

# Identifying East Java Trade Interest Through Paradiplomacy Initiatives - Analysis on Actors, Processes and Goals of Diplomacy

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**Abstract:** This research explores the paradiplomacy activities of the East Java Government's Department of Industry and Trade in improving international trade relations. Through initiatives such as business matching, trade fairs, and foreign trade missions, the government collaborates with trade attachés, ITPCs, and foreign trade representatives to promote Indonesian exports and attract foreign investment. By achieving strong trade performance, East Java has succeeded in attracting investment, increasing export value, and actively contributing to Indonesia's international trade. This study emphasizes the important role of local governments in advancing international trade for regional development and national interests. Through programs such as business matching, foreign trade missions, international exhibitions and market brief webinars. The East Java government uses paradiplomacy to strengthen international trade relations. This research underlines the role of subnational actors in increasing economic growth and Indonesia's foreign trade balance.

**Keywords:** Local government, Paradiplomacy, East Java, International trade International Relations

## Introduction

In this era of globalization, the number of diplomatic relations and international cooperation has highlighted the interconnectivity and interdependence that arise from the phenomenon of globalization. As interdependence increases, the stability of international relations between countries becomes increasingly complex. In the complexity of this relationship, each party has interests that must be maintained and achieved, especially in the context of trade and economics which are the focal points of many international interactions (L. no, 2014). The times, marked by advances in complex trade agreements, the development of digital platforms, and changing geopolitical dynamics, demand an effective and adaptive approach in facing challenges and exploiting emerging opportunities. Indonesia is vigorously pursuing international trade partnerships across bilateral, regional, and multilateral channels. These efforts are driven by the strategic goal of facilitating market access for Indonesian businesses. Ideally, trade agreements would dismantle or reduce trade barriers, allowing domestic firms to expand their reach into global markets (Relations, 2022). However, a crucial gap exists between the government's trade expansion initiatives and the actual utilization of these opportunities by Indonesian businesses. This disconnect stems from a lack of comprehensive understanding among domestic players. Many

businesses fail to grasp the full spectrum of benefits offered by international trade cooperation, nor are they fully equipped to navigate the technical complexities involved. These complexities encompass export documentation requirements, product standardization processes, and the intricacies of export financing and transactions

The intensifying competition within the globalized trade landscape necessitates that each nation devise a unique and effective strategy. In this context, Indonesia must prioritize the optimization of its capabilities across all levels. The government acknowledges that international trade success is no longer solely contingent upon central or national initiatives. Sub-national actors, particularly regional governments, now play a crucial role in achieving national trade objectives. Furthermore, the overall efficacy of foreign policy hinges on a nation's domestic coherence (Pujayanti, 2018). This necessitates the strategic inclusion of regional governments in international relations, a practice known as paradiplomacy. Within a unitary state like Indonesia, where regional governments (provinces, districts, and cities) function as subnational actors, paradiplomacy assumes even greater importance. Their active participation is essential to ensure alignment between national and subnational actors, fostering a unified approach towards international trade goals.

In the midst of this complexity, diplomacy has emerged as a fairly effective tool for advancing and maintaining economic interests and stability. Paradiplomacy, which is part of diplomatic practice, plays an important role in facilitating relations between countries through government sub-entities in various fields such as education, environmental issues, trade and culture (Aldecoa & Keating, 2013). In its implementation, paradiplomacy can also be implemented through commercial diplomacy, which is still a derivative of the framework conception economic diplomacy. Economic diplomacy is in the context of decisions and negotiations related to trade, investment, labor and the environment which often result in a trade agreement between countries formed to achieve their economic and political goals in the international arena. On the other hand, commercial diplomacy as its derivative, focuses on promoting exports of goods and services and attracting foreign investment into the country (Surwandono & Maksum, 2020). Even though it is included in the realm of economic diplomacy, commercial diplomacy has a more specific focus, namely encouraging international trade and investment activities. Within reach of the actor. Commercial diplomacy can be carried out by levels or variations of state actors, from national to subnational governments, with the aim of increasing competitiveness and national economic prosperity.

Given these facts, it can be seen that globalization has changed the subnational government entities in every country which are now not only limited to domestic administrative activities, but more than that, they also carry out international relations and collaboration. This international collaborative program can be seen from economic activities in the field of international trade specialization (Ikram, 2020). The burgeoning accessibility and interconnectedness of international markets have empowered local governments to forge international partnerships that transcend national boundaries. This expansion of the global economic landscape presents a plethora of opportunities for subnational actors to engage in cross-border cooperation. Some forms of international cooperation that they carry

out include technical cooperation such as projects, economic and trade cooperation which is closely related to export, import, investment, development cooperation and foreign aid activities. With the facts regarding the spread of power and the internationalization of national sub-entities, this phenomenon then highlights the transcendence between the two, giving birth to a concept which he calls "glocal" or a combination of globalization and localization. In other terms, glocalization can also include the hybridization process (Mihr, 2022). Pieterse Formulates the idea of globalization which does not automatically eliminate particularity. This situation gives rise to terms such as "think globally, act locally", which can be interpreted as meaning that each region has its own characteristics even though it is faced with the phenomenon of globalization which seems to be a universal phenomenon. International trade is inherently susceptible to friction arising from the pursuit of national economic self-interest. This often manifests in the form of protectionist measures designed to limit the flow of goods across borders (Kerr, 2020). Tariffs, special import taxes, and quotas are all established tools employed by countries to safeguard domestic industries. However, the landscape of trade barriers is constantly evolving, with the emergence of more nuanced instruments like voluntary export restraints (VERs) (Hargrave, 2023). Beyond the realm of tariffs, a complex web of non-tariff barriers (NTBs) further complicates international trade. These NTBs often masquerade as legitimate public health and safety regulations, product labeling requirements, or technical standards related to measurement and weight. The implementation of such measures necessitates the coordinated participation of a diverse range of stakeholders, including individual businesses, small and medium-sized enterprises (SMEs), chambers of commerce (Kadin), academic experts, non-governmental organizations (NGOs), labor unions, and even local governments.

In line with the principle of sharing power with subnational entities in the context of diplomacy and international cooperation, as one of the largest agglomeration provinces in Indonesia, East Java has been actively involved on the international stage, especially in the fields of trade and foreign investment. East Java has become a magnet for foreign investment, attracting the attention of international business people to invest in various economic sectors. Adequate infrastructure support, such as port facilities and modern transportation networks, further strengthens the province's attractiveness as a promising investment destination (*Minister of Foreign Affairs Regulation Number 03 of 2019 Concerning General Guidelines for Foreign Relations by Regional Governments*, 2024). With the synergy between its strategic geographical position, good connectivity, and an inclusive diplomatic framework, East Java has succeeded in expanding its influence on the international stage, which also contributes positively to economic growth and regional and national economic development, as well as strengthening its position as one of the agglomeration provinces. major in Indonesia.

East Java is also seen as a field of abundant natural resources, especially in the agricultural sector. This natural wealth triggers agro-industrial trade activities which have impacts both nationally and internationally (Nasir, 2021). As a dynamic industrial center, East Java has a diverse manufacturing base and a rapidly growing service sector. The existence of industry and special economic zones also strengthens its position as an

industrial agglomeration center. On January 24 2024, according to a statement from Bahlil Lahadalia, who serves as Minister of Investment/Head of BKPM RI, investments that have been carried out in East Java from January to December 2023 have reached IDR 145.1 trillion or the equivalent of US\$ 8.94 billion. This figure is concrete evidence of the many advantages that East Java has. Furthermore, East Java has become the driving force of the national economy with a significant contribution, reaching 14.48% of Indonesia's total economic contribution in the second quarter of 2023. A striking increase can also be seen in the value of East Java's exports, increasing by 40.90% to US\$1.89 billion (Irawan, 2024). However, all this growth and improvement cannot be separated from the efforts of international collaboration and cooperation initiated by the East Java government. This economic growth is the result of the accumulation of various efforts and programs that have been directed at improving the region's trade balance. The participation of various parties, both from the government and the private sector, also plays an important role in this growth. Therefore, this research highlights the diplomatic efforts undertaken by East Java and where the interests of the East Java government are heading in the context of international trade. The analysis carried out in this research focuses on the actors involved, the diplomatic process, and the goals to be achieved. This research aims to present a more comprehensive understanding of the dynamics of East Java diplomacy in supporting and expanding its contribution to Indonesia's foreign trade balance.

## Methodology

This research adopts a qualitative descriptive approach which aims to provide a view or description and in-depth understanding of the focus and topic of research, with a focus on exploring and exploring the types of variations in paradiplomacy activities carried out by the East Java regional government to realize regional trade interest (economic interests) in the global market. Using qualitative methods, this research collects descriptive data in written or spoken form, which allows for in-depth exploration of the topic and comprehensive analysis of existing findings. The emphasis is on describing and interpreting social situations, phenomena, and relationships rather than quantifying or measuring them. This approach is appropriate for this research because it allows researchers to present a detailed and detailed understanding of the provincial government's efforts to promote its economic and trade interests by also exploring the involvement of related actors, the process of implementing diplomacy, and the objectives of each diplomatic effort.

## Result and Discussion

Economic globalization has blurred national boundaries, integrating national economies into consolidated global markets. In this shift, economic paradiplomacy emerged as a manifestation of the demands of regional needs considering that subnational actors also have their own regional interests on the international stage, especially in the context of economic development and developing regional potential (Leo, 2021). The economic growth of a country is no longer the responsibility of the national government alone but is also a collective responsibility among stakeholders in which regional governments are included

(Kacowicz, 1998). The current increase in needs with the movement of capital and population has an impact on provinces, districts and cities which are unable to escape international influence, thereby providing positive opportunities for regional interests and national interests in the economic sector. Because the main reason a country establishes relations with other countries is economic needs as the main support for the sustainability and welfare of people's lives (Dermawan, 2019). Therefore, the role and position of the regional government as an implementing element needs to be highlighted in every realization and implementation of international trade activities or agreements.

The evolving global landscape necessitates the empowerment of subnational governments to pursue their regional interests with a degree of autonomy. This underscores the need for a more prominent role for regional governments in fostering regional development, independent of centralized control. Economic considerations (trade, investment, technological advancement), political aspirations, and cultural and linguistic heritage can all serve as potent motivators for regional governments to seek external resources and forge international partnerships. This becomes particularly crucial when the central government's policies are perceived as disregarding regional needs and resources. In this context, paradiplomacy emerges as a critical tool for regional governments to navigate the international arena independently (Xu, 2019). Paradiplomacy, by definition, refers to the engagement of non-state actors, such as local governments or subnational entities, in international relations. This engagement allows them to pursue their distinct interests and objectives, even if they deviate from the national agenda (Keating, 2000). The term "paradiplomacy" was first introduced by Panayotis Soldatos, a Basque scientist, in the 1980s. Soldatos combined it from the words "parallel diplomacy" (parallel diplomacy) to emphasize autonomy and flexibility in practice (Balzacq et al., 2019). Ivo Duchacek coined another term that has been used, namely "micro-diplomacy" used to describe its smaller scale and focus (Al-Masaeed, 2021). Paradiplomacy is becoming increasingly important in the era of globalization, where non-governmental actors have a greater role in international politics. This provides an opportunity for subnational entities to engage directly in global issues that affecting them, such as environmental, economic, trade and humanitarian issues. In the context of paradiplomacy, the involvement of local governments in the international arena, such as through paradiplomacy, marks a fundamental change in the concept of sovereignty which can no longer be understood as the exclusive power of the state as stated in the framework Westphalia. However, in order for the state to maximize its sovereignty and provide benefits to its people, it is necessary to share power with other actors in the international arena. Paradiplomacy is a concrete manifestation or example of this, where the state remains the holder of the greatest power and authority, and the government regional (subnational) operates within the scope of authority whose scope is determined by the national government (Mukti, 2020).

The traditional state-centric model of international relations, a legacy of the Westphalian system, is undergoing a paradigm shift. This transformation is characterized by the rise of transnationalism, where non-state actors play an increasingly critical role in



shaping cross-border interactions (Baena-Rojas, 2020). The international arena is no longer solely the domain of nation-states. A diverse array of actors, including non-state entities, institutions, and even individuals, now contribute significantly to the complex tapestry of international relations. Along with the high complexity of cross-border interactions, has prompted Joseph Nye and Keohane, who introduced the concept of transnationalism, to use the term "World Politics" of "International Relations". This term reflects the wider reach and complexity of relations between countries. So with the expanding complexity and reach within "world politics" This means that the presence of subnational actors or regional governments as actors in international relations is increasingly wide open. Joseph Nye and Keohane stated that the pattern of transnational relations consists of Government, Society, Intergovernmental Organizations (IGO), and international non-governmental organizations (INGO), The traditional model of international relations, dominated by nation-states, is being challenged by the growing involvement of subnational actors, such as local governments. This shift is supported by a robust legal framework within Indonesia. Law No. 22 of 1999 established a clear framework for regional autonomy, explicitly granting regional and subnational entities the authority to engage in international relations. This legal foundation was further solidified by Article 32 of Law No. 32 of 2004, which delineates the division of powers between national and subnational governments (Number, 2004). This article explicitly empowers regional governments to conduct diplomacy encompassing a broad spectrum of areas, including social, cultural, economic, and political spheres.

In their pursuit of diplomatic objectives, subnational actors possess a diverse toolkit for engaging with foreign entities (Tajoli, 2022). This includes establishing formal and informal representation structures, forging contacts with both governmental and private actors abroad, and creating both permanent and ad-hoc partnerships. These engagements aim to advance a range of interests, encompassing socio-economic, political, and other relevant domains, while adhering to constitutional limitations and leveraging regional strengths and opportunities. It's important to distinguish "paradiplomacy," the domain of subnational actors, from "high diplomacy," which remains the exclusive purview of national governments. Paradiplomacy often operates at a more granular level, with regional governments collaborating on practical solutions to address shared regional challenges. This "low" diplomacy fosters cooperation and facilitates progress on issues that may not be prioritized at the national level (Apriliani, 2022). Paradiplomacy encompasses a multifaceted approach, encompassing three key areas: economic, socio-cultural, and political. These spheres are inherently interconnected, with initiatives in one domain often influencing the others. However, regional governments must adhere to a specific regulatory framework when engaging in foreign cooperation. National regulations, particularly those established by the Ministry of Foreign Affairs, outline the parameters for regional government involvement in international partnerships (Abdeljaber, 2021). To ensure compliance, local governments must fulfill a set of predetermined requirements before embarking on such efforts. While regional governments possess the capacity for international engagement, their activities are subject to a well-defined framework. Partner

countries must maintain diplomatic relations with Indonesia, and all undertakings must uphold the principles of the Unitary State of the Republic of Indonesia (NKRI). Furthermore, regional government authority is circumscribed by national laws and regulations. Additionally, the Regional People's Representative Council (DPRD) must grant permission for specific collaborations. Paradiplomacy efforts must also prioritize national security and stability. Regional governments must scrupulously avoid any actions that could jeopardize these vital aspects. Additionally, any form of interference in the domestic affairs of partner countries is strictly prohibited. The guiding principle for all paradiplomatic endeavors should be one of mutual respect and the absence of coercion. Regional governments must strive for partnerships based on equality and reciprocity, ensuring that such collaborations generate benefits for both the Indonesian state and its citizens. Finally, all activities must demonstrably support the fulfillment of national and regional development goals, ultimately empowering local communities.

For regional governments to leverage paradiplomacy effectively, a comprehensive understanding of factors that strengthen partnerships with their international counterparts is essential. These factors influence not only the formation of partnerships but also their long-term success. Firstly, aligning development levels between collaborating regions fosters successful partnerships. Ideally, partners should possess comparable development indices or demonstrate complementary needs. Additionally, each region should possess relevant capacities and resources necessary to contribute meaningfully to the partnership. Secondly, the presence of robust facilitating institutions plays a critical role. These institutions, often comprised of local government elements, act as liaisons and mediators. They coordinate and harmonize the diverse interests at play, ensuring a smooth and productive partnership. Finally, a significant factor influencing partnership success is the structural alignment of partnering regions. Ideally, these regions should possess similar governance structures, powers, and authorities. This fosters a level playing field and avoids imbalances. For instance, a partnership between a region with strong legislative, administrative, and financial control and a city with limited authority is unlikely to be successful.

Paradiplomacy is closely related to the concept of multi-level governance. Multilevel governance refers to a system in which various levels of government (national, regional, local) and non-governmental actors interact to make decisions and implement policies. Paradiplomacy is one manifestation of this multilevel governance structure, where subnational entities engage in diplomacy and international relations activities independently of the central government. In a multilevel governance framework, the government has regional autonomy and decision-making power as a form of decentralization. This decentralization opens the way for national sub-entities to take part in international activities such as establishing cooperation between provinces or cities from other countries. Therefore, paradiplomacy emerges as a manifestation of the distribution of power and responsibility at various levels of government. The concept of multilevel governance and the concept of paradiplomacy underscore the capacity of regions, states,

provinces, or cities to play a role in shaping international relations, overcoming global challenges, and advancing regional interests on the global stage.

The 2005-2025 National Long-Term Development Plan (RPJPN) serves as a strategic roadmap for Indonesia's future. Embedded within this framework is a clear vision and mission: to elevate regional economic competitiveness and foster greater regional autonomy. Within the realm of international trade, the RPJPN explicitly encourages regional governments to bolster and integrate Indonesia's existing trade strengths. This necessitates a paradigm shift in implementation strategies, moving away from a centralized model and embracing the contributions of non-state actors, particularly regional governments. By actively participating in international trade activities, regional governments can play a complementary role and contribute meaningfully to overall national development (Lukman, 2023). The proactive participation of regional governments as international stakeholders in strengthening Indonesian trade is bolstered by a robust legal framework that supports regional autonomy policies. Law No. 23 of 2014 serves as a cornerstone of this framework, explicitly empowering regional governments to engage in international cooperation. This legislation provides a firm legal foundation for regional governments to forge partnerships with foreign entities. Notably, Article 367, paragraph 2, of the law outlines specific areas of cooperation permissible at the international level for regional governments. Some of the areas of cooperation include:

1. Field of knowledge and technology development
2. Areas of cultural exchange and interaction
3. Field of improving technical expertise and public administration management
4. Regional potential marketing sector; And
5. Other areas of cooperation in accordance with applicable national legal regulations.

While Article 367, paragraph 2 of Law No. 23 of 2014 empowers regional governments to engage in international cooperation, this engagement is subject to oversight. All partnerships with foreign entities or institutions require central government approval and adherence to relevant legal frameworks. This stipulation underscores the national interest inherent in such regional collaborations, highlighting the need to bolster the role of regional governments in advancing these shared objectives. The primary driver for regional involvement in international relations is economic in nature. Regional governments actively seek to attract foreign investment and expand export markets. However, to ensure successful implementation of foreign cooperation endeavors, subnational governments are required to consult and coordinate with the Ministry of Foreign Affairs. This collaborative approach fosters alignment with national priorities and streamlines the execution of cross-border partnerships. Several areas of foreign relations include:

1. Foreign Investment Sector
2. Employment sector
3. Maritime and Fisheries Sector
4. International Trade Sector



5. Technology and Science Sector
6. Forestry Sector
7. Mining Sector
8. Agricultural Sector
9. Demographics
10. Tourism industry
11. Environmental Sector
12. Transportation System
13. Education Sector
14. Health Sector
15. Empowering the Young Generation
16. The Role of Women in Development/Femininity
17. Training Program; And
18. Arts and Culture Industry

Regional governments play a pivotal role in propelling a nation's economic growth, a key objective of the central government. To achieve this shared goal, fostering collaboration between national and subnational governments, alongside other stakeholders, is paramount. In the face of intensifying global trade competition, strengthening regional economic capacity is a strategic imperative. This can be accomplished by cultivating diverse economic sectors within each region, such as tourism, trade, agriculture, and investment. A robust regional economy translates to a robust national economy, with a positive ripple effect throughout the entire system (*DPD Portal | Regional Representative Council of the Republic of Indonesia*, n.d.). By effectively harnessing regional potential, Indonesia can bolster its national economic resilience and navigate the challenges of the international trade landscape. Based on the regulations contained in the 1945 Constitution, the central government remains the highest policy holder in foreign policy, even though there is decentralization at the regional level. While the central government retains ultimate control over regional involvement in international trade, this does not preclude regional participation. This oversight ensures alignment with national foreign policy objectives. The complexities of international trade in the globalized era necessitate a multifaceted approach, requiring support from a diverse range of actors. Intensified economic globalization has compelled nations to refine and strengthen their foreign economic policies. In this context, the contributions of regional governments hold immense significance. After all, a nation's domestic economic preparedness and competitiveness directly influence its economic capabilities and shape its political standing within the global arena.

The regional autonomy system opens up opportunities for regions to establish international relations in the field of trade. This ushered local governments into a new role as important actors in international trade. Foreign cooperation is a priority for regions to take advantage of various trade agreements such as CEPA, FTA, PTA and EPA. Regional governments are encouraged to proactively seek economic opportunities, for the sake of regional progress and achieving national interests. The important role of regions in

international trade was increasingly emphasized during the era of President Joko Widodo. National development policy focused on exploring and increasing the role of regions, by developing Indonesia from the periphery through strengthening regions and villages. Development patterns bottom-up implemented, where national development starts from the regions. Analysis of regional potential and advantages is the key, as well as a tool for understanding and analyzing the regional economy, especially regional potential (Setiawan, 2019). In the context of this division of power, the position, administrative structure, responsibilities and functions, as well as the operational system of regional agencies have been outlined in gubernatorial regulation/regulation No. 97 of 2021. Management of trade and industry is also explained in the governor's regulation. The East Java provincial government has the East Java Industry and Trade Service agency which acts as an implementing element for regional government affairs which has the main task of assisting the governor in carrying out affairs governance which is a regional mandate or authority and assistance tasks in the realm of industry and trade, both locally and internationally.

Maximizing the economic contributions of Indonesia's regions is crucial for bolstering national economic progress and resilience. This necessitates a paradigm shift in implementing the nation's international trade strategy. Empowering districts and cities to play a more active role in international trade is essential. Paradiplomacy, when strategically applied to trade development, requires specific approaches. This includes focusing on enhancing the competitiveness of regional products and micro, small, and medium-sized enterprises (MSMEs). Additionally, fostering specialized trade clusters can further strengthen regional economic capabilities. Collaboration in the SME sector requires particular attention. Local governments engaged in international cooperation should conduct compatibility and collaboration analyses to optimize SME competitiveness in the global marketplace. This would involve providing support in marketing and export promotion efforts. An example of such initiatives is the East Java Provincial Government's programs, spearheaded by the East Java Provincial Industry and Trade Service, which aim to expand market share for local SMEs, such as Business Matching activities, Foreign Trade Missions, Market Brief Webinar, and International Exhibitions (G. R. no, 2021) In each of these activities, the provincial government does not work alone, but also coordinates with various supporting parties or actors who have authority abroad. Apart from that, each program initiated has different objectives. Therefore, the table below will classify the various actors and coordination processes carried out in designing each program. Some programs that are initiated are as follows: First is the Market Brief activity, which is an international forum that aims to provide detailed information regarding destination country trade, distribution networks, market trends, prospects, strategies, as well as obstacles that may be faced when entering foreign trade markets. The diplomatic aim of this webinar is to expand the market share of products from East Java to international markets. Through this activity, the East Java Government seeks to provide a clear view to business actors regarding foreign market prospects. In the implementation process, the East Java Industry and Trade Service (Indag Jatim) coordinates with various related parties, such as trade representative

offices, Foreign Trade Attache, Indonesia Trade Promotion Center (ITPC), Indonesian Diaspora Abroad, as well as importers who have Indonesian citizenship. in the destination country.

Not only that, there are also Business Matching activities, which is a strategic process for connecting companies or individuals from various countries who are looking for mutually beneficial partnerships for the exchange of goods or services. The diplomatic aim of Business Matching is so that buyers, exporters and trade representatives can connect to carry out transactions for Indonesia's superior export products. In its implementation, the East Java Indag sent a letter to the Trade Representative Office or local Industry and Trade Service regarding plans for a meeting between business actors in the destination country and prospective business actors in East Java. This process involves commodities that are tailored to the buyer's request and adjusted to the schedule set by the buyer, mediated by the Trade Representative Office.

Trade exhibitions, or International Trade Exhibitions, are also one of the efforts in the East Java Government's paradiplomacy efforts. Through this activity, the East Java Government seeks to promote Indonesian export products so that it can improve national export performance. In every trade exhibition held abroad, the East Java Industry and Trade Service coordinates with the relevant Trade Attache and Indonesia Trade Promotion Center (ITPC). They provide facilities in the form of exhibition stands for free, and the East Java Indag is tasked with proposing and accompanying delegations from business actors who meet the specified standards and qualifications. And finally, the Foreign Trade Mission is an activity that brings together business actors or prospective sellers (exporters) from East Java with potential buyers (buyers) from the destination country. The diplomatic aim of this trade mission is to increase market opportunities and expand market access for local products. In its implementation, the East Java Indag liaises and synergizes with foreign trade representative offices, trade attachés, the Indonesian Embassy and the Indonesian Consulate General. Foreign trade missions are an important strategy in increasing exports of local products and expanding international business networks.

Through the implementation and implementation of the five programs organized by the East Java Government, there are of course standards of success that are used to assess the results of paradiplomacy efforts in increasing trade and economic growth at the international level. These success standards are known as Key Performance Indicators, which are a measure of the success of the strategic goals and objectives of an agency or organization. Some indicators used by the East Java Province Department of Industry and Trade include:

**Table 1.** Key Performance Indicators of the Foreign Trade Development Division at the East Java Industry and Trade Agency

Strategic target		Operational Definition and Calculation Formulation	Year	Annual Realization/Target					Policy Achievement Strategy	Programs/Activities
Description	Key Performance Indicators		2019	2020	2021	2022	2023	2024		
Increase in GRDP in the Trade Sector	Category GDP Value Great Trade and Retail; Reparation (Rp. Trillion)	Data Source: BPS, East Java, East Java economic growth, GDP ADHB each quarter of the current year (Rp. Trillion)	433,79	412,11	452,71	331,26	352,72	376,02	1. Increase domestic trade efficiency 2. Increase exports and Import Control	Export Development Program

East Java's robust regional potential, coupled with its established network of international partnerships, facilitates the implementation of promotional strategies and other initiatives to bolster the value of its exports (Fadhilah, 2024). This potential extends beyond local products to encompass the growing number of competitive micro, small, and medium-sized enterprises (MSMEs) and companies within the province. This is further underscored by East Java's ability to achieve export growth even amidst a global economic slowdown impacting major export destinations. An analysis of East Java's trade performance reveals a positive regional economic outlook. The non-oil and gas trade surplus of 194.94 million US dollars in December 2023 serves as a strong indicator, according to Joko Budi Santoso, a senior researcher at PPKE FEB Brawijaya University. A surplus in the non-oil and gas sector generally reflects healthy overall trade performance, suggesting strong international demand for East Java's products. The province's contribution of 8.6% to the national export value further emphasizes its significance.

East Java's preparedness for international trade is also evident in the collaborative relationship between the central government and the East Java Provincial Government regarding the trade-investment nexus. Data from the Investment Coordinating Board (BKPM) confirms a positive correlation between these two factors, highlighting the strategic integration of trade and investment policies in the province. The Minister of Investment/Head of BKPM RI, Bahlil Lahadalia, on January 24 2024 said that investment realization in East Java during January-December 2023 reached IDR. 145.1 trillion. Furthermore, the realization of Foreign Direct Investment (PMA) and Domestic Investment (PMDN) in East Java in the fourth quarter of 2023 reached IDR. 45 trillion. Investment realization in East Java in 2023 exceeds the target set in the regional medium-term development plan (RPJMD), and even exceeds the national target. The increase in

investment realization year on year (y-o-y) in 2023 reached 31.5% compared to 2022, with a significant increase in PMA realization reaching 56.3% and PMDN reaching 14.7%. Quarterly data shows an increase of 45.6% (y-o-y) and 15.7% (q-to-q) in the October-December 2023 period, which is equivalent to 129.6% of the target in the Revised Regional Medium Term Development Plan (RKPD) in 2023 or 115.2% of the national target. Investment realization also absorbed 236,769 workers, with PMA and PMDN contributions of 48.4% and 51.6% respectively. This shows that investment opportunities in East Java are wide open for foreign and domestic investors, with a positive impact on job creation and economic growth, in accordance with the principle of 'Working East Java' (Irawan, 2024).

Paradiplomacy, when employed strategically by regional governments, can serve as a powerful tool for advancing national economic interests. This necessitates a unified vision and shared agenda between national and subnational actors. Data-driven assessments, considering factors such as investment levels, export figures, promotional initiatives, training programs, and foreign partnerships facilitated by local governments, can provide valuable insights in this regard. East Java exemplifies a region successfully aligning its interests with national trade objectives. The East Java Provincial Industry and Trade Service, as the implementing body, prioritizes two key areas: expanding market access for regional products and enhancing the capacity and competitiveness of local MSMEs in the international marketplace. This targeted approach demonstrates East Java's commitment to contributing meaningfully to Indonesia's overall international trade strategy. In the face of a globalized trade landscape, the active participation of regional subnational actors is paramount. East Java stands as a testament to the potential of regional governments to play a crucial role in navigating the complexities of international trade. Driven by a strong economic imperative, the province has successfully carved out a space for itself in the global market, demonstrating the positive impact that regional engagement can have on national economic prosperity.

## Conclusion

Thus, this research concludes that the paradiplomacy promoted by the East Java Provincial Government which is directed at two main points of interest, namely expanding market access and increasing the capacity and competitiveness of domestic MSMEs in the international market, has made a significant contribution in increasing international trade. Indonesia. Through various initiatives such as business matching, trade fairs, and foreign trade missions. East Java has succeeded in attracting investment, increasing export value, and actively contributing to Indonesia's international trade. Programs implemented by the East Java provincial government have also shown promising results. The main performance indicators calculated through East Java's economic growth, ADHB's GRDP each quarter of the current year have been used to measure the success of these programs. East Java has shown its potential to increase the value of its exports, especially in conditions of non-oil and gas trade surplus. This province has effectively carried out its role in Indonesia's international trade with high investment realization, job creation, and focus on expanding



market access and increasing the competitiveness of MSME players. Paradiplomacy is an important tool for subnational entities to advance their interests in the global arena, and it is closely related to the concept of multi-level governance, where different levels of government and non-government actors interact. The autonomy given to local governments provides opportunities for them to be involved in international relations in the field of trade. Regional governments must actively seek economic opportunities, not only for regional progress but also for the national interest. They can engage in foreign cooperation in the field of trade, with the central government playing an important role in coordinating regional participation in international trade..

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