Indonesia with a Muslim majority population is a foreign exchange asset for Saudi Arabia, especially entering the hajj season. On the other

hand, Indonesia views Saudi Arabia as a strategic partner, especially in the absorption of Indonesian Migrant Workers (TKI), which also means additional income for the country's foreign exchange.

Although diplomatic relations between Indonesia and Saudi Arabia are more than half a century, the cooperation between Indonesia and Saudi Arabia is more visible in terms of sending migrant workers and performing the Hajj. In other words, other economic values to improve the welfare of the people of the two countries are not too prominent. Likewise in the trade sector, Indonesia's export record is much lower than imports from Saudi Arabia.

Realizing these conditions, Indonesia under the leadership of President Joko Widodo began to strengthen diplomatic relations between Indonesia and Saudi Arabia. One year after being sworn in as the 7th President of Indonesia, Joko Widodo made a state visit to Saudi Arabia on September 11, 2015. The main objective of the visit was to strengthen the cooperative relationship between Indonesia and Saudi Arabia, which had experienced passivity since the first visit of King Faisal Ibn Abdul Aziz As Saud to Indonesia on June 10, 1970, by utilizing the potential and resources of the two countries for the welfare of the people of the two countries (Afriyadi, 2017).

As a form of appreciation for President Joko Widodo's visit, the government of Saudi Arabia awarded President Joko Widodo the *King Abdul Aziz Medal* at the Al Salam Diwam Maliki Palace. The awarding of the "*Star of the Order of King Abdul Aziz Al-Saud Medal*" is a form of extraordinary appreciation from the Kingdom of Saudi Arabia to the President and Government of the Republic of Indonesia. The medal is the highest *Order of Merit* for a leader of a friendly country (Bumn.go.id, 2020).

Referring to the meeting that took place, there were discussions on several issues of mutual concern, both international and regional issues. The discussion resulted in an agreement to improve bilateral relations between the two countries. This was followed up by an official visit from Saudi Foreign Minister Adel Al-Jubeir to Indonesia in October 2015. This visit was welcomed by President Joko Widodo in Jakarta (Saudigazette.com, 2017).

During his visit, Minister Adel Al-Jubeir conveyed to President Joko Widodo various patterns of cooperation that the two countries could establish to improve the quality of cooperation in various fields. Quality improvement is expected to be a qualitative leap in relations between the two countries. It should be underlined that the relationship between the two countries has been supported by a common identity as a Muslim -majority countries (Saudigazette.com, 2017).

After the visit, the intensity of visits and communications between high-ranking officials from the two countries continued to increase. In particular, the President of the Republic of Indonesia appointed Alwi Shihab as Indonesia's Special Envoy for Saudi Arabia and OIC affairs and the Minister of Energy and Mineral Resources as the liaison minister for Saudi Arabia (Kemenlu.go.id, 2017).

If you look at some previous studies, you can get information that in general studies of bilateral relations between Indonesia and Saudi Arabia are more interested in labor issues (Geerards, 2008); meanwhile, Silvey (2004), Tiarna (2014), Tobing (2014); and Machmudi (2011), focuses more on the issue of organizing hajj and umrah (Azis, 2018); while Mariani, Luth, Fadli (2016) and Junaidi, Luth and Sihabudin (2014), the focus of their research is on the influence of Wahhabi-style Islamic thought in Indonesia and its various problems (Kovacs, 2011); (Juned and Saripudin, 2017).

Related to the background of this research, it is also necessary to state the *state of the art* of this research which distinguishes it from previous similar research. Some of the studies above show that bilateral cooperation is an effort to fulfill national interests in responding to dynamics and developments at home and abroad. In this context, bilateral cooperation between Indonesia and Saudi Arabia has a positive impact on both countries, both economically, politically, security, culturally, and in various other fields.

Based on some of these studies, some parts have not been thoroughly explored, namely Indonesia's foreign relations with Saudi Arabia during the Joko Widodo administration, starting with the foreign relations policy in the Joko Widodo era, which looks more aggressive in establishing bilateral relations with the State Government. Saudi Arabia. Considering that diplomatic relations between Indonesia and Saudi Arabia have been established for more than half a century, but only in the administration of President Joko Widodo, the cooperation between the two countries was strengthened through the signing of 11 points *MoU*, including increasing trade between the two countries in March 2017 at the Bogor Palace.

METHOD

This study chooses a qualitative method regarding what is to be researched, namely how Indonesia's foreign relations with Saudi Arabia during the Joko Widodo administration with the scope of discussion in the fields of economy and politics, investment, trade cooperation, and financial assistance, to answer the formulation of the problem. and the purpose of this research. The sources of data in case studies can come from observations, interviews, documentation, and visual materials. In determining the informants, selected *purposively* to get in-depth information from one informant and scroll to other informants. Based on their involvement in ministries/agencies as representatives of the government, their experience, knowledge, and willingness to become informants.

Based on these criteria, the informants selected in this study were,

1. Ambassador/Deputy Ambassador of the Kingdom of Saudi Arabia,
2. Ambassador of the Republic of Indonesia to the Kingdom of Saudi Arabia, together with the Consul General of the Republic of Indonesia in Jeddah,
3. Middle East Director of the Ministry of Foreign Affairs of the Republic of Indonesia,
4. Deputy for Investment Services (BKPM) RI,
5. Head of the Agency for Research and Policy Development of the Ministry of Foreign Affairs of the Republic of Indonesia,
6. Executive Director of CSIS Indonesia, Philips J. Vermonte,
7. Middle East observer and analyst, Riza Sihbudi,
8. The economic observer from INDEF ((*Institute of Development and Economics and Finance*) Rusli Abdullah,
9. Director of *the Wahid Institute*, Yenny Wahid.

Comparative analysis between the findings in the field with various theories that have been described in the literature review and framework to obtain a depth of conclusions (Creswell, 2009). In line with Moleong (2017) who states that data analysis is a process of identifying data into components based on certain structures. After the analysis process is complete, the researcher concludes the research that has been done.

DISCUSSION

Bilateral Cooperation between Indonesia and Saudi Arabia: Economy and Politics

In 2015, on September 11, King Salman directly welcomed President Joko Widodo who visited Saudi Arabia to discuss economic cooperation, improving Hajj services, labor, the death penalty, and defense. Then, on October 20 of the same year, the envoy of King Salman, namely the Minister of Foreign Affairs of Saudi Arabia, Adel bin Ahmed Al Jubier, met Joko Widodo at the Merdeka Palace to discuss plans to build a refinery, supply crude oil, petrochemicals, and others (Abdul Rahman, 2017).

On 22 May 2016, President Joko Widodo met with Saudi Arabian Prince Alwaleed bin Talal bin Abdul Aziz Al-Saud who is also the Chairman of Kingdom Holding Company during his visit to Bogor Palace. During the meeting, Prince Alwaleed expressed his desire to increase Kingdom Holding's investment in Indonesia by following the political line of the Saudi Arabian government. Of course, the most interesting thing was the direct visit of King Salman to Indonesia in 2017, which sparked his enthusiasm, not only for the government itself but also among the Indonesian people.

The visit, which was mentioned as a return visit, took place from 1 to 9 March 2017. The schedule in Jakarta took place from 1 to 4 March 2017 and was mostly filled by the Saudi Arabian government's state visit to Indonesia. There are three things that the Kingdom of Saudi Arabia under King Salman wants to achieve in closer cooperation with the Joko Widodo-JK government, namely economy, politics, and culture.

The visit of King Salman bin Abdul Aziz al-Saud for nine days in 2017, saw bilateral relations between Indonesia and Saudi Arabia entering an important phase. From the bilateral meeting between Indonesia and Saudi Arabia, 11 collaborations were agreed upon as outlined in a *memorandum of understanding* (MoU), which include (Fakhri, 2020):

1. Declaration of the government of the Kingdom of Saudi Arabia regarding the increase in the leadership of the joint commission session.
2. The signing of Saudi funding for the financing of development projects between the *Saudi Fund for Development* and the government of the Republic of Indonesia.
3. The signing of the cultural *MoU* between the Ministry of Education and Culture of the Republic of Indonesia and the Ministry of Culture and Information of the Kingdom of Saudi Arabia.
4. A collaboration program between the Indonesian Ministry of Cooperatives and Small and Medium Enterprises and the small and medium-sized business authorities of the Kingdom of Saudi Arabia. The focus is on the development of small and medium enterprises.
5. Memorandum of understanding between the Indonesian Ministry of Health and the Ministry of Health of the Kingdom of Saudi Arabia in the field of health cooperation.
6. Memorandum of understanding between the aeronautical authority of the government of the Republic of Indonesia and the kingdom of Saudi Arabia.
7. A collaboration program between the Ministry of Research, Technology and Higher Education of Indonesia and the Ministry of Education of the Kingdom of Saudi Arabia. The focus is on the fields of *scientific cooperation* and higher education.
8. Cooperation between the Indonesian Ministry of Religion and the Ministry of Islamic Affairs, Da'wah, and Guidance of the Kingdom of Saudi Arabia, in the field of Islamic affairs.
9. Memorandum of understanding between the government of the Republic of Indonesia and the government of the Kingdom of Saudi Arabia in the field of maritime and fisheries cooperation.
10. The signing of the *MoU* on the trade cooperation program between the Ministry of Trade of the Republic of Indonesia and the Ministry of Trade and Investment of the Kingdom of Saudi Arabia.
11. Cooperation agreement in the eradication of crime between countries (*transnational crime*). Cooperation is carried out between the Indonesian National Police and the Ministry of Home Affairs of the Kingdom of Saudi Arabia.

During the meeting, Indonesia also considered Saudi Arabia to be one of the important partners in the Middle East region. On the other hand, Indonesia also stated its readiness to support Saudi Arabia's 2030 vision through various cooperation schemes carried out.

Two years after President Joko Widodo's state visit to Saudi Arabia, Saudi Arabia's King Salman bin Abdul Aziz al-Saud was only able to realize his return to the visit. During his visit to Saudi Arabia, President Joko Widodo felt extraordinary respect. The respect that President Joko Widodo received at that time was also returned to King Salman who visited Indonesia in March 2017. It was like a friendship between two countries, not only reciprocal but far more than respect and appreciation. A state visit like this can be regarded as a historical visit. This is the second time a King of Saudi Arabia has visited Indonesia after the arrival of King Faisal, on June 10, 1970, almost half a century ago.

Energy, Oil, and OPEC

The cooperation carried out by Indonesia-Saudi Arabia in the petroleum sector is very important because it is to meet Indonesia's domestic oil needs and increase the competitiveness of Indonesian refineries, especially the RU IV Cilacap refinery which previously was only able to produce less than half of Indonesia's Cilacap oil needs. Considering that Indonesia's domestic oil demand is greater than production, this collaboration plays an important role in supporting the future demand for domestic oil.

Previously in 2015, oil production in Indonesia was at 850 barrels per day, whereas oil production had peaked at 1.7 million barrels per day. After the global crisis in 2008, Indonesia had to suspend its membership as an oil exporting country, OPEC. After that, Indonesia's oil production continued to decline, from 1 million barrels in 2011 to 850 barrels in 2014. This condition had an impact on GDP in the oil sector which also decreased from 10.5 % in 2013 to 7, 62% in 2015. The decline in oil production and the increase in the amount of oil consumption greatly impacted these changes (Badan Pusat Statistik, 2017).

Pertamina also formed the RDMP program as an effort to increase oil production in Indonesia. The program is a revitalization program for five major oil refineries in Indonesia. This program is implemented by Pertamina in collaboration with Aramco. This collaboration is stated in the Heads of Agreement (HoA) between Pertamina and Aramco in 2015, signed by Pertamina President Director Dwi Sucipto and Aramco CEO Amin Nasser.

In the oil refinery revitalization cooperation, the two countries, in this case through Pertamina (Indonesia) and Aramco (Saudi Arabia) agreed to form a Joint Venture (JV) to carry out this revitalization program. One of the oil refineries that will be revitalized is the oil refinery in Cilacap which is the largest oil refinery in Asia. Both parties agreed to work on this program together with the distribution of assets, namely 55% owned by Pertamina and 45% owned by Aramco. There are also other additional points in the cooperation agreement, such as related to oil lifting, control management, and oil supply from Aramco of 70%.

Collaboration is expected to increase Indonesia's oil production through the development and complexity of existing oil refineries. Meanwhile, for Saudi Arabia itself, this collaboration will provide an opportunity to expand its investment in the Southeast Asian region. Through the cooperation program between Pertamina and Aramco, it is hoped that long-term cooperation will be established which is optimistic that by 2025 Indonesia will be able to achieve oil self-sufficiency.

However, although oil and gas are commodities with strategic value in the economy, Indonesia cannot expect much from these commodities. This is because Indonesia is a country with a very large population of around 257 million people. Production figures and consumption figures are very influential on Indonesia's economic growth. The negative impact of the decline in oil production requires Indonesia to take some quick policies, not only to overcome the direct impact but also to overcome other problems that will also be caused by this.

Several actions, such as suppressing energy policy and conducting international cooperation, are some possible solutions that Indonesia can take to recover its economic condition. In this case, the collaboration between Pertamina and Aramco is that the company comes from one of the largest oil-producing countries in the world. Cooperation with major oil and gas producing countries is an option that is currently needed by Indonesia to be able to increase its oil production which is currently experiencing a decline.

Indonesian Migrant Workers (TKI)

The two countries between Indonesia and Saudi Arabia established non-diplomatic relations not long after Indonesia declared independence, Saudi Arabia is a country in the Middle East that first recognized the sovereignty of the Unitary State of the Republic of Indonesia (NKRI).

Before the moratorium was issued, the situation of TKI in Saudi Arabia tended to be less attention. Starting from the working hours, the treatment of employers, wages to their human rights as human beings are neglected. The working hours recorded in the work contract were not carried out properly, in many cases it was recorded that domestic helpers worked more than the working hours written in the contract, plus additional work that was also not under the contract.

In March 2011, discussions began to be held by the Ministry of Foreign Affairs, Ministry of Law and Human Rights, Ministry of Manpower and Transmigration, and BNP2TKI to issue a moratorium as an initial effort to avoid cases of violence and as a warning for the state to focus on, in this case, Saudi Arabia, to pay more attention to the migrant workers who were there.

Jeddah Chamber of Commerce and Industry (JCCI) or the Jeddah Chamber of Commerce and Industry which was formed in May 1946, stated that the amount of negative news in the Indonesian mass media about Saudi Arabian citizens who often commit violence against foreign workers is quite disturbing because it leads to public opinion to the image of Saudi Arabia in the eyes of the world, which is feared will affect the economic activities of Saudi Arabia with its partner countries. Thus, JCCI became one of the parties *concerned* with labor issues, especially the human rights violations experienced by Indonesian migrant workers in Saudi Arabia.

As the beginning of efforts to protect Indonesian migrant workers in Saudi Arabia, in September 2001, the Indonesian government together with Saudi Arabia made a schedule of regular meetings which became the agenda of the two countries and was later referred to as the *Minute of Meeting (MoM)*. Although the Indonesian government issued a moratorium on TKI in 2011, this effort is a long process of Indonesia's negotiations regarding the protection of Indonesian migrant workers with Saudi Arabia, a kingdom that at first did not want to interfere in the affairs of its citizens outside of state affairs.

Finally, in May 2011 Indonesia and Saudi Arabia held a *Senior Official Meeting (SOM)* Forum. This SOM is a meeting between high-ranking government officials between partnering countries, in this case, Indonesia and Saudi Arabia, which aims to find an agreement between the two parties which will then be poured into the *MoU*.

The cooperation carried out by the two countries was formed in discussions of every meeting of related officials to the two parties, resulting in several points of agreement which later became the focus of the cooperation between the governments of Indonesia and Saudi Arabia, as follows:

1. Re-arrangement of the employment relationship mechanism through a standard work contract agreement that contains the type of work, the number of wages, rights, and obligations for service users and migrant workers as well as the period of the work agreement and the method of extension;
2. Fulfillment of the rights of TKI in receiving full briefing while in the country, providing access to communication, one day off a week, passports held by TKI, regulation of working time, fields of work and rest periods, wage system through insurance and health insurance;
3. Improved control over placement fees at domestic agencies and in the destination countries for sending TKI;
4. Improved *online* and *hotline systems* in the country and the destination of delivery in this case Saudi Arabia during the recruitment, placement, and protection period.

Saudi Arabia and Indonesia face two hurdles about TKI. Domestic constraints related to the protection of migrant workers, especially those who will be sent abroad, concerning the implementation of the recruitment process and interviews for prospective TKI. In addition, the issue of illegal labor has become an issue that has given rise to incidents of violence that cannot be resolved due to the lack of data on workers related to this problem as well as information about the employers where they work, so that in the process of resolving problems through legal channels, it will be more difficult to impose sanctions or leniency for troubled Indonesian migrant workers.

As for external obstacles, the negotiation process between Indonesia and Saudi Arabia regarding the protection of migrant workers was hampered by the absence of a special law on foreign workers in the Saudi Arabian constitution, in Labor and Workmen Law (1969). Saudi Arabia adheres to the Kafalah legal system, which the Indonesian government finds difficult to push the royal government to provide direct supervision and protection to Indonesian migrant workers. The Kafalah legal system is a law that binds domestic helpers, in this case, TKI who take care of the household, with those who employ them.

Terrorism Problem

As countries that have a background in problems with terrorism, Indonesia and Saudi Arabia cooperate with global counterterrorism efforts, especially in the field of intelligence sharing and investigation of terrorist financing.

Both have longstanding defense ties with the West, but geographical distances and different security threats limit their defense cooperation.

Indonesia is an archipelagic country with 17,000 islands, Indonesia is relatively immune from external security threats, while Saudi Arabia, which is located in the Middle East with many turmoils in the region, makes external defense a top priority. Therefore, Indonesia and Saudi Arabia decided to cooperate in the defense sector, agreeing to exchange education related to defense, training, and also the development of the defense industry.

On January 23, 2014, Indonesia and Saudi Arabia signed a security cooperation agreement. The signing was carried out by Sjafrie Sjamsuddin, a retired lieutenant general of the Indonesian Ministry of Defense, and Saudi Arabia's Deputy Defense Minister, Crown Prince Salman bin Sultan Abdul Aziz Al Saud. Although Indonesia has established diplomatic relations with Saudi Arabia since 1950, the agreement is the first time a representative has been involved Saudi Arabia's defense minister visited Indonesia. The agreement is also the first between Indonesia and a country in the Middle East.

In 2017, Indonesia re-signed an agreement with Saudi Arabia. One of the points contained in the *Memorandum of Understanding (MoU)* alludes to cooperation in the field of state security, namely the cooperation agreement between the Indonesian National Police and the Ministry of Home Affairs of the Kingdom of Saudi Arabia in eradicating crime. After the signing of the *MoU*, President Joko Widodo instructed his ministers to immediately follow up on the *MoU*.

With the signing of this *MoU*, several reasons were found why Indonesia cooperated with Saudi Arabia, but the most important focus in this research is the security interests signed by Indonesia with Saudi Arabia. Although it was not described in detail in the *MoU* related to the handling of state security, the Indonesian National Police and the Kingdom of Saudi Arabia stated that they would strengthen cooperation in the field of counter-terrorism, as one of the points of the agreement signed by the two

countries during the visit of Saudi Arabia's King Salman bin Abdul Aziz al-Saud to Indonesia.

As a follow-up to the memorandum of understanding (*MoU*), the Chief of the Saudi Arabian Police, Lt. Gen. Othman Bin Nasser Al Mehridj, visited the National Police Headquarters and met with the National Police Chief Gen. (Pol) Tito Karnavian to discuss the exchange of security information to tackle the threat of terrorism.

During his visit, the heads of the security institutions of the two countries also held in-depth discussions, mainly covering the handling of transnational crimes, such as terrorism, cybercrime, theft, smuggling of weapons, corruption, money laundering, human trafficking, and migrant smuggling.

The phenomenon of terrorism that occurred in Indonesia and Saudi Arabia has painted a bad picture of Islam. In reality, terrorism that occurs does not only come from Muslim -majority countries, they only use Islamic attributes but do not have a real Muslim soul. Saudi Arabia is one of the countries ravaged by the threat of terrorism, both countries have also received many attacks linked to certain Islamic groups.

The two countries agreed to cooperate in capacity building to improve professionalism by opening up opportunities for joint training. Indonesia has also offered to co-invest, with a focus on the armored transportation platform (Anoa), which can meet Saudi Arabia's needs in the defense industry. Saudi Arabia has requested that the detailed specifications of the defense equipment made in Indonesia be evaluated and adapted to the needs and geographical conditions of the kingdom. On the other hand, Saudi Arabia will donate an Arabic language laboratory to the Indonesian Peace and Security Center in Sentul, West Java. The language lab will later be used to train Indonesian soldiers who will be deployed to Lebanon as part of a UN peacekeeping mission. With this contribution, it is hoped that it can be a learning material for Indonesian troops serving in the Middle East.

Performing Hajj and Umrah

The same religious background and interactions through trade relations have lasted for a very long time. In further developments, the desire to improve relations between the two countries is evidenced by various forms of cooperation in various fields, such as employment, protection of the rights of migrant workers, economy and trade, implementation of Hajj and Umrah, grants and waqf, immigration, health, tourism, aviation, and the energy sector, and the establishment of a Joint Commission Session which serves as a bilateral forum to discuss various issues related to recent developments between the two countries.

In Indonesia, the government has considered the implementation of Hajj as a national obligation. This is due to the large number of Indonesian Muslims who want to perform the pilgrimage, the involvement of various institutions and organizations both at home and abroad, and the quota or the number of pilgrims set by the government. Aspects such as orientation, transportation, health, and accommodation. Every year, the Indonesian government has made efforts to improve the quality of hajj services, which is a prerequisite for reform in the management of clean governance and good governance.

The role of the state in organizing the pilgrimage is very vital, this is based on the function and role of the government itself, namely as the organizer of the pilgrimage. The existence of national interests and policies issued by the country concerned greatly influence and create many dynamics in the implementation of the Hajj.

In organizing the pilgrimage, the Indonesian government has the task of making arrangements which is not an easy task and has a level of difficulty that requires cooperation both within the scope of the Indonesian state with Saudi Arabia and with the agencies of the two countries concerned.

The implementation of the pilgrimage by the Indonesian government is a big task that is not easy, one of the complications in organizing the pilgrimage is that Muslims cannot perform the pilgrimage outside the specified time and place.

The destination is another country so it is related to the applicable regulations in international relations, in this case, the bilateral relationship between Indonesia and Saudi Arabia.

Saudi Arabia's Investment in Indonesia

Saudi Arabia's Vision 2030 is built on three important pillars: a vibrant society, a thriving economy, and an ambitious nation. A vibrant society or dynamic society here means that Saudi Arabia wants to strengthen its human resources, this is based on the fact that the wealth of a country does not only lie in natural resources, where the real wealth of a nation lies in its human resources. Resource. The existence of Saudi Arabia as the heart of the Arab and Muslim world also encourages the royal government to strengthen Saudi society to adhere to Islamic principles which have become their national identity and need to be strengthened.

The thriving economy is central to this vision. Oil and gas are important pillars of the economy, but in this case, Saudi Arabia will develop its economy in the long term and sustainably by freeing its dependence on oil and gas and diversifying its economy. The need for economic diversification in Saudi Arabia to develop investment as a sustainable complementary sector. The last pillar is the national ambition of the state, which is the state's realization of the need to streamline all its ranks through bureaucracy. Areas that uphold transparency and clear accountability. Transparency and accountability are considered important in controlling the government, especially in controlling projects that have a significant and high impact on the Saudi economy. The main goal of Saudi Arabia's vision 2030 is the development of the Saudi economy.

Talking about *Saudi Vision 2030*, does it have a positive influence on economic cooperation relations, especially in the Saudi-Indonesian investment sector. In the form of a cooperation agreement that has been ratified, it's just that realizing all the cooperation that has been built requires coordination from all *stakeholders* of the two countries to be more serious about the opportunities offered by Saudi Arabia through *Saudi Vision 2030*, in Saudi Arabia's *Foreign Direct Investment (FDI) Agenda* in Indonesia. Based on BKPM data, Saudi Arabia's investment realization in Indonesia is still relatively small, but in the future, it is expected to continue to increase.

The opportunities offered by the Kingdom of Saudi Arabia in its *Foreign Direct Investment (FDI) agenda* in Indonesia are not limited to cooperation between the government and the government, but also open up opportunities for market cooperation with the market and the market with the government.

From BKPM data, throughout 2016 Saudi Arabia's investment realization was only US\$ 900 thousand or around Rp 11.9 billion. The investment was realized in 44 projects. With this investment realization figure, Saudi Arabia is in position 57 in the list of Investor countries in Indonesia. This position is far from the realization of investment from other Middle Eastern countries, such as Kuwait which reached 3.6 million US dollars.

Apart from investment in the oil and gas sector, the realization of Saudi Arabia's investment in Indonesia is still very small. In terms of Indonesian policy, one of its policies to increase investment in Indonesia is to make or amend a Presidential Regulation to suit the characteristics of investors, especially in this case Saudi Arabia.

To encourage policy synergy, it is better to create a special *Ad Hoc Committee* for handling Middle East Investment which is expected to consist of, among others; the Ministry of Energy and Mineral Resources (as *Vocal Point*), UKPTTOKI, BKPM, and other relevant K/L. Characteristics of investors from the Middle East, Saudi Arabia in particular who are reluctant to participate in the project tender/auction system.

Because in terms of providing projects, countries that want to invest in Indonesia must follow a tender system. So this is in contrast to Saudi Arabia when it wants to invest in other countries, it does not like the tender system. Saudi Arabia, in terms of investment, is quite conservative, wanting a direct appointment system in line with several investors' characters with the BKPM's review of the Republic of Indonesia, as follows:

Characters of Middle Eastern Investors Based on data from the BKPM of the Republic of Indonesia, there are at least 10 characters of investors from Middle Eastern countries, including Saudi Arabia. The characters are as follows:

1. Conservative

The most dominant investment characteristics seen in the Middle East are investments that tend to be conservative. In investing, Middle Eastern investors generally do not like the innovative business sector. The business sectors of interest, in general, are those related to oil, gas, petrochemical, tourism, port services, agriculture, and animal husbandry.

2. Prefer Brown Field To Greenfield

In line with the above characteristics, namely being conservative, Middle Eastern investors are also countries that do not like to build from the foundation, are less interested in things that are just starting or commonly called land clearing, they prefer business development/expansion compared to *setting up* a business from the start. Because they assume that if you start a business from scratch, you will tend to spend fairly high capital with a greater risk of business failure. Middle Eastern countries are rich in natural resources, namely oil and gas, but in utilizing the capital they have, they are very careful.

3. Want Participation from Government Bodies

In general, Middle Eastern investors prefer the participation of the local government or *State Own Corporations* (BUMN), but there are exceptions for certain types of investment. The Middle East assumes that this will be able to provide certainty of *safety* in terms of risk and guarantee ease of agreement and certainty of doing business compared to only the private sector.

4. Wishing High Yield in Return

Wanting *High Yield in Return* is an investor characteristic that is common to all investors. Based on experience, Middle Eastern investors expect high-yielding investment opportunities that *are* quite high. For example, Al Waleed bin Thalal Group, for example, requires IRR > 18% per year.

5. Don't Want To Take Risks (Not A Risk Taker)

Middle Eastern countries are those who want to be safe, and who don't want to take risks in investing. Indeed, every investor tries to avoid high-risk investments. However, some companies/countries may be more willing to take risks in investing. Middle Eastern investors are not one of them.

6. Requires Exit Strategy

In choosing partners, Middle Eastern investors prefer companies that have been listed *on* the stock exchange. Due to the Cooperation Agreement, Middle East Investors generally require a clear *Exit Strategy Option such as Buy. Back* shares or release shares through the Stock Exchange. Indeed, in investing their capital, Saudi Arabia and the Middle East have the same character.

7. Want an Initial Proposal

Middle Eastern investors when they want to invest often take the initiative to conduct a survey and initial *feasibility study*. They expect their partners and local government to offer them a proposal first. The proposal is then analyzed for feasibility from a technical and economic perspective (*Due Diligent*).

8. Prefer Live Appointment

The tender/auction mechanism is a mechanism that is often avoided by the Middle East. Even though Indonesia often uses a tender system, this is also one of the reasons why the Middle East is an area with a relatively small investment in Indonesia. They expect a direct appointment in investing/cooperation. In fact, according to various analyzes that the direct appointment system is more at risk of corruption in the project to be worked on.

9. More Financing

Middle Eastern investors generally have *added value in the* field of financing. The Middle East is not too concerned about the material, who does the work, or the technology provider. However, they also seem *brand minded*, especially the use of US and European technology products.

10. Relatively Slow in Making Decisions

In terms of making decisions, the characteristics of Middle Eastern companies are more *top-down*, where even *Middle*

Management must first consult with *Top Management* before making a decision. This is slightly different from other investors who have a distribution of authority.

Muslim population in the world should have close links with countries in the Middle East, especially Saudi Arabia, which is also a country with a majority Muslim population. This closeness does not have a significant correlation with the orientation of the foreign relations of each country, both Indonesia and Saudi Arabia.

For Saudi Arabia, apart from the United States, the main partners in economic cooperation are China and Japan, which are geographically located in the East Asia region which is relatively the same as Indonesia. Saudi Arabia's investment value in China amounted to US\$ 65 billion or equivalent to Rp. 867 trillion, much larger than investment in Indonesia which was only US\$ 7 billion or equivalent to Rp. 89 trillion (Debora, 2017).

Judging from the investment value, in the eyes of Saudi Arabia, Indonesia's position is no more important than Malaysia's. Saudi Arabia's investment value in Indonesia is much smaller than Singapore's investment in Indonesia which in 2009 reached a value of US\$ 9.18 billion or around Rp. 122 trillion. As an oil importing country, Saudi Arabia's oil imports to Indonesia were 6.3 million tons less than Malaysia which reached 7 million tons, and Singapore which reached 15.98 million tons in 2015.

Cultural similarities as a country with the majority of the population being Muslim. However, the main orientation of Saudi Arabia's foreign relations is not Indonesia. Saudi Arabia's largest trading partner is China with a trade value of US\$ 51.83 billion or around Rp. 712 trillion in 2015. The United States is Saudi Arabia's second-largest trading partner with a transaction value of US\$ 43.1 billion and South Korea is third.

Why doesn't Saudi Arabia invest heavily in Indonesia? Unlike China, Africa, America, and Europe. The thing that attracts Saudi Arabia to invest in America and Europe is political and security reasons. Investment in China, because China is currently an Asian country whose economy is quite developed that competes with America. This is a good opportunity for Saudi Arabia from a mutually beneficial economic perspective (Detik Finance, 2020).

The infrastructure must be considered because the Saudi Arabian oil company Aramco's *joint venture* with Pertamina is hampered when it wants to expand the land. The expansion of the land is for oil storage containers which has an impact on reducing Indonesia's oil imports.

Foreign Investment (PMA) is a form of investment through the development, acquisition of all, or business acquisition. Investment in Indonesia is regulated by Law no. 25 of 2007 concerning Foreign Investment (PMA). Foreign investment in this law is an investment to conduct business in the territory of the Republic of Indonesia carried out by foreign investors, using all foreign capital or in cooperation with domestic investors (Article 1 of Law Number 25 of 2007 concerning Capital investment). The definition of foreign capital in the law is as follows:

1. Foreign payment instruments that are not part of Indonesia's foreign exchange assets, which are approved by the government, are used to finance companies in Indonesia.
2. Tools for companies, including new inventions from foreigners and materials, which are imported from outside into the territory of Indonesia, as long as these tools are not financed from Indonesia's foreign exchange wealth.
3. Part of the company's proceeds under this law, the profits are allowed to be transferred but are used to finance companies in Indonesia.

Foreign Investment (PMA) or foreign investment is the implementation of capital flows obtained from outside parties involved in the foreign investment sector. The United Nations Conference on Trade and Development (UNCTAD) defines foreign investment as investment by domestic companies against companies in other countries to manage the operations of these companies in that country (Fadilah, 2017).

According to Ma'ruf and Wihastuti (2008), the theory of endogenous growth explains that investment in physical and human capital plays a role in determining long-term economic growth. The government's contribution to economic growth can be explained by its effect on consumption growth or public investment spending and tax collection. This group of theories also considers the existence of infrastructure, legislation, political stability, government policies, bureaucracy, and international exchange bases as important factors, also influencing economic growth. The government always strives to increase capital

inflows to Indonesia, which is in line with the expectation that the amount of capital needed for development will increase, especially in the economic sector. The government always tries to attract capital from foreign investors by facilitating investment activities through various policies according to the needs of the development funds.

Law Number 1 of 1967 is one of the policies that have been set by the government regarding Foreign Investment (PMA). In this law, what is meant by foreign investment (PMA) is only investment, including foreign direct investment which is carried out based on the provisions of the law stipulated in the operation of a company in Indonesia. It is understood that it is the owners of capital who directly bear the risk of foreign investment.

The things discussed in this law are as follows, as stated by Malik and Kurnia (2017) are as follows:

1. This law only regulates foreign investment and does not regulate credit or capital lending.
2. Thus, these companies have the opportunity to operate using foreign capital previously.
3. Foreign *direct investment* in this case is not only capital but also the power and decision-making exercised by foreign parties, as long as all their needs do not violate applicable laws in Indonesia and obtain approval from the Indonesian government.
4. Investors fully bear the use of credit and risks.

The first is generally considered a positive contribution of foreign direct investment, namely its role in bridging the gap or disparity of resources between the target level of investment and the actual savings in the country, water can be mobilized. Sometimes, it is known that each country has a very limited ability to achieve the expected investment targets. This is because domestic savings, which are usually used as a source of development financing, are often inadequate for the scale of investment required. Therefore, the presence of foreign direct investment can be used to overcome problems that are closely related to the gap between domestic savings and investment.

Meanwhile, the second positive contribution that foreign direct investment can make is its role in filling the gap between the target amount of foreign exchange required and the actual results of foreign exchange from exports plus net foreign aid. So, if the foreign direct investment is allowed to be present in the country concerned, then this can not only eliminate part or all of the deficit contained in the balance of payments but can also eliminate the deficit in the long term if the owner of the capital or foreign company is allowed to be present in the country. Concerned to generate foreign exchange or foreign payment instruments from the results of their exports on a net basis.

Furthermore, the third positive contribution obtained from foreign direct investment is its role in filling the gap between the government's tax revenue target and the actual amount of tax that can be collected. That by levying taxes on the profits of these foreign companies, the governments of these foreign direct investment destination countries will eventually be able to mobilize financial resources to finance their development projects, for example, the construction of public facilities and infrastructure.

Finally, the fourth positive contribution that foreign direct investment can make is its role in filling gaps in the areas of management, entrepreneurship, production technology, and specialized skills. Subjects which, according to traditional neoclassical thinking, will be partially or filled by foreigners. The company operates in the recipient country of foreign direct investment. The foreign company will not only be able to provide financial resources and/or new factories to the destination country for foreign direct investment but also can provide various resources that may be needed in the overall development process, including experience and business and management. Skills production and technologies, can then be transferred to local business partners through training programs and on-the-job learning.

Apart from that, these foreign companies are also very useful for training local managers, so that they can find ways to establish relationships with foreign banks, seek alternative resources and expand their international marketing network. In addition, the foreign company will also bring new knowledge and the most advanced technology to the production process and introduce modern machinery and equipment to the destination country for foreign investment. The transfer of knowledge and technology will be very beneficial and effective for countries receiving foreign direct investment.

CONCLUSION

The application of Indonesia's foreign relations to Saudi Arabia during the reign of Joko Widodo was evidenced by the cooperation between the two countries. The visit of King Salman bin Abdul Aziz Al-Saud in March 2017 resulted in 11 collaborations as outlined in a *memorandum of understanding* (MoU) covering the economic, political, and cultural fields. The visit/MoU is the initial stage to increase trade cooperation between the two countries and can encourage economic growth by increasing the value of Indonesia's investment and exports to Middle Eastern countries, especially Saudi Arabia. Starting from agricultural commodities, and plantations, to automotive. Indonesia also cooperation with Saudi Arabia in the energy/natural resources sector (oil, natural gas, coal) and human resources (Indonesian Workers/TKI).

In the MoU agreed by the two countries (the Republic of Indonesia and Saudi Arabia) it is also clear that most points of cooperation are found in trade relations. The government of the Republic of Indonesia needs to evaluate the field/sector of cooperation, it is recommended to expand and further detail the sector of cooperation in other fields such as in the field of law, defense, security, etc.

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