



Conceptual Article

## Energy Diplomacy: Proposed Strategic Roles For State-Owned Enterprises

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### Abstract

*Natural resources endowment has always been a critical factor in supporting a country's development, particularly in the early stage, where firm productivity in industry and service sectors are still low. Such is the case with Indonesia, one of the largest oil-producing countries in the East Asia region, where the oil boom period in the 1970s has been able to fund many development projects. Although oil resource is waning over the last decade, the country is still among the largest producer in the Southeast Asian region, with an also growing demand for the burgeoning industry. This unique role should be able to strengthen Indonesia's position at the international level. That is why through this article, we try to propose a better picture of what could be done by scholars to help in formulating Indonesia's energy diplomacy. The purpose of this article is to have a look the role of Pertamina, a State-Owned Enterprise, in supporting international diplomacy while also executing their role in strengthening national energy security. Taking examples from other influential oil-seeking countries such as Japan and China and also from oil-producing 'petrodollar' country such as Saudi Arabia, then Pertamina should actively engage in promoting development in targetted countries and maintaining bilateral ties. The conclusion of this research article is strong correlations between energy, diplomacy, and development assistance among those countries. Those nexuses will help Indonesia in exercising its "free and active" diplomatic stance in resolving various international issues such as the Freedom of Palestine and The Rohingya issue in Myanmar.*

**Keywords:** *Energy Security; Energy Diplomacy; State-Owned Enterprise' Pertamina; Oil Diplomacy*

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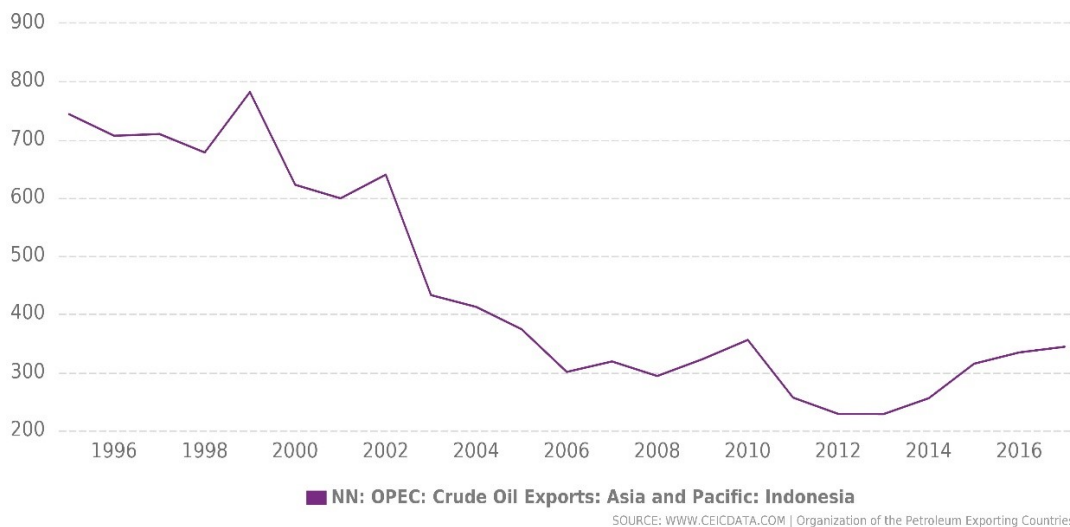
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**INTRODUCTION**

A national abundance of natural resources could serve as an advantage for social and economic development. A country should not just manage natural resources as commodities to push economic growth but should also to drive other dimensions of national development including international diplomacy. Although the days of natural resources as the commanding heights of national GDP had been waned for some years, within international diplomacy dimension, Indonesia’s natural resources could still be used as a pillar to elevate Indonesia’s bargaining position and influence in the international scheme. Business expansion to an international level that has been done by companies which manage natural resources should be assisted with the non-economical activity which upholds social dimension, politics, and culture that could strengthen the connection between Indonesia and other countries. This is especially true considering the recent rise of Indonesia’s oil export after a long-term decline in Figure 1.



**Figure 1.** Indonesian Oil Export 1995-2017

*Source: OPEC, 2017*

We witnessed the eagerness of the Joko Widodo’s administration to elevate state-owned enterprises’ performance by putting key ally figures in charge of strategic companies. The recent appointment of Basuki Tjahaja Purnama (Ahok), former Governor of Capital Jakarta, as Pertamina’s chief commissioner reflects this impetus of transformation. The government wants SOE to be more efficient, resilient, and able to provide advantages for national development. This article aims to provide an alternative perspective on what could be done by scholars to support state-

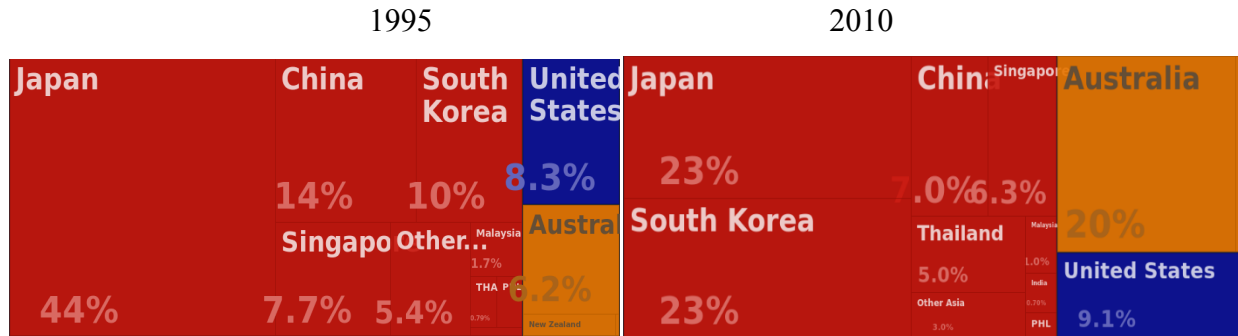
owned enterprise like Pertamina in formulating its ideal role, particularly in international diplomacy, whilst strengthening national energy security.

Why does Pertamina need to contribute to Indonesia's international diplomacy? There are at least two supporting arguments. First, in a world that revolves around industrial development, control over natural resources becomes an important key to enhance the political position of a country. Second, a strategic advantage will enable a country to expand its network of energy business beyond its border. Intertwined utilization of "energy" and "diplomacy" can be potentially accumulated. The better a country performs in diplomacy, the easier it could secure its energy, and vice-versa.

The problem lies within international politics that shows how developing countries could not transform their eminence as an oil-producing country into a critical player in an international political-economic realm (Keenan, 2005 : 395). As an oil-producing country, Indonesia should have realized this advantage. Gaining the title as an oil-producing country does not automatically uplift its pride and position in the eyes of the international community. Moreover, Indonesia has become a net oil-importing country with its share of the oil and gas industry to GDP halving to 3% in four years since 2012 (The Straittimes, 15/08/2017). This fact should be the attention of state-owned enterprise like Pertamina alongside government, energy stakeholders, including scholars.

It is by any means incorrect to think that energy diplomacy or oil diplomacy could only be done by oil-rich countries such as Saudi Arabia that is renowned with its Petrodollar diplomatic strategy. In fact, similar strategies should be done by countries in need of oil. Indonesia which targets industrial and manufactural development would need a sufficient amount of energy to keep on its track in production. Within international political realm, it is a common knowledge that oil diplomacy has been done by United States, European Union, Japan for decades and recently China has launched its own diplomatic strategies to expand its network to areas rich with natural oils and gas. In this sense, Indonesia could play a dual role, the Saudi role and the US-Japan role, albeit at a different level than both groups.

As a country with a poor natural-resources endowment, Japan has been one of the best examples for a country that executed an excellent oil diplomatic strategy since 1973, when the oil boom happened. Japan was the first who formally introduced the term petroleum diplomacy under its international politic policy (Hartshorn, 1973 : 282). Their oil diplomacy was accompanied by broader development aid and assistance. According to the data from the Japan Ministry of Foreign Affairs, Indonesia is the largest aid recipient from Japan for many years during which Indonesia also exports its majority of crude oil to Japan in Figure 2.



**Figure 2.** Indonesia Export Share of Crude Petroleum in 1995 and 2010

Source: <https://atlas.media.mit.edu>

During the oil crisis, oil diplomacy was done by oil-importing industrial countries (Hartshorn, 1973 : 285). Even after the crisis has passed, exerting oil diplomacy remains relevant. Especially from the 1970s until early 1980s, the bargaining position of countries with oil resources and state-owned company (such as Pertamina) is still stronger than multi-national oil company (such as Exxon Mobile, BP, Caltex, etc.).

Another example of a country which has launched energy diplomacy is China. Since the 1990s, China's energy needs have raised significantly due to its massive industrialization. As a response, China launched an external initiative strategy by expanding its operation through state-owned enterprises such as CNPC, Sinopec, and CNOOC, each with a specific role. Similar to Japan, this energy diplomacy step was taken because China has also launched expansion in the first place to secure its bargaining position to oil-producing countries. In other word, China has refused to be taken advantage while negotiating (Jaffe & Lewis, 2002 : 116). In executing the policy, China has formulated three strategies; First, China has strengthened diplomatic ties with countries in the Middle East, Africa, Central Asia, Latin America, and North America. This strategy is delivered whilst capitalizing China's state-owned enterprises' presence in the respected regions. Second, China has developed an alternative road route to lessen the frequency of passing through Malacca Strait. In this case, China aims to avoid political tension with the United States while also reducing its dependence of energy from Southeast Asia. Notice in figure 2 that the share of oil export from Indonesia to China is halving between 1995 and 2010.

China's involvement in energy businesses in Iraq, Iran, and the South China Sea was done by cautious diplomacy to avoid destabilization, especially in regards of the United States (Lai, 2007 : 534). In recent years, their energy diplomacy was strengthened through the Belt and Road Initiative (BRI) scheme. It is a development cooperation project aimed at providing aids and development of infrastructures. China disbursed massive amounts of the fund to develop in-

frastructure in developing countries. Other than oil-rich Central Asian region from where China imported some 400 thousand barrel/day from Kazakhstan, BRI also present in Africa, particularly in Angola and Republic of the Congo. The two countries contribute averagely 70% of African oil to China in the past five years. As their economy becoming more dependent on China's rising oil demand, those countries are subject to China's growing international influence.

It is essential to be noted that the bargaining power of an oil-producing country *vis a vis* multinational energy corporations has always been dynamic. In the middle of the 1980s and 1990s, the bargaining position of oil-producing countries and multinational energy corporations could be considered as balanced, followed by a tendency that big corporations were becoming more dominant. However, based on research upon international oil companies, Vivoda argued that the dynamic has changed whereas multinational energy companies are now in a weaker position due to shift of international diplomacy in the 2000s (Vivoda, 2009 : 517).

Under the current weaker position of multinational energy corporations, at least there are three strategies that can be formulated by developing countries in order for their energy companies to rise.

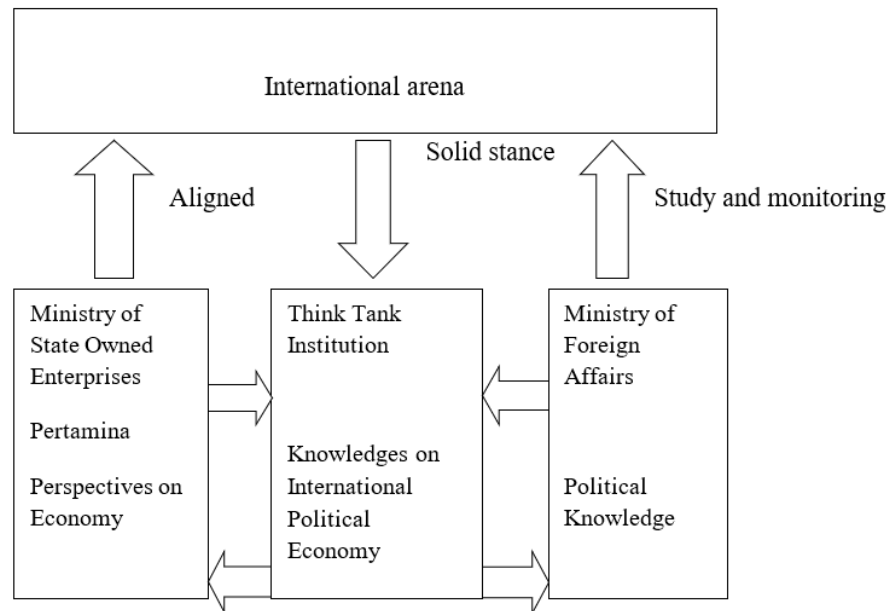
1. Oil for Hegemony. A country could use its domination upon energy resources as an instrument for hegemony, or at least, to influence other countries. For example, it is influencing affiliation preferences of one country that could be advantageous to Indonesia in order to achieve its global political goal. Furthermore, if Pertamina's cooperation with some oil-rich poor countries could provide acceleration of development in said country, Indonesia could gain benefit by strengthening its legitimation as a critical player in the area. In certain forums, such as the ASEAN Summit or UN General Assembly, we would know we have loyal alliances.
2. Political Intervention. A country could also use its domination upon oil sources as instruments to directly influence the domestic political process in other countries, for example, by supporting one of political power, opposition or ruling party, in those countries. As an illustration, if in the first strategy (oil for hegemony), we can influence said country's behaviour in *ad hoc* (case by case), in the second strategy we can influence a country's behaviour by choosing leadership that would align with our national interest. Hence, that country's behaviour in the next 4-5 years could be predicted. This could also give more accessible access to national energy companies to cooperate by opening concession there.
3. Norms and Values Promotion. A country could use its effort in dominating oil sources as instruments to instill norms or values in a particular country. The difference this strategy possesses with the previous two is that this diplomacy strategy is long-term oriented

which is not limited to one government period. Values, for example, democracy and social equity, if internalized within the characterization of one nation, could last as long as that value is still believed. A country with a similar perspective and values with us tend to portray the same behaviour within the international political realm so we would know which countries that could be our close ally.

Does the problem lie in which strategy we should adopt? And the most important is how to integrate Pertamina within this scheme? First, the strategy that we could choose is the strategy that most aligned with our characters that uphold the value of justice, respecting other country's autonomy, and committing to humanitarian values and democracy. Secondly, Pertamina should have a role in formulating Indonesia's oil-related foreign policy because Pertamina is profoundly affected by said foreign policy. We could observe national oil companies as part of multi-track diplomacy, where the government is not the only actor in diplomacy (Diamond & McDonald, 1996). A shared goal from first track diplomacy (government) and other tracks; which in Louise Diamond study is known as third track (business) and fifth track (scholars).

## **DISCUSSION**

Until now, Indonesia's diplomacy is still mainly supported by the first track. Meanwhile Pertamina as national energy company whose share is 100% owned by government under the Ministry of State-Owned Enterprises has not been integrated in Indonesia's foreign policy. According to Law No. 19 of 2003, it is mandated that a company under the Ministry of State-Owned Enterprises such as Pertamina has a role limited to economic activities, gaining profit, and serving the community. But, there is still room for Pertamina to do more. Because in that law, a state-owned enterprise could receive a task from the government. Through Indonesia's energy diplomacy revitalization program, we would like to integrate Pertamina into Indonesia's foreign policy scheme. Pertamina, which based on knowledge in the economy, will be connected to the government, in this case, the Ministry of Foreign Affairs with its diplomatic perspective. Scholars with their knowledge on political-economy would be the bridge between the two interests. With this strategy, the alignment between economic interest and diplomatic interest could be monitored, and obstacles within delivering technical logic and policy analysis to formulate policy could be done by international political economy scholars. The success rate of energy diplomacy could be reflected in Indonesia's performance and related to other countries behaviour within our sphere of influence as illustrated in Figure 3.



**Figure 3.** Proposed Strategic Integration on Energy Diplomacy

*Source: Compiled from various sources*

Pertamina should be able to position its role whether this company would take its role as a state-owned enterprise which would only give interest money to the multinational company or would transform into a multinational company. According to diplomacy study, two positions of oil companies could be distinguished based on their power balance during negotiation. The power of the oil-producing country and its company become weaker if multinational companies possess technical excellence that could not be adopted. Meanwhile, its position could be stronger if the competition in its sector is stiff (Vivoda, 2009 : 518).

### **Formulation of Diplomatic Strategies**

Considering three practical formulas in energy diplomacy, the strategy that would suit the character of our nation the most is Norms and Values Promotion. The reasoning behind this choice is; by possessing the influence to internalize norms and values through energy diplomacy, we could reap the benefit in the long term. This strategy could also cater to our needs to perform other strategies. Aside from that, this strategy could also support Indonesia’s leadership in ASEAN and global politic without sacrificing our free and active foreign policy principle.

#### **1. Energy Diplomacy as Indonesia’s Instrument under ASEAN Leadership**

ASEAN plays a significant role in Indonesia. Alongside its function as a place for economic cooperation, ASEAN is also a political grouping that would support Indonesia within the

framework of international diplomacy. By serving as an essential key in this organization, Indonesia could earn supports from other 9 member countries in several forums. At this point, Pertamina's expansion could be a vital support in Indonesia's mission to make ASEAN as 'Soko Guru' for Indonesia's diplomacy. Therefore, we would like to propose a research opportunity for Indonesia energy diplomacy in Southeast Asia. It is our duty to conduct a more profound study upon an opportunity that could benefit us alongside 9 member states of ASEAN and Timor Leste.

We could take note of Indonesia's relationship with the Philippines. An interesting thing happened during a presidential visit by Rodrigo Duterte as President of the Philippines some time ago. President Duterte was elected as president in the Philippines with a promise to establish war against narcotics. As an answer to this promise, he launched his war against narcotics involving extra-judicial killings as one of its operations. The newest record until January 2<sup>nd</sup> 2016, the number of drug dealers killed since the launch of a war against drugs on July 1<sup>st</sup> 2016 has reached 6.219 (Bueza, 2017). This action garners criticism because it neglects principles of the rule of law and human rights. Indonesia, as a country with a strong commitment to democratic values and human rights principles, should be able to measure how we can instill our interest in energy diplomacy to the Philippines.

What we have done during the oil crisis in 1973 is still remembered by the Philippines government. During his speech in Presidential Office, Duterte stated;

*"... I want the Filipinos to remember forever this: during the 1972 oil crisis, when the oil-producing nations tried to control the price by just lowering their production and making it hard for everybody to get oil, there was this crisis. And the Philippines was hard-pressed. And there was a time when there was already ration; they have to ration everything. But at some point of that crisis, Indonesia came up with a very strong statement: Do not worry, you will have your oil, and you will continue to progress."* (Duterte, 2016)

Now, the opportunity for two countries to influence each other has opened. Government and Pertamina should be able to formulate what would be our main interest there, what does the Philippines want, and what could be done to promote our norms and values. Because if we do not seize this chance, it is possible that another global player would be in charge of this opportunity. Recently Duterte has invited Russian Navy to cooperate in their navy defence. Meanwhile, since the 2000s, Russia has aimed Southeast Asia as oil investment field. It is reported by Wishnick, Russia has opened its energy diplomacy by signing the Treaty of Amity and Cooperation in 2004 and has provided the commitment in reconstruction plan post Tsunami 2004 (Wishnick, 2006). This cooperation is also expanded in the case of war against terrorism and borderless



crimes (Wishnick, 2006 : 78). Indonesia as a key player, should have read this trend in a more attentive way.

Other than seizing energy-diplomacy with the Philippines, Indonesia through Pertamina should also maintain its relationship with Thailand. The country has increased its energy dependence to Indonesia in the past couple of decades.

## **2. Energy Diplomacy in International Level**

The second step, study upon Indonesia's energy diplomacy in the international level is urgent to be done and/or evaluated periodically. Because of all political investments done by more prominent countries, not all of them could achieve good results. Even several energy diplomatic strategy could end in failure. Spending Petrodollar does not guarantee the success of the foreign policy. This is where the importance of the cooperation scheme between government, Pertamina, and scholars lies and should be done continuously.

One of the biggest oil diplomacy failures is experienced by Venezuela. In public eyes, Venezuela once is known as one of the biggest oil-producing countries that could convert its economic advantage as a strategy to win the diplomatic competition. Such perception could be shaped because, in the last few decades, Venezuela used oil as its primary diplomatic tool by spending funds to Caribbean and Latin America. (Poertner, 2011 : 85).

Venezuela began its attempt to launch oil diplomacy since the oil crisis in 1973. As an oil-producing country, that crisis became a blessing for Venezuela. In 1973 and 1974, Venezuela pushed its oil production. They also signed an agreement to distribute their oil to Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama with easeful financing scheme. In the 1980s, this cooperation was expanded by the involvement of Mexico and several other countries who joined with oil sales in the form of half loan such as Barbados, Belize, Republic of Dominican, Haiti, and Jamaica. The agreement was added more in the 2000s by conducting oil-selling cooperation with Cuba by using the ideological connection between Hugo Chavez and Fidel Castro (Poertner, 2011 : 88). Statistically, the amount of investment Venezuela put into those countries is enormous considering their low ability to return their loan.

The result of diplomacy success was not monitored thoroughly by Venezuela. To understand how oil diplomacy could influence one state, we need to understand the voting pattern of countries where we invested our oil. In the case of Venezuela, the familiar terms that could describe the influence of oil diplomacy are Petrocaribe, Petrosur, and Petroandina. And the progress of their cooperation was made before Hugo Chavez was elected as president.

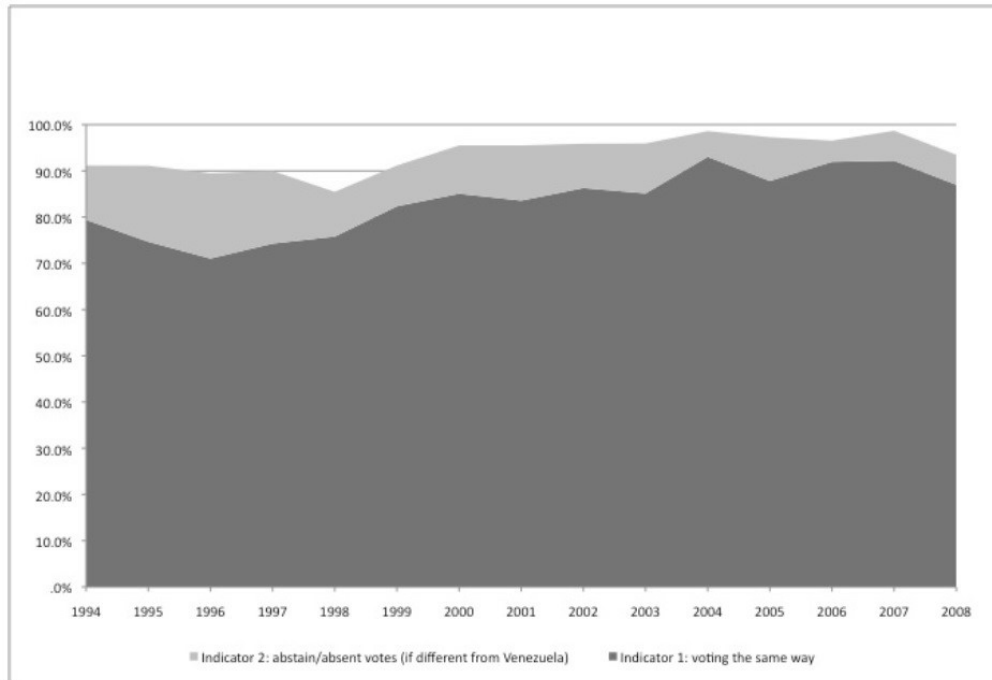
The performance of Venezuela oil diplomacy was tested when they applied as a non-permanent member of the UN Security Council in 2006. During that time, Venezuela faced Gua-

temala as their competitor, who was backed by the United States and Mexico. Venezuela could gain votes from Argentina, Brazil, Uruguay, Paraguay, and several Caribbean countries (Poertner, 2011 : 93). Public speculated there was an influence from oil diplomacy from those votes. But both countries failed to secure their seat because they did not meet 2/3 of the votes.

When it was further reassessed using voting pattern analysis, there was an indication that since the oil diplomacy initiated a few decades ago, and the increase of the amount of help Hugo Chavez gave during his presidential period, only Cuba, Dominican Republic, and Saint Kits and Navis who showed positive correlation from their launched oil diplomacy. Meanwhile, most data from Latin America countries and the Caribbean did not show any correlation between oil diplomacy initiative with their voting behaviour (Poertner, 2011 : 106). This was identical with other research that shows PDVSA (Venezuela's oil company) admit their partners in Latin America and the Caribbean could not be responsible in their commitment financially until Venezuela had to pay for the expenses needed for this diplomacy (Jácome, 2011 : 8).

This case ignited critical review that oil diplomacy could be inefficient. Because despite our financial ability, the effort in oil diplomacy still have the possibility of failure if their pre-conditions could not be fulfilled. Learning from Venezuela case, spending significant investment does not guarantee voting behaviour of countries under their influence. Oil diplomacy could be an inefficient instrument for a state if it was not assisted with academical thinking framework. Scientific monitoring upon the progress of oil diplomacy should be done by scholars who possess the ability to analyze voting behaviour within the international political realm. Without monitoring such trend, incentive-giving policy in diplomacy would only end in unnecessary expenditure.

Reading method of voting behaviour is provided by scholars, and national interest is led by the government, in this case, the Foreign Affairs Ministry and market expansion is a goal from Pertamina. To develop bridging between those interests, this team would provide the answer to the needs of the understanding voting behaviour of countries partners in the last decade. This team would cater analytical instruments on the United Nations General Assembly Voting database which developed by Harvard and Georgetown University. We have attached below an example of voting behaviour reading that could be replicated to examine the success of oil diplomacy of a state compared to its influence to another state. The table below could explain the positive correlation between given incentive by Venezuela with the support and behaviour of Cuba in the international political realm.



**Figure 4.** Comparison of Venezuela Voting Behavior and Cuba

*Source: Poertner, M. (2011 : 97).*

As described in figure 4, we could see the comparison of Venezuela voting behavior and Cuba. partnership model becomes an important aspect due to the trend in oil diplomacy that could be studied in the next few years. By monitoring business expansion, voting behaviour, and national diplomacy interest, we could exert few attempts to align the three of them. The more similar voting behaviour a country with Indonesia shows the alignment of oil diplomacy with the national interest.

### **3. The Role of Norms and Values in Energy Diplomacy**

An essential academic topic that needs to be further developed is the role of norms and values within energy diplomacy. How far should we consider the importance of this aspect within Pertamina’s business expansion? What would be the effect if this matter could not be handled well? The result of this study is expected to become the basis of foreign policy decision.

We have formulated several models of using norms and values in energy diplomacy. European Union and the United States tend to underline the alignment of their norms with their energy diplomacy, Russia, on the other hand, performs pragmatic attitude, while China attempts to divert their attention to universal values and norms. The study on which model we should adopt to deliver a solid stance on our energy diplomacy is urgently needed. Our nation who upholds

humanitarian values and democracy, also our free and active foreign policy principles, should be reflected in our effort of internalizing them within our foreign affairs politic.

As an illustration of how the debate between values and norms emerges, we could examine several track records from a few countries and their oil company. Such as Malaysia whose role is centred in the Organization of Islamic Cooperation helped them on connecting with Middle East countries. Petronas, with its network, could operate in Iraq post-United States invasion. Together with Total and CNPC, Petronas could win the bidding to operate in the Halfaya oil field in November 2009 (Zhang, 2015 : 137). This also applies to Malaysia's expansion to Sudan and South Sudan. It is recorded that Petronas has operated since 1997 alongside a consortium led by CNPC and ONGS and the minority of Sudapet to manage block 1/2/4, block 3/7 in 2000, and block 15 in 2005 (Zhang, 2015 : 141). Petronas also possessed the majority of the stock in Energy Africa Company and registered to operate in Ecuatorial Guinea (Dare, 2002).

Meanwhile, the choice of not to use values and norms is selected by China. According to a research done by Ian Taylor, China's oil diplomacy in Africa is only based on strategies options: In short-term, to secure the domestic needs of China's industry which needs oil, meanwhile the long term strategy is to drive China's position as global actor in oil market (Taylor, 2006 : 938). Both goals are supported by China's perspective that does not include human rights issues. China took a moment as a partner when Africa's leaders doubt the western countries and their multinational oil companies (Taylor, 2006 : 938). China executed an approach by not labelling their partner countries as problematic and mainly performing non-interference politic. This option has made it easier for them to conduct business with countries like Sudan or Angola. The strategy resulted well until now China has become the largest partner, settled in the third biggest in Africa after the United States and EU (Taylor, 2006).

#### **4. The Role of Energy Diplomacy in Securing Regional Stabilization**

The conflict could be pushed upfront moreover if it's related to competition for resources access. This is where adjustment between national interest and oil management expansion is needed. Indonesia still has several regions in dispute with a few countries. The closest one is the heated situation in the South China Sea. Without diplomatic power, we would never have a bigger chance to become a significant player.

Within the conflict of the South China Sea, Petronas experienced pressure from China not to sign a cooperation agreement with Vietnam. Only actors with strong bargaining positions could survive such pressures. Among few under pressured companies such as Petronas, Idemitsu, Exxon-Mobile, British Petroleum, and ConocoPhillips, Chevron, only Exxon-Mobile could stand against it (Simon, 2012 : 1001). However, according to an investigation, an indication where

China offers reciprocation from their pressure is found. Chevron's official admitted that China offered an exchange with natural gas concession in Sichuan Province to Chevron, and this is considered as an opportunity for oil diplomacy in the United States to invest in China (Simon, 2012 : 1002). With this, China also provides a careful consideration of their strategies. For example, in its business expansion, China continued its coordination with the United States' interest, for example, not to escalate the direct conflict in the South China Sea. This is aligned with China's Peaceful Rise strategy (Lai, 2007). It means there is still room for a country like Indonesia to secure its position in a better bargaining position. The keyword would be information and accuracy in predicting international political and security trends.

### **5. Diplomacy for Sustainability**

Pertamina should explore other sources of energy other than fossil-based sources. Control over the production and processing technology for more sustainable development could elevate Indonesia's international standing. Indonesia's potential as a pioneer of renewable energy sources needs to be optimized. In a decade of 2005-2015, global biodiesel production has increased by approximately 23% per annum (Naylor & Higgins, 2017 : 695). In several works of literature, Indonesia is regarded as one of the pioneers of palm oil-based biodiesel. Naylor and Higgins argued that the efforts of the United States and the European Union in introducing development policies for the biodiesel industry had motivated countries with vegetable energy bases such as Argentina with soy-based biodiesel and Indonesia with palm oil (Naylor & Higgins, 2017 : 695). This is undoubtedly a good capital for Indonesia since there are many benefits that can be obtained by any pioneers. Especially with the advantages possessed by palm oil if compared with other vegetation-based energy commodities. The data shows that palm oil potential has not been maximized yet. In 2015, the most significant contributors to biodiesel production were soybeans (30%), rapeseed (25%), palm oil (18%), vegetable oil (10%), animal fat (6%), and other plants (11%) (Naylor & Higgins, 2017 : 696).

From case studies on the development of biodiesel in the United States, Brazil, Argentina, Indonesia, Colombia, Malaysia and Canada, we can learn that the role of government is vital for the development of the biodiesel industry in these respected countries. At the beginning of the development of the biodiesel sector in Brazil, the country played a unique role in requiring the use of biodiesel mixed fuels. In January 2005, Brazil targeted B2 mainstreaming (with 2% of biodiesel mixture) to be achieved in 2008 as well as B3 mainstreaming measures targeted to be achieved in 2015 (Nass, Pereira, & Ellis, 2007 : 2228). In the case of Argentina, in 2006 the government passed a law requiring biofuel absorption of up to 5% in of all energy sales in 2010. This law is projected to absorb 625,000 tons of biodiesel and 160,000 bioethanol (Tomei &

Upham, 2011 : 47). In Colombia, a law promoting ethanol use in industry has been adopted since 2001. In addition, since 2004 in Colombia, the provision of incentives for the biodiesel industry was enacted through Law No. 939 of 2004 (Marin, Lovett, & Clancy, 2011 : 5). In Malaysia, since 2011 the government has directed its energy policy to move from a "four fuel" policy (petroleum, coal, gas and hydropower) towards a new national energy policy that includes biodiesel in the "five fuel" policy. This policy was formulated in the eighth development plan (Mintz-Habib, 2013 : 94).

The United States has two essential pillars in its policy to develop biodiesel industry; the first is the Energy Independence and Security Act (EISA) which was passed in 2007 and secondly, the Food, Conservation, and Energy Act or known as the Farm Bill in 2008. EISA targets 136.3 billion litres of producing biodiesel in 2022 (Smith, et al., 2013 : 34). The Farm Bill will fund biofuel research from plants other than corn as well as incentives for the construction of biofuel refineries. According to this law, the government is obliged to 75% of production capital for the development of registered biofuel-producing industrial plants. In addition, there will be a bonus of 45 USD per ton of crop yields that can be transported to biofuel refineries (Smith, et al., 2013 : 34). In Canada, tax cuts, financial support for research and loans for biofuel production have been provided since the 1990s. In 2006, the government began mandating the use of 5% of renewable energy sources in the 2010 energy mixture proportion (Smith, et al., 2013 : 34).

From various country-specific programs above, we can conclude that governments in the world take their central role in determining the target of renewable energy consumption in the energy mixture proportion. Second, most of these countries provide incentives for those who are involved in the production of renewable energy. Indonesia has so far realized the importance of formulating the energy mix. Some incentive schemes have also been developed, although in practice, changing the composition of energy mix still encounter obstacles. The choices of other schemes for the utilization of renewable energy sources is also considered by the government. In order to be an influential actor and gaining more advantageous diplomatic standing, government and Pertamina should work hand in hand in implementing pro-renewable energy policies.

## **CONCLUSION**

Compared to other strategies such as oil for hegemony and political intervention, promotion on norms and values promotion seems to be an ideal strategy for Indonesia's energy diplomacy. In its implementation, Pertamina should work hand in hand with other governmental stakeholders to elevate Indonesia's international standing as well as securing our energy supply. Shared perspective and values for democracy, sustainable development, and renewable energy

will further enable Indonesia to ensure its energy security. This article proposed five measures in 1). ensuring Indonesia's centrality in ASEAN, 2). avoiding petrodollar inefficient diplomatic approach, 3). strengthening universal values and democracy globally, 4). to help to navigate and predicting international political-security trends, and 5). exploring possibilities for transformation to renewable energy. Learning from other big energy-consuming countries such as the United States, China and Japan, the Indonesian government and Pertamina should actively engage in promoting sustainable development and maintaining cordial ties within targetted countries or regionalism. Reflecting on the proposed strategies and the nature of depleted fossil-based energy, Pertamina's inclusion in Indonesia's multitrack diplomacy becomes an urgency.

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