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# ENHANCING INDONESIA'S FOREIGN EXCHANGE EARNINGS THROUGH COLLABORATIVE EFFORTS IN THE INDONESIA-MALAYSIA-THAILAND GROWTH TRIANGLE (IMT-GT) INITIATIVE

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Abstract: This research aims to explain the Indonesian government's efforts to develop Indonesian halal tourism through trilateral cooperation with Malaysia and Thailand, known as the Indonesia, Malaysia, Thailand Growth Triangle (IMT-GT), which is cooperation between subregions. To analyze this problem, conceptually this research uses a liberalism paradigm to examine efforts to develop Indonesian halal tourism through IMT GT collaboration carried out by the Indonesian State and Indonesian religious representatives. In improving the country's positive image, Indonesia carries out public diplomacy through halal tourism. In the IMT GT collaboration, halal tourism was proposed because it saw potential through the increasing interest of world Muslim tourists. This type of research is qualitative research using secondary data based on the results of literature studies with the concept of Nation Branding. The Indonesian Nation Branding concept uses halal tourism instruments to make Indonesia a world halal tourist destination and increase foreign tourist visits. One form of Indonesia's Nation Branding is by establishing the Halal Tourism Indonesia Logo, Halal Tourism Indonesia: The Halal Wonders, to describe its halal tourist destinations. Apart from that, other efforts made by Indonesia in diplomacy with halal tourism are through national and international exhibitions. The results of this research also show the efforts of the Indonesian government in Indonesian halal tourism through IMT developing collaboration by providing Islamic services and facilities that are more guaranteed halal and comfortable for foreign Muslim tourists visiting Indonesia and also increasing the number of Indonesian halal tourism business actors to improve Indonesia's image. This was done so that the global community, especially the Muslim community, could get to know Indonesia better from Islamic aspects and natural beauty, this succeeded in achieving the



strategic plan of the Indonesian government, especially the Ministry of Tourism, through efforts to develop Indonesian halal tourism together with contributions from 2 other countries towards the progress of the tourism industry and factors that will complicate the progress of tourism in IMT-GT members countries if implemented individually.

Keywords: Halal Tourism, Liberalism, IMT-GT, Tourism, Nation **Branding** 

Abstrak: Penelitian ini bertujuan untuk menjelaskan upaya Pemerintah Indonesia melakukan pengembangan wisata halal melalui kerja sama trilateral bersama Malaysia dan Thailand yang dikenal dengan Indonesia, Malaysia, Thailand Growth Triangle (IMT-GT) yang merupakan kerja sama antarkawasan subregional. Untuk menganalisis permasalah tersebut, secara konseptual penelitian ini menggunakan Paradigma Liberalisme guna mengkaji upaya pengembangan wisata halal Indonesia melalui kerja sama IMT GT yang dilaksanakan oleh Negara Indonesia serta para perwakilan keagamaan Indonesia. Dalam meningkatkan citra positif negara, Indonesia melakukan Diplomasi Publik melalui wisata halal. Kerja sama IMT GT mengusung wisata halal karena melihat adanya potensi melalui minat wisatawan muslim dunia yang semakin bertambah. Jenis penelitian ini adalah penelitian kualitatif menggunakan data sekunder berdasarkan hasil studi pustaka. Konsep Nation Branding digunakan sebagai instrument untuk menganalisis pariwisata halal menjadikan Indonesia sebagai destinasi wisata halal dunia dan meningkatkan kunjungan wisatawan mancanegara. Salah satu bentuk Nation Branding Indonesia adalah dengan menetapkan Logo Halal Tourism Indonesia, Halal Tourism Indonesia: The Halal Wonders, untuk menggambarkan destinasi wisata halalnya. Selain itu, upaya lain yang dilakukan Indonesia dalam berdiplomasi dengan pariwisata halal yaitu melalui pameran nasional dan internasional. Hasil kajian dari penelitian ini juga menunjukkan upaya dari pemerintah Indonesia dalam pengembangan wisata halal Indonesia melalui kerja sama IMT GT dengan menyediakan layanan serta fasilitas islami yang lebih terjamin kehalalannya serta kenyamanan bagi para wisatawan muslim mancanegara yang berkunjung ke Indonesia dan juga memperbanyak pelaku usaha wisata halal Indonesia untuk meningkatkan citra Indonesia. Hal tersebut dilakukan sehingga membuat masyarakat global khususnya muslim lebih dapat mengenal Indonesia dari aspek keislaman serta keindahan alam, hal tersebut berhasil mencapai rencana strategi dari pemerintah Indonesia khususnya Kementerian pariwisata melalui upaya pengembangan Wisata halal Indonesia bersama kontribusi dari 2 negara lainnya terhadap kemajuan industri pariwisata serta faktor-faktor yang akan mempersulit kemajuan



pariwisata di negara anggota IMT-GT jika dilaksanakan secara sendiri-sendiri.

Kata Kunci: Wisata Halal, Liberalisme, IMT-GT, Pariwisata, Nation Branding

#### INTRODUCTION

Tourism has become a key strategy in enhancing economic competitiveness. The rapid development of tourism requires integrated and synergistic management with other development sectors to maximize positive impacts and minimize negative effects. Tourism itself is one of the largest contributors to the domestic tourism industry, as mandated by Indonesian Law Number 10 of 2009 on Tourism. Article 4 states that the goals of tourism include fostering economic growth, improving social welfare, eradicating poverty, reducing unemployment, protecting the environment and resources, and advancing culture. Globally, the tourism sector has shown consistent growth each year. According to data, global tourist arrivals have increased from 25 million in 1950, with tourism revenues amounting to 2 billion dollars, to 1.186 billion tourists in 2015, generating tourism activities valued at 1.260 billion dollars, as reported by UNWTO in 2016 (Alwafi, 2018). This highlights that tourism is a sector capable of significantly boosting a country's economy if its potential is effectively harnessed. This is especially relevant in the ASEAN region, where tourism is regarded as a strategic sector. The liberalization of trade in tourism services among ASEAN member countries has been ongoing for nearly 15 years. Given the substantial opportunities and potential in Southeast Asia, ASEAN has been able to compete with other regions worldwide. This is evidenced by the increasing number of tourist arrivals each year, with ASEAN's average tourism growth rate reaching the highest levels in global tourism growth trends.

Tourism and travel have become significant concerns for Indonesian society. As a country with a predominantly Muslim population, Indonesia ensures that various aspects of daily life align with Islamic principles. For Muslims, particularly those with conservative values, numerous factors influence their



decisions regarding travel and tourism, one of which is the concept of halal. In recent years, there has been a growing interest among tourists in Indonesia's tourism industry, which offers halal facilities, commonly referred to as halal tourism. Halal tourism involves activities or objects permissible in Islam, designed for Muslims to engage in travel and tourism in accordance with Islamic principles. Islamic law (sharia) serves as the foundation for providing tourism services and products to cater primarily to Muslim travelers. These services and products include halal hotels (hotels adhering to sharia principles), halal restaurants (restaurants that ensure and serve halal food and beverages), and halal travel packages, enabling Muslims to appreciate the beauty of Allah's creation while adhering to their faith (Priyadi, 2016).

Halal tourism services and products must be available at every tourism destination across Indonesia. Each year, new and diverse halal destinations emerge, contributing to the rapid development of domestic tourism and meeting the needs of both local and international communities. Currently, the trend of Islamic economic development in Indonesia encompasses various sectors, including tourism, fashion, culinary arts, cosmetics, and even pharmaceuticals, all integrated into the concept of halal tourism. This trend has grown significantly and has become one of the most prominent sectors in the tourism industry, attracting both domestic and international tourists under the umbrella of halal tourism. Indonesia itself has become a key player, an attraction, and a developer in the global halal tourism landscape. Muslim tourists often seek destinations that offer services and facilities aligned with Islamic religious obligations. Indonesia has been recognized as a leading halal tourism destination by various international tourism ranking agencies in several specific aspects. This recognition underscores the country's commitment to maintaining and enhancing the quality and achievements of its halal tourism offerings, ensuring they meet the needs of both local and international Muslim travelers (Kemenparekraf, 2021).

One of Indonesia's efforts to maintain and enhance the quality of halal tourism is by establishing sub-regional cooperation with Malaysia and Thailand. This collaboration, known as the Indonesia-Malaysia-Thailand Growth Triangle



(IMT-GT), includes initiatives in the tourism sector, particularly halal tourism, with a focus on improving halal standards in Southeast Asia. Indonesia began to take the development of its halal tourism industry seriously in 2017, recognizing that Muslim travelers require halal certification for food and beverages. According to data from the Global Muslim Travel Index 2018 (GMTI 2018), Indonesia ranked second as the most preferred halal tourism destination for Muslim travelers worldwide in 2018, with Malaysia holding the first position (Global Muslim Travel Index, 2018). The index outlines several criteria used to evaluate a country's potential as a halal and Muslim-friendly destination, including ease of access and communication factors. These elements are crucial for tourists, as they facilitate interactions and ensure a more comfortable travel experience.

Indonesia has successfully met the criteria as a halal tourism destination. Despite being a relatively new concept, halal tourism significantly contributes to building a Muslim-friendly image and enhancing modern facilities in traditional tourism destinations. As a result, halal tourism has the potential to grow rapidly worldwide, particularly in Southeast Asia, home to some of the largest Muslim populations globally, such as Indonesia, Brunei Darussalam, and Malaysia. Moreover, Southeast Asian countries offer captivating natural attractions, diverse cultural heritage, and halal-certified culinary experiences, making them highly appealing to Muslim tourists, who represent the majority of visitors to the region. Indonesia, in particular, is supported by numerous components that can accelerate the development of halal tourism on an international scale. However, challenges remain, such as addressing issues related to gambling, prostitution, nightclubs, alcohol sales, and other activities outside the bounds of Islamic principles. These issues require special attention from the Indonesian government to ensure the continued growth and global competitiveness of halal tourism.

Indonesia continues to accelerate the development of halal tourism, one of which is through collaboration with neighboring countries that share deep historical, cultural, and linguistic ties. With southern Thailand and northern Malaysia sharing land borders and separated from Sumatra, Indonesia only by the narrow Strait of Malacca, these three Southeast Asian countries also maintain



strong and growing economic relations. The trilateral sub-regional cooperation program, the Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT), aims to stimulate economic development in 32 less-developed states and provinces across the three countries, home to more than 54 million people (ASEAN Development Bank, 2025).

In developing halal tourism, IMT-GT member countries strive to establish laws and halal certification regulations to support the growth of this sector. In Thailand, the Central Islamic Council of Thailand (CICOT) oversees halal certification, while in Malaysia, the responsibility lies with the Department of Islamic Development Malaysia (JAKIM). Consequently, the halal tourism sector in Southeast Asia—particularly in Indonesia, Malaysia, and Thailand—is expected to grow through IMT-GT public diplomacy strategies. A tourism destination must obtain halal certification from the respective country's religious authority. Halal tourism, which emphasizes services tailored to Muslim tourists, provides a sense of exclusivity and specialized attention to visitors traveling to destinations with halal tourism products designed specifically for Muslim travelers. This study will analyze how these three countries, directly involved in the IMT-GT initiative—initially aimed at boosting their respective economies have expanded the cooperation to include halal tourism. It will examine how this collaboration can manage the progress of halal tourism in these nations. The research question posed in this study is: "How does the IMT-GT cooperation in the halal tourism sector contribute to increasing Indonesia's foreign exchange earnings?"

#### **METHODS**

This study employs a descriptive research design to understand the phenomenon of halal tourism development in Indonesia within the framework of international economic cooperation under IMT-GT. The research aims to describe the role of tourism as a tool for increasing national foreign exchange revenue, while also analyzing the diplomacy efforts undertaken, the media utilized, and the outcomes achieved. A qualitative approach, as defined by Biklen and Bogdan, is applied,



producing descriptive data in the form of written text and observations. The focus of this research is to describe halal tourism as a government program aimed at attracting Muslim tourists to develop tourism and boost national foreign exchange earnings. The study is conducted as library research, using secondary qualitative data collected from documents, articles, journals, books, and other credible sources. Data collection techniques include literature review by reading, analyzing, and studying relevant theories related to halal tourism, liberalism, IMT-GT, tourism, and nation branding. Only data from credible sources, such as peer-reviewed journals or scholarly books, are utilized in this research.

#### ANALYTICAL FRAMEWORK

This study utilizes the liberalism paradigm in International Relations (IR). There are three fundamental assumptions within the liberalism paradigm. The first assumption is that states are not the only actors in international relations, as there are also non-state actors that rely on state legitimacy. The second assumption is that anarchy is orderly. The third assumption is that hierarchy exists, supported by international rules and laws. Among these three assumptions, the one most relevant to this research is: the state as a representative of national interests, which stem from the interests of individuals and social groups. In liberalism, the government's role is to direct the interests of domestic actors, and these interests are then translated into public policy. This perspective aligns with the analysis of halal tourism and the role of the state in facilitating international cooperation through frameworks such as IMT-GT, while balancing domestic and international stakeholders' interests.

The unit of analysis in this research is the state, with Indonesia as the primary actor in International Relations, playing a role in the issue at hand. The unit of explanation, on the other hand, is the halal tourism program as an effort undertaken by Indonesia to attract international tourists, particularly Muslim travelers, to visit the country. To determine the level of analysis, the author refers to Mochtar Mas'oed's perspective, who categorizes analysis into four levels: individual, group, nation-state, and international system. Given the research



phenomenon, the level of analysis applied is the nation-state level. At this level, the focus is on the decision-making process regarding international relations, particularly the foreign policy of the nation-state as a cohesive unit. The researcher utilizes the nation-state level of analysis because it enables an understanding of how international relations involve studying decision-making processes at the state level, especially in foreign policy. Therefore, this analysis considers the nation-state as an integral unit.

The concepts used in this research are *Nation Branding* as described by Gudjonsson, which refers to efforts to change, improve, or enhance a country's reputation (Gudjonsson, 2005), and *Tourism* as defined by Charles R. Goeldner, J. R. Brent Ritchie, and Robert W. McIntosh, who describe tourism as the science, art, and business of attracting and gathering visitors, including the accommodation and catering services that meet the needs and desires of tourists (Charles R. Goeldner, 2000). The reasons why countries seek to collaborate globally include: (i) improving economic welfare by reducing costs and overcoming production limitations for various products needed by society; (ii) saving money and reducing the impact of collective security threats; and (iii) mitigating the negative effects of actions taken by one country that may impact others.

There are two main aspects of Nation Branding: (i) Nation Branding influences a country's overall image on the international stage, encompassing political, economic, and cultural dimensions; and (ii) Nation Branding occurs when governments or private companies use their influence to persuade those capable of changing the image of a nation (Aronzyk, 2008). As a communication strategy and practical initiative, Nation Branding allows countries to manage and control the image they project to the world more effectively. It enables them to attract the "right" types of investment, tourism, trade, and talent. In this context, Nation Branding arises and is formed when countries seek to change or maintain a positive image in the international arena.



#### RESULTS AND DISCUSSIONS

# The Dynamics of Halal Tourism Development

The cooperation in the halal tourism sector between Indonesia, Malaysia, and Thailand aims to increase the number of foreign visitors, especially Muslim tourists, to Indonesia. One prominent case study is the development program of halal culinary SMEs (Small and Medium Enterprises) in Lombok, West Nusa Tenggara, which is known as one of the leading halal tourist destinations in Indonesia. SMEs in Lombok utilize traditional spices such as turmeric, ginger, and lemongrass to create authentic and halal food products, enriching the tourist experience (Kompas.com, 2023). In another sector, Muslim fashion SMEs, such as those in Pekalongan, Central Java, introduce clothing made from batik patterns designed in accordance with Sharia principles (Antara News, 2023). These programs highlight the important role of SMEs in supporting Indonesia's halal tourism as part of its Nation Branding on the international stage.

The Indonesian government supports SMEs through strategic programs, such as the target of digitizing 30 million SMEs by 2024 within the digital economy ecosystem. This initiative includes providing training, marketing assistance, and education on the importance of halal certification. For instance, the Halal Product Assurance Agency (BPJPH) and the Ministry of Tourism and Creative Economy actively guide SMEs in obtaining halal certification (Detik Finance, 2023). With this approach, SME products like halal cuisine from Lombok and Muslim batik from Pekalongan can penetrate international markets, enhancing competitiveness and building trust among global Muslim tourists. This effort also aligns with the goals of the IMT-GT cooperation in promoting halal tourism as one of the key economic sectors.

There are several key factors that help increase the global halal market, such as the growing Muslim population, the expanding middle class, the youngest Muslim population compared to other religious groups in the world, quality services in Muslim-friendly schemes, increased access to information amidst the



development of information and communication technology related to travel, Ramadan tourism, and business travel for entrepreneurs.

IMT-GT has a strategy to develop the halal industry sector and increase global interest through promotion. Indonesia, Malaysia, and Thailand use technology such as apps and social media to promote halal tourism. This is part of IMT-GT's effort to leverage media to raise awareness about the potential of the halal industry and manage news in member countries. The Indonesian government promotes halal tourism by utilizing digital technology through the "Indonesia Muslim Friendly" app. This app has received many positive reviews as it contains information about halal tourist destinations, mosques, halal restaurants, navigation and maps, prayer times, and qibla directions. In addition, the Indonesian government also uses captions and hashtags about halal tourism in its promotional content. The Indonesian government hopes to increase the interest and attraction of global tourists to visit halal tourism destinations in Indonesia by using these two strategies.



Figure 1. Indonesia Muslim Friendly App Source: Google Play Store, 2025



# Halal Tourism Programs and Policies in IMT-GT

The Indonesian government utilizes various technological tools to promote halal tourism, including websites and social media managed by the Ministry of Tourism and Creative Economy (Kemenparekraf). Kemenparekraf also has accounts on Twitter, Facebook, and Instagram to facilitate communication with their target audiences. In addition, Kemenparekraf has a data platform that uses an adaptive map approach and big data technology innovation to provide information about tourist destinations, supporting infrastructure, and attractions across Indonesia, known as the National Tourism Information System (SIS PARNAS). This system supports policy-making as a service provided to government stakeholders and regional tourism in accordance with the provisions of the Tourism Law No. 10 of 2009. SIS PARNAS also provides tourism indicators as data.

Indonesia and Malaysia are leaders in the halal industry, with both countries having a majority Muslim population. Indonesia utilizes the "Indonesia Muslim Friendly" app, while Malaysia has the Islamic Tourism Center (ITC) as a platform to promote halal tourism and provide comprehensive information about destinations, food, mosques, hotels, tour agencies, events, and more. Thailand, on the other hand, plays an active role in promoting itself as a Muslim-friendly country and its halal tourism through the government-run website of the Tourism Authority of Thailand (TAT). Thailand has excelled in the halal tourism industry, ranking second in the "Top 10 Destinations for Muslim Travelers" in the category of non-OIC (Organization of Islamic Cooperation) member countries, according to the GMTI 2018 data.

The three governments of the IMT-GT (Indonesia, Malaysia, and Thailand) utilize various media to promote halal tourism, applying the news management theory through websites, smartphone apps, and social media. Both offline and online media are strategically managed to convey information effectively. This demonstrates the commitment of the IMT-GT governments to enhance the appeal of tourism for Muslim travelers and develop the halal industry. Through these efforts, they can promote their countries as quality and comfortable



halal tourism destinations and reach a broader target market. Additionally, another strategy implemented by IMT-GT to enhance the halal tourism sector in Southeast Asia, particularly in Indonesia, Malaysia, and Thailand, is through strategic communication. Strategic communication involves campaigns with specific messages, planned and managed activities to support the campaign aimed at a wide audience, including individuals, businesses, and Non-Governmental Organizations (NGOs). This activity also involves shaping perceptions regarding the political, tourism, trade, investment, and cultural responsibilities of a country as a whole, without distinguishing between institutions.

## Challenges and Implementation

In the halal tourism sector, besides development, there are also challenges, obstacles, and strengths. The challenges and strengths of Indonesia's halal tourism through the IMT-GT cooperation are that Indonesian halal tourism is also part of Indonesia's strategy to build a positive image on the international stage. The lack of coordination between institutions in promoting Indonesia's halal tourism makes it still relatively new and developing slowly compared to other Muslim countries. Issues related to the determination of human resources and environmental resources remain a topic of debate. Therefore, greater and more coordinated efforts are needed to promote Indonesia's halal tourism through the sub-regional cooperation between Indonesia, Malaysia, and Thailand.

From the information above, it can be seen that Indonesia's halal tourism has undergone several changes and challenges. Although still relatively new and developing at a slow pace, the Indonesian government has made efforts to promote halal tourism through IMT-GT cooperation. Some of the challenges faced in the development of Indonesia's halal tourism include the lack of support from the government and the lack of coordination between institutions. The challenges in developing Muslim-friendly halal tourism in Indonesia stem from the availability of infrastructure and the insufficient understanding of the public (Nasution, 2021). Tourism recovery is also hampered by the increasing risks of global uncertainty and the limited capacity of air transportation amidst the rise in



global energy prices. The estimated number of airplanes in mid-2022 was only 63 percent of the pre-pandemic level due to airports that have not fully recovered. These factors do not necessarily close the opportunities for improving the tourism sector's performance, particularly the Muslim-friendly tourism sector, as long as the synergy between tourism stakeholders and the government remains focused and able to capture the new trends in tourism (Republika, 2022).

However, Indonesia's halal tourism also has several strengths, as it is considered to have an influence on the Gross Domestic Product (GDP) and is one of the sectors that plays an important role in Indonesia's economy through tax revenues, foreign exchange earnings, and other contributions. Furthermore, in its implementation, global tourism continues to grow rapidly, and the Indonesian government is deploying all its efforts to compete with other countries through the right strategies and innovations that are effective and productive. Not only the Indonesian government, but also halal tourism operators are adhering to Islamic principles by providing services and facilities that are Muslim-friendly. This includes providing adequate prayer services, such as clean ablution areas and prayer spaces, ensuring the availability of halal food, and guaranteeing that there are no activities that go against Islamic teachings, such as the sale of alcoholic beverages (Nurlianah, 2021).

There are three other strengths that Indonesia possesses in developing halal tourism. First, the potential comes from the wealth and diversity of national tourism resources. Second, there is a positive attitude and strong public interest in the development of halal tourism. Third, Indonesia's position as a destination for halal tourism investment, given that Indonesia is a majority Muslim country. In the context of Halal Tourism, policies are implemented to ensure significant progress for the advancement of Halal Tourism in the three countries involved in the IMT-GT cooperation. These include promoting regions at specific international meetings, ensuring the availability of halal-certified restaurants, and establishing halal-friendly spaces in work areas. The halal tourism policies applied directly to the three countries in cooperation also include export-oriented halal SMEs. These policies aim to make it easier for Muslim tourists or local Muslims,



whether they are first-time visitors or repeat travelers, to shop without hesitation or difficulty in finding halal products, since Muslim consumers are very sensitive when purchasing goods, ensuring they meet halal standards. The growth of Halal Start-ups is seen as a solution for Muslim travelers.

Additionally, there are general tourism policies implemented by IMT-GT that can support progress and ensure the comfort of tourists in their travels, such as establishing air transportation cooperation that facilitates easy access for tourists wishing to visit and prioritizing effective collaboration within IMT-GT. The facilities and policies in place are adequate and support tourists' needs. The cooperation between Indonesia, Malaysia, and Thailand in the IMT-GT framework in the advancement of halal tourism is measured by the GMTI, which serves as a benchmark for countries to assess how halal tourism development can position a nation as a favored halal tourist destination globally. In conclusion, the author suggests that the pandemic period significantly impacted tourism activities. However, despite these disruptions, there was a fluctuation in the global halal tourism ranking scores. IMT-GT continues to strive to implement policies such as the concept of tourism that is not only halal but also thoyyiban (safe), and to explain strategies that governments can adopt to recover from setbacks through the tourism sector. The study indicates five strategies that the government can apply to establish halal thoyyiban tourism in Indonesia, including mass socialization to the public and stakeholders, infrastructure development to enhance mobility and connectivity, strict health protocols, direct community development, and continuous mentoring (Nurjanah, 2022).

### Potential and Achievements

The opportunities and achievements in the development of halal tourism in Indonesia through the IMT-GT cooperation can be seen in the potential Indonesia possesses through its tourism aspects to enhance the country's positive image and boost economic and tourism growth on the international stage. This is channeled through joint programs within the sub-regional cooperation. According to the "Global Muslim Travel Index 2017" study by MasterCard and CrescentRating,



Indonesia, as an Organization of Islamic Cooperation (OIC) country, ranks third among the most visited Muslim tourist destinations globally. Halal tourism can be an effective means to introduce Indonesia's Muslim-friendly tourism to the international community. Through promotion of Indonesia's status as a Muslim-majority nation, its traditional cuisine, beautiful and lush nature, and numerous grand mosques, Indonesia can broaden understanding and appreciation of its tourism offerings on the world stage. Indonesia's diverse tourism offerings hold great potential for the development of halal tourism. One such place is Setu Babakan Betawi Cultural Village, a unique and culturally rich destination strongly associated with Islam. In 2018, the Betawi Cultural Village became an example of halal tourism in Jakarta. Furthermore, the Istiqlal Mosque in Central Jakarta, the largest mosque in Southeast Asia, plays an important role in attracting Muslim tourists to Indonesia's capital. The grandeur of Istiqlal Mosque undoubtedly leaves a lasting impression on Muslim visitors, highlighting its significance as a key destination for international Muslim tourists visiting Jakarta (Fadlah, 2023).

The National Committee for Shariah Economy and Finance is fully supported by the Ministry of Tourism and Creative Economy in developing tourism and creative economy as part of Muslim-friendly tourism and the growth of the Shariah economy. Shariah economy and halal tourism are closely interrelated because the growth of the Shariah economy will improve along with the success of halal tourism development. The Indonesian government hopes to find solutions for sustainable economic development as the Shariah economy grows in parallel with the implementation of halal tourism.

Indonesia also has a great opportunity to become a leading figure in halal tourism, as many international Muslim tourists look to Indonesia when seeking halal travel destinations. This is because, in addition to having beautiful places, Indonesia also boasts a unique culture and the world's largest Muslim population. Based on the explanation above, it is undeniable that halal tourism in Indonesia has tremendous potential for growth due to its majority Muslim population and its diverse, beautiful tourist attractions. However, it is important to note that Indonesia's potential will not reach its full development if not properly managed.



If the government only offers partial support instead of full commitment, the growth will be hindered (Rasyid, 2017).

In addition to being a land with diverse regions and their respective attractions, Indonesia has significant potential to become a global destination for halal tourism. Its strategic location also contributes to Indonesia's high chances of success in the tourism sector, especially in Muslim-friendly tourism. Moreover, Indonesia is home to unique fauna and flora that can attract tourists. The comfort of international religious tourists in Indonesia is largely influenced by the fact that the majority of its population is Muslim, making Muslim tourists feel at ease when visiting the country. Indonesia's halal tourism can attract more visitors by highlighting its advantages and ensuring the availability of halal-friendly attractions. The Indonesian government, along with various institutions involved in halal tourism, has made significant efforts to ensure that tourist destinations adhere to halal standards. These efforts have paid off, as Indonesia's halal tourism achieved the fourth position in the World Halal Tourism Award 2016 in Abu Dhabi. To further improve halal tourism in Indonesia, the successes achieved should serve as motivation. From an economic perspective, halal tourism contributes significantly to the country's growth. Therefore, halal tourism not only brings enjoyment to tourists but also becomes a safe and comfortable recreational destination for Muslims. By addressing various aspects of halal tourism, Indonesia will continue to strive for the optimal development of halal tourism in the future.

# Contribution of IMT-GT Collaboration to Indonesia's Foreign Exchange Earnings

Every country in the world, especially in the era of globalization, aims to strengthen its foreign exchange reserves and expand its national economy by seeking new sources of income. Indonesia is one of the countries that strives to achieve strong foreign exchange reserves, and one of the ways to achieve this goal is through cooperation with other countries, including sub-regional cooperation with the Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT), which is a regional economic cooperation initiative. The shared goal of this cooperation is to



improve the welfare of the member countries of IMT-GT by promoting economic growth and strengthening the relationships between Indonesia, Malaysia, and Thailand. This cooperation has contributed significantly to Indonesia's foreign exchange revenue, particularly through its flagship program in the tourism industry.

Tourism in Indonesia has experienced a positive trend. In 2015, the industry contributed significantly to the GDP, foreign exchange, and job creation. The national GDP reached 10% in 2015, with the highest nominal in ASEAN, and the tourism sector grew by 4.8%, with a rising trend up to 6.9%. This growth is quite high compared to industries such as manufacturing, agriculture, mining, and automotive. With a GDP value of 1.7 million dollars, tourism contributed 1 million dollars in 2015. This sector also generated 9.8 million new jobs. The recovery of the tourism and creative economy sectors has strengthened post-pandemic, although it has not yet reached pre-pandemic levels. According to the Central Statistics Agency (BPS), foreign tourist arrivals (wisman) in the first quarter of 2023 reached 2.5 million visits, an increase of 508.87% compared to the same period in 2022. The Ministry of Tourism and Creative Economy (Kemenparekraf) also predicts that the number of foreign visitors by the end of this year could reach approximately 9 million visits.

The tourism sector is one of the main pillars of Indonesia's economy and a significant contributor to foreign exchange earnings. The Organization for Economic Co-Operation and Development (OECD) in its 2022 report "Tourism Trends and Policies" stated that in 2019, the tourism sector contributed 5.0% to Indonesia's gross domestic product (GDP). However, the COVID-19 pandemic in 2020 caused a 56% decline in tourism's contribution to GDP, reducing it to just 2.2% of the total economy (Mediakeuangan.kemenkeu.go.id, 2023). Despite this, Indonesia managed to recover and climb to third place in the Global Islamic Economy Indicator (GIEI) in the 2023 report released by DinarStandard in Dubai, United Arab Emirates, ranking just below Malaysia and Saudi Arabia. The GIEI also highlighted those imports of halal products by member states of the Organization of Islamic Cooperation (OIC), including Indonesia, Malaysia, and



Thailand, which include sectors such as food and beverages, fashion, pharmaceuticals, and cosmetics, reached USD 359 billion in 2022. This figure is expected to grow at a 7.6% compound annual growth rate (CAGR) to USD 492 billion by 2027 (Ekon.go.id, 2021).

The increase in GDP is a result of the initiatives from the sub-regional cooperation of the Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT), which serves as a driving force for growth, integration, and development among the three neighboring countries. Coordinating Minister for Economic Affairs Airlangga Hartarto emphasized the need to strengthen solidarity and cooperation within the IMT-GT to address the economic and health crises caused by the pandemic. Airlangga further stated that he, along with the Ministers of Malaysia and Thailand, agreed to ensure that all targets within the IMT-GT cooperation would be achieved and benefit the people. Through the circular economy, Indonesia is projected to create 4.4 million new jobs and contribute an additional US\$42.2 billion to its GDP by 2030 (BPJH.halal.go.id, 2023). The effective platform of IMT-GT, established in 1993, aims to enhance multilateral and bilateral trade and investment in the region.

Through IMT-GT cooperation, Indonesia has made efforts to boost foreign exchange earnings, one of which is through infrastructure development. From this collaboration, Indonesia has benefited from the development of joint infrastructure projects, such as toll roads, airports, ports, and train stations. The number of tourists visiting Indonesia is expected to increase as infrastructure improves, which in turn will enhance connectivity between the IMT-GT countries. This growth in foreign exchange earnings will be felt through the arrival of tourists, resulting in increased spending on accommodation, food, transportation, and local goods.

The increase in Indonesia's foreign exchange earnings is certainly influenced by key sectors, such as halal tourism. Therefore, the successful organization of the 42nd ASEAN Summit in Labuan Bajo, Manggarai, East Nusa Tenggara (NTT) has been significant. One of the outcomes of the ASEAN



Summit held at the Meruorah Hotel in Labuan Bajo on May 11, 2023, was the establishment of the Visit Year IMT-GT 2023-2025 program, which is expected to positively impact the halal tourism sector in the three ASEAN countries. IMT-GT is a sub-regional cooperation involving three countries: Indonesia, Malaysia, and Thailand. Last year, this cooperation delivered impressive results. Despite the global crisis, IMT-GT's trade volume reached 618 billion US dollars in 2021. This year, the Visit Year IMT-GT 2023-2025 program will involve 10 provinces in Sumatra (Indonesia), Southern Thailand, and Malaysia. Moving forward, it is expected that the IMT-GT cooperation program will help accelerate inclusive and sustainable economic growth in the three countries. (ASEAN, 2017).

In the same field, Indonesia has pursued opportunities for IMT-GT cooperation, which not only benefits primary product business actors but also enhances the multiplier effect for the economic development of various layers of Indonesian society through the increase in the export of processed products, which must be supported by adequate policies. The opportunities for developing renewal activities by entrepreneurs will increase income, raise the standard of living, and boost consumption levels. This increase will encourage changes to expand production levels and attract new investments. This is crucial as the private sector will be able to leverage the development opportunities presented by this cooperation axis. The role of the private sector or halal tourism business actors is very important, as they are the ones directly producing the products needed by the countries involved in the IMT-GT cooperation, whether in capital formation, foreign exchange generation, or job creation, which ultimately drives economic growth in the region (Intan Fitri, 2020).

One of the programs from the IMT-GT cooperation that can make the biggest contribution to Indonesia's foreign exchange revenue is the tourism sector. The high tourism potential can be seen from the three IMT-GT countries, with various attractive tourist attractions and continuous tourism promotion among these countries, including tour package promotions, tourist destinations, and joint marketing efforts. For Indonesia, there are many facilities and conveniences that can enhance bilateral trade activities through the IMT-GT cooperation, such as the



elimination of trade barriers, the formation of preferential trade agreements, and the harmonization of customs procedures. These conveniences make it easier for Indonesian industries focused on exports to enter the global market, significantly increasing Indonesia's foreign exchange earnings. Below are the contributions of IMT-GT cooperation that can raise Indonesia's foreign exchange revenue:

- 1. Infrastructure Development: The improvement of connectivity and facilitation of smooth investment and trade flows are achieved through the role of IMT-GT in infrastructure development. Increased transportation networks ease the movement of services, goods, and people, which is the result of ongoing IMT-GT projects such as the Trans-Asia Highway and Trans-Kalimantan Highway. Improved competitiveness in trade makes Indonesia more attractive to tourists, leading to increased foreign exchange revenue from tourism-related activities due to better infrastructure. A total of 14 infrastructure projects under the Indonesia-Malaysia-Thailand cooperation, worth around IDR 555 trillion, have been completed. These include the Tanah Melayu Berhad (KTMB) Railway, Perlis Cargo Terminal, Palembang Light Rail Transit (LRT), Tanjung Kelayang Special Economic Zone (SEZ), Sei Mangkai SEZ, Arun SEZ, and Palapa Ring. Additionally, other infrastructure projects include facilities like Customs, Immigration, Quarantine (CIQ) at Wang Prachan, CIQ at Padang Besar (Thailand), New CIQ at Sadao, New CIQ at Bukit Kayu Hitam, CIQ at Padang Besar (Malaysia), Hat Yai Airport, Betong Airport, and Songkhla Rubber City (IMT-GT, 2021).
- 2. **Increased Trade**: The increase in trade volume between member countries is one of the main contributions of IMT-GT to Indonesia's foreign exchange earnings. Under IMT-GT cooperation, member countries have easier access to each other's markets, which can help increase imports and exports between IMT countries. Indonesia's foreign exchange revenue rises as Indonesian products enter the Malaysian and Thai markets, while imports from these countries will also contribute positively to foreign exchange earnings, both directly and indirectly. One such promotional event is the IMT-GT Expo 2023, a platform for promoting grassroots



economy in the growth triangle region. Especially for SMEs, which play a key role in the grassroots economy of the IMT-GT area, this promotional event proves that only through active involvement and synergy among all parties can the full potential of IMT-GT cooperation be maximized. The IMT-GT Expo also serves as a platform to showcase the creative industries in the region, with representatives from SMEs in Indonesia, Malaysia, and Thailand expected to open opportunities for expanding market access and inspiring more concrete cross-border collaborations to support economic growth in the region. Additionally, the IMT-GT Expo implements a new breakthrough driven by Indonesia during its ASEAN Chairmanship in 2023: the Local Currency Transaction (LCT) initiative. This allows five ASEAN countries, including Indonesia, Singapore, Malaysia, Thailand, and the Philippines, to use QR codes or e-wallets for cross-border payments (Ekon.go.id, 2023).

3. **Increased Foreign Investment**: Indonesia has the potential to attract more foreign investors through IMT-GT cooperation. Through this cooperation, member countries create a conducive investment environment that is appealing to foreign investors, which includes reducing trade barriers, simplifying regulations, and protecting intellectual property rights. With increased foreign investment in Indonesia, foreign exchange earnings will also grow through capital inflows from foreign investors. One of the efforts to increase foreign investment is through organizing the IMT-GT Growth Triangle Business Forum, which brings together entrepreneurs to discuss and open up opportunities for investment and cooperation in Special Economic Zones (SEZs) and Industrial Zones within the IMT-GT region. This event is also part of the implementation of the IMT-GT 2022-2026 Blueprint, aiming for strategic steps to leverage the economic corridor approach by developing cross-border and regional production networks. Deputy of International Economic Cooperation at the Coordinating Ministry for Economic Affairs, Edi Prio Pambudi, emphasized that the government prioritizes strengthening economic corridors by developing cross-border and regional production networks.



The 2022-2026 Blueprint has identified 16 flagship projects to encourage transformation and regional integration. IMT-GT's location along major global trade routes offers several key advantages. These modalities must be utilized by continuously innovating and collaborating to build an integrated investment area and create a better future for people in the IMT-GT region. One of the focus activities is joint promotion of Special Economic Zones (SEZs) and Industrial Zones (Ekon.go.id, 2023).

- 4. **Increased Infrastructure Investment**: Indonesia has the opportunity to receive joint infrastructure investments through IMT-GT sub-regional cooperation. Through these investments, infrastructure projects in Indonesia and the country's foreign exchange earnings can be increased through the return of capital and profits from these projects. The three IMT-GT countries have agreed to cooperate in investing in infrastructure, agriculture, and tourism projects. Of the 73 signed projects, 11 infrastructure projects were agreed upon in 2014, with a total investment value of US\$5.2 billion. The largest investment comes from Indonesia, amounting to US\$4.55 billion, covering projects such as the development of ports, the Trans-Sumatra toll road, Lampung-Bakauheni, multimodal transport in the Melaka-Dumai economic corridor, and the construction of roads from Banda Aceh to Kuala Simpang. Malaysia's total investment is US\$320 million, with projects such as the Melaka-Pekanbaru Power Interconnection and ICOS Bukit Kayu Hitam. Thailand's total investment reaches US\$353 million, with port development (Phuket and Nakula), the Hat Yai-Sadao intercity road, and cargo distribution centers in Thungsong. Of the 73 projects under the implementation blueprint and new initiatives, 8% are completed, while 74% are ongoing. This cooperation is expected to provide growth sources for each country (Ekon.go.id, 2024).
- 5. **Tourism Collaboration**: An important and significant benefit of IMT-GT cooperation is the tourism industry. Efforts to attract international tourists to visit Indonesia include collaborative marketing, providing joint tour packages, and promotional campaigns. The improvement of infrastructure, the creation of joint travel itineraries, and cross-border travel initiatives



have created comfortable and safe travel experiences for tourists, thus increasing tourism revenue and foreign exchange earnings for Indonesia. One form of tourism collaboration in IMT-GT is the Visit Year IMT-GT 2023-2025 program, which involves 10 provinces in Sumatra, South Thailand, and Malaysia. With three main issues: first, downstreaming industries, including tourism, and strengthening connectivity, the goal is to increase tourist visits. Given the geographic and cultural proximity of the three countries, the initial target of 60 million tourists could be reached with the Visit Year initiative, potentially generating an additional foreign exchange of US\$75 billion. Despite the global situation, in 2021, IMT-GT's trade volume reached US\$618 billion (Setiawan, 2023).

### **CONCLUSIONS**

This research highlights the strategic role of the Indonesian government in leveraging halal tourism as a tool for public diplomacy through the Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT) cooperation. Halal tourism not only serves as a means to attract international Muslim tourists but also contributes to strengthening Indonesia's positive image as a leading halal tourism destination worldwide. By adopting the concept of Nation Branding, Indonesia has successfully integrated tourism promotion with the development of local MSMEs (Micro, Small, and Medium Enterprises) focusing on high-quality halal products, such as food, fashion, and sharia-compliant services. The IMT-GT cooperation has had a positive impact on increasing foreign exchange earnings through tourism, bilateral trade, and foreign investment. Within this cooperation, infrastructure development, such as toll roads, airports, and ports, has been a key driver in improving connectivity and accessibility between countries. In addition, technology-based tourism promotions, such as the "Indonesia Muslim Friendly" app, have expanded Indonesia's halal tourism market reach to the international stage. These efforts help enhance Indonesia's appeal as a global halal tourism destination.



However, some challenges remain, such as the lack of coordination among institutions, infrastructure that is not yet fully adequate, and the limited public understanding of the importance of halal tourism. Despite these challenges, the government has shown commitment through strategies such as the digitalization of MSMEs, halal certification, and widespread socialization to stakeholders. These efforts are expected to improve the competitiveness of Indonesia's halal tourism sector in the global market. With its vast potential, such as a majority Muslim population and cultural diversity, Indonesia has significant opportunities to become a leader in the halal tourism industry. The IMT-GT cooperation also presents strategic opportunities to accelerate inclusive and sustainable economic growth in the regional area. Through this collaboration, Indonesia can continue to increase its contribution to the global sharia economy while advancing halal tourism as a key sector that has a broad impact on national development.

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