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OPPORTUNITIES TO ADVANCE INDONESIA'S ECONOMY THROUGH THE OECD AND BRICS

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Abstract: *Indonesia's membership in the Organisation for Economic Co-operation and Development (OECD) and BRICS (Brazil, Russia, India, China, South Africa) is a strategic step to strengthen its economic and political position on the global stage. In facing global challenges such as the COVID-19 pandemic and commodity price fluctuations, involvement in these two organizations is expected to provide significant benefits for economic growth and national development. Joining the OECD provides access to best practices and international standards, which can enhance the quality of public policies and Indonesia's economic reputation. Meanwhile, membership in BRICS offers opportunities to expand export markets and increase cooperation with other developing countries. Despite challenges, such as economic disparities among BRICS members and the need to improve the competitiveness of national products, this move reflects a pragmatic approach in Indonesia's foreign policy. By leveraging opportunities from both organizations, Indonesia can accelerate its economic transformation and achieve the status of a developed nation in line with the vision of Indonesia Gold 2045.*

Keywords: Indonesia, OECD, BRICS, economic growth, international cooperation.

Abstrak: Keanggotaan Indonesia dalam Organisation for Economic Co-operation and Development (OECD) dan BRICS (Brazil, Rusia, India, China, Afrika Selatan) merupakan langkah strategis untuk memperkuat posisi ekonomi dan politik di kancah global. Dalam menghadapi tantangan global seperti pandemi COVID-19 dan fluktuasi harga komoditas, keterlibatan dalam kedua organisasi ini diharapkan dapat memberikan manfaat signifikan bagi pertumbuhan ekonomi dan pembangunan nasional. Bergabung dengan OECD memberikan akses ke praktik terbaik dan standar internasional, yang dapat meningkatkan kualitas kebijakan publik dan reputasi ekonomi Indonesia. Sementara itu, keanggotaan dalam BRICS menawarkan peluang untuk memperluas pasar ekspor dan meningkatkan kerjasama dengan negara-negara berkembang lainnya. Meskipun terdapat tantangan, seperti ketimpangan ekonomi antar anggota BRICS dan kebutuhan untuk meningkatkan daya saing produk nasional, langkah ini mencerminkan pendekatan pragmatis dalam politik luar negeri Indonesia. Dengan memanfaatkan peluang dari kedua organisasi ini, Indonesia dapat mempercepat transformasi ekonomi dan mencapai status negara maju sesuai dengan visi Indonesia Emas 2045.

Kata Kunci: Indonesia, OECD, BRICS, pertumbuhan ekonomi, kerjasama internasional.

INTRODUCTION

Economy refers to a series of interconnected production and consumption activities that play a role in determining the distribution of limited resources. To evaluate the economic condition of a country, various economic indicators are used, such as Gross Domestic Product (GDP), economic growth rate, unemployment rate, and inflation rate (Widayati et al. 2023). Becoming a developed country is a goal that Indonesia continues to strive for to improve the quality of life of its citizens, although this faces various challenges that hinder the achievement process. As a developing country with the largest economy in Southeast Asia, Indonesia has faced significant economic dynamics between 2019 and 2024. This period was marked by various global challenges, such as the COVID-19 pandemic, international supply chain disruptions, and commodity price fluctuations. In 2019, Indonesia's economy grew by 5.02%, reflecting domestic economic stability before the pandemic occurred (Asian Development Bank 2022).

The economic advancement of a nation is undoubtedly affected by global economic circumstances. International economic interactions significantly impact the economic progress of individual nations. Typically, development in emerging nations such as the Republic of Indonesia is predominantly concentrated on the economic sector, as economic advancement is pivotal to the country's prosperity. This has a direct impact on the improvement of community welfare, poverty reduction, and job creation, all of which contribute to the enhancement of the residents' quality of life. If the economy grows significantly, there will be changes that include progress in various other fields. In the long term, inclusive and sustainable economic growth is needed to enhance a country's productivity. Therefore, the Indonesian government is increasingly open to Indonesia's active involvement in the Organisation for Economic Co-operation and Development (OECD) and BRICS (Brazil, Russia, India, China, South Africa).

This engagement gives access to an extensive network of international coll aboration, enabling Indonesia to enhance its competitiveness and economic resilie nce, while upholding the 'Free and Active' philosophy that underpins Indonesia's f oreign policy (Widianto 2024). This principle allows Indonesia to remain independent in determining international policies while proactively taking advantage of the opportunities offered by multilateral cooperation. Through a press release from the Coordinating Ministry for Economic Affairs, several important aspects related to international economic cooperation continue to be monitored, one of which is the accession process, with Indonesia joining as a member of the OECD, which opens broader access to the markets of other OECD member countries and encourages investment (Limanseto 2024).

Indonesia's cooperation with the OECD has been established since 2007, as one of the largest emerging economies in the world. Their relationship began when Indonesia became a Key Partner Country of the OECD through the Enhanced Engagement Program. Based on Dewi et al. (2024) view Indonesia's decision to become a member of the OECD, an influential multilateral organization focused on economic research and development. Since its establishment in 1960, the OECD has held a strategic position in the global governance system. As a transnational forum, the OECD plays an important role in formulating the economic development policy agenda through the development, standardization, and dissemination of methodologies, analyses, and best practices. That role encompasses various strategic sectors such as taxation, trade, education, environment, governance, and international development (Dewi et al. 2024). Indonesia's decision to join the OECD marks an important step in the process of economic transformation and institutional strengthening. This membership not only enhances Indonesia's position on the global stage but also brings significant benefits to the economic sector and other sectors (Amandawati 2024). Through the OECD, Indonesia has the opportunity to overcome the middle-income trap and accelerate the transition towards developed country status, in line with the grand vision of Indonesia Emas 2045.

Indonesia has also shown its interest in joining BRICS, a group of developing countries led by China and Russia, while continuing the process of becoming a member of the OECD, which is mostly composed of Western developed countries. This desire reflects the implementation of Indonesia's free and active foreign policy, with a focus on contributions in various international forums without being tied to any particular alliance. The Minister of Foreign Affairs, Sugiono in Gozali & Pashya, (2024) revealed that Indonesia's participation in BRICS aims to expand economic cooperation with other developing countries, especially in regions that have long been overlooked such as Africa and the Middle East. This step is also expected to strengthen Indonesia's position on the international stage while opening new opportunities in the global economy. BRICS has a vision as an alternative to the global economic dominance that has so far been controlled by Western countries, including OECD members. This group seeks to promote trade and development among its member countries, reduce dependence on the United States dollar, and develop an alternative financial assistance system (Pratama 2024).

The OECD and BRICS serve distinct functions and pursue divergent aims. The OECD primarily emphasizes economic, social, and educational laws for its members, the majority of whom are industrialized nations, predominantly from Europe. The OECD functions as an international platform for industrialized nations to establish global policies, thereby allowing member countries to formulate regulations that align with international systems. BRICS is an organization that pursues substantial economic growth prospects and addresses challenges encountered by developing nations. The BRICS members predominantly comprise emerging nations yet exert considerable influence on the global economy. One advantage of additional countries joining BRICS is the provision of alternative solutions for its members, exemplified by the founding of the New Development Bank (NDB), which focuses on building development projects in developing nations (Ramadhani 2024).

Indonesia has expressed interest in concurrently joining two organizations with distinct traits and objectives: BRICS and the OECD. President Prabowo Subianto remarked that pursuing membership in both organizations is not a hindrance, provided that such an initiative yields a substantial positive effect on Indonesia's economy. He asserts that Indonesia's participation in both forums exemplifies a realistic foreign strategy, prioritizing national interests and concrete advantages. Indonesia's accession to BRICS will facilitate enhanced collaboration with developing nations exhibiting significant economic growth potential in regions like Africa and the Middle East. Meanwhile membership in the OECD will provide access to best practices, international standards, and enhanced integration prospects with advanced economies worldwide. This strategy not only broadens Indonesia's worldwide collaboration network but also demonstrates flexibility and adaptability in addressing complicated global dynamics (Ulya and Ihsanuddin 2024).

Therefore, it is important to conduct an in-depth analysis of the opportunities and challenges faced by Indonesia in its efforts to promote economic progress through engagement with the OECD and BRICS. This research aims to further explore how the benefits of membership in both organizations can be integrated into Indonesia's economic development strategy. This analysis is expected to provide insights into the concrete steps that need to be taken to ensure that Indonesia can maximize the potential of its membership in BRICS and OECD, thereby supporting the achievement of national development goals and long-term economic success.

METHODS

This research adopts a descriptive-analytical approach with qualitative methods, aiming to describe phenomena in detail and analyze them in depth. Data in this study were obtained from various credible sources, such as official OECD and BRICS reports, government documents, as well as journal articles and academic publications. Quantitative analysis was conducted using descriptive statistics to map economic indicators, such as GDP, trade, and investment, which were used to identify opportunities and challenges in cooperation between Indonesia and the OECD and BRICS in an effort to promote economic growth in Indonesia.

According to Neuman (2014), the qualitative approach is a research method that focuses on the analysis of a specific case or problem occurring at present. This approach relies on subjective understanding based on relevant facts and historical data. The facts and data are then processed through collection, analysis, and interpretation to provide a deeper understanding. Next, Bogdan & Taylor (2010, and Moleong 2012) explain that qualitative research with a descriptive-analytical approach involves the analysis and elaboration of data through descriptions in the form of words, both written and spoken, based on information from sources or observations of the phenomena being studied. In general, the descriptive-analytical approach begins with the systematic presentation of data to provide a factual depiction of the research object. After that, an analysis is conducted to identify patterns, relationships, or factors that influence the phenomenon. Thus, this approach not only serves to describe a phenomenon but also provides deep insights through the analysis of various interconnected aspects.

RESULTS AND DISCUSSIONS

Opportunities and Challenges of the OECD and BRICS

Indonesia derives substantial benefits from membership in BRICS and the OECD, each through distinct methodologies. It is essential to evaluate the potential and problems Indonesia would encounter if it decides to join both organizations.

i. ***The Opportunities and Challenges of the OECD***

Organization for Economic Cooperation and Development (OECD) is an international organization established in 1961 with the aim of accelerating the economic recovery of its member countries after World War II. Initially, this organization consisted of only 21 countries, but by 2024, the number had grown to 38 members. The main goal of the OECD is to encourage investment and financing to support the economic development of its member countries. If Indonesia joins, it will become one of the first countries in Southeast Asia to become an OECD member and the third in Asia after South Korea and Japan.

Indonesia's chances of becoming an OECD member are very high, considering its status as an OECD partner since 2007. This membership will provide Indonesia with broader access to free trade markets with OECD member countries due to the Open Market policy implemented by this organization. This policy can open up significant opportunities for Indonesia to expand its export and import activities, allowing local products to become more recognized in the international market. In addition, membership in the OECD also allows Indonesia to gain support for developing economic policies based on international standards, which will strengthen the national economy's competitiveness. By joining the OECD, Indonesia also has the opportunity to play a larger role in global decision-making while attracting more foreign investment. However, to fully capitalize on this opportunity, Indonesia needs to face challenges such as meeting the high OECD standards in various sectors, including governance, the environment, and human rights. This will require significant domestic reforms to ensure Indonesia's readiness to become part of this organization dominated by developed countries. Thus, joining the OECD is a strategic step that can accelerate Indonesia's economic transformation while enhancing its position on the international stage.

Despite the significant economic opportunities, Indonesia must exercise ca ution in developing future policy.OECD data (2024) illustrated in Figure 1 demon strates the preeminence of raw materials within the national export framework. This situation underscores the necessity of industrialization to enhance the local added value of raw resources, whereas Figure 2 illustrates that Indonesia’s exports of medium-high technology manufactured goods remain comparatively low relative to other nations. This underscores the need for industrialization initiatives to enhance value addition via domestic raw material processing. Industrialization enables Indonesia to manufacture superior and more competitive export goods on the global market.

Moreover, the advancement of the domestic manufacturing sector might generate additional employment possibilities, mitigate unemployment, and bolster national economic growth. We must confront the issues by improving the competitiveness of domestic products, especially under fierce global market competition. Indonesia must invest in advanced technology and human resource development to manufacture goods that comply with international standards. The government must implement measures that enhance the industrial ecosystem, including offering incentives for investors, safeguarding small and medium enterprises (SMEs), and ensuring sufficient infrastructure. Through the integration of industrialization and suitable trade strategies, Indonesia may optimize the advantages of its OECD membership and enhance its standing in the global value chain. This methodology is essential to ensure enduring economic advantages for the whole society.

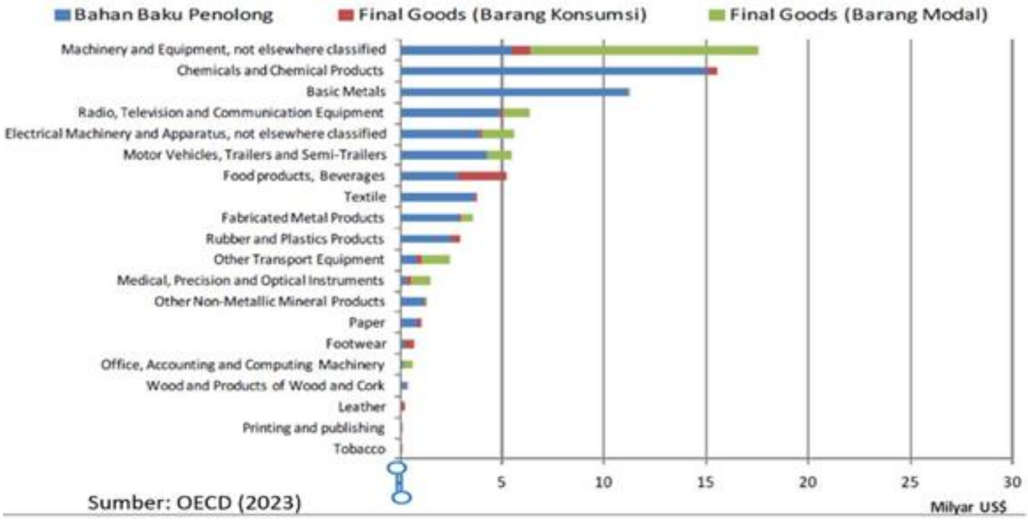

Figure 1. Raw Materials for Manufacturing Exports (OECD 2024)\

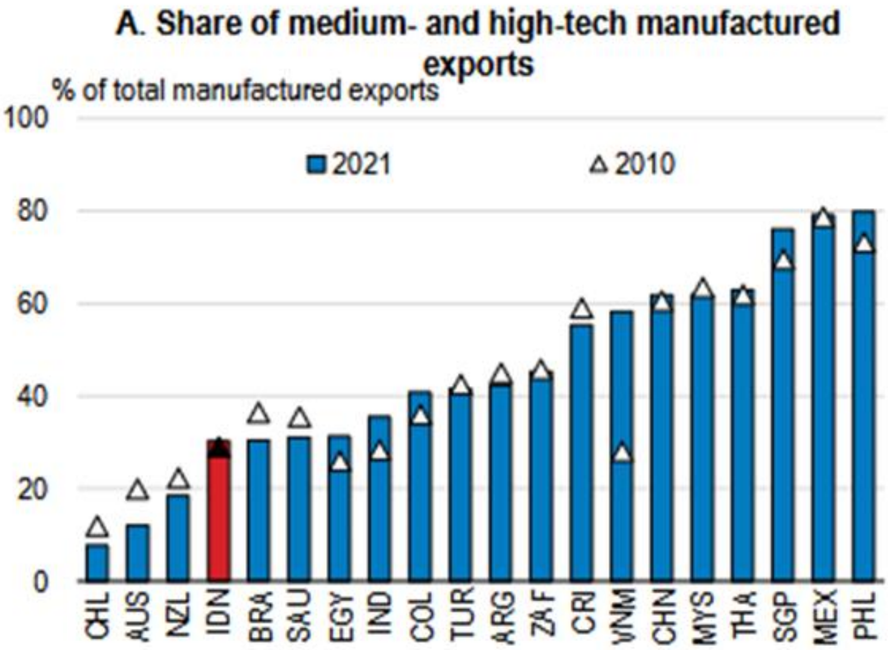

Figure 2. Exporting Countries of Manufactured Goods (OECD 2024)

Indonesia, as one of the major economies in Southeast Asia, possesses significant potential to become a member of the OECD. To comply with the requirements established by this organization, a sequence of strategic reforms across several sectors is essential. The objective of these reforms is to augment competitiveness, guarantee sustainable growth, and fortify Indonesia's standing in the global arena. A critical domain is governance and transparency. Reforms in this domain entail fortifying the anti-corruption framework, enhancing openness in state budget oversight, and streamlining bureaucratic procedures to bolster public administration efficacy. Effective governance can enhance public and investor confidence in the Indonesian government. Moreover, improvements to the tax and fiscal system are a priority. The OECD underscores the significance of a just, efficient, and growth-enhancing tax system. Indonesia must expand its tax base, use best practices to combat tax evasion, and improve transparency in tax administration. These measures will enhance state revenue and foster inclusive growth. Indonesia must enhance the quality of education and skill development within the education system. To comply with OECD criteria, Indonesia's education system must cultivate proficient human resources that align with global market demands. This entails amending the curriculum to include 21st-century competencies, enhancing vocational training, and broadening access to quality education for everyone.

The labor market also requires significant reforms. The OECD emphasizes the importance of an inclusive and flexible labor market. In this context, Indonesia needs to simplify labor regulations, enhance social protection for workers, and ensure fair wages. These measures will help create a more competitive and attractive labor ecosystem for investment. Another reform is in the aspect of environment and sustainability. To meet OECD standards, Indonesia must accelerate the transition to renewable energy, reduce dependence on fossil fuels, and enhance environmental regulations. These efforts will not only support sustainable development but also maintain ecosystem balance amid economic growth. Reform in investment and trade policies is very important. Indonesia needs to create a competitive investment environment by simplifying regulations, removing trade barriers, and improving logistics infrastructure. This will open up broader global trade opportunities and encourage Indonesia's economic integration with international markets. By implementing reforms in these areas, Indonesia will not only approach OECD standards but also strengthen the foundation for sustainable and inclusive economic development. This reform is a strategic step to ensure that Indonesia can play an active role in the global community while also meeting the needs of its society more effectively.

ii. The Opportunities and Challenges of the BRICS

BRICS was established based on the vision of renowned economist Jim O'Neill from Goldman Sachs, who recognized the significant potential of Brazil, Russia, India, and China. O'Neill observed that these nations comprise over 70% of the global landmass; so, if they were to unite in an organization, they could assume the position of a new world leader. In 2001, BRIC (Brazil, Russia, India, and China) was established with the primary objective of diminishing worldwide reliance on the United States Dollar (USD) as the preeminent world currency and fostering a more equitable system among the member nations. BRIC aims to establish a more democratic global equilibrium, develop a more equitable multipolar system, and ensure the UN's continued prominence in tackling international challenges. Initially comprising four nations, BRICS grew to five with the accession of South Africa in 2010, therefore enhancing the organization's international prominence. The rise of BRICS as a global economic force signifies substantial alterations in the longstanding world economic system, which has been predominantly controlled by Western nations, especially the United States. The preeminence of the United States, once the principal hegemonic power in the global economic-political framework, is now commencing to diminish, coinciding with the rise of globalization phenomena that expedite free trade and capital movements globally. This transition enables developing countries to assume a more significant role in shaping the trajectory of the global economy.

BRICS emerged as a response to the inequalities present in the international economic system that has long dominated the world, and now it has surfaced as a more balanced alternative. Through this cooperation, BRICS countries strive to reduce dependence on a system that has long benefited developed countries and promote a more inclusive and fair global system. As a continuously evolving group, BRICS has great potential to drive reforms in international institutions such as the IMF, World Bank, and WTO, which have so far tended to accommodate the interests of Western countries. With the increasing role of BRICS in the world economy, member countries are expected to advocate for their agenda in a more balanced global context and reduce the disparities occurring in the international economic landscape. In other words, BRICS is not just an economic phenomenon, but also a profound geopolitical movement that reflects the shift of global power towards a more decentralized and multipolar direction. This phenomenon also indicates that the role of developing countries in shaping the future of the global system is becoming increasingly inevitable (UNFCCC 2018).

The Indonesian government expressed approval of Brazil's appointment as the Chair of BRICS in 2025, coinciding with Indonesia's accession as a full member of the organization. Indonesia's accession to BRICS signifies a key achievement that underscores the nation's growing engagement in tackling diverse global challenges. This also reflects Indonesia's commitment to strengthening multilateral cooperation aimed at creating a more inclusive, fair, and justice-based world order for all countries, both large and small. As previously explained, joining BRICS provides Indonesia with various strategic opportunities, especially in terms of expanding export markets to BRICS member countries that are not yet major trading partners, such as Brazil and South Africa. This opens up opportunities to introduce Indonesian products to larger and more diverse markets, as well as to enhance Indonesia's competitiveness on the international stage. With Indonesia's entry into BRICS, it is expected that there will be an increase in trade and investment between Indonesia and BRICS countries, which will certainly bring long-term economic benefits.

The diversification of Indonesia's economy is also one of the main benefits of this membership. Economic diversification is a step to reduce dependence on a single source of income or a specific market, as well as to create stronger economic resilience (Amir, Hakim, and Novianti 2018). So far, Indonesia has been heavily dependent on traditional markets such as the United States and the European Union, which have their own economic dynamics. By developing trade relations with BRICS countries, Indonesia can expand its market reach to regions with significant economic potential that are relatively untapped, such as Latin America and Africa. This will also provide space for new economic sectors to grow, which in turn will accelerate the process of more inclusive and sustainable economic development. More broadly, economic diversification becomes a strategic step to encourage more stable economic growth.

This is an effort to reduce its vulnerability to global market fluctuations and create long-term stability. Countries that successfully implement economic diversification will be more resilient to the impacts of global crises and have higher competitiveness in international economic competition. Therefore, joining BRICS not only offers new opportunities in trade but also strengthens Indonesia's economic resilience in facing global challenges. In addition, Indonesia's membership in BRICS also demonstrates the government's commitment to playing a more active role in international forums. By strengthening Indonesia's role in BRICS, Indonesia can contribute more significantly to shaping global policies, especially those related to the economic, political, and social issues facing the world today. This is an important step to ensure that Indonesia, as a developing country with the fourth largest population in the world, has a greater voice in determining the future direction of the world (UNFCCC 2018).

GDP is the main indicator used to measure the economic growth of a country. As a measuring tool, GDP reflects the economic activities that occur in a country over a specific period. Therefore, the role of the government in formulating and implementing economic policies that support growth and maintain economic stability is very vital. The government has the power to implement fiscal and monetary policies that can steer the economy towards sustainable growth. In addition, the export sector plays a key role in increasing the country's foreign exchange reserves. The increase in the export of goods and services can boost the country's economy by strengthening its financial position in the international market. This becomes one of the factors that strengthen trade relations between countries, enhance economic welfare, and promote global market integration (Mahriun and Putri 2020). However, the role of the government in regulating international trade remains necessary to ensure the smoothness and orderliness of this process. Without clear regulations, the risk of tax evasion or illegal trade can hinder the country's economic potential. For example, Indonesia still faces challenges related to the supervision of goods that evade tax obligations and the presence of illegal goods that are not subject to customs duties, which can harm the overall economy.

In the context of BRICS, which consists of Brazil, Russia, India, China, and South Africa, each member country plays an active role in influencing the dynamics of the global economy. India, for example, plays a strategic role in the economic, political, and social sectors. In the economic field, India focuses on promoting intra-BRICS trade, which requires importing goods and services from other member countries. Through this collaboration, India and the other BRICS member countries can strengthen their economies. One of the significant impacts of this cooperation is the potential to reduce dependence on the US dollar, thanks to the flexibility in trade using local currencies. This can strengthen the value of the member countries' currencies and even potentially weaken the dominance of the US dollar. Figure 3, which shows the projected changes in annual economic growth for BRICS countries for the period 2023-2024, illustrates economic trends that reflect inter-country collaboration in achieving more balanced and sustainable growth. This projection illustrates how internal and external factors, such as international trade policies and currency management, can influence the economic growth of BRICS countries in facing increasingly complex global challenges.

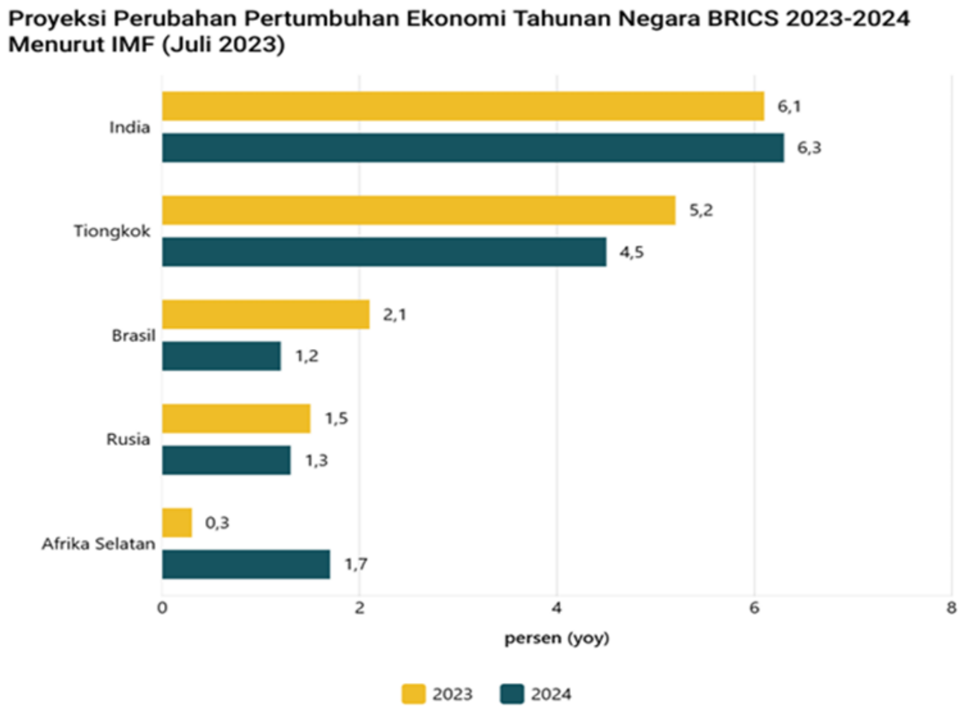

Figure 3. Economic Growth Projections for BRICS Member Countries 2023-2024 (Santika 2023)

According to projections presented by the International Monetary Fund (IMF), India is expected to record the highest economic growth among BRICS member countries in the coming years. In 2023, India's economy is projected to grow by 6.1% year-on-year (yoy), with a higher growth projection of 6.3% in 2024 (Santika 2023). The IMF explained that this forecast reflects a stronger growth momentum compared to the previous estimate in the fourth quarter of 2022. One of the main factors driving India's growth is the increase in domestic investment, which boosts overall economic activity. In second place, China is projected to experience an economic growth of 5.2% (yoy) in 2023, but its growth is expected to slow down to 4.5% (yoy) in 2024. Although experiencing a decline, the IMF noted a shift in China's macroeconomic structure, where the role of domestic consumption is increasingly prominent. This is in line with the World Economic Outlook (WEO) projections in April 2023, which indicate that consumption has become the main driver of economic growth in China. Meanwhile, Brazil's economy is expected to grow by 2.1% (yoy) in 2023, but is predicted to slow down to 1.2% (yoy) in 2024. This decline reflects the structural challenges Brazil faces in maintaining economic growth momentum. Russia, which is also one of the major economic powers in the BRICS group, is expected to record a growth of only 1.5% (yoy) in 2023, with a further decline to 1.3% (yoy) in 2024. This decline reflects the impact of international sanctions and prolonged domestic economic challenges.

On the other hand, South Africa is expected to experience the lowest economic growth among BRICS countries, at only 0.3% (yoy) in 2023. However, the IMF notes the resilience in the services sector in South Africa, which is expected to drive economic growth to 1.7% (yoy) in 2024. Although its growth rate is relatively low, the strong service sector can make a significant contribution to the country's economic recovery. In further developments, BRICS announced that six new countries, including Saudi Arabia and Iran, will join as full members in 2024. This announcement marks an important step in expanding BRICS's influence as a bloc of developing countries. The new countries that will join include Argentina, Egypt, Iran, Ethiopia, Saudi Arabia, and the United Arab Emirates (UAE). This announcement was made by South African President Cyril Ramaphosa at the closing of the BRICS Summit in Johannesburg in 2023 (Wibawana 2023). This decision demonstrates BRICS's efforts to strengthen its global position by expanding its membership, which in turn can enhance the economic and political dynamics in the region.

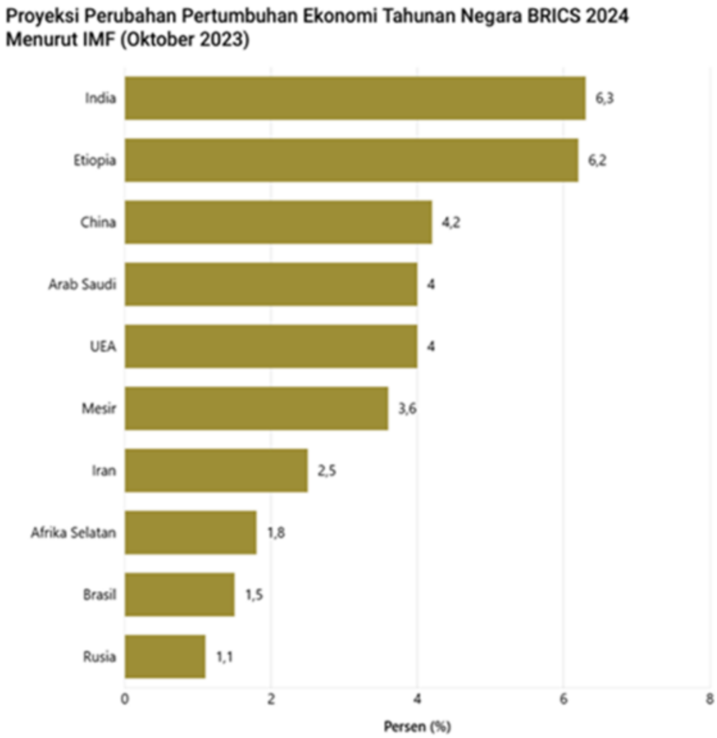

Figure 4. Economic Growth Projections for BRICS Member Countries (Santika 2024)

Although all BRICS members come from the group of developing countries, there are significant differences in economic growth rates among these countries. In the IMF report (2023), it projects changes in global economic growth rates for the year 2024. Among the BRICS countries, India is expected to record the highest annual GDP growth rate, at 6.3% in 2024. The IMF also noted that India's economic growth has shown strong momentum since 2023, with a revision upward of 0.2 percentage points compared to previous projections. Next is Ethiopia, which is expected to record an economic growth of 6.2% in 2024, reflecting a rapidly growing economy in Africa. China, as one of the major economic powers in the world, is expected to experience lower growth, with a projection of 4.2% in 2024.

However, this projection has been revised downwards by the IMF, with a decrease of 0.2 percentage points for 2023 and 0.3 percentage points for 2024. As a result, the final projections for China indicate a growth of 5% in 2023 and 4.2% in 2024, reflecting domestic economic challenges as well as external factors affecting the country's economy. Saudi Arabia and the United Arab Emirates (UAE) are expected to experience the same growth rate, namely 4% in 2024, indicating economic stability in the Gulf region, driven by their energy sector and economic diversification efforts. Meanwhile, Egypt is expected to grow by 3.6% in 2024, with growth driven by the industrial and trade sectors. Iran, which still faces challenges from international sanctions and political tensions, is expected to record a growth of 2.5% in 2024, which is relatively low but shows potential for recovery. The last three countries in the BRICS group—South Africa, Brazil, and Russia—are expected to experience lower growth. South Africa is expected to grow by only 1.8% in 2024, with the services sector being one of the main drivers of the economy. Brazil, which faces structural challenges, is projected to grow by 1.5%, while Russia, affected by international sanctions and political turmoil, is expected to record only 1.1% growth.

This projection shows that although BRICS countries have great potential to drive global economic growth, domestic factors, international policies, and structural challenges faced by each country significantly influence the recorded growth rates. The diversity in growth rates also reflects the complex economic dynamics within the group of developing countries, which must address them with adaptive and sustainable economic policies.

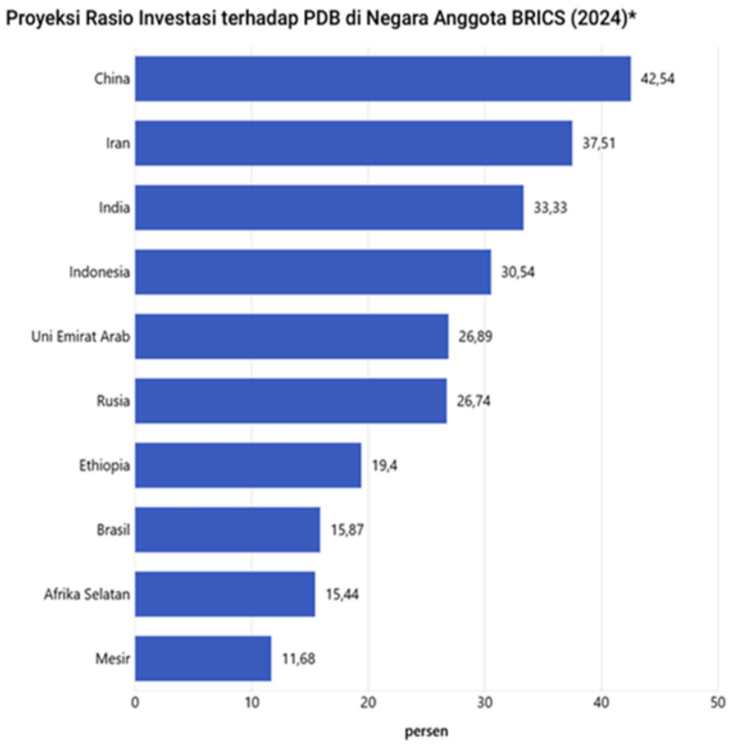

Figure 5. Investment Ratio Projection (Ahdiat 2025)

The Indonesian Ministry of Foreign Affairs (Kemlu) announced that the country will officially join BRICS as a member in early January 2025 (Arbar 2025). According to the official statement from the Ministry of Foreign Affairs (Kemlu), Indonesia's membership in this group of developing countries is seen as a strategic step to strengthen cooperation and collaboration with other countries that share similar visions and challenges. This membership is based on the principles of equality, mutual respect, and sustainable development. As reported by Kompas, the BRICS member countries currently represent about 45% of the world's population and contribute 28% to the global economy (Zaenuddin 2025). With Indonesia's membership, BRICS is further expanding its influence on the global stage. Indonesia holds a quite significant position in terms of investment among BRICS member countries. Based on projections from the IMF, Indonesia's investment-to-GDP ratio in 2024 is expected to reach 30.54%. This figure places Indonesia in the fourth highest position among BRICS members, after China, Iran, and India.

This investment ratio shows that Indonesia has great potential in attracting investment, higher than the global average, which is estimated to be only around 22% in 2024. Moreover, Indonesia's investment ratio is also higher compared to other BRICS countries, which are below 30%, as seen in the growth projection chart. Indonesia's membership in BRICS opens greater opportunities to strengthen economic relations with other developing countries, which have formed various broader cooperation forums. Although the economic and political potential of BRICS has not yet been fully realized, the increasingly close collaboration among its member countries can contribute to significant changes in the global economy. The important roles of China and Russia as the main drivers in BRICS make this group increasingly significant in the international economic arena. However, despite BRICS offering a lot of potential, challenges remain, especially related to the economic disparities among its members. The countries in BRICS have very varied levels of development, with China as the dominant country in terms of economic power. These differences can create imbalances in economic relations among member countries, which could hinder deeper economic integration. For example, although countries like India and Brazil continue to develop, they still face significant challenges related to infrastructure and domestic economic systems that affect their competitiveness in the global market. BRICS, with all its strengths and potential, must overcome these challenges to realize a greater role in the increasingly interconnected and dynamic global economy.

One of the main challenges faced by Indonesia is economic disparity. The income disparity between urban and rural areas, as well as between provinces, remains a prominent issue. As part of BRICS, Indonesia can leverage economic cooperation to promote more inclusive growth. Through initiatives such as cross-border investments and sharing best practices from other BRICS members, Indonesia can develop more effective strategies to reduce income inequality, for example by promoting industrial development outside of Java Island and increasing access to economic opportunities for communities in underdeveloped areas. Moreover, the lack of infrastructure remains a significant obstacle for Indonesia. Infrastructure limitations, such as transportation, energy, and technology, reduce the efficiency of inter-regional connectivity and lower the national economic competitiveness. By joining or actively participating in BRICS, Indonesia can attract investment in large-scale infrastructure projects through mechanisms such as the New Development Bank (NDB), a development bank established by BRICS members. Funds from the NDB and cooperation with member countries can be used to build vital infrastructure that supports economic growth while reducing logistics costs.

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Furthermore, Indonesia's participation in BRICS can also be utilized to strengthen technological and innovation cooperation. Countries like China and India, which have experience in developing low-cost technology and digital innovation, can be strategic partners in helping Indonesia accelerate its digital transformation in the economic and governance sectors. This step will open up more job opportunities and enhance the competitiveness of Indonesian human resources in the digital era. By discussing these domestic challenges in depth, Indonesia's role in BRICS can not only contribute to global dynamics but also serve as a means to strengthen the foundations of domestic development. A targeted strategy and the utilization of opportunities from BRICS cooperation will help Indonesia address economic disparities, infrastructure shortages, and other challenges sustainably. This will ultimately lead Indonesia towards inclusive growth and strengthen its position in the international community.

Benefits for Indonesia

Joining the OECD is expected to bring a number of significant benefits to Indonesia. The first benefit is the enhancement of reputation and economic stability. As part of an organization consisting of developed countries, Indonesia can strengthen its global economic image, which in turn can increase foreign investor confidence and open up greater economic opportunities. Second, membership in the OECD can help formulate better economic policies. OECD has various proven experiences and standards in formulating economic policies in various countries (Fiscal Policy Agency, Ministry of Finance of the Republic of Indonesia 2023). By gaining access to data, research, and analysis from the OECD, Indonesia can design more effective policies to support long-term economic growth. In addition, Indonesia will also have the opportunity to participate in policy discussions within the OECD framework. As a member, Indonesia will be more actively involved in decision-making regarding various global issues that can affect its domestic economy, including international trade, climate change, and fiscal policy. By joining, Indonesia can gain better insights into the policies implemented by developed countries and adapt them according to national conditions.

For example, Indonesia can learn from the OECD's experience in formulating tax policies for the e-commerce sector. Indonesia first implemented e-commerce tax in 2018, while the OECD already had guidelines on e-commerce since 1998, which were applied to its members in 2001. The experience and regulations possessed by the OECD will assist Indonesia in formulating more effective tax policies, in line with international standards and global developments in the digital sector. Overall, Indonesia's membership in the OECD is expected to accelerate economic development through the improvement of public policy quality, attracting more foreign investment, and opening access to knowledge and experience that can strengthen Indonesia's position on the international stage.

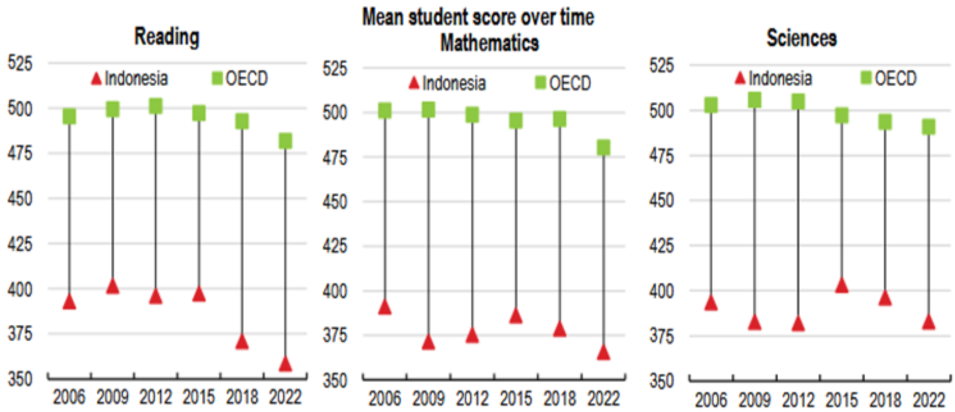

Figure 6. Comparison of OECD Countries with Indonesia (OECD 2024: 54)

Based on the data presented in Figure 6, the quality of education in Indonesia is still far behind compared to OECD member countries, which presents a significant opportunity to improve the education system in Indonesia through cooperation with the OECD. Member countries such as Japan and Singapore have demonstrated how their education quality has rapidly developed and become good examples to be adapted (Sumiyaty et al. 2023). Through collaboration with the OECD, Indonesia can learn from the educational experiences and policies implemented in those countries to improve the quality of domestic education. For example, in Sumiyaty et al. (2023: 144), it is explained that the education system in Japan has a structure quite similar to Indonesia, which includes a basic education level lasting for 10 years, consisting of 6 years of elementary school, 3 years of junior high school, and 3 years of senior high school. However, what distinguishes the Japanese education system from Indonesia lies in how the system supports the development of each student. In Japan, almost every school is equipped with adequate facilities, such as complete laboratories, spacious sports fields, and a curriculum designed to support the comprehensive development of students' competencies.

Moreover, the success of the Japanese education system is also supported by the important roles played by teachers and parents. In Japan, teachers and parents are not considered separate parties, but they work together as a unit to support the progress and development of their children. This collaboration ensures that the teaching and learning process does not only occur in the classroom but is also reinforced by the support provided outside the classroom. Teachers play an active role as guides in the educational process, while parents have the responsibility to support their children in learning and personal development. If Indonesia can learn from the education models in Japan and other OECD member countries, through strong partnerships, Indonesia can create a more inclusive and effective education system, with adequate facilities and strong support from both parties, namely teachers and parents. This success will not only improve the quality of education in Indonesia but also prepare the younger generation to compete globally with better skills and knowledge.

BRICS, which recently officially welcomed Indonesia as a full member, was well-received by Brazil as the chair of the organization in 2025. With its status as the country with the largest population and the strongest economy in Southeast Asia, Indonesia shares a commitment with other member countries to reform global governance institutions. In addition, Indonesia strives to make a positive contribution to strengthening South-South cooperation (Pessoa, 2025). This membership reflects Indonesia's increasingly active role in addressing global issues and the country's commitment to strengthening multilateral cooperation through international platforms such as BRICS. Indonesia views its membership in BRICS as a strategic step to expand collaboration with other developing countries, especially in addressing common challenges such as global economic inequality and sustainable development. According to Grehenson (2025), Indonesia's membership in BRICS is expected to enhance its influence in international policy, particularly in achieving a fairer global balance. In addition, this membership provides Indonesia with a strategic position to advocate for the interests of developing countries on important issues such as climate change, energy transition, and global economic reform.

Moreover, Indonesia's membership in BRICS opens up opportunities for access to a wider market, especially in member countries like China and India, which have large populations and high market demand. By utilizing these opportunities, Indonesia has the potential to increase the export of its superior products, which could ultimately drive significant domestic economic growth (Abhiyoso 2025). Another significant advantage is access to alternative funding through the New Development Bank (NDB), a financial institution established by BRICS to finance infrastructure and sustainable development projects in member countries (Sakti 2025). Through the NDB, Indonesia has the opportunity to obtain funding for large projects without having to fully rely on traditional financial institutions like the World Bank or the IMF. This can strengthen Indonesia's financial independence while also supporting sustainable development in line with the government's vision to improve infrastructure and the welfare of the people. With Indonesia joining BRICS, the strategic position of this country in the global geopolitical map is further strengthened. In addition to serving as a platform to advocate for national interests, this membership also provides Indonesia with the opportunity to act as a bridge between developing countries in Southeast Asia and the global economy. This step is expected to have a positive long-term impact on Indonesia's economic, social, and political stability. Integrating insights or lessons from other developing economies that have become members of the OECD or BRICS is a strategic step to enrich analyses in various policy studies or economic development. By comparing the experiences of these countries, we can understand how they face similar challenges, adopt certain policies, and achieve success in the ever-changing global context.

For example, countries like Mexico, which is a member of the OECD, have shown progress in structural reforms, particularly in the fields of education and energy. Lessons from Mexico show that planned and consistent reforms, despite facing initial resistance, can have a long-term positive impact on economic growth and international competitiveness. This can serve as an inspiration for other developing countries that are looking for ways to improve the efficiency of strategic sectors. On the other hand, BRICS countries like China and India provide important lessons on economic transformation based on innovation and industrialization. China, for example, has demonstrated success in integrating foreign direct investment (FDI) policies with domestic development strategies, enabling technology transfer and job creation. India, through its approach to the digital economy and the development of the information technology sector, has proven that innovation can be a driver of inclusive growth amidst demographic and infrastructure challenges. The experiences of Russia and Brazil also provide equally important insights. Russia demonstrates how natural resources can be utilized as a main pillar of the economy, although dependence on this sector also presents risks related to commodity price volatility. Brazil, on the other hand, teaches the importance of a balanced approach between environmental protection and economic growth, particularly in the context of managing the Amazon rainforest, which is the lungs of the world.

CONCLUSIONS

Indonesia's membership in the Organisation for Economic Co-operation and Development (OECD) and BRICS (Brazil, Russia, India, China, South Africa) is a strategic step taken to strengthen Indonesia's economic and political position on the global stage. In an increasingly complex global context, where challenges such as the COVID-19 pandemic, fluctuations in commodity prices, and disruptions in international supply chains have become major issues, Indonesia's involvement in these two organizations is expected to provide significant benefits for economic growth and national development. Other countries that have joined the OECD or BRICS provide important lessons for Indonesia. For example, South Korea, as a member of the OECD, successfully transformed its economy from agrarian to high-tech with a focus on innovation and technology. This shows that membership in international organizations can support the development of sustainable economic policies. Then India's membership, which successfully boosted its economic growth through diversifying trade partners and access to technology in BRICS. This shows how the country can make the most of multilateral cooperation to strengthen its position in the global market and attract foreign investment.

Joining the OECD provides Indonesia access to best practices and international standards that can enhance the quality of public policies. This membership also has the potential to enhance Indonesia's reputation and economic stability in the eyes of foreign investors, which in turn can open up greater investment opportunities. With access to data, research, and analysis from the OECD, Indonesia can formulate more effective economic policies, especially in strategic sectors such as taxation, trade, and education. However, to seize this opportunity, Indonesia must be ready to face the challenges of meeting the high standards set by the OECD, including in terms of governance, environment, and human rights. On the other hand, Indonesia's membership in BRICS offers opportunities to expand export markets and enhance cooperation with other developing countries. Through the nickel downstreaming policy, for example, South Africa has a Just Energy Transition Partnership with France, Germany, the United Kingdom, and the United States. This policy has successfully encouraged the growth of nickel-based smelters, thereby boosting the stainless steel industry. Considering that Indonesia and South Africa are both rich in mineral products, this makes it possible for Indonesia to have greater potential to boost exports and enhance cooperation.

Besides serving as an alternative to the global economic dominance that has long been controlled by Western countries, and providing a platform for Indonesia to advocate for the interests of developing countries on important issues such as climate change and global economic reform. By joining BRICS, Indonesia can strengthen its position in international trade, especially with member countries that have large market potential such as China and India. In addition, access to the New Development Bank (NDB) as a BRICS financial institution can provide alternative funding for infrastructure and sustainable development projects, which are crucial for Indonesia's economic growth. However, challenges remain, especially related to economic disparities among BRICS members and the need to enhance the competitiveness of national products. Indonesia must invest in industrialization and human resource development to produce products that meet international standards. In addition, the government needs to adopt policies that strengthen the industrial ecosystem, provide incentives for investors, and protect small and medium enterprises (SMEs).

Overall, Indonesia's membership in the OECD and BRICS reflects a pragmatic approach in foreign policy, where national interests and tangible benefits are the top priorities. By leveraging the opportunities offered by these two organizations, Indonesia can accelerate economic transformation, enhance competitiveness, and strengthen its position on the international stage. This step is expected not only to support the achievement of national development goals but also to provide a sustainable positive impact on the welfare of the Indonesian people. In the long term, Indonesia's active involvement in both forums will be key to addressing global challenges and achieving developed nation status in line with the Indonesia Emas 2045 vision.

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