PREFACE

This thesis is written to fulfill the academic requirements to achieve the bachelor's degree in social science, in the study of International Relations at Universitas Pelita Harapan. This thesis would not be possible to finish without the help and support from God and several people who have given me strength. Thus, I would like to give my sincerest gratitude to the followings.

- Lord Jesus Christ, who has given me continuous strength, wisdom, knowledge, opportunity, and encouragement during the completion of this research so I could complete it well. Any success would not be possible without His blessings.
- 2. My family. Mr. Stefanus Tjan and Mrs. Khoe San Hoa as my parents and Kezia Stephanie as my sister, for their unconditional support, and encouragement for me to finish this research well.
- 3. Dr. Naniek Novijanti Setijadi S.Pd, M.SI., as the Dean of Faculty of Social and Political Science for the opportunity given to finish this thesis.
- 4. Florensia Lantang, S,Hub,Int, MnatSecPol as the Head Department of International Relations for the opportunity to conduct and finish this research.
- 5. Mr. Roy Vincentius Pratikno, B.Sc., M.M., as my thesis advisor and academic advisor who has helped me in so many ways by giving me the opportunity, guidance, moral support and encouragement to finish this thesis and the process of my study in International Relations. He has also given me so many feedbacks and knowledge on how I should have done things to improve myself as a better student and person.
- 6. Prof. Aleksius Jemadu, Ph.D. and Drs. Ignatius Ismanto, M.Si., M.A., whom as thesis defense examiner have given several inputs for the improvement of this thesis and for the time to examine my thesis.
- 7. Ms. Elyzabeth Bonethe Nasution, S.I.P., M.A., whom as a lecturer has taught and gave me many insights and knowledge of International Relations and on how I prepare myself in writing this thesis.

- 8. All lecturers and staffs of the Department of International Relations who were always being supportive and cooperative in assisting my thesis and study in International Relations since I started my study in Universitas Pelita Harapan.
- 9. Phoebe, Jovan, Joanna, Yansen, Irsyad, Jenny, Joanna, Iris, Enrico, Belle, Silvia, John, Jacqueline, William, Kezia, Dita, Alfi, Millan, other friends in the international class who has played a big role in my journey in university from the first until the end of the semester.
- 10. Friends that I have met through my time as a part of committees, especially to Jason, Keju, Elsa, Vivian, Monique, James, Viyola for the support.
- 11. The family of International Community for Students UPH 2018/2019 and 2019/2020 who has been a family for me throughout my study in Universitas Pelita Harapan.
- 12. To all my fellow friends, seniors, and colleagues that I have made throughout my study in Universitas Pelita Harapan for the direct and indirect supports for me.

Finally, I realize that this thesis still has weaknesses and not perfect yet. Thus, please feel free to submit any questions, feedback, or suggestions to the author.

Universitas Pelita Harapan

Dates

Gary Eleazar

TABLE OF CONTENTS

SKRIPSI		i
FINAL ASS	SIGNMENT STATEMENT AND UPLOAD AGREEMENT	ii
THESIS AI	OVISOR APPROVAL	. iii
EXAMINA	TION BOARD APPROVAL	iv
ABSTRAC'	Г	v
ABSTRAK		vi
PREFACE.		. vii
TABLE OF	CONTENTS	ix
LIST OF F	IGURES	xi
LIST OF A	BBREVIATIONS	. xii
LIST OF A	PPENDICE	xiv
CHAPTER	I INTRODUCTION	1
1.1 Ba	ekground	1
1.2 Res	search Question	5
1.3 Res	search Objective	5
	search Contribution	
1.5 Str	ucture of Writing	6
	II FRAMEWORK OF THINKING	
	erature Review	
2.1.1	Understanding Vietnam's FDI	
2.1.2	Understanding Indonesia's FDI	10
2.1.3	Manufacture Role in Vietnam's Economy	
2.1.4	Manufacture Role in Indonesia's Economy	
	eory and Concepts	
2.2.1	Neoliberalism	
2.2.2	Foreign Direct Investment to Economic Growth	.19
2.2.3 Stability	International Economic Organizations to Ensure the Economic y for Investors in Manufacturing Sector	20
2.2.4	International Cooperation to Attracts FDI	
	III METHODOLOGY	
3.1 Res	search Approach	. 41

3.2	Research Method	28
3.3	Data Collection Technique	28
3.4	Data Analysis Technique	29
СНАРТ	ER IV ANALYSIS	31
4.1	The Role of Manufacturing FDI	31
4.1.1	The Reduce of Unemployment Rate	36
4.1.2	2 Technological and Productivity Spillovers	40
4.1.3	3 Tax Revenues	44
4.1.4	Economic Growth	45
4.2	The dominance of Vietnam FDI in manufacture sector over Indonesia	48
4.2.1	Policies in Attracting FDIs	48
4.2.2	2 Free Trade Agreements	53
4.2.3	8 Exchange Rate Risk	56
4.2.4	Strategic Location and Political Stability	58
4.3	The effects of Vietnam dominancy over Indonesia FDI	65
4.3.1	Investment Withdrawal and Less Investment Attractiveness	65
4.3.2	2 Middle Income Trap	67
СНАРТ	ER V: CONCLUSION AND RECCOMENDATION	69
5.1	Conclusion	69
5.2	Recommendation	70
BIBLIO	GRAPHY	72
APPENI	DICES	

LIST OF FIGURES

Figure 4.1 Indonesia and Vietnam FDI Net Inflows	32
Figure 4.2 Indonesia and Vietnam FDI Net Inflows Line Comparison	33
Figure 4.3 Indonesia and Vietnam Share of Manufacturing FDI	35
Figure 4.4 Vietnam Distribution of Employment by Economic Sector	37
Figure 4.5 Indonesia Distribution of Employment by Economic Sector	38
Figure 4.6 Indonesia and Vietnam Unemployment Rate	39
Figure 4.7 Indonesia and Vietnam labor Productivity Growth	43
Figure 4.8 Vietnam and Indonesia Economic Growth	47
Figure 4.9 Indonesia and Vietnam Corporate Income Tax Percentages	49
Figure 4.10 Indonesia and Vietnam Minimum Wages	50
Figure 4.11 Indonesia and Vietnam Exchange Rate	57
Figure 4.12 Geography of Indonesia	58
Figure 4.13 Geography of Vietnam	60
Figure 4.14 Indonesia and Vietnam Corruption Index	63
Figure 4.15 Indonesia and Vietnam Political Stability	64

LIST OF ABBREVIATIONS

AANZFTA : ASEAN-Australia-New Zealand Free Trade Area

ACFTA : ASEAN-China Free Trade Area

AFTA : Asian Free Trade Area

AHKFTA : ASEAN-Hongkong-China Free Trade Agreement

AIFTA : ASEAN-India Free Trade Area

AJCEP : ASEAN-Japan Comprehensive Economic Partnership

AKFTA : ASEAN-Korea Free Trade Area

ATIGA : ASIAN Trade in Goods Agreement

ASEAN : Association of Southeast Asian Nations

CIT : Corporate Income Tax

CPTPP : Comprehensive and Progressive Agreement for Trans-Pacific

Partnership

CPV : Communist Party of Vietnam

FDI : Foreign Direct Investment

FTA : Free Trade Agreement

GATT : General Agreement on Tariffs and Trade

GDP : Gross Domestic Products

IEO : International Economic Organization

IGO : Intergovernmental Organization

IJEPA : Indonesia-Japan Economic Partnership Agreement

IMF : International Monetary Fund

IO : International Organization

IPPTA : Indonesia-Pakistan Preferential Agreement

MNC : Multinational Corporation

NGO : Non-governmental Organization

OECD : Organization for Economic Cooperation and Development

R&D : Research and Development

UK : United Kingdom

USD : United States Dollar

VCFTA : Vietnam-Chile Free Trade Agreement

VJEPA : Vietnam-Japan Economic Partnership

VKFTA: Vietnam-Korea Free Trade Agreement

VND : Vietnam Dong

VNEAUFTA: Vietnam and the Eurasian Economic Union Free Trade

Agreement

WEF : World Economic Forum

WTO : World Trade Organization

LIST OF APPENDICES

|--|

Thesis Monitoring Form	A-1
APPENDIX B	
Curriculum Vitae	B-1
APPENDIX C	
Originality Report	C-1

