

DIGITAL DIPLOMACY OF INDONESIA IN REALIZING ITS VISION AS THE ASEAN DIGITAL ECONOMY HUB

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Abstrak

Penelitian ini menganalisis diplomasi digital Indonesia untuk mewujudkan visi Indonesia dalam memperkuat posisi sebagai pusat ekonomi digital ASEAN dan mendorong pertumbuhan ekonomi yang inklusif dan berkelanjutan di kawasan. Metode kualitatif digunakan dalam penelitian ini dengan mengumpulkan data melalui studi pustaka yang kemudian divalidasi menggunakan teknik triangulasi data. Penelitian ini menunjukkan bahwa pengembangan diplomasi digital sangat penting dalam memperkuat posisi Indonesia sebagai pemimpin ekonomi digital di kawasan ASEAN, termasuk membangun infrastruktur digital yang solid, meningkatkan akses dan inklusi digital, serta mempromosikan kolaborasi regional melalui ASEAN Smart Cities Network (ASCN). Dalam mencapai tujuan tersebut, Indonesia dapat mendorong inklusi digital, memperluas pasarnya, serta merumuskan regulasi dan kebijakan yang mendukung pertumbuhan ekonomi digital dan startup.

Kata Kunci:

ASEAN; diplomasi digital; ekonomi digital; Indonesia.

Abstract

This research analyzes Indonesia's digital diplomacy to realize Indonesia's vision of strengthening its position as the center of ASEAN's digital economy and encouraging inclusive and sustainable economic growth in the region. Qualitative methods were used in this research by collecting data through a literature study which was then validated using data triangulation techniques. This research shows that developing digital diplomacy is essential in strengthening Indonesia's position as a digital economy leader in the ASEAN region, including building a solid digital infrastructure, increasing access and digital inclusion, and promoting regional collaboration through the ASEAN Smart Cities Network (ASCN). In achieving this goal, Indonesia can encourage digital inclusion, expand its market, and formulate regulations and policies that support the growth of the digital economy and startups.

Keywords:

ASEAN; digital diplomacy; digital economy; Indonesia.



INTRODUCTION

The development of the digital economy in ASEAN has experienced rapid growth in recent years. In 2020, the value of the ASEAN digital economy is estimated to reach 100 billion US dollars and is projected to reach 300 billion US dollars by 2025. One of the main factors accelerating the development of the digital economy in ASEAN is the increasingly widespread internet penetration and increased use of smartphones. In 2020, the number of internet users in ASEAN will reach 400 million people, or around 70 percent of the total population. In addition, smartphone penetration in ASEAN reached 40 percent in 2020 and is expected to continue to increase in the coming years (Baijal et al., 2022). Apart from that, the development of the digital economy in ASEAN is also supported by the increasingly rapid adoption of technology and innovation, as well as support from the government in promoting the technology industry and startups. The governments of ASEAN member countries have implemented policies that support the development of the technology industry, including by providing fiscal incentives and regulations that strengthen the protection of intellectual property rights. Some of the main sectors developing in the ASEAN digital

economy are e-commerce, digital payments, fintech, and ride-hailing (WEF, 2022). For example, Gojek and Grab, ASEAN's two largest ride-hailing companies, have expanded into other sectors such as digital payments, goods delivery services, and online insurance.

Indonesia is one of the countries with strong economic growth in ASEAN. This strong growth is driven by the rapidly developing digital economy sectors, including e-commerce, fintech, and ride-hailing. With a population of over 270 million people, Indonesia is a beautiful market for the technology and digital industry. Indonesia has many internet users, with about 196 million users in 2020. Of these, 72 percent are from non-major urban areas. The total value of digital economic transactions in Indonesia reached 4.4 billion US dollars. This indicates a significant increase in the use of digital technology in Indonesia's largest market. Indonesia has a very active startup ecosystem, with many successful and rapidly growing startup companies such as Gojek, Tokopedia, Bukalapak, and Traveloka. This startup industry offers many opportunities for innovation and the development of new technologies in Indonesia (Negara & Sugiana, 2022).

Indonesia's vision as the ASEAN Digital Economy Hub refers to efforts to build a strong and competitive Indonesian digital economy and to become a center for digital economic growth in the ASEAN region. The Indonesian government has set a vision to make Indonesia the ASEAN digital economy hub through several programs: "Making Indonesia 4.0, National Movement 1000 Digital Startups, Indonesian Nexticorn, Strengthening the Indonesian Creative Ecosystem, MSME Digitalization Program." Through these initiatives, the Indonesian government seeks to encourage innovation and technology growth in Indonesia and to enhance Indonesia's competitiveness on a global scale, including the development of technology infrastructure and fiscal incentives for the technology industry to increase industrial productivity and accelerate digital transformation in the manufacturing sector (Sapulette & Muchtar, 2023).

Indonesia needs to catch up in digital infrastructure compared to other ASEAN countries. Inadequate digital infrastructure can hinder the growth of Indonesia's digital economy. This can be seen from the low internet penetration in Indonesia compared to neighboring countries such as Singapore and

Malaysia. Moreover, many areas in Indonesia still need more internet coverage, leading to a significant digital divide between urban and rural areas. The lag in digital infrastructure also affects Indonesia's ability to leverage technology to enhance productivity and industry competitiveness (Negara & Meilasari-Sugiana, 2022). In recent years, other ASEAN countries have made substantial investments in technology and innovation, and Indonesia needs to accelerate its progress to stay caught up. This article poses the following research question: What are Indonesia's Digital Diplomacy strategies for realizing its vision as the ASEAN Digital Economy Hub?

Research on Indonesia's digital diplomacy has been extensively conducted by diverse researchers, including Adesina (2017), who demonstrated that digital diplomacy focuses on using digital media in diplomacy and how countries utilize digital media to pursue their foreign policies.

Verrekia (2017) added that the characteristics of digital diplomacy result from innovations in the digital era that have facilitated the implementation of diplomacy, with social media such as Twitter and Facebook broadening communication from monologues to dialogues and allowing

government officials to engage in two-way conversations with the public. Ramadhan & Sari (2022) described Japan's use of digital diplomacy towards Indonesia through the approach of Elfie Diplomacy conducted by Ambassador Masafumi Ishii from the Japanese Embassy in Indonesia on Instagram with the username @jpnambssindonesia, which achieved three aspects of digital diplomacy in the activities of the @jpnambssindonesia account: engagement, listening, and a collaborative approach. Triwahyuni (2022) discussed the practice of Indonesian digital diplomacy during the Covid-19 pandemic, focusing on the digital economy sector. Of course, this research differs in novelty, focusing on Indonesia's efforts to use digital diplomacy to achieve its vision as the ASEAN digital economy hub.

CONCEPTUAL FRAMEWORK

Digital Diplomacy

Digital diplomacy is a concept that combines information and communication technology (ICT) with diplomacy. This concept refers to using digital media and information technology in diplomatic activities between countries and related parties. Digital diplomacy involves using social media, websites, email, mobile apps, and other technologies to communicate

messages and build relationships between nations and individuals in the international community. The primary goal of digital diplomacy is to achieve diplomatic objectives such as maintaining bilateral relations between countries, promoting a country's products and culture, and helping to strengthen a nation's image and reputation (Verrekia, 2017). Some advantages of digital diplomacy include the ability to reach a broader audience and interact directly with the public, save costs and time, and provide opportunities for the public to participate in diplomatic activities. Digital diplomacy also allows different languages and supports efforts to expand international understanding and cooperation (Adesina, 2017).

Digital diplomacy and the digital economy are closely interconnected in the digital era. These two concepts influence and strengthen each other. Digital diplomacy can help enhance the digital economy by promoting and opening doors for international trade, investment, and business collaboration among countries. Conversely, the digital economy can be an important resource in digital diplomacy because it can demonstrate a country's potential and excellence in technology and innovation (Manor, 2019). Regarding digital diplomacy, technology and social media have made it

easier for diplomats and government officials to connect with individuals and organizations worldwide quickly and effectively. Digital diplomacy can leverage technology and social media to promote a positive image of a country, resolve conflicts, build trust and mutual understanding, and facilitate international cooperation in various fields, including economics (Bjola & Holmes, 2015).

Meanwhile, the digital economy emphasizes using technology and innovation to advance various economic aspects, including trade, marketing, and business development. The digital economy enables faster and more effective business development through the use of technology, such as online platforms and mobile applications (Bukht & Heeks, 2019). The link between digital diplomacy and the digital economy can be seen in several examples, such as using social media to promote a country's products and services to the international community, forming partnerships with technology companies from other countries, and drafting international trade agreements using the latest technology (Arfani et al., 2020). Thus, the connection between digital diplomacy and the digital economy is increasingly

important in advancing national interests, enhancing international relations, and promoting global peace and security.

RESEARCH METHOD

This research uses a qualitative research method. This method aims to deeply understand social phenomena by collecting detailed and complex data. Qualitative research focuses more on descriptive and interpretive aspects, thus providing a comprehensive picture of the phenomena under study. This research utilizes a literature review technique to collect relevant and reliable data and information from written sources, including books, journals, articles, and other official documents, which shed light on Indonesia's digital diplomacy and its role as the ASEAN Digital Economy Hub.

This study uses data triangulation as its data validation technique. Data triangulation is a technique to obtain data validity by comparing and rechecking data from various sources. This is done to ensure the validity and accuracy of the data used in the research.

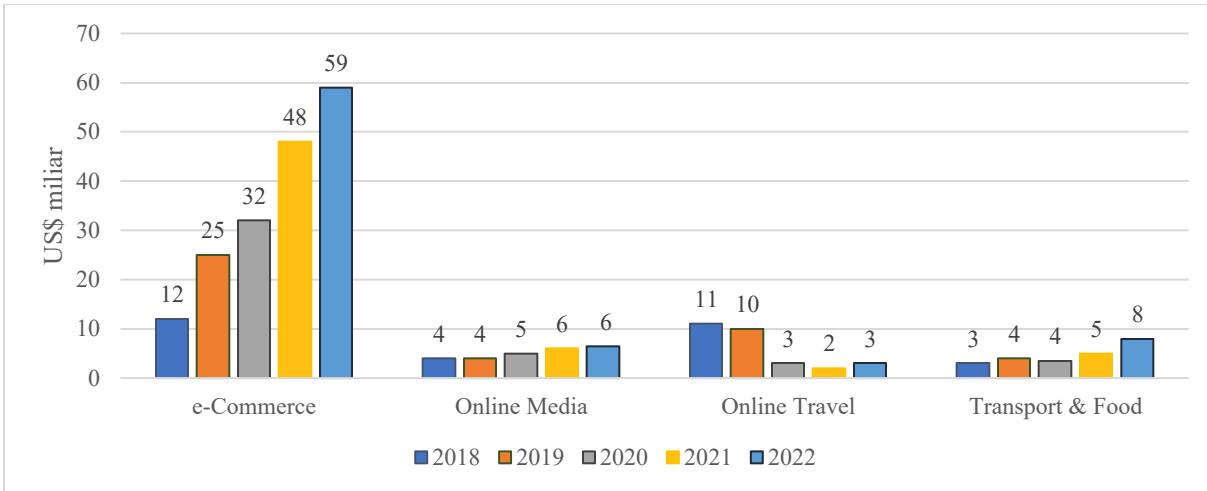
RESULT AND DISCUSSIONS

Indonesia's Potential as The ASEAN Digital Economy Hub

Indonesia aims to become the ASEAN digital economy hub based on the National Medium-Term Development Plan (RPJMN) 2020-2024, which was sanctioned by President Joko Widodo in 2020. According to this document, one of Indonesia's economic development goals is to "establish Indonesia as the ASEAN digital economy hub." (Government of the Republic of Indonesia, 2021). The vision of Indonesia as the ASEAN digital economy hub is a long-term goal for Indonesia to become the center for development and growth of the digital economy in the ASEAN region. This vision aims to enhance Indonesia's economic competitiveness in the digital era and to harness digital potential as a major source of economic growth (Government of the Republic of Indonesia, 2021). The ASEAN digital economy hub refers to an economic region dominated by digital businesses,

including e-commerce, fintech, and other technology industries. With this vision, Indonesia has the potential to become a center of innovation and digital transformation in ASEAN, improving national economic competitiveness, and enhancing the quality of life of the Indonesian people through broader and more integrated access and use of digital technology. The Covid-19 pandemic has accelerated the growth of the digital economy in Indonesia, as has happened elsewhere in this region. Southeast Asia's digital economy grew by 67 percent between 2020 and 2022. The gross merchandise value (GMV) increased from 116 billion US dollars in 2020 to 194 billion US dollars in 2022. The report also projects that Southeast Asia's digital economy will exceed 330 billion US dollars by 2025 (Baijal et al., 2022).

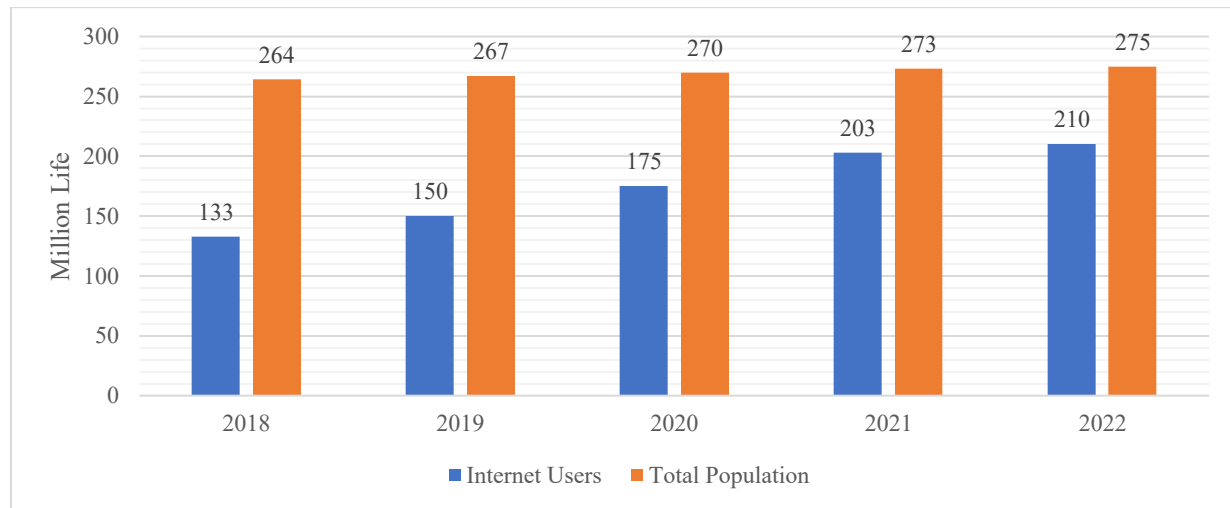
Graph 1. Indonesia's Digital Economy in Gross Merchandise Value (GMV)



Source: Baijal, A., Hoppe, F., Chang, W., Davis, S., & Hoong, F. W. (2022)

Graph 1 illustrates that the digital industry in Indonesia has grown significantly from 41 billion US dollars in 2019 to 77 billion US dollars in 2022, with a projection of increasing to 130 billion US dollars in 2025, mainly driven by e-commerce (Negara & Meilasari-Sugiana, 2022). Economically, the growth of the digital industry in Indonesia is a positive development as it can boost the country's GDP and create jobs. Furthermore, the growth of e-commerce in Indonesia presents opportunities for small and medium enterprises (SMEs) to reach a broader audience and expand their businesses. Several factors underpin the rapid growth of

Indonesia's digital economy: (1) A substantial young and digitally savvy population has become significant; (2) Relatively high mobile penetration facilitates frequent use of e-commerce sites and social media for buying and selling products and services; (3) The increasing popularity of digital payments also correlates with increased online consumption; and (4) The government has issued supportive policies to encourage the digital economy, accompanied by improvements in digital infrastructure.

Graph 2. Internet users (million) in Indonesia

Source: Baijal, A., Hoppe, F., Chang, W., Davis, S., & Hoong, F. W. (2022)

Graph 2 shows that the number of internet users in Indonesia reached 210.7 million people or about 71.7 percent of the total population of 275.5 million. This number has increased significantly from the previous year, which was only about 64 percent of the total population. Of these, 175.4 million internet users access the internet via smartphones, while the rest use computers or laptops (Kusnandar, 2022). The large number of active internet users in Indonesia enables widespread internet utilization, including for the government's SME digitalization programs. The SME digitalization program is an effort by the Indonesian government to enhance SMEs' competitiveness and productivity through digital technology. In this program, the Indonesian government provides training and

mentoring for SMEs to utilize digital technology, including marketing their products online.

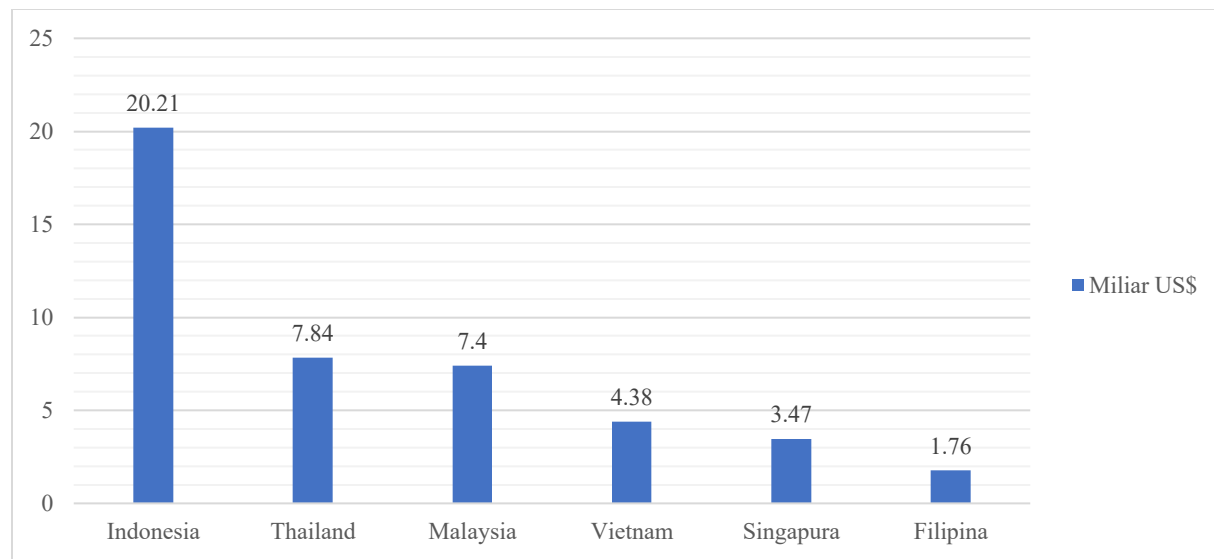
In this context, Indonesia's large number of internet users is very important because the more people use the internet, the greater the potential digital market SMEs can tap. With the utilization of digital technology, SMEs in Indonesia can improve the efficiency and effectiveness of their businesses and expand their markets through online platforms. Additionally, using the internet and digital technology can help SMEs in Indonesia improve access to broader resources, such as financing and business networks. With easier and more efficient access to these resources, SMEs in Indonesia can enhance their competitiveness and

support Indonesia's vision as a centre of the digital economy in ASEAN.

The Indonesian government's SME digitalization program is closely related to the potential of the e-commerce industry in Indonesia and the development of technology infrastructure. First, the SME digitalization program aims to increase the engagement of small and medium-sized enterprises in the digital economy. In this regard, e-commerce is an important online trading platform that can help SMEs reach a broader market, including abroad. With the SME digitalization program, SMEs are expected to increase their presence in the online market and expand their businesses through e-commerce platforms. Second, the

development of technology infrastructure is crucial to support the SME digitalization program and the growth of the e-commerce industry. Indonesia has a large population spread across regions, so adequate technology infrastructure is needed to reach all areas and enhance internet connectivity. The Indonesian government has made several efforts to expand internet access, such as building fibre optic networks and providing free internet access in various public places. Good technology infrastructure can accelerate the digitalization process of SMEs and help the e-commerce industry grow faster.

Graph 3. Indonesia's E-Commerce Sales Projected to Be the Largest in Southeast Asia in 2021



Source: Dihni (2021)

E-commerce growth in Southeast Asia is expected to reach 14.3 percent in 2021, according to market research organization eMarketer. Graph 3 shows that in 2021, retail sales through e-commerce in six Southeast Asian countries are expected to total 45.07 billion US dollars, with Indonesia in the top position with total sales of 20.21 billion US dollars. Following is Thailand with total e-commerce retail sales of 7.84 billion US dollars. Then Malaysia ranks third with total sales of 7.4 billion US dollars, followed by Vietnam in fourth place with total sales of 7.4 billion US dollars and 4.38 billion US dollars. Next, e-commerce retail sales in Singapore are expected to generate 3.47 billion US dollars and in the Philippines are expected to reach 1.76 billion US dollars. Online retail sales in Southeast Asia are projected to reach

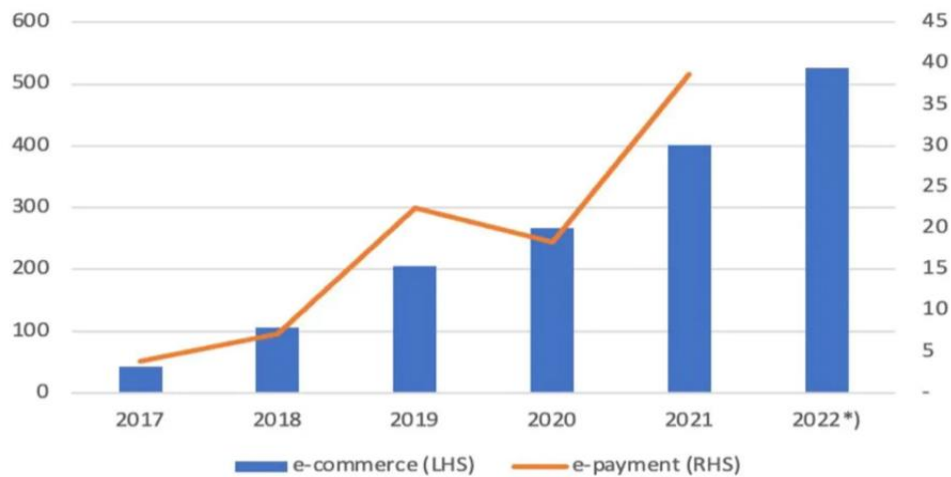
970.83 billion US dollars in 2021. The Philippines is expected to experience the most significant increase in retail sales by 20 percent, followed by Vietnam with 18 percent. Meanwhile, Indonesia and Malaysia experienced an increase in e-commerce retail sales by 15 percent, while Thailand and Singapore each saw increases of 12 percent and 7 percent (Dihni, 2021).

Another important trend post-pandemic is the increase in fintech adoption. In Indonesia, this change is driven by the majority of the population who lack access to banking and by low-income groups in urban areas. According to the Asia Bank report, 65 percent of e-commerce users prefer e-wallets as their payment method, with 90 percent of transactions under 500 thousand Rupiah (45 US dollars). As many as 69 percent of

internet users order food online using e-wallets and cash-on-delivery (COD) methods

(Ministry of Finance of the Republic of Indonesia, 2021).

Graph 4. E-commerce and E-payment Transaction Values (Rp Trillion)



Source: Baijal, A., Hoppe, F., Chang, W., Davis, S., & Hoong, F. W. (2022)

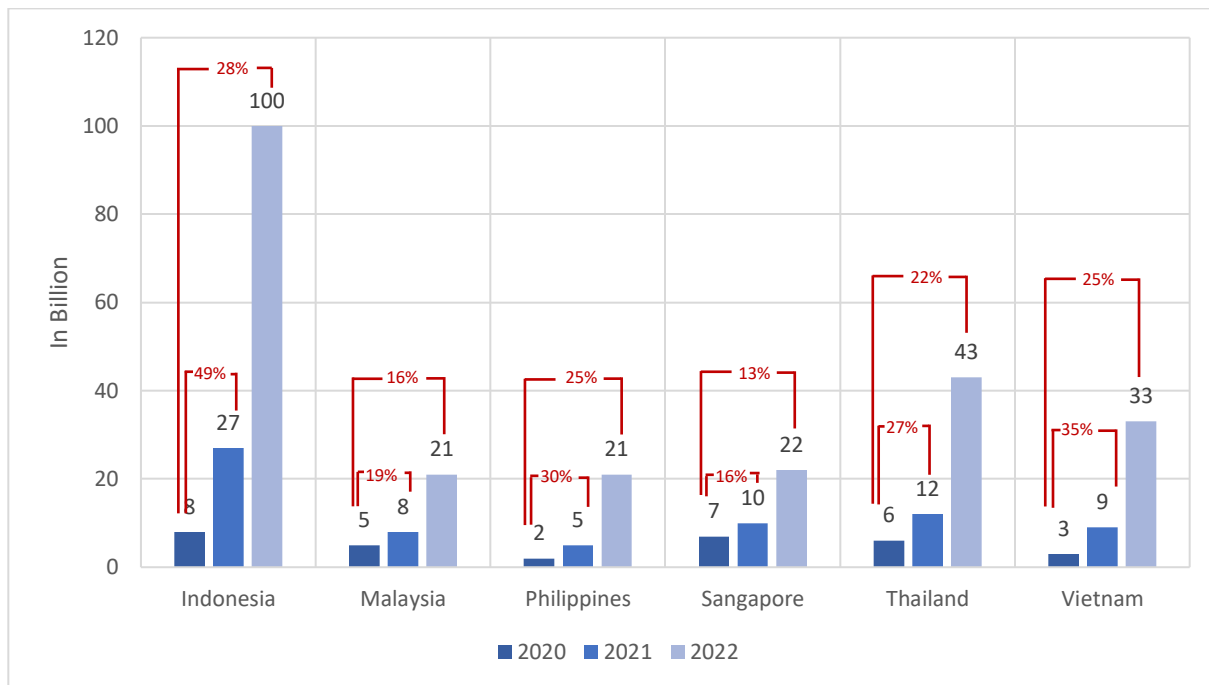
Furthermore, Graph 4 showing the increase in e-money transactions is also driven by the expansion and convenience of digital payment systems as well as the acceleration of digital banking. Negara & Sugiana (2022) found that the most popular e-wallet platforms in Indonesia (GoPay, OVO, DANA, and ShopeePay) are used by the low-income group, or those with monthly expenses less than 4 million Rupiah (265 US dollars). While the low-income group is more likely to use e-wallet applications, the higher-income group prefers mobile banking applications (e.g., BCA m-banking and

Mandiri m-banking). The use of e-wallets, buy-now-pay-later (BNPL), and multifinance applications (such as FIF Group, Adira, and BCA Finance) is also on the rise. It was also found that men are more likely to use investment applications (e.g., Koinworks, Ajaib, and Bibit), while women are more inclined to choose loan applications (e.g., Shopee pay later, GoPay pay later, and Kredivo). Additionally, Generation Y and Z are more likely to use e-wallets and investment apps than the older generation (Gen X). Those with higher education (post-high school) are more likely to use fintech,

especially investment and donation apps (e.g., Kitabisa and Rumah Zakat), compared to those with lower education. And while most internet users are concerned about data leaks and fraud, this does not deter digital

adoption due to the fact that fintech platforms provide easily accessible financial services, business financing, and convenience (Bank Indonesia, 2022).

Graph 5. Growth of Internet Market Value in Southeast Asia 2020 – 2022



Source: Bank Indonesia (2022)

Graph 5 drawing a large population, a continuously expanding middle class, and a rising internet penetration rate have contributed to its position as the country with the largest digital economy value in Southeast Asia. With such prospects, it is no surprise that online platform businesses, especially in fintech and e-commerce, are flourishing in Indonesia. As of September

2022, there are 272 fintech players and 200 e-commerce players in Indonesia, five of which have achieved unicorn status. Moreover, Indonesia also holds a massive size in the internet economy. By 2025, the Indonesian internet market size is projected to reach 100 billion US dollars, the highest in ASEAN. With this potential, Indonesia has the opportunity to lead the growth of e-

commerce and the digital economy in the Southeast Asian region and become the digital economy hub of ASEAN (Bank Indonesia, 2022).

Indonesia's Digital Diplomacy Strategy for Realizing the Vision of Indonesia as The Asean Digital Economy Hub

Digital diplomacy refers to the use of digital tools and platforms to conduct diplomatic activities and achieve foreign policy goals. A concrete example of Indonesia's digital diplomacy efforts within the ASEAN framework is the establishment of the ASEAN Digital Ministers Meeting (ADGMIN). In the context of ADGMIN, Indonesia's digital diplomacy efforts are focused on promoting regional cooperation, advancing digital infrastructure, and boosting the digital economy among ASEAN member states. ADGMIN is an evolution of the ASEAN Telecommunications and Information Technology Ministers Meeting (TELMIN). The main goal of ADGMIN is to encourage cooperation and collaboration among ASEAN member states in the fields of digital technology, telecommunications, and information technology. This includes promoting the development of digital infrastructure, enhancing digital literacy, improving cybersecurity, and supporting the

growth of the digital economy in the region (ASEAN, 2021a).

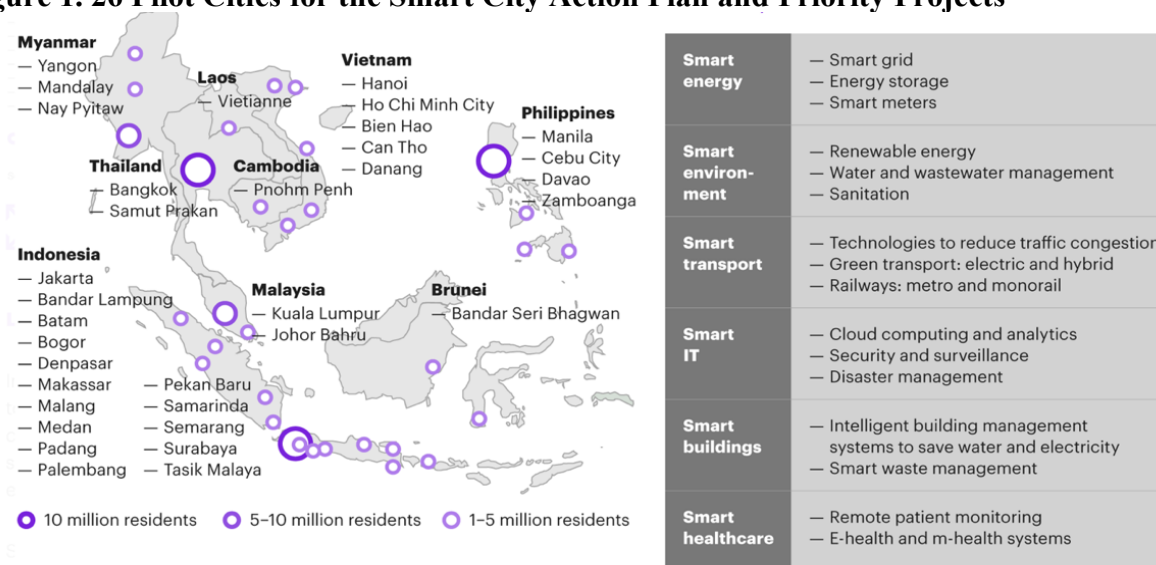
Indonesia plays a significant role in ADGMIN, actively participating and contributing to the development and implementation of various digital diplomacy initiatives. Through these efforts, Indonesia aims to ensure that the ASEAN region remains competitive and innovative in the digital era, while promoting greater regional cooperation and integration. Indonesia strives to strengthen regional cooperation by creating a secure, sustainable, and transformative ASEAN digital ecosystem through The ASEAN Digital Masterplan (ADM) 2020-2025, focusing on utilizing digital technology to build an inclusive digital ecosystem and ensuring that the benefits of digital technology are enjoyed by all ASEAN citizens (Ing & Markus, 2023). Additionally, Indonesia also emphasizes the importance of maintaining data security and privacy in the digital era.

One of the objectives of the ADM is to enhance the capacity for businesses and communities to participate in the digital economy, providing the ASEAN community with better digital services to improve their productivity, which will enhance the ASEAN economy, thereby stimulating local

innovative supply and creative capabilities. This objective is part of the development of digital infrastructure in the ASEAN region (ASEAN, 2021b). Indonesia has successfully contributed to the development of digital infrastructure through the initiative to establish the ASEAN Smart Cities Network (ASCN) to advance smart cities in ASEAN. This initiative aims to strengthen cooperation among cities in ASEAN and facilitate the exchange of experiences, knowledge, and

resources in the development of smart cities. ASCN facilitates inter-city cooperation within member states, catalyzes the implementation of projects, and secures funding and support from external ASEAN partners. Furthermore, ASCN is also synergized with the ASEAN Sustainable Urbanisation Strategy (ASUS) under the Master Plan on ASEAN Connectivity (MPAC) 2025 (CLC, 2020).

Figure 1. 26 Pilot Cities for the Smart City Action Plan and Priority Projects



Source: CLC (2020)

Figure 1 explains that the ASCN framework has six priority areas: civil and society, health and welfare, security, industry and innovation, infrastructure development, and environmental quality. Digital applications, infrastructure, partnerships, and funding support these areas. In its

implementation, ASCN adopts four main pillars: (1) Environmental Sustainability, (2) Good Community Life, (3) Effective Governance, and (4) Competitive Economy (Negara & Sugiana, 2022). Each ASCN member is given access to various resources, including training, technical support, and

exchange programs, to assist them in developing smart cities. ASCN currently includes 26 pilot cities from ASEAN member countries, with Indonesia proposing 15 pilot cities for smart city action plans, each with its own unique smart city action plan tailored to local contexts and priorities, including Banyuwangi and Makassar (CLC, 2020).

Banyuwangi focuses more on developing education as a Smart Village by providing e-education and entrepreneurship training for the youth. Banyuwangi has partnered with local technology company

RuangGuru.com to provide e-learning for students across 24 villages, and this program is expected to expand to other villages, with improvements after this initial trial period. The e-syllabus for learning is based on the national standard syllabus and involves additional tutoring for students without travelling to the city to access these services. In July 2018, Banyuwangi signed a Letter of Intent with publisher John Wiley and Sons at the Inaugural Meeting of ASCN in Singapore to explore other e-learning platforms (CLC, 2020).

Table 1. Makassar Smart City Plan

Makassar: Sombere & Smart City	
Vision	To make Makassar a world-class city that is livable for all
Mission	Bureaucratic Reform Restoring the City Spatial Plan Reconstructing Community Roads
Value	Sombere and Smart City Integrity and Interoperability Responsibility, Agility, and Innovation
Component	Smart Governance Smart Branding & Smart Economy Smart Living, Smart Society, dan Smart Environment
Program	IT Governance Liveable World Cities Brand City Public Engagement Economic Transformation Environmental Protection
Action	Smart ICT Governance and Management Smart ICT Infrastructure and Security Smart ICT Capability and Capacity

Source: CLC (2020)

Table 1 explains that Makassar has implemented advanced systems such as e-

government and e-health in the healthcare sector, utilizing technology to create a more

sustainable and human-centred city. The e-government system serves as a tool for improved decision-making, addressing challenges such as radicalization and receiving feedback and suggestions from the Makassar community. In 2018, the city expanded its smart city plan into "Sombere & Smart City" to ensure its development towards an inclusive and friendly city. In the e-health system, one of the targets of Makassar's smart city project is telemedicine. Makassar strives to provide healthcare services to its citizens through two programs: (i) Compiling a digital inventory of healthcare services and creating a single platform for healthcare services; (ii) Bringing healthcare professionals directly to homes through what is known as Dottoro'ta (mobile health services). The Dottoro'ta service includes diagnosis, emergency care, and continued care and is available 24 hours daily. Vehicles used in this program are equipped with equipment such as ECG machines and ultrasound and are connected online to 46 health centres, allowing healthcare professionals to make accurate decisions in real time.

Makassar also integrates its healthcare services with wearable devices and apps and smart cards connected with regional data exchanges to provide quick access to medical records and diagnoses. Makassar collaborates with Go-Jek, an electronic motorcycle taxi service, to provide free medications to those unable or unable to afford them, thus enhancing access to healthcare services and faster response times (CLC, 2020).

Indonesia also plays a crucial role in ASEAN's promotion of the digital economy in the Southeast Asian region through the growth of startups. As the country with the largest population in the region and a very large consumer market, Indonesia has significant potential to develop a strong startup ecosystem. The startup ecosystem is developed through the connections of people, businesses, organizations, and other stakeholders at different stages of development. These stakeholders help to create, nurture, support, and develop startups (ASEAN, 2022). The startup ecosystem in Indonesia has seen rapid development in recent years, making it one of the most dynamic centres of startup activity in the Southeast Asian region.

Table 2. Startup Growth in ASEAN

Country	Startup Growth	Number of Startups		Number of Unicorns
		2015	2020	
Brunei Darussalam	Development Stage	0	0	-
Philippines	Growth	40	89	2
Indonesia	Rapid Growth	78	285	14
Cambodia	Development Stage	4	10	-
Laos	Development Stage	1	2	-
Malaysia	Growth	57	146	3
Singapore	Advanced	370	1157	20
Thailand	Growth	33	86	3
Vietnam	Growth	56	138	4
ASEAN	Mixed	652	1920	46

Source: ASEAN (2022)

Table 2 showing that in the past five years, ASEAN has seen an increase in the number of startups that have raised more than 1 million US Dollars. This represents a significant rise from 652 in 2015 to 1,920 in 2022. Singapore, Indonesia, and Malaysia contributed to 83 percent of the startups that raised more than \$1 million in the region. Vietnam, the Philippines, and Thailand are trying to catch up with the growth of startups in Asia. Startups based in Singapore internationalize much more actively than those in other member countries. Differences in the startup landscape (ecosystem, startup profiles, and support) among the member countries affect the development and

internationalization of startups (ASEAN, 2022).

Indonesia emerges as a significant force in the growth of the startup ecosystem in Southeast Asia, thanks to its large population, increased internet access, and government support. This dynamic environment attracts investment and drives innovation across various sectors, benefiting the region and inspiring other countries. Indonesia's digital diplomacy plays a crucial role in its ambition to become the ASEAN digital economy hub. Through global cooperation and partnerships, Indonesia leverages its developing startup conditions and digital progress, positioning itself as a

regional leader. Digital diplomacy promotes knowledge sharing, technology transfer, and investment, accelerating Indonesia's digital transformation. By actively collaborating with fellow ASEAN members, Indonesia strengthens regional ties and contributes to a stronger and more interconnected digital economy. Several Southeast Asian startups have expanded across borders to grow their businesses and access new markets. They are driven by factors such as available funding, regional integration, investment opportunities, and support from accelerators and unicorns. Examples include Indonesian startups Pintu and Migo, Malaysia's iCandy Interactive Limited, and Singapore's Parentinc, all of which have expanded their operations in various Southeast Asian countries to scale up and achieve their goals (ASEAN, 2022).

Indonesia could collaborate with other ASEAN countries to help startups access broader regional markets by creating better trade opportunities and reducing trade barriers. Out of 46 ASEAN unicorns, 33 have cross-border partnerships. The type of partnership or collaboration depends heavily on the unicorn's origin. Unicorns without a physical presence also connect regional markets and consumers through strategic alliances with local partners in the host

country, offering access to their country-based digital platforms or solutions. Blibli and Tiket.com (Indonesia) have booking platforms accessible to customers in other ASEAN countries. Axie Infinity, an online game owned by Sky Mavis (Vietnam), holds 40 percent of the gamer market in the Philippines. Although these unicorns do not have a physical presence through FDI in other ASEAN countries, they play a significant role in connecting markets and consumers and in developing the regional digital economy (ASEAN, 2022).

CONCLUSION

Indonesia has great potential to become the ASEAN digital economy hub with the largest population in the region and rapid economic growth. Indonesian Digital Diplomacy could be an effective strategy to realize Indonesia's vision as the ASEAN digital economy center. The Indonesian Digital Diplomacy strategy could include various elements, such as building a strong digital infrastructure, enhancing digital access and inclusion, and promoting regional collaboration through the ASEAN Smart Cities Network (ASCN). In achieving this goal, Indonesia could promote digital inclusion, expand markets, and formulate

regulations and policies that support the growth of the digital economy and startups.

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