

# Watch list status on the special 301 report in the generalized system of preference from the United States of America

Anom Wibowo <sup>1</sup>, Muhammad Zilal Hamzah <sup>2</sup>, Freddy Harris <sup>3</sup>

Universitas Trisakti, Indonesia.

<sup>2</sup> Corresponding e-mail: mhd\_zilal\_hamzah@trisakti.ac.id

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**Abstract:** The report released by the United States Chamber of Commerce through the Special 301 Report, Indonesia has always received Watch List (WL) or Priority Watch List (PWL) status for 33 consecutive years since the report was first published in 1989. The impact is that Indonesian export goods will always find it difficult to enter the world export market. The purpose of this research is to: (i). Analyze and examine how stakeholder analysis is concerned with Indonesia's priority watch list status in the special 301 report on the generalized system of preference facility from the United States; (ii). Analyzing and reviewing the implementation of the strategy carried out by DGIP regarding Indonesia's priority watch list status in the special 301 report on the generalized system of preference facility from the United States; (iii). Analyzing and reviewing the impact of Indonesia's priority watch list status on the special 301 report on the generalized system of preference facility on investment interest in Indonesia; (iv). Analyzing and studying the impact of Indonesia's priority watch list status in the special 301 report on the generalized system of preference facility on export interest in Indonesia; and (v). Analyzing and reviewing the role of e-commerce on Indonesia's priority watch list status in the special 301 report on the generalized system of preference facilities.

This research design uses a qualitative approach with the Grounded Theory type, including coding techniques. The data in this study was carried out through Focus Group Discussion (FGD) which involved stakeholders in accordance with the formulation of the problem that was built. The results concluded that: (i). Stakeholders (Regulators, Operators, Academics, and Associations) tend to have similarities in several aspects, namely the need for Stakeholder Synergy, HR Capacity Building, Technology Utilization, IPR Marketplace Registration, Reporting System Provision, Investigation & Prosecution, and Public Awareness; (ii). The government (DJKI) and other stakeholders must make efforts to be persuasive for IPR registration on the marketplace, cut off accessibility, up to the establishment of an IPR Team by Operators; (iii). Indonesia's PWL status greatly impacts the investment aspect; (iv). PWL also has an impact on other aspects that can affect macroeconomic performance, such as the level of competitiveness, which ultimately affects exports, product prices, and tax exemptions; and (v). There is also a need for e-commerce awareness to protect products sold through its platform.

This research recommends increasing Indonesia's ability to be trusted and finally getting out of the PWL list. This study also recommends a strong supervision aspect through the imposition of fines on e-commerce that violate regulations.

**Keywords:** Intellectual Property Rights; Priority Watch List; FGD, SLRs

## Introduction

Since the beginning of 2015, Indonesia has entered a new era in economic relations, especially trade, which can be seen in the form of the organization that is the ASEAN Economic Community (AEC). However, during the intense competition for the AEC, Indonesia is still facing challenges and obstacles, one of which is the low level of public awareness about the importance of Intellectual Property Rights (IPR). IPR is defined as protection for works that arise because of human intellectual abilities in the fields of art, literature, science, aesthetics, and technology. IPR is one of the pillars of the national economy. Hence, the protection of the IPR must obtain the guarantee of goods in

the regulation and practice of enforcement law. Weak protection of IPR, in the end, will reduce the national economy. Furthermore, this makes Indonesian people pay more attention to issues related to IPR protection because people want the State to protect their IPR during this free market.

Related to that matter, Lee *et al.* (2018) tried to identify the influence of IPR on the flow of foreign investment in developing countries. This study proves that, the protection of IPR give an impact significantly to enhance the amount of foreign investment. Furthermore, a study conducted by Pay *et al.* (2020) concluded that the IPR will impact on export improvement. In the era of free trade, according to Sherwood (2021), there are 5 (five) theories based on IPR protection, namely: *Reward Theory*, *Recovery Theory*, *Incentive Theory*, *Risk Theory*, and *Economic Growth Stimulus Theory*. Related to these 5 theories, it can be seen that there is a very close relationship between HKI and the economic progress of a country. This theory is very relevant tightly with aspects of macro economy especially related to international trading (Export and Import). Export is one important component in Gross Product Domestic (GDP) calculation. Indonesia has share export to various countries, including: India, China, Malaysia, Pakistan, Singapore, Vietnam, Jordan, Tanzania, South Africa, Spain, Italy, Turkey, Russia, and the United States (USA), in an effort to increase Indonesia's GDP.

The USA is one of the countries that requires its main export destination country to own and implement *Generalized System of Preference* (GSP) facilities. Products that obtain GSP facilities include: wood products, agriculture, radial tires, musical instruments, fishing, gloves, tires, porcelain, palm oil products, footwear, and jewelry. Every year in July, the US government always publishes the GSP Guidelines which contain a list of beneficiaries and a list of products that receive GSP facilities. When there is a change in this regime, it will have a direct impact on the prices of various eligible products exported by beneficiaries to the USA. This is what gives effect to changes in market share. GSP has an impact on trade and economic performance in developing countries. The impact of GSP facilities on developed countries as export destinations is also felt namely the decline in the level of imports of products. Due to this condition, at this time, the position of Indonesia became very weak in the field of foreign trade. Hence IPR protection becomes an important issue to be given more attention by the government.

United States issued Special 301 Reports, a report published annually by the United States Chamber of Commerce to evaluate 100 countries that are trading partners of the United States, especially in the field of IPR protection and enforcement. The Special 301 Report is published for the first time since 1989 by providing 2 (two) categories for countries that are deemed not to have effective and adequate IPR protection, namely the Priority Watch List (PWL) and Watch List (WL). The emergence of the Special 301 Report was due to complaints from companies from the United States who felt aggrieved due to violations of their intellectual property rights for goods and/or services products traded in countries that are trading partners of the United States. There are at least 3 (three) elements as the main indicators in the evaluation of the Special 301 Report, including: (i) Protection of intellectual property rights ; (ii) Law enforcement of intellectual property rights; and (iii) Barriers to market access.

Related to the 3 categories above, Indonesia as a country that has PWL status for years, experiences potential to weaken Indonesia's position in the negotiations. This certainly does not only affect the United States, but also the countries that joined the World Trade Organization (WTO) where the countries concerned can impose restrictive policies in the field of export and import trade by Indonesia as a form of intellectual property protection for its products. The violation occurred not regardless also be the responsibility of e-commerce, considering the era of digitalization-based trading technology sophisticated. E-commerce has reformed trading conventional where interactions between past consumers and companies have direct, become interactions that are not direct. E-commerce has changed the paradigm of business classics with growing interaction models between producers and consumers in the virtual world. System trade used in e-commerce is designed for signs in a manner electronics.

Based on the above description, the author is interested to write related to the Special 301 Report with the title "Implications of Indonesia's Priority Watch List Status in the Special 301 Report on the United States Generalized System of Preference Facility".

## **Theoretical Background**

### **International Trading Theory**

According to the principle of comparative advantage, even if a country is less efficient (it doesn't have an absolute advantage over another country) in producing two types of commodities, the country can enjoy profit in trading. Ricardo uses some simple assumptions, they are: (i). There are only two countries and two commodities; (ii). There is free trade; (iii). Perfect mobility in the domestic factor of labor but not free (*immobile*) between the two countries; (iv). Constant production costs; (v). There are no transportation costs; and (vi). No change in technology. In addition

to the above assumptions, there are additional assumptions, namely 'specialization in production' by each country. That is means, all of the production factors owned by the state will be used to produce one type of item only. In empirical research, the concept of comparative advantage is considered to have two useful applications: *first*, as a basis for explaining patterns of specialization in international production and trading; and *second*, can be worn as instruction by the government to determine wisdom, which relate with the allocation of sources power and trading. In this case, this comparative advantage plays an important role in economic problems which is prescriptive (determining).

Temporarily, the Heckscher-Ohlin theory (first proposed in the 1920s by two Sweden economists, Eli Heckscher and his student Bertil Ohlin) proposes a premise that some countries will export goods that own the factor of production is abundant in a manner intensive. Some countries will be stated have their factor of production is abundant, if the ratio of labor to other factors, is larger than the ratio of its partner countries. While an item is called characteristic labor intensive if the cost of labor is the largest part of the value of the goods when compared to other cost of production factors. Heckscher-Ohlin tries to explain the pattern of world trading with disclosure specifically, why price has differences between countries before the country trades each other. Theoretically, trading occurs because there is a price difference.

There are several things that can be considered as a cause of price differences, for example, demand factors or technology differences. But Heckscher-Ohlin doubted this, and instead, they proposed the concept of the factor of proportion in the use of factors of production as the base of the difference in comparative costs. Heckscher-Ohlin theory has assumptions as follows: there are two commodities with two-factor production, that is labor and capital, the appetite consumer is identical and *homogeneous* in all countries, characteristic of production function is *constant returns to scale*, no technological differences between countries, no distortions tax, subsidy, and that is imperfect competition market. So, the Heckscher-Ohlin theory says that a country that is abundant in something factor production will export commodities that intensively use factor production which country the lack. So, pattern trading which happens between countries that differ in the availability of factors of production or the ratio of factors of production to capital to labor is *inter-industry trade*. This trading pattern also happens between Indonesia with developed countries that abundant capital. The debate on relevance theory, where started by Leontief (1953) with the use of data *Input-Output* America Union years 1947 and 1951. Leontief proves that the United States was relatively capital intensive, both in 1947 and 1951, meanwhile, the ratio of capital which contained import and export, turns out bigger than the export. Leontief shows the contradictions of the Heckscher-Ohlin theory because the workforce in the United States is more efficient compared to the labor force in other countries.

Other researchers' question is the dependency to export in an increased economy can produce *sustainable economic growth* in the long run in developing countries due to the volatility and uncertainty in the market world (Jaffee, 1985). The other issue is market in the country proceed enough for accepting export from countries develop or is an obstacle to trade implemented by developed countries can hinder this growth process (Adelman 1984). On the other hand, some opinions actually support the protectionist nature arising from the import substitution strategy (Prebisch, 1950; Singer 1950). It involves the use of instrument policy (tariff, quota, and subsidy) for substitute imports with domestic *output*; import substitution can be implemented without influence from other economies and benefit from increased *employment* and faster *output*. These government policies are often used to support domestic companies from foreign companies.

Promotion of import substitution industries can also help build a variety industry while export promotion can only help certain industries just. Some researchers state that development financing is through import substitution more interesting in a manner political because rates, quotas, and other obstacles can increase taxes quietly. Grossman and Helpman (1991) stated that the use of tariffs can benefit countries that do not have the advantage comparative in key sectors such as research and development so that it can lead to increased growth. Support for selective import protection is still there (Taylor, 1988) and in a manner empirical, there are still a lot of countries that promote exports in one or more sectors, but at the same time protect the other sector. Export promotion and import substitution strategies are clearly complementary, in fact, substitution import can be considered as an important step in export-based growth (Hamilton and Thompson, 1994).

Although there is still the potency for happening growth Led export (GLE), Bhagwati (1988) states that GLE may occur, unless anti-bias trading, appears from growth-induced supply and request. Theory trading neoclassical supports this statement because other factors besides exports can cause output growth. GLE orthodoxy is also justified by Lancaster (1980) and Krugman (1984); a growth economy cause enhancement in skills and technology. The increase in efficiency can create a comparative advantage for the country that facilitate exports. Market failure,

with adequate government intervention, can also cause happen on GLE.

The feedback relationship between exports and output is an interesting prospect. Helpman and Krugman (1985) state that exports can increase from the realization of economies of scale from productivity gains; increased exports can reduce costs which then increase gains which is more in productivity. Bhagwati (1988) suspects that enhancement trading (with reason whatever) will produce more income, which can then result in more trades, and so on. In addition, there is still a possibility that there is no causal relationship to the effect between exports and economic growth when the growth path is determined by other variables like investment (Pack, 1988).

### Intellectual Property Rights

Intellectual property rights or also known as intellectual property are rights granted to intellectual property. The word "Intellectual" itself is the long fruit of the Dreyfus Case which occurred in France in 1896. From this event came the term "Les Intellectuals" which for the first time was used as a title in a declaration of the *Manifeste des Intellectuals*. Departing from this, the term intellectual until now is used as a word that expresses one's thinking power. Intellectual property is something that arises from the results of human thinking and is then poured into a product or process that is useful for human life. These products and processes that are useful for human life deserve protection because they are the result of a human mindset that has gone through a long process of discovery and research. Departing from this, everyone who owns an intellectual work should be given Intellectual Property Rights.

Discussion of intellectual property is no longer foreign in the context of the law. Since the beginning of 2015, Indonesia has entered a new era in economic relations, especially trade as seen in the form of the ASEAN Economic Community (AEC). Public awareness of the importance of Intellectual Property Rights (IPR). Initially, public awareness of the urgency of intellectual property law was still low. However, over time, with the various socialization efforts that have been carried out, in the end, people are increasingly aware of the importance of intellectual property law, especially in Indonesia.

### Special 301 Reports

The Special 301 Report is a report published annually by the United States Chamber of Commerce (United States of Trade Representative) to evaluate the 100 countries that are trading partners of the United States, especially in the field of protecting and enforcing intellectual property rights. The Special 301 Report was published for the first time since 1989 by providing 2 (two) categories for countries that are deemed not to have effective and adequate IPR protection, namely Priority Watch List and Watch List. The emergence of the Special 301 Report was due to complaints from companies from the United States who felt aggrieved due to violations of their intellectual property rights for goods and/or services traded in countries that are trading partners of the United States. At least there are 3 (three) elements that are the main indicators in the assessment of the Special 301 Report, including: (i). Protection of intellectual property rights ; (ii). Law enforcement of IPR; and (iii). Barriers to market access.

In 2021, the Special 301 Report will again release a list of countries that are included in the Priority Watch List (9 countries) and Watch List (23 countries) categories, as follows:

**Table 1. Priority Watch List**

Priority Watch List	Watch List
<ul style="list-style-type: none"> <li>• Argentina</li> <li>• Chile</li> <li>• China</li> <li>• India</li> <li>• Indonesia</li> <li>• Russia</li> <li>• Saudi Arabia</li> <li>• Ukrainian</li> <li>• Venezuelan</li> </ul>	<ul style="list-style-type: none"> <li>• Algeria</li> <li>• Barbados</li> <li>• Bolivian</li> <li>• Brazilian</li> <li>• Canadian</li> <li>• Columbian</li> <li>• Dominican Republic</li> <li>• Ecuador</li> <li>• Egypt</li> <li>• Guatemalan</li> <li>• Kuwait</li> <li>• Lebanese</li> <li>• Mexico</li> </ul>

	<ul style="list-style-type: none"> <li>• Pakistan</li> <li>• Paraguay</li> <li>• Peruvian</li> <li>• Romania</li> <li>• Thai</li> <li>• Trinidad and Tobago</li> <li>• Turkey</li> <li>• Turkmenistan</li> <li>• Uzbekistan</li> <li>• Vietnamese</li> </ul>
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Source: US- Special 301 Report, 2022

There are several things that are of concern to USTR, including the existence of the Notorious Market, both the physical market and the digital market, such as e-commerce which still contains counterfeiting and piracy activities. The report also contains the reasons or evaluation results for countries that are included in the Priority Watch List and Watch List categories. Indonesia, for example, is said to have made some progress in the protection and enforcement of IPR but still leaves various issues such as demands to change regulations which are considered to still cause problems, including provisions in Law Number 13 of 2016 concerning Patents which do not clearly regulate the commercial utilization system of patents that are not granted a mandatory license. Apart from that, the provisions in Law Number 20 of 2016 concerning Marks and Geographical Indications allow the abolition of a registered trademark as a result of the mark being recorded as a geographical indication for a minimum of 2 (two) years. Apart from regulatory issues, USTR also views that digital piracy practices are still occurring and the synergy and coordination between government agencies is not yet optimal in carrying out efforts to protect and enforce intellectual property rights. USTR also reactivated the National Team for Handling IPR Violations which was formed by the Indonesian government in 2006 and formed 1 (one) special unit under the Police Criminal Investigation Agency to conduct investigations in uncovering the crime syndicate behind the practice of counterfeiting and piracy that occurred. Law enforcement officials are also expected to be able to uncover cases of crimes against IPR that have significant value.

According to Reeds et al. (2009), there is 3 stage in stakeholder analysis, that is stakeholder identification, differentiating between and categorizing stakeholder (group and categorize stakeholders), and investigating stakeholder relationships (inquiry interrelation between stakeholders). Through those stages, the OPS task force tries to remove Indonesia from PWL status in the Special 301 Report. Furthermore, the right model can be found to be implemented so that there is a certainty of connectivity between stakeholders, the legal umbrella that regulates SOPs, work systems, and their respective roles and parties, as well as optimal cooperation in removing Indonesia from PWL status in the Special 301 Report.

### Research Methodology

The research design approach is qualitative with a grounded theory type that includes coding techniques. The data retrieval in this study was collected through Focus Group Discussion (FGD), involving stakeholders' appropriate interests with formula-appropriate constructed problems with characteristics study first qualitative.

Furthermore, in nature, the FGD conducted stakeholders will be directed to provide a press perspective on the formulation formed problem in the study. So, the objective of this study can be reached. The results of FGD activities will be poured into the form of transcripts from every informant. Next, based on the transcript already arranged, will coding process is carried out in a manner systematic. In the matter here, coding intended for an interesting existing theme contained in perspective informant in the form of coding nodes (see: Bandur, 2019; Saldana, 2013; Miles et al., 2014; Craswell, 2009; and Raco, 2010). Analysis was done by using NVivo (QRS International, 2013).

The FGD was held on 29 December 2023 by offline. There were 7 informants involved in this FGD. The following table is the profile of the informant:

**Table 2. Profile of Informants**

No.	Informant	Position	Agency
1	Teguh Arifiadi	Governance Director	Directorate General of APTIKA Ministry of Communication & Informatics
2	Ahmad Rifadi	Coordinator Enforcement & Monitoring	Directorate KI General of the Ministry of Law & Human Rights
3	Budi Primawan	Vice President of Government Affairs	Lazada Indonesia
4	Ilham Nurahmadi	Head of Public Policy & Relations Section Government	Tokopedia
5	Prof. Muhammad Zilal Hamzah, Ph.D	Academics	Trisakti University
6	Dr. Freddy Harris, SH, LLM	Academics	-
7	Pratita Mantovani		Indonesia E-Commerce Association

Source: Author (2023)

Besides technique coding, this research also uses the Systematic Literature Review approach to give more figures related to other factors beyond those found in the coding process. An overview of a systematic model is a method for identifying, evaluating, and interpreting all results of a specific study, particular topic, or phenomenon that is attention (Kitchenham, 2004 in Siswanto, 2010). SLRs are used to synthesize proof of existing research in a manner of systematic for article research, review, critique, and synthesize results to answer the research question. SLR technique is normally used inside a meta-analysis. According to Stanley & Jarell (1989) and Lipsey & Wilson (2001), meta-analysis is an analysis of a number of empirical studies that aim to integrate and explain literature about something parameter measurement. A number of studies, in particular social knowledge, have used meta-analysis, like knowledge in psychology (Shapiro & Shapiro, 1982; Rosenthal, 1984; and Smith, et al., 2010), management science (Assmus et al., 1984; and Stanley & Jarell, 1998), even get to the field of macroeconomics (Farly et al., 1981; and Doucouliagos, 1997).

Analysis of bibliometrics used for analyzed data collected on selected subjects (Nobanee et al., 2021). Analysis of bibliometric use technique visualization similarity. Visualization sort of that called mapping bibliometric, allows observation connection in the structure field scientific in matter author, country, document, keywords, and elements production scientific others (Briones- Bitar et al. 2020; Nobanee et al. 2021). Analysis of bibliometrics is done in three stages: data compilation; device software and data cleaning; and analysis, interpretation, and visualization (Nobanee et al., 2021).

## Results And Discussion

### Development of International Trade Indonesia

In addition to carrying out domestic economic activities, Indonesia also carries out international trade activities. International trade is one of the economic activities that has a high potential to increase state income. Both developed and developing countries, they are increasingly competing to display the advantages of their products in the field of international trade in order to increase foreign exchange reserves as much as possible. But in practice, developing countries do not have sufficient capacity to compete with developed countries. This is because the quality of products from developing countries is less qualified when compared to the quality of products from developed countries such as Russia, China, and the United States. Developing countries will get worse in this free trade competition. If reviewed in more depth, free trade should be the key for developing countries to improve their economies by introducing their country's products, so as to expand markets.

Countries in the world provide restrictions on international trade. Tariffs and non-tariff barriers (NTB) are instruments used to increase protection. International trade relations involving developed and developing countries are inseparable from the many trade facilities that have been provided by developed countries to exporters of developing countries, one of which is the Generalized System of Preference (GSP). In principle, the GSP/ SPU is an import tariff system used by developed countries and specifically for products made by developing countries. The GSP/ SPU concept aims to increase foreign exchange from developing countries through exports. With the exemption of tariffs, it is hoped that it will affect the increase in the competitiveness of these products which will later be able to increase their production results. The main goal that must be achieved from the GSP/ SPU concept is the acceleration of economic growth in developing countries through a special approach by increasing the amount of production and increasing their income. Indonesia itself has become a member of world trade through the ratification of Law Number 7 of 1994 concerning the Ratification of the Agreement to Establish the World Trade Organization or WTO. Since then, Indonesia has benefited. The advantage is that Indonesia, which is a developing country under the WTO, has the right to obtain preferential GSP/ SPU tariff facilities from developed countries in the world.

GSP/ SPU is defined as a system used by the world of international trade by providing facilities by lowering tariffs on imported products originating from developing countries so that they can compete fairly with goods from developed countries. The provision of GSP/SPU facilities and recognition by developed countries is inseparable from the struggle of the United Nations Conference on Trade and Development (UNCTAD) and the 77 groups. The trial which was held for the first time in Geneva in 1964 was attended by UNCTAD and the 77 group. The 77 group which included developing countries expressed their dissatisfaction with the international trade system and the conventions that were in effect at that time.

Article 1 of the General Agreement on Tariffs and Trade (GATT) which regulates MFN states that every country in the General Agreement on Tariffs and Trade (GATT) opens its market fairly to all other countries. In practice, if a country cooperates with other countries that are its trading partners, then they agree to cut tariffs. The tariff reduction applies automatically to other countries. The tariffs that have been agreed upon cannot be increased unless there are negotiations to compensate all countries.

Based on the provisions above, products from developed or developing countries may be subject to the same import duty rates. This is the main factor that makes it difficult for developing country groups to develop their industries because they are not sufficiently able to compete with the quality of products from developed countries where we know that the technology of developed countries is more sophisticated than the technology of developing countries. Therefore, developing countries propose to provide GSP/SPU facilities so that developed countries have the authority to exempt or reduce import duty rates for products originating from developing countries. This has been stated in Article 1 of the GATT where developed countries that have provided GSP/ SPU do not need to give the same tariffs to member countries and other GATTs.

Then, the proposal was discussed again in the second meeting of UNCTAD which took place in New Delhi, India in 1968. In the end, on July 25, 1971, the developed countries members of the GATT agreed to give preference to imports from developing countries within a period of 10 years and an extension could be implemented for the next period. Until now, countries that provide preference systems are Switzerland, the United States, Bulgaria, Czechoslovakia, Poland, Australia, Austria, Canada, EEC (12 countries), Finland, Japan, Norway, New Zealand, Sweden, Hungary, and Russia. The preferential country is called a donor country, while the recipient country is called a beneficiary country.

Based on the preference system, donor countries have the right to stop or revoke the provision of GSP/SPU facilities based on the considerations and policies of each country depending on the conditions put forward in *the beneficiary country* when an agreement is formed between one another. However, in general, revocation or termination is carried out if the donor country is of the view that *the beneficiary country* is capable enough to compete in the market of donor countries and the beneficiary country will be removed from the beneficiary list. Examples of this group are countries that belong to the Asian Tigers or what are often called Newly Industrialized Countries (NIC) such as Korea, Taiwan, Hong Kong, and Singapore. One of the uniqueness of GSP is that even though it is required to adopt by developed countries, it still gives freedom to each country in determining its own beneficiaries and product list.

United States (USA) is one of the countries that has the main export destination by implementing the Generalized System of Preference (GSP) facility or Generalized System of Preferences (SPU). Products that obtain GSP facilities from the USA include wood products, agriculture, radial tires, musical instruments, fishery, gloves, tires, porcelain, palm oil products, footwear, and jewelry. Every year in July, the US government always publishes the GSP Guide which contains a list of beneficiaries and a list of products that receive GSP facilities. Then in July 2015, the USA has

just officially published the GSP Guidelines. When there is a change in the GSP regime, it will have a direct impact on the prices of various eligible products exported by beneficiaries to the USA. This is what gives effect to changes in market share.

GSP facility has an impact on performance and trade and economic performance in developing countries. An example is the Bangladesh case where since the product was removed from the GSP list there was a significant decline in the performance of apparel exports to the USA and EU. However, the impact of the GSP facility on developed countries as export destinations is a decrease in the level of product imports from developing countries in the case of imports of textile agricultural products in the USA which decreased when the two products concerned were removed from the GSP list.

GSP is intended for manufactured goods originating from developing countries such as Indonesia. Based on the official website of the Ministry of Trade of the Republic of Indonesia entitled "Five Indonesian Products Enter the GSP Program in the US", 5 Indonesian products regained the GSP tariff system facility from the United States. The five products consist of sugar syrup, artificial honey, and caramel (with HS 46021223); rattan goods specifically for handicrafts (with the number HS 46021223); laminated bamboo plywood (with number HS 44121005); thin wood plywood less than 66 mm (with HS number 44123141155); as well as dried onions (with HS number 09082220). The United States International Trade Commission (USITC) also carries out assessments for export products that obtain GSP facilities. This assessment was carried out for countries such as Ecuador, Pakistan, Thailand, Brazil, and Indonesia which are partners of the United States. Assessment by the United States was carried out for 6 export products from Indonesia. However, stearic acid products ( with HS number 38231100 ) no longer receive preferential tariffs because the export value has exceeded the competitive limit. The point is that stearic acid products are considered capable enough to compete and have a very good market share in the United States market, therefore special treatment is no longer needed.

At this time, the GSP preferential tariffs are utilized for only 836 products out of a total of 3,572 products. Car tires with USD 138 million, gold necklaces with USD 126.6 million, fatty acids with USD 102.3 million, leather handbags with USD 4.8 million, and jewelry accessories with USD 69 million are Indonesia's main export products. exported to the United States under the GSP scheme. In 2018, Indonesia's exports using the GSP facility were recorded at USD 2.13 billion, out of Indonesia's total exports to the United States which amounted to USD 18.4 billion. Then from January to December 2018, Indonesia saved USD 101.8 million by utilizing GSP. In principle, GSP is a unilateral program by the United States government by freeing import duty tariffs to the United States market.

### **Results of Focus Group Discussion (FGD)**

As explained before, informants are divided into 4 categories namely: Regulators, Operators, Academics, and Associations. For the Regulator category there are 2 informants namely: (i). Teguh Arifiadi - Director of Governance of the Directorate General of APTIKA, Ministry of Communication & Informatics; and (ii). Ahmad Rifadi - Coordinator Enforcement & Monitoring of Indonesia E-Commerce Association. Next, for the Operator category, there are 2 informants namely: (i). Budi Primawan - Vice President of Government Affairs Lazada Indonesia; and (ii). Ilham Nurahmadi - Head of Public Policy & Relations Tokopedia. Next, for category Academics also have 2 informants involved, namely: (i). Prof. Muhammad Zilal Hamzah, Ph.D – Trisakti University; and (ii). Dr. Freddy Harris – University of Indonesia. Next, only there is one involved informant representing the perspective of the Association, Pratita Mantovani - Indonesia E-Commerce Association.

Transcript from the results of these FGDs then coding in a manner aggregate, and at least there are 15 nodes with hierarchy highest, as following:



**Table 3. Hierarchical Nodes Reference Aggregate**

No.	Nodes	Ref.	Files coded	Max. Value	Share
1	Stakeholder Synergy	5	5	7	72%
2	Upgrade HR capacity	4	4	7	57%
3	Provision of Reporting System	3	3	7	42%
4	Utilization Technology	3	3	7	42%
5	Transportation Regulation	2	2	7	28%
6	Penalty Administration	2	2	7	28%
7	Public Awareness	2	2	7	28%
8	Investigation & Prosecution	2	2	7	28%
9	Prevention Product	2	2	7	28%
10	Registration for IPR Marketplace	2	2	7	28%
11	Termination Accessibility	2	1	7	28%
12	IPR Protection Team	2	2	7	28%
13	PWL > FDI Inflow	2	2	7	28%
14	PWL > Competitiveness > Export	1	1	7	14%
15	Investor Perception	1	1	7	14%

Source: Data processed

Those results show that the 15 nodes above have the biggest contribution in whole hierarchies, either in a manner amount references and data sources. This signifies, overall (4 categories informant), fine in a manner implicit nor explicitly, agree about the necessity of stakeholder synergy interest in supporting Indonesia for go out from the Priority Watch List (PWL). Besides that, nodes "Stakeholders Synergy" own mark source highest (5) by total contribution by 57%. It signifies that all informants and all existing data sources insinuate the necessity of synergy stakeholders related to PWL Indonesia. As for the other nodes i.e. "Upgrade HR Capacity" own reference by 4 with mark contribution by 57%. It signifies that, exists about 80 % of offending informants about necessity development agency HR expertise concerned and the community related with issue IPR. Next, nodes "Provision Reporting System", and "Utilization Technology", each has amounted the same reference i.e. 3 or mentioned by 42% of the informants involved. As for nodes, others own a similar interpretation.

Furthermore, will examine the comparative chart analysis between stakeholders. There are around 8 common nodes (Stakeholders Synergy, Improvement HR Capacity, Utilization Technology, Registration of IPR Marketplace, Provision of Reporting System, Investigation & Prosecution, Sanctions Administration, and Public Awareness) between Regulators and Operators. In comparison between Regulators and Associations, there is only 1 common node (Stakeholders Synergy and Termination Accessibility). In comparison between Regulators and Academics, there is 1 common node (Stakeholders Synergy). In comparison between Operators and Academics, no there are similarity nodes in the second mentioned party, fine in a manner explicit nor implicit. Neither found common nodes for the second-mentioned party. Comparison between Association and Academics, neither found common nodes the second mentioned party, fine in a manner explicit nor implicit.

Based on the table above, the coefficient correlation between nodes "Termination Accessibility" vs "Take Down Process Speed" has a coefficient correlation of 0.77. It signifies that the correlation between both of them is relatively enough high. Linkages between the two nodes refer to termination accessibility as a must be supported with qualified factors in order to be able to reach the speed of the termination process in question (efficiency time). As for linkage second showed between the nodes "Improved Governance" and "Utilization Technology" has mark correlation highest second ie 0.630157. It also signifies that both of them own mark the relative relationship as moderate. Second matter the related to the enhancement the quality of Governance must be based on the utilization of technology.

**Systematic Literature Review**

Filtering articles through a number of criteria inclusion and exclusion done with the help of Preferred Reporting Items for Systematic Reviews and META Analysis (PRISMA) diagrams. The following is a table showing, in broad outline, how many lots article to be used (*eligible articles*), as follows:

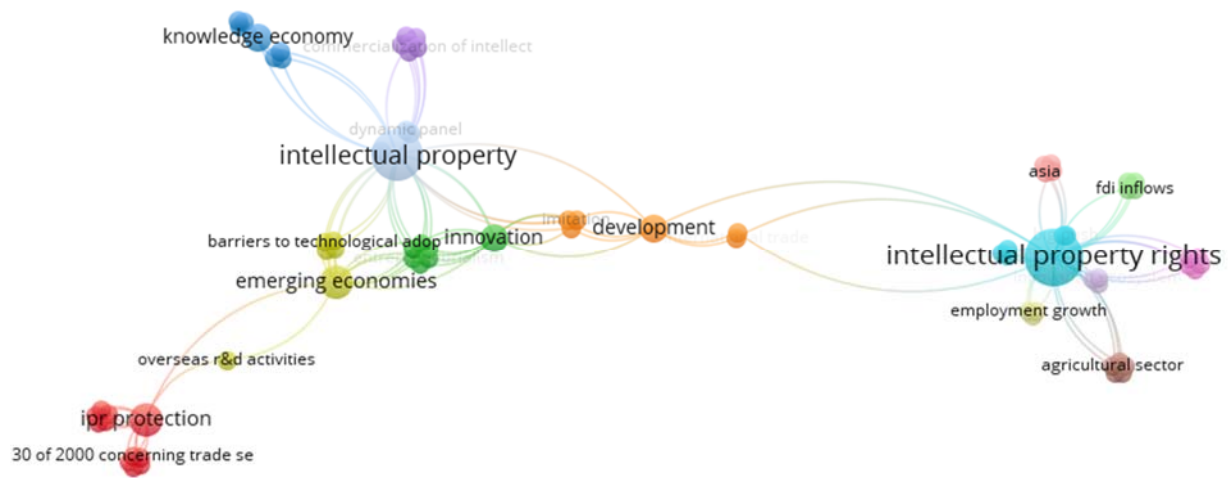
**Table 4. Tabulation Inclusion & Exclusion Data Source**

2010-2023	Keyword Used (Publish or Perish)		
	Intellectual Property Economy	Intellectual Property Investment	IP Competitiveness
recorded	96	109	22
Gross Totals	227		
Excluded	72	76	18
Included	24	33	4
Total Article Included	61		

Source: Processed data (2023)

Referring to the table and figure above can be explained that, keywords that are input in searching articles and data sources used the Publish or Perish (PoP) software with criteria time publication between 2010-2023 (14 years). The keywords are: (i). Intellectual Property Economy; (ii). Intellectual Property Investment; and (iii). Intellectual Property Competitiveness. Based on the search of the keywords used, generated as many as 227 data (n = 295), with detail: (i). Intellectual Property Economy (96 articles); (ii). Intellectual Property Investment (109 articles); and (iii). Intellectual Property Competitiveness (22 articles). Furthermore, from 227 available data, by using the first exclusion criterion that the data must be published in the form of an article and not in other forms (chapter in a book, review, book, note, etc.), these criteria filtered as many as 166 data not in article qualification, so the remaining data is as many as 61 articles (n = 61). Hence, there are 61 eligible articles for analysis more continue. For the next stage, will map the network in a manner partial to each keyword used. First, will show results mapping on keywords that refer to the main themes of the study Intellectual Property Economy (n = 24), as follows:

**Figure 1. The Keyword Network Intellectual Property Economy**

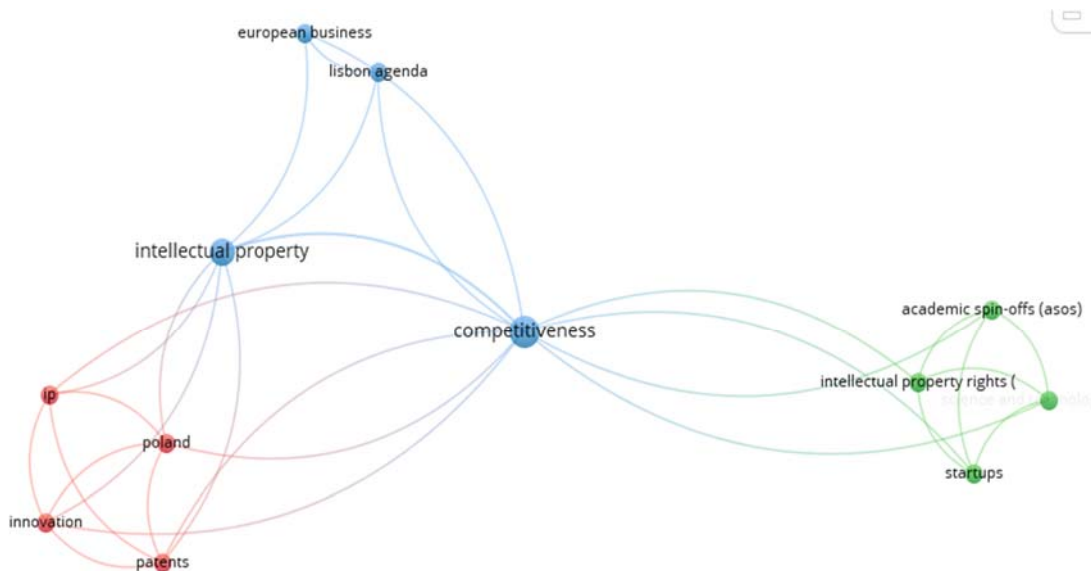


Source: Processed data (2023)

Based on the above figure, there are 10 clusters mapped from the main keyword network of Intellectual Property Economy. Cluster 1 (red) consists of 11 items/nodes namely: 30 of 2000 Concerning Trade Secrets, China, Creative Economy, Culinary Industry, Franchise Agreement, Governance, Institutional Duality, IPR Protection, Law No, Party State, and Rule Through Law. Cluster 2 (Green) also consists of 7 items/ nodes namely: Entrepreneurialism, Higher Education, Indonesia, Innovation, Public University, Research, and Technology Commercial. Furthermore, Cluster 3 (Blue) consists of 7 items/ nodes: Intellectual Property Rights, Inter-Country Comparison, IPR, Knowledge, Knowledge Characteristic, Knowledge Cluster, and Knowledge Economy.

Furthermore, will showed results mapping on keywords that refer to themes big study namely Intellectual Property Competitiveness (n = 4), as follows:

**Figure 2. Intellectual Property Competitiveness Keyword Network**



Source: Processed data (2023)

Based on the picture above, there are 3 mapped clusters in the keyword network of Intellectual Property Competitiveness. Cluster 1 (red) consists of 4 items/nodes namely: Innovation, IP, Patents, and Poland. Cluster 2 (Green) also consists of 4 items/nodes namely: Academic Spin-Offs, Intellectual Property Rights, Science & Technology, and Start Up. Furthermore, Cluster 3 (Blue) consists of 4 items/nodes: Competitiveness, European Business, Intellectual Property, and the Lisbon Agenda.

Furthermore, will showed results mapping on keywords that refer to the main themes of this study ie. Intellectual Property Investment (n = 33). There are 10 mapped clusters in the network of keywords. Cluster 1 (red) consists of the 9 items/ nodes namely: Azerbaijan, Foreign Direct Investment, Georgia, Intellectual Property Rights, Panel Data Analysis, Panel OLS, Patent Protection, and Turkey. Cluster 2 (Green) also consists of 9 items/nodes namely: BRICS Countries, Economic Freedom, Foreign Direct Investment, Gravity Model, Institutions, Intellectual Property Rights, IPRS, Productivity Growth, and Regional Trading Arrangements. Furthermore, Cluster 3 (Blue), is also composed of 9 items/nodes: Absorptive Capacity, Developing Economies, FDI, Foreign Direct Investment, Intellectual Capital, Intellectual Property Rights, Panel Data, Technological Innovation, and Trips Agreement.

In the keywords, Intellectual Property Investment also produces the same result where IPR is concerned with foreign investment foreign. Furthermore, it will also be shown regarding the mapping from studies on disaster intellectual property protection through density analysis below:

**Figure 3. A Combined Keyword Density Analysis**

Source: Processed data (2023)

Based on the picture above, it can be seen that many studies using the keyword Intellectual Property Rights have been carried out, but relatively few are related to aspects of competitiveness, the economy, and investment that are included in all (61) eligible articles. This indicates that, of the 61 eligible SCOPUS articles, relatively few studies regarding the relationship between IPR and aspects of competitiveness, the economy, and investment have been carried out compared to other topics.

## Conclusions and Policy Recommendations

### 5.1 Impulse case

Based on the results and analysis previously described, several conclusions can be drawn as follows:

- a. The views of stakeholders (Regulators, Operators, Academics, and Associations) tend to have similarities in several aspects, namely the need for stakeholder synergy, HR capacity building, technology utilization, IPR marketplace registration, reporting system provision, investigation & prosecution, administrative sanctions, and public awareness;
- b. Implementation of strategies carried out by the government (DJKI) and other stakeholders in dealing with Indonesian PWL issues such as: coordinating each stakeholder, increasing HR and community capacity, providing a qualified reporting system, more optimal use of technology, regulatory transformation, administrative sanctions, efforts to increase public awareness, investigation & prosecution, prevention of products, persuasive efforts to register IPR on the marketplace, cut off accessibility, to the establishment of an IPR Team by operators.
3. The impact of Indonesia's PWL status on the investment aspect is enormous. This can be seen from the existence of PWL nodes, FDI inflow, and investor perception.
4. Not only for investment, PWL also has an impact on other aspects that can affect macroeconomic performance, such as: the level of competitiveness which ultimately affects exports, product prices, and tax exemptions.
5. *E-commerce* has a causal impact on one another, however, e-commerce in Indonesia is very aware of the need for awareness to protect products sold through its platform.

## Policy Recommendations

Based on the results of the research either through FGD or SLR, there are several recommendations, including:

1. As for the first keywords, found exists linkages between IPR nodes and FDI Inflows. It is proven by one earlier study stated that the protection of IPR has a significant impact to enhance the amount of FDI inflows. Other studies also found that IPR not only impacts on FDI inflow but also has an impact on the increase of export.
2. For the second keyword, found that wealth intellectual related to the aspect of power competition. One study earlier shows that the protection of IPR will impact directly to the level of competitive power. It implies that increase power competitiveness able to attract investor interest in embed the capital.

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