

Surviving Brexit Britain Deepening Cooperation on Asian Market: Case of Liverpool-Surabaya Sister City

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Abstract: Brexit (British Exit) came at the middle of 2016 and resulted in Britain walk out from European Union (EU). Many saw the decision was a blunder, claiming Britain would lose economic gains from EU and reduce political mutual relations with the EU states. Yet, these recent years, Britain has been very active in conducting deeper beneficial relations with Asian states, as for 2015 the cooperation between The Republic of Ireland and China had valued 11,1 billion pounds and still rising. In 2016, England had deepened its relations with Indonesia by tightened the sister city cooperation between Liverpool and Surabaya. The two cities had agreed to open the England's Visa Application Center in Surabaya. The opening had been driving people's international mobility, especially Indonesian to come to Liverpool, England. The maneuver is believed to be a strategy to alter the Britain's economic structure. Aiming Asian markets is believed could reduce the loss gained from the Brexit. This paper would explain how Britain anticipated the loss from Brexit by gaining profit from Asian markets. This paper uses the concept of paradiplomacy, sister city, and bilateral cooperation. The methodology used in this paper would be based on literatures combining with qualitative analysis on the data. This paper would be a small yet valuable explanation for affirming the Britain strategy in surviving the Brexit loss. British Exit, or simply the Brexit, is the narration rised by the government of UK over the long discussion and preparation to leave the regional organization which has been care to develop their economic strenght and increase their political role in global stage for the past 55 years. Introduced in 2016, the Brexit then leaves a huge space of debate for scholar around the globe to get involved into the circle. The debate centralized on how UK, as the superhouse of international society approach of English School, could rise their placard to say "we'll leave European Union", and also how the European Union as the super role-model on how should a regional integration looks like could lost the power to keep its member in touch, and also mostly surrounded on what is the biggest motive for UK to leave EU along with to what extent UK able to overcome the upcoming challenges regarding the life without EU as their umbrella.

1 INTRODUCTION

The most known advantages on what basically motivate UK to leave EU is because to be sovereign enough to manage the free flow of people, notice that the free flow of people within EU has been criticized by many scholars as it also allows abundant immigrant and even refugees from Africa and Middle East to enter EU member countries. Another reason is that UK it self will have an authority to put tax on transnational trade without necessarily conform to EU guideline in which restricting their economic capability for years. But in the other hand, the biggest disadvantage that UK will face once the Brexit is completely done was simply they will no longer obtain things like what

EU member states had. From the political and legal benefits, environmental benefits, consumers benefits, until the most importantly something that almost all states collectively pursue, which is economic matter.

In economic matter, UK will eventually being excluded from the Free Trade and removal of non-tariff barriers which has helped to reduce costs (Pettinger, 2010), notice that over 45% of UK exports are to the EU and 50% of UK imports are from the EU (Sayers, 2016). Moreover, by no longer being part of EU as member state, meaning that UK will no longer participate in the free movement of people, labour, goods, service, and capital. Thats not necessarily good for UK's economy. Because according to Tejvan Pettinger (2016), all of EU

migrants, nearly 9/10 are in working age. He adds, that in 2013 around 48,9% of EU migrants that came to UK were between the age of 15 and 24. With all that in hand, it has helped deal with the UK's demographic timebomb and statistically able to fill the labour market shortages in certain areas.

Following the rise of Brexit, some scholars expect that the economic growth within UK will be slowing down. Philip Hammond, the UK official budget forecasters, expect the growth in 2018 will be at 1.4% compared with the previous forecast of 1.6%, and will be at 1.3% both in 2019 and 2020 (Melville, 2017). He even forecast that exit fees will cost an extra €3 million over the next two years (Amadeo, 2018).

In the world of diplomacy which transform massively, not only states have absolute authority but also non-state actors. In this case moot a city, in 2016, Surabaya as one of the biggest city in Indonesia have a good relation with Britain, specifically to Liverpool, England. In only three years, 2014 to 2016, both cities had build an intense cooperation and in the year of 2017, the cooperation had broaden to a more strategic sector.

The cooperation was started 2014, which marked with diplomatic visit from British Deputy Ambassador to Indonesia. Surabaya has become the city that which attracted Liverpool because of its identity, which has a common as a city port and has city development that is significant for their states. The Vice Mayor of Surabaya has assumed this is a good beginning by cooperating with Liverpool, considering Surabaya has never made a form of sister city with cities in England (www.surabaya.go.id, 2014).

If this case was observed using a constructivism perspective, this is a clear phenomenon that happen. According to Wendt as a constructivism expert (in Robert Jackson & Georg Sorenson, 2013), presence of this interaction between states is caused by a mutual interest and identities of both states. The mutual activities and interests in developing a port city and a large economic center it's a thing that has to be achieved together. It would be a good start to make a good relation in the future. As the writers, we believe there will be a domino effect to the states and giving more benefits to the both of the states.

Meanwhile in 2016, England has opened a Visa Application Center in Surabaya. England ambassadors for Indonesia, Moazzam Malik (www.gov.uk. 2016) has said that visa application center in Surabaya will accomodate and help the people of Surabaya and Eastern Javanese to obtain Visa so that they can visit England. England

committed to extend our presence in Surabaya to make much more stronger relations between England and Surabaya, the second biggest city Indonesia. This has been a strategic effort for England to accelerate cooperation between Liverpool and Surabaya in the form of sister city. With high mobility of the people from each cities will certainly help the growth of the economic sector for both of the countries.

The development of cooperation of sister city between Liverpool and Surabaya come to its peak in the year of 2017. With the signing of the Letter of Intent (LoI) about the cooperation in the form of sister city between Surabaya and Liverpool that was signed by Mrs.Risma along with the mayor of Liverpool, Joe Anderson, in May 17th, 2017. The mechanism of the LoI contain the commitment of cooperation between both cities, that include smart city cooperation, maritime and economic creative. The LoI is expected to be able to push the commitment of cooperation in the form of stronger Legal Foundation through Memorandum of Understanding (MoU) in the year to come (Minister of Foreign Affair Indonesia. 2017).

In the same year according, to the reports of Minister of Communication and Information of Surabaya (in www.surabaya.go.id. 2017). Moazzam Malik visited Surabaya for the third time. The talk of cooperation about the development of the city continued and progressed. Talking about the cooperation of both city that is focused on five fields such as. transportation. education. tourism. business. and sports. Considering of the many potential that can be developed in building the cooperation between both cities will make a stronger relationship between the countries itself. England and Indonesia. which share the same identity as an archipelagic states.

2 METHOD

2.1 Beneficial Bilateral Corporation

Bilateral cooperation came as strategy to state actor ranging from as manifestation of hegemonial power to assesment of cost and benefit gaining (Hassler. 2003). In term of bilateral cooperation as hegemonic power. Robert Keohane (in Herbert. 1996) proposes an additional functional theory of hegemonic power. Hegemonic power will eventually form "institution" or "regime" in order to conduct bilateral cooperation along the international system. Similar to Koehane proposal. Thomas Franck also stresses the

significant role of rule-legitimacy. Franck proposes that cooperation is built under the obedience and habituation from the actors. Cooperation almost impossible to built without rule- legitimacy. On the other hand. Ernst Haas (in Hassler. 2003) explains that his neofunctionalism approach also stressing the importance of cooperation driven by intended consequences. including bilateral cooperation. In intended consequences. actors decide to cooperate with the others based on rational- economic yet political cost and benefit calculation. Hence. the cooperation between Liverpool and Surabaya must have hegemonial and cost-benefit aspects.

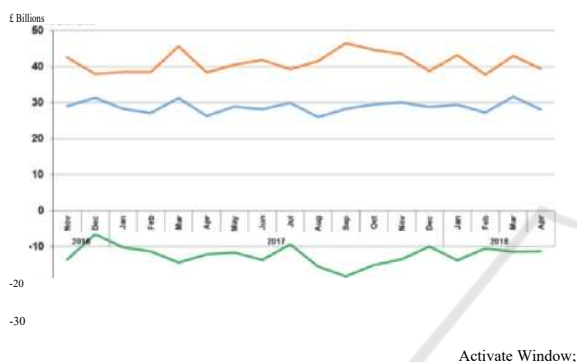


Figure 1: Britain Trade Trends in Good (HM Revenue and Customs Overseas, 2018)

The figure above shows the dynamics of Britain trade slightly before the Brexit and after the Brexit. The report also commented on Britain trade partners as shown by Figure 2 below.

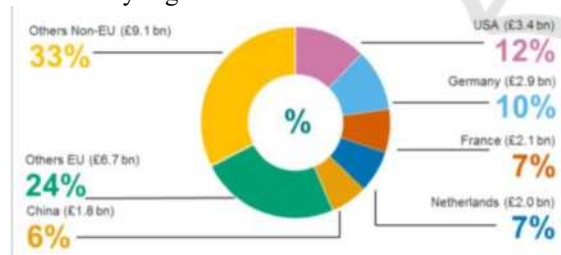


Figure 2: Britain Trade Overseas Partner in Good (HM Revenue and Customs Overseas, 2018)

The two figures above have shown the Britain trade trends and partners from 2016 until 2018. The hegemonial power are still USA, Germany, Netherlands, and China. Yet, the highest percentage, measured by trade volume, of Britain trade partners come from non-EU states with 51%, along with China and USA. We could assume that even before the Brexit, Britain hegemonial partners in overseas trade are non-EU countries, ranging from USA, China, and many more.

Meanwhile, in the Figure 1, the orange line shows import, blue line as the export, and green line as trade gap. It was in the secon and third quarter of 2017 the dynamics of Britain trade was very fluctuative. It was the same period when the Brexit referendum held by the government. In the first quarter of 2018, Britain trade was relatively stable with small gap on import and export. First quarter of 2018 also marks the most fluctuative Britain trade trends since the end of 2016.

Overall, according to the report, Britain first quarter trade trends was fluctuative. In April 2018, EU exports were 13,7 billion pounds, while in April 2017 EU exports were 12,2 billion pounds. For the same period, EU imports were 21,3 billion pounds, and for April 2017 EU imports were 19,4 billion pounds. While for non-EU trade, in April 2018 the exports were 14,3 billion pounds, and for April 2017 the number was 14,2 billion pounds. In April 2018, the non-EU imports were 18,1 billion pounds, while in April 2017 were 19 billion pounds (HM Revenue and Customs Overseas, 2018). Britain relatively exports more to non-EU partners, but she remain imports so many from EU partners.

According to Haas' approach, implementing in current case, Britain's trend on overseas trade remains dominated by non-EU partners. It would be rationally logic if the Brexit referendum was held. The economic-political calculation of regional trade was less dependent on EU states. With the current economic situation, leaving EU would also mean making import lesser than the export number.

2.2 Paradiplomacy Explained

Paradiplomacy according to Aleksander Kuznetsov (in Malgorzata Pietrasiak et al., 2018), describes paradiplomacy as a commitment of sub-national actors of national states to international relations. The explanation of paradiplomacy is in line with the liberalism perspective of Nye and Keohane (in Tomasz Kaminski, 2018) that political instructions between any significant actors whose characteristics include autonomy, the control of substantial resources relevant to a given issue area and participation in political relationship across state lines. What Nye and Keohane means by sub-national actors (such as local government or city) That has been given authority by the central government. In an economic aspect it surely will create a room for investation, to create growth and development of economy.

Paradiplomacy has become a policy several countries, especially Indonesia after the existence of

local autonomy policy. According to Republic Indonesia constitution number 37 year 1999 about foreign relations chapter 2, article 7, paragraph 1, president may appoint state officials besides minister of foreign affairs, government officials, to organize a foreign relations in certain fields. With addition of Republic Indonesia Constitution number 32 year 2004 about local government article 42, paragraph 2, on international cooperations is regional cooperation with foreign parties that covers cooperation of "twin" cities, with the sister city cooperation between Surabaya and Liverpool has become the government of Surabaya's efforts to increase the wellfareness of their people through deepening the international interaction, especially for Liverpool.

Paradiplomacy has become the main evidence of the existence of liberalism, that this thing will create a form of interdependency and create a profitable relation. In its practice, paradiplomacy require an identification for an actor about something to offer and also that is required for the involved actor. According to Morgenthau (in Anthony F. Lang JR., 2013) the idea of diplomacy points to the complexity of understanding the self and acting in a world with others. This become an important note for all the actors with authority to do an act of diplomacy, by understanding the existing opportunities that will surely bring profits as well as reach their own interests, paradiplomacy become the thing that is required to accomplish national interest through a sub-national actor. Along with the massive of the globalisation, that has made international politics more complex, marked by the existence of non-state actor in the international relation.

The presence of paradiplomacy become one of the strategic and applicative act to creates a futuristic relation for both sides of sub-national actor to strengthen their existence in the international world, also increasing the diplomatic relation of two countries so that the interests is achieved. About the paradiplomacy on its own, in its practice according to Andre Lecours (2008), is categorized to three parts based on the purpose of a sub-national actor. First is economic, second is complex cooperation (such as trade and development of technology, culture, and education, and contrast to the type of the first and second purpose which only only focusing on the economic sector), and the last purpose is about political interest (intended to expression of identity that is contrast to the central government, such as Quebec and Catalonia).

The implementation of paradiplomacy on its own, is undeniable, that those three purposes can merge into one. The initial goal of paradiplomacy

can involve all aspect, such as economy, non-economy (technology development as well as the existence of a region to shape and to express its identity to achieve its interest, like Quebec that affiliates with other countries that speak French in order to creates a cooperation with their identity to get recognized globally. The province of Quebec, which maintains close ties with France, and in some cases, even influencing the French government on its policies

regarding the French language (Andre Lecours, in Marten Kooistra, 2002). Paradiplomacy is a facilitator for a subnational to ease the enhancement of selfdetermination of each of sub-national, either for province or city.

2.3 The Sister City

The form from the part of paradiplomacy, is that one of them is using the application of the cooperation of "sister city". With the presence of paradiplomacy, it has produces new varieties in a diplomatic act. With technology that is massively developing, mainly in the communication field to keep interacting and working with each other. In the city government context, this might have a purpose to develop city through cooperation of Sister City. In another words by Zelinsky (1991, in Nathan Henrique Alves Caze, 2005) "city- twinning", is an overall objective of advancing mutual understanding and friendship, in it, covers many activities between to states that in the relationship of sister city, such shared activities are, economic, cultural, ideological, historical, tourism, or other type of concern or perhaps a beneficial complementarity of interest.

The cooperation of sister city basically is to increase development in a regional scale, and it should impact the national development. Referring to Andre Lecours, cooperation of Sister City started by the offer of Deputy Ambassador of England to Indonesia to invite and visit Liverpool, this has a purpose so that the cooperation between both cities is made, the similarities of both cities as a port city which the growth and the development of its economy. According to Vice Mayor of Surabaya, (in Reports of Minister of Communication and Information of Surabaya, 2014), the cooperation with Liverpool is to develop the city, in the meeting is also discussed an education topics, such as student exchange and also a health program. This is really important for Surabaya to be able to cooperate with Liverpool in a form of sister city. With Visa Application Central is made in Surabaya, it's to ensure the friendship within both states that is

represented by the cities. It will help in shaping the mobilisation efforts between the people of both cities, creating a shared interest using shared identity.

3 RESULT

Right after declaring the Brexit, UK unsurprisingly began its massive negotiation with non-EU states as its attempt to build their own economic regime after, soon to be, being expelled from EU's single market and common union. This negotiation attempts came in various form, increasing the import- export relations with Commonwealth Countries as its never been done seriously while UK in EU, start to begin trade-based relations with the world emerging economic power such as Japan, China, and India, and also to start a new model of diplomacy in which involving the role of sub-state as a decision-maker but still in its respective country's guideline to establish a touch with the potential city or province local government across the border, or simply known as paradiplomacy.

If the question is whether the act of city twinning or sister city beneath the paradiplomacy could replace the benefit of EU to UK after the Brexit, so it will be a long debate to be discussed. Many scholar might said that the economic lost of UK after Brexit is towering to be replaced by any other form of economic relations. But those lost could be overcome by these act of city twinning. So far, in the year of 2006, there were more than 2525 twinning links between the UK and international cities in existence (Clarke, 2008). And those number is massively rised following the Brexit, for example the Surabaya- Liverpool sister city. Aside to stay in touch with the UK's former enemy after World War II, city twinning has been further enriched by the emphasis on economic partnership especially with countries possessing market potential (Wu, 2016).

We can take a look on how the contact between British and China cities could benefit their self up in economic matters. Eventhough there were no financial target formulated in their MoU in the first place, but the economic benefits for the two countries are still expected. For instance, the Oxfordshire county council's twinning agreement with Guangdong province, which focuses on bussiness partnerships, has resulted in direct economic benefits since the relations had only been in place for three to five years (LGA Survey, 2013).

Another example to be concern is the current sister city of Liverpool and Surabaya, the

Indonesia's 2nd largest city after Jakarta, as an attempt to boost UK's influence in South East Asia. As mentioned in previous chapter, the Surabaya-Liverpool sister city will help the growth of the economic sector for both countries. The UK's city, starting from Leeds, Cardiff, Glasgow, Newcastle, London, until Manchester also have their own unique sister city spreaded up around the globe to support the making of UK's economic regime. Overall, most UK cities city surveyed (46%) actively manage twinning arrangements strategically (Acuto, 2016).

The existence of paradiplomacy is certainly can not be separated from the role of globalisation to be able to works perfectly. Globalisation which often be understood as a process of economic integration, has create a new room in a process of diplomacy. Sister City is one of it. The cooperation of sister city that was originally based on the shared identity, has resulted a spill-over. In the year of 2017, after the signing of the LoI (Letter of Intent) the mayor of Surabaya and the mayor of Liverpool had the willingness to bo more focused on the efforts of economic development and other low politics. Basically, a transnational relation, according to Robert Jackson and Georg Sorenson (2013) by the thinking of the liberal sociological, the relation between people is more cooperative and supports the creation of peace compared to the relation between national government. However, it can't be denied that with transnational relation, or paradiplomacy itself, requires an agreement from the central government of a state, which in Indonesia is known as a regional autonomy.

The application of paradiplomacy through the cooperation of sister city is considered effective. When a state has a cooperation of sister city, it often receive many positive impact that is cause by the spill-over, that usually focused on the development of economic or other low politics. Following the bomb attacks at Surabaya, the Ambassador of England held a meeting with the Mayor of Surabaya. In the meeting, Moazam Malik (Zumrotul Abidin, in reports of Suara Surabaya, 2018) said that the terror attack at Surabaya has not discourage the cooperation between Liverpool and Surabaya. The England officials wants to continue the cooperation of Sister City between Surabaya and Liverpool and to help in dealing with terrorism in Surabaya.

Paradiplomacy has become effective because not only that it cover the economic sectors, but also other intercultural aspect such as, transportation, health, or sports. Which each of them has direct connection to the individuals. With the

decentralisation of power to be able to make paradiplomacy applicable has created a peace and an interdependency in the same level (city/province).

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