

## ENERGY POLITICS IN THE CASES OF AZERBAIJAN AND INDONESIA

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### Abstrak

Indonesia adalah negara maju yang telah memulai proyek dan strategi energi untuk meningkatkan energi terbarukan karena sebagian besar membahas tujuan politik, ekonomi dan lingkungan dalam kebijakan keamanan energi mereka. Kepedulian Indonesia di sektor energi dengan tiga parameter, yang disebut Promosi dan Perlindungan Investasi. OKI dan GNB adalah organisasi yang melibatkan Azerbaijan dan Indonesia. Salah satu masalah yang dibahas di sana adalah sektor energi. Saat ini Indonesia dan Azerbaijan berusaha mengurangi ketergantungan energi dan mencapai kelestarian lingkungan. Pembuat kebijakan perlu mengejar strategi menginformasikan publik dengan bukti yang kuat sambil bersikap terbuka tentang kebijakan energi secara umum. Indonesia dan Azerbaijan memiliki lima perjanjian bilateral. Pertama, pembukaan Hubungan Diplomatik RI-Azerbaijan. Kedua, Kerjasama dan Konsultasi antar Kementerian Luar Negeri. Ketiga, kerjasama antar Kantor Berita. Keempat, Pembebasan Visa bagi Pemegang Paspor Diplomatik dan Dinas. Kelima, Kerjasama Ekonomi dan Teknik (KSET). Neraca perdagangan kedua negara masih didominasi oleh sektor migas, dan belum mencerminkan potensi riil yang mereka miliki, baik karena perdagangan selama ini melalui negara ketiga karena tidak adanya jalur laut/udara langsung, atau kurangnya penetrasi pasar oleh industri manufaktur Indonesia. Potensi kerjasama yang dapat digarap antara Indonesia dan Azerbaijan adalah di bidang minyak dan gas mengingat Azerbaijan kaya akan kedua sumber daya alam. Saat ini kedua negara sedang memantapkan finalisasi P4M untuk mendorong kerja sama bilateral di bidang energi, khususnya berbasis migas. Model kolaborasi terbaik adalah memastikan pembelian/kontrak jangka panjang antar pemerintah. Salah satu jenis penelitian kualitatif deskriptif adalah penelitian dengan metode atau pendekatan studi kasus. Studi kasus termasuk dalam penelitian deskriptif analisis, yaitu penelitian yang dilakukan terfokus pada suatu kasus tertentu untuk diamati dan dianalisis secara cermat sampai tuntas. Pendekatan kualitatif adalah proses penelitian dan pemahaman berdasarkan metodologi yang menyelidiki fenomena sosial dan masalah manusia. teori aliansi yang digagas oleh Kenneth Waltz dan teori kerjasama internasional mengingat Azerbaijan dan Indonesia adalah anggota OKI dan anggota negara-negara GNB. Aliansi adalah hubungan formal antara dua atau lebih kelompok untuk mencapai tujuan yang disepakati bersama atau memenuhi kebutuhan bisnis kritis tertentu dari setiap organisasi secara mandiri.

**Kata Kunci:** politik energi; diplomasi energi; ekonomi energi; minyak; gas; Indonesia; azerbaijan

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**Abstract**

*Indonesia is the developed countries that have embarked on projects and energy strategies to increase renewables energy since it largely addressed political, economic and environmental goals in their energy security policies. Indonesia concern in energy sector with three parameteurs, called Promotion and Protection of Investments. The OIC and NAM are the organizations that Azerbaijan and Indonesia are involved in. One of the problems discussed there in is the energy sector. Currently Indonesia and Azerbaijan tried to reduce energy dependence and to achieve environmental sustainability. Policy makers need to pursue a strategy of informing the public with sound evidence while being open about energy policy in general. Indonesia and Azerbaijan have five bilateral agreements. First, opening of RI-Azerbaijan Diplomatic Relations. Second, Cooperation and Consultation between Foreign Ministries. Third, cooperation between News Agencies. Fourth, Visa Exemption for Diplomatic and Service Passport Holders. Fifth, Economic and Technical Cooperation (KSET). The trade balance between both countries is still dominated by the oil and gas sector, and it is not yet reflect the real potential they have, either because trade has so far been through a third country due to the absence of direct sea/air routes, or the lack of market penetration by the Indonesian manufacturing industry. The potential for cooperation that can be worked on between Indonesia and Azerbaijan is in the oil and gas sector given that Azerbaijan is rich in both natural resources. Currently both countries are consolidating the finalization of the P4M to encourage bilateral cooperation in the energy sector, especially oil and gas based. The best collaboration model is to ensure government-to-government long term purchase/contract. One type of descriptive qualitative research is research in the form of a case study method or approach. Case studies are included in the descriptive analysis research, namely research carried out focused on a particular case to be observed and analyzed carefully to completion. A qualitative approach is a process of research and understanding based on methodologies that investigate social phenomena and human problems. alliance theory which was initiated by Kenneth Waltz and international cooperation theory considering that Azerbaijan and Indonesia are members of the OIC and members of NAM countries. An alliance is a formal relationship between two or more groups to achieve a mutually agreed goal or fulfill certain critical business needs of each organization independently.*

**Keywords:** *energy politics; energy diplomacy; energy economics; oil; gas; Indonesia; azerbaijan*

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**Introduction**

In this era, one of the most pressing issues that the international community is facing in the energy security. Indonesia and Azerbaijan are the developed countries that have embarked on projects and energy strategies to increase renewables energy since it largely addressed political, economic and environmental goals in their energy security policies.

Indonesia is one of the Asian country which is concern in energy sector with three parameteurs, called P4M (Promosi Perlindungan dan Penanaman Modal) or Promotion and Protection of Investments. Indonesia and Azerbaijan already meet to their need for development since 2011 but until this time the realization of the Memorandum of Understanding (MoU) aren't follow up bilateral agreement. Currently Indonesia and Azerbaijan tried to reduce energy dependence and to achieve environmental sustainability. Policy makers need to pursue a strategy of informing the public with sound evidence while being open about energy policy in general.

Kenneth Waltz and was initiated international cooperation theory considering that Azerbaijan and Indonesia are members of the Organization of Islamic Cooperation (OIC) and members of Non Alligment Members (NAM) countries. An alliance is a formal relationship between two or more groups to achieve a mutually agreed goal or fulfill certain critical business needs of each organization independently. Alliances are usually interpreted only as a military alliance, a security alliance, and a defense alliance. In its development, the Alliance is not only interpreted as an alliance that is military / security / defense, but also economic alliances, such as trade alliances. The OIC and NAM are the organizations that Azerbaijan and Indonesia are involved in. One of the problems discussed there in is the energy sector. According to Neorealism, every action, activity, and interest foreign policy taken by a country is because of it the influence of the international system that was happening at that time. International system influence a country behaves and acts, including in formulate and make foreign policy. Foreign policy made by a country to achieve an interest that is influenced by international system earlier. As Waltz said: "The interests of the rulers, and then the state, make a series of actions; policy needs arise from regulated state competition; calculations based on these needs can find policies that will carry out the country's interests well; success is the final test of that. policy, and success defined as maintaining and strengthening the country. Barriers structurally the system explains why the methods it is used repeatedly in addition to differences in humans and the countries that use it.

## **Method**

Researchers will use qualitative research methods based on case studies. One type of descriptive qualitative research is research in the form of a case study method or approach. Case studies are included in the descriptive analysis research, namely research carried out focused on a particular case to be observed and analyzed carefully to completion. A qualitative approach is a process of research and understanding based on methodologies that investigate social phenomena and human problems. In this approach, the researcher makes a complex picture, examines words, detailed reports from the respondents' views, and conducts studies in natural situations (Creswell, 1998: 15). Bogdan and Taylor (Moleong, 2007: 3) suggest that qualitative methodology is a research procedure that produces descriptive data in the form of written and oral words from people and observed behavior. As is usual in the acquisition of data in qualitative research, case study data can be obtained from all parties concerned, whether through

interviews, observation, participation, and documentation. Data obtained from various ways is essentially to complement each other. There are times when the data obtained from interviews is incomplete, so it must be sought through other means, such as observation, and participation. In this case, I will try to extract it from the governments of Indonesia and Azerbaijan, especially the House of Representatives, the Ministry of Foreign Affairs and the Ministry of Energy, which holds the mandate to draft the cooperation agreement.

## **Results and Discussion**

### **1. Indonesia and Azerbaijan Bilateral Agreements**

Indonesia recognized the sovereignty of the Republic of Azerbaijan on December 28, 1991 and opened diplomatic relations on September 24, 1992 through the signing of the Joint Communiqué in Moscow. The Azerbaijan Government opened an Embassy in Jakarta on 12 February 2006, while Indonesia opened the Indonesian Embassy in Baku on 2 December 2010.

Indonesia and Azerbaijan have 5 bilateral agreements. *First*, opening of Indonesia-Azerbaijan Diplomatic Relations. *Second*, Cooperation and Consultation between Foreign Ministries. *Third*, cooperation between News Agencies. *Fourth*, Visa Exemption for Diplomatic and Service Passport Holders. *Fifth*, Economic and Technical Cooperation (KSET). The trade balance between both countries is still dominated by the oil and gas sector, and does not yet reflect the real potential they have, either because trade has so far been through a third country due to the absence of direct sea/air routes, or the lack of market penetration by the Indonesian manufacturing industry. The potential for cooperation that can be worked on between Indonesia and Azerbaijan is in the oil and gas sector given that Azerbaijan is rich in both natural resources. Currently both countries are consolidating the finalization of the P4M (Promotion and Protection of Investments). Until now there has been no recorded investment from and to both countries.

Indonesia needs to encourage bilateral cooperation in the energy sector, especially oil and gas based. The best collaboration model is to ensure government-to-government long term purchase / contract. The trade balance is heavily in favor to Azerbaijan, as the trade volume mainly dominated by Indonesian imports for Azerbaijan's oil. At present Indonesia still buys Azerbaijan oil through Italy. Azerbaijani-Indonesian relations were officially established in 1992. Both countries are members of the Organization of Islamic Cooperation and the Non-Aligned Movement. As I reviewed above The trade between Azerbaijan and Indonesia is mostly related to the energy sector, as Azerbaijan emerged as the second biggest supplier of crude oil to Indonesia in 2011 after Saudi Arabia. In March, 2016, Azerbaijan and Indonesia drafted a memorandum of understanding (MoU) to further deepen cooperation in the energy and mineral resources sectors.

Moreover, the Indonesian government encouraged the country's state oil and gas company Pertamina to invest in Azerbaijan's oil and gas projects. Until this time

the draft cooperation agreement between Indonesia and Azerbaijan is still floating and there has been followed-up slowly during pandemic, even though the need for clarity of this agreement is very necessary given that it relates to the continued development of the Indonesian economy in the development process. A cross-institutional consolidation meeting in Asia, America and Europe in the development of Pertamina's business on March 24, 2021, the Indonesian Ambassador to the Republic of Azerbaijan stated that Indonesia would open up opportunities for Pertamina's upstream energy sector in Azerbaijan and willing to sign the MoU in Energy between Azerbaijan-Indonesia. However, this can be more obtainable and fully realized after the pandemic.

### **Conclusion**

A result of scientific research on the subject, the facts were about “Energy Politics in The Cases of Azerbaijan and Indonesia” briefly, as follows that Azerbaijan and Indonesia are working to solidify joint efforts to improve the economy, culture and people-to-people contact. Both countries have absolute optimised in these difficult chapter, especially in economic and energy politics issues, with solid bilateral cooperation, it is hoped that both countries can face all the challenges together and focused on further enhancing mutually beneficial economic, trade and socio-cultural cooperation.

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