



Contribution of Cooperation between Indonesia and Singapore in the Tourism Sector to the Domestic Economy

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ABSTRACT

This research discusses the contributions made between Indonesia and Singapore regarding their cooperation efforts in the tourism sector to the domestic economy. Singapore is a neighbouring country of Indonesia which is one of the largest contributors of tourists in the last 10 years for Indonesia. This is a momentum that is utilised by Indonesia to advance its tourism sector for the domestic economy. In this study, interdependence theory emphasises how good and mutually beneficial cooperation can arise from good interdependence. The research method used is qualitative, with data collection conducted through literature studies on the Internet. This research found that there is a beneficial potential for both countries, especially in the tourism sector given that Indonesia is rich in destinations that are favoured by tourists to increase economic figures in the country.

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1. INTRODUCTION

An important role in the economic development of a country is held by investment and cooperation activities carried out or agreed between the two countries to get a benefit that can be felt by the country. In the current era of globalisation, the power of cooperation is one of the factors that support the increase of a country's economy. Singapore, which is one of the countries in the Southeast Asian region that cooperates with Indonesia in the tourism sector, has a considerable impact or influence on economic growth in the country (Hampton, 2010).

Indonesia and Singapore have a long and close history of cooperation in various fields, including the tourism sector. In recent years, this cooperation has significantly contributed to the domestic economy, especially through infrastructure development, improving accessibility, and enhancing the quality of tourist destinations. Therefore, this study aims to further explore the contribution of Indonesia and Singapore's cooperation in the tourism sector to the domestic economy, and analyse its implications for economic growth and social progress in Indonesia (Sparke *et al.*, 2022).

Indonesia and Singapore's cooperation in tourism has increased significantly, with Singapore becoming one of Indonesia's main investment partners in tourism. To strengthen this cooperation, the governments of Indonesia and Singapore have signed several agreements, including a Memorandum of Understanding (MoU) in the fields of e-government and tourism. This MoU opens opportunities for Indonesia and Singapore to strengthen cooperation in developing tourist destinations, increasing access, and improving the quality of tourist destinations. In addition, this cooperation also increases the number of foreign tourists to Indonesia which also has an impact on increasing foreign exchange.

Cooperation activities carried out by Indonesia and Singapore have satisfactory responses and results on economic progress, state branding and also the level of social welfare. The Indonesian government then pays more attention to policy direction. Thus, policies taken by the government can work effectively and efficiently. Thus, these policies make the effectiveness of economic growth between countries also increase.

In Indonesia, one example of a region that has the potential for economic growth is Batam. Batam is an area that has the potential to be developed because it consists of a workforce, political stability and security, consists of a large area and also an area located in the Riau Islands Province has a strategic geographical line where Batam borders directly with neighbouring countries. Thus, it becomes a cross-border entrance between Indonesia and Singapore. The Riau Islands region is a cross-island and cross-country area that makes Batam a strategic trajectory for the economy, tourism, trade industry and investment (Amster & Lindquist, 2005).

Indonesia has an advantage in the field of tourism and its travel packages are fairly cheap compared to other countries, namely European countries which of course have many conditions and high currencies that make tourists still have to think if they want to go on holiday to European countries. This is one of the reasons why Indonesia is a leading country in attracting domestic and foreign tourists. Given Indonesia's diverse and significant advantages, Singapore is interested in collaborating with Indonesia in the tourism sector. Singapore is geographically adjacent to Indonesia and is a member of ASEAN.

Furthermore, Indonesia and Singapore have historically had good relations in terms of bilateral cooperation, with Singapore being the largest investor in Indonesia and Singapore having the highest amount of business investment in Indonesia at USD 2.65 billion. Indonesia is currently considered Singapore's second-largest trading partner among other ASEAN

countries. And this cooperation has many pillars of cooperation. In the fields of economy, labour, and education, what is currently approved and ratified in the MoU of Understanding is cooperation in the field of tourism.

The form of tourism cooperation between Indonesia and Singapore has been agreed upon, approved and outlined in a Memorandum of Understanding (MoU). The cooperation agreed by the parties includes advertising and joint marketing of cruises and exhibitions (MICE). Activities undertaken during the cooperation include destination and port development, as well as human resource development through training and exhibitions of local works. A special form of cooperation between Indonesia and Singapore in the cruise sector is that Singapore considers Indonesia as a nation. The countries that become tourist destinations are very different and have their uniqueness. This is why Singapore wants to establish bilateral cooperation with Indonesia.

Tourism is a set of interrelated elements consisting of tourists, destinations, travel, industry, and others, and is included in the tourism sector. Tourism is said to have tremendous energy that transforms local communities and brings great changes to the environment in many ways. According to UNWTO, the tourism sector continues to grow over time. Just as the tourism sector had a major impact on economic improvement in 2015, the tourism sector also remains the key to the success of global economic improvement in 2016.

Based on the description above, this research aims to find out and understand more about the impact of cooperation between Indonesia and Singapore in the tourism sector to increase economic growth in the country. In addition, this research can provide practical and academic benefits, which can be used and used as reference material in research that is in line with this research, the academic benefits can be used as a reference and knowledge for readers.

2. METHODS

This type of research is qualitative research. Data sources in this study were obtained through library research, namely by collecting data from the internet in the form of journals, theses, research reports, articles, news, and others relevant to the research topic. Various sources of literature data were collected from the internet (Internet-based), then processed by the author and used in describing various references. The data analysis technique used is descriptive qualitative interactive analysis, consisting of data collection, data presentation, data reduction and conclusion drawing.

3. RESULTS AND DISCUSSION

3.1. Analysis of Cooperation Between Indonesia and Singapore over 2 Decades

Cooperation between Indonesia and Singapore has developed significantly since the inception of the Republic of Indonesia. In 2 decades, this bilateral cooperation has reached various levels, ranging from infrastructure cooperation, tourism, and investment, to the management of special economic zones. The following is an analysis of cooperation between Indonesia and Singapore over time:

- (i) The 2000s (2000-2009). In the 2000s, cooperation between Indonesia and Singapore continued to increase. In 2006, Indonesian President Susilo Bambang Yudhoyono and Singapore Prime Minister Lee Hsien Loong signed a Memorandum of Understanding (MoU) for the development of special economic zones in Batam, Bintan and Karimun. This cooperation covers infrastructure development, investment, and management of the special economic zones ([Surwandono, 2018](#)).

- (ii) The 2010s (2010-2019). In the 2010s, cooperation between Indonesia and Singapore continued to increase. In 2016, Indonesian President Joko Widodo and Singaporean Prime Minister Lee Hsien Loong signed an agreement to enhance economic cooperation. The agreement covers infrastructure development, investment, and special economic zone management. In 2018, Indonesia and Singapore signed a cooperation agreement for the management of special economic zones in Batam, Bintan, and Karimun ([Achmad & Nasir, 2022](#)).
- (iii) The 2020s (2020-present). In the 2020s, cooperation between Indonesia and Singapore continued to increase. In 2021, Indonesia and Singapore signed collaborations for the development of digital bridges, travel bubbles, and Batam-Bintan. This cooperation includes infrastructure development, investment, and special economic zone management. In addition, Singapore is committed to increasing its bilateral cooperation with Indonesia, including in the fields of immigration, law, and intellectual property.
- (iv) In analysing cooperation between Indonesia and Singapore over time, it can be seen that this cooperation has increased significantly since the inception of the Republic of Indonesia. This includes infrastructure development, investment, and management of special economic zones, as well as increased cooperation in various fields, including tourism and energy. This cooperation has helped boost economic progress and improve diplomatic relations between the two countries ([Rustidja et al., 2017](#)).

3.2. There are Also Forms of Cooperation Between Indonesia and Singapore in the Tourism Sector

In this case, this paper discussed what forms of co-operation occur between Indonesia and Singapore in the tourism sector and the objectives of the co-operation for the domestic economic growth sector.

Development cooperation in tourism: Indonesia and Singapore work together to increase the number of foreign tourist arrivals to each country and increase national income ([Tuhumury et al., 2017](#)). Digital nomad cooperation: Indonesia and Singapore plan to bring 1,000 to 5,000 digital nomads to Indonesia within 6-12 months to improve the performance of Indonesia's tourism sector. Tourism Investment Cooperation: Indonesia and Singapore are collaborating with several Singapore investors, including Bioeconomy, Far East Hospitality, CEO Capital Land, and CEO Red Doors, to develop expansion and investment opportunities in the tourism sector. We are working together to do this. Tourism infrastructure development cooperation: Indonesia and Singapore are planning new cooperation in infrastructure to encourage continued cooperation in the tourism sector. Eco-tourism development cooperation: Indonesia and Singapore aim to develop green tourism that focuses on tourism activities that have low CO₂ emissions, conserve resources, and are socially inclusive. Digital tourism development cooperation: Indonesia and Singapore aim to develop digital tourism with a focus on using digital technology to improve the quality of tourism services and increase the number of tourists ([Parlindungan et al., 2022](#)). Development cooperation in the field of "green economy tourism": Indonesia and Singapore seek to develop green economy tourism that focuses on low CO₂ emissions, resource saving, and socially inclusive tourism activities ([Rustidja et al., 2017](#)). Development Cooperation for Inclusive Tourism: Indonesia and Singapore are working to develop inclusive tourism with a focus on improving tourism accessibility for people with disabilities and raising public awareness of the importance of inclusion in tourism. Development co-operation for social tourism: Indonesia and Singapore seek to develop social tourism with a focus on increasing public awareness of the importance of social in tourism and improving the quality of tourism services. Cultural tourism

development cooperation: Indonesia and Singapore seek to develop cultural tourism with a focus on increasing public awareness of the importance of culture in tourism and improving the quality of tourism services (Henderson, 2001).

3.3. The Impact of Co-operation on the Indonesian Economy

Tourism plays an important role as a source of foreign revenue and has the ability to increase the country's economic growth, especially through reducing decline and increasing productivity. Therefore, tourism is one of the sector strategies that must be considered as tourism develops as part of national development. Ultimately, the goal of tourism development is to increase people's income, which in turn can improve people's welfare and economic growth. In addition, tourism growth increases investment and consumption demand, which in turn results in the production of goods and services. Economic growth is fuelled by tourism, and conversely, economic growth is fuelled by tourism. The exchange rate and inflation also affect Indonesian tourism. The tourism sector has the potential to increase the country's economic growth, create new jobs, boost the tourism industry, and increase the country's foreign revenue. In addition, it can encourage the development of the tourism sector in various countries. Tourism contributes to economic growth through various channels, including foreign exchange earnings, and attracting international investment (Khoshnevis Yazdi *et al.*, 2017)

Tourism is one of the most important sectors for the Indonesian economy. The direct contribution of the tourism sector to GDP reached more than 3.8% in 2012 or up to 9% of GDP when considering the multiplier effect of GDP (See **Figure 1**). The government in the 2014-2019 Medium-Term Development Plan has set various targets and strategies in the tourism sector (Khoshnevis Yazdi *et al.*, 2017).

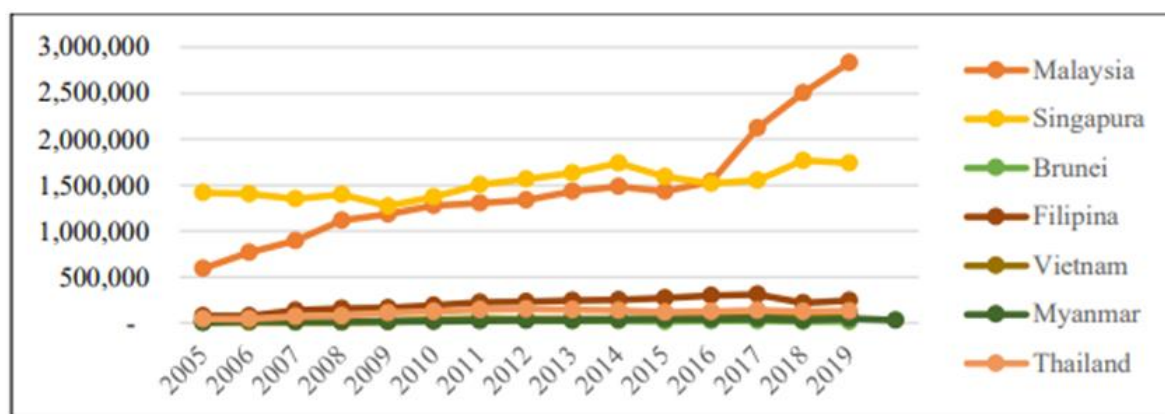


Figure 1. Tourist arrivals graph in ASEAN countries adopted from Khoshnevis Yazdi *et al.* (2017).

The figure above shows that in general, tourist arrivals from seven ASEAN countries tend to experience a positive trend. Malaysia and Singapore are the top two countries from ASEAN that are the largest contributors of tourists to Indonesia with an average of 1.45 million and 1.52 million visits (See **Figure 2**). The contribution of tourism has increased as a result of government efforts to support national development programmes. The tourism sector has many direct and indirect links with various sectors of the local economy, such as accommodation, restaurants, transport, trade, services, and others. Thus, the sector can contribute to local economic growth. Being a sector that plays an important role in regional development. Therefore, tourism can influence the community directly from the social,

economic, cultural, and political fields, as well as the integration of various economic elements. The programme emphasises the importance of tourism in driving national development, one of which is by increasing state revenue and community welfare.



Figure 2. Indonesia's tourism foreign exchange earnings adopted from [Permatasari and Esquivias \(2022\)](#).

According to data from the Ministry of Tourism, the tourism sector is the fifth largest foreign exchange earner in Indonesia, and foreign exchange earnings from tourism continued to increase from 2011 to 2015.

To develop a country, regional development is necessary to encourage economic growth and improve disparities between regions. Therefore, effective and efficient development goals can be achieved by adjusting the conditions, possibilities and problems of each region. Furthermore, the analysis of regional potential ensures that regional national investment in economic sectors is increasingly concrete. Given the importance of the contribution of the tourism sector to national development efforts, it is necessary to analyse the tourism potential of all provinces in Indonesia. Development goals are more effective and efficient. The analysis of tourism as the main sector in Indonesia is carried out using the LQ analysis method and quadrant analysis to obtain an overview of the potential of economic activities based on contribution criteria and growth criteria in Indonesia.

Following the recommendations of the United Nations World Tourism Organization (UNWTO), a foreign tourist is any person who travels to a country outside his or her country of residence for less than one year with a primary purpose (business, leisure, or other personal reasons) other than to work with residents of the country visited.

BPS divides foreign tourists into two categories: tourists and excursionists. A tourist is any visiting person, including foreign nationals who stay for at least 24 hours, but not more than 12 months, in the location visited for the visit, including, but not limited to,

- (i) Personal: holiday, recreation, visiting friends or family, study or training, health, sport, religion, shopping, transit, etc.
- (ii) Business and professional: attending meetings, conferences or congresses, trade shows, concerts, shows, and others.

A traveller is any visitor as defined by foreign tourists who stays less than 24 hours in the place visited, including cruise passenger, which is any visitor who arrives in a country by ship or train, where they do not stay in the accommodation available in the country. The Location

Quotient (LQ) and Dynamic Location Quotient (DLQ) methods are ways of finding out whether an economic sector or subsector is basic or non-basic. The LQ method calculates the concentration of activities in a region by comparing the role of similar activities or industries in the local and national economy. The LQ methodology helps in determining the export capacity of a country and the level of its economic sectors. The drawback of the LQ method is that it is not static as it only gives a snapshot at a particular time. We use LQ variance analysis called DLQ (Dynamic Location Quotient) to overcome the drawbacks of LQ and find changes or relocations in a particular sector. It is used by adding the growth rate by assuming there is an increase in value or change in each sector (Henderson, 2001).

Data from the Central Bureau of Statistics and the Data and Information Centre of the Ministry of Tourism and Creative Economy recorded that foreign exchange earnings from the tourism sector have increased every year. In 2014, foreign exchange earnings from the tourism sector increased 11.14 per cent from the previous year to US\$11,166.13 million (See **Figure 3**). Occupying the fourth largest foreign exchange contributor in 2013-2014 underpins the government's desire to make the tourism sector a mainstay of state revenue generation. Because Indonesian tourism is considered to have advantages in terms of destination and price. Tourism Minister Arief Yahya stated that the government is targeting the tourism sector as the largest foreign exchange contributor to the country in the next few years. In 2019, the tourism sector is targeted to contribute US\$20 billion in foreign exchange or double the foreign exchange contribution from the sector in 2014 (Permatasari & Esquivias, 2022).

At the beginning of 2016, the ASEAN Economic Community (AEC) has officially started. The AEC aims to maintain ASEAN regional political stability and security, improve the region's overall competitiveness in the world market, encourage economic growth, reduce poverty, and improve people's living standards. Indonesia's tourism sector is considered the most prepared to face the AEC because Indonesia has attractive tourism potential. Based on BPS 2017 data contained in the figure above, the number of foreign tourists to Indonesia in 2010-2016 continues to increase. The data shows that Indonesia has a variety of potential to be developed to improve the performance of the tourism sector (See **Figure 3**).

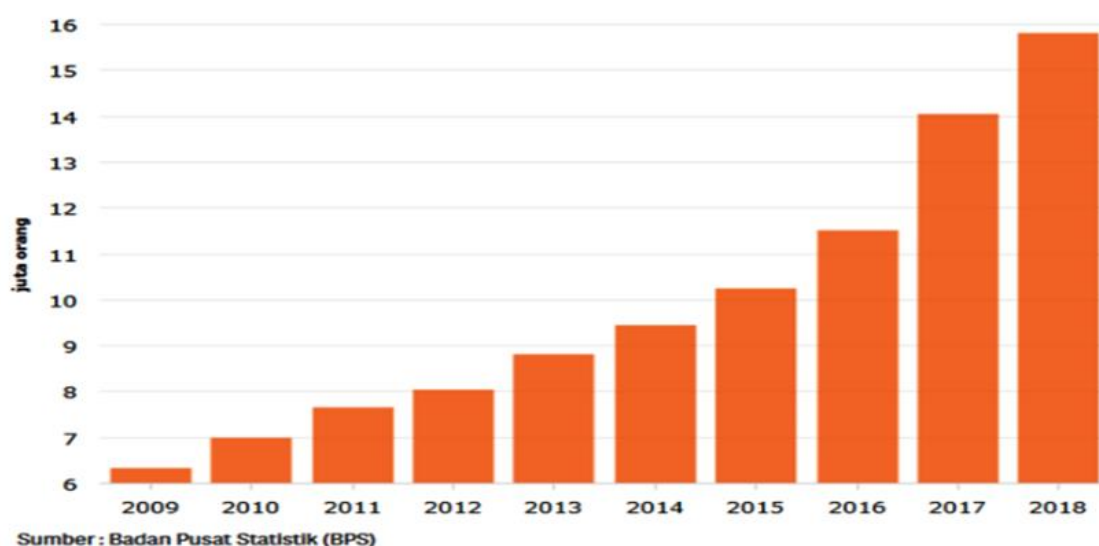


Figure 2. Number of foreign tourist visits to Indonesia 2009-2018 adopted from Achmad et al. (2023).

Indonesia still fails to protect its nature. Many cultures are lost and are no longer used or recognised by other countries. Therefore, Indonesia should manage and protect its nature. To improve its list of natural and cultural resources, Indonesia should hold big events related to its culture, such as art festivals that can attract foreign tourists. Strengthening people's pride in their culture and preserving historical relics, ancient objects, and historical buildings is another option. In addition, traditional arts such as music, drama, dance, costumes and traditional ceremonies should also be preserved. Local knowledge and culture can be an attraction for visitors. One of them is the unique specialities and skills that the Indonesian tourism industry can offer.

In addition to culture, nature conservation should also be considered. Ways to protect nature include supporting conservation programmes and endangered animals, educating the public on the importance of conservation, and ensuring that nature is not private property to be exploited. Raising awareness is also important. Because of nature conservation, Indonesian tourism has become more appreciated and developed, so it can compete with ASEAN countries in the AEC.

3.4. Use of Strategies in Tourism Marketing Efforts Including "Wonderful Indonesia"

There is also a strategy carried out by the Indonesian government in conducting tourism marketing is very important to provide attractiveness to foreign tourists to visit. There are three marketing strategies used in Indonesia to increase the number of tourists, namely DOT, BAS, and POSE. The customer portfolio strategy applied in Indonesia is the DOT approach which stands for Destination, Origin, Timeline. The DOT approach is applied differently depending on the market. The three main market regions for Indonesian tourism are Southeast Asia (ASEAN), China, and Australia. Another strategy used in tourism marketing in Indonesia is BAS. BAS stands for Branding, Advertising, and Sales. Indonesia's tourism brand is Wonderful Indonesia whose bird image consists of five colours.

After branding is created, the next activity is advertising. Advertising is done through commercial television, event advertisements, collaboration with overseas websites such as TripAdvisor, advertisements in print and online media, and billboards. Advertisements are currently shown in cinemas before film screenings. These tourism advertisements are broadcast in 55 cinemas in 14 cities across Indonesia. There are three programmes: Our Way, Wonderful Indonesia, and The Beauty of Indonesia's Fifteen Major Destinations. In addition, the government cooperated with Garuda Indonesia and international airlines such as Singapore to build the Wonderful Indonesia tourism brand. The sales process begins after brand selection and advertising. The selling of Indonesia's own tourism, such as nature tourism, souvenirs, art, and MICE, is done at this stage. An example of activities held to support selling is the "Bali Beyond Travel Fair" held annually in Bali (See **Figure 4**).

In Indonesian tourism marketing, the third strategy is collaboration with the media. This strategy is known as POSE, which means Paid Media, Own Media, social media, and Endorsers. Marketing is done through paid media such as Discovery Channel, CNN, Metro TV, YouTube, National Geographic Channel, and CCTV, among others. After paid media, marketing is done through separate media, or official media, such as the official website of the Indonesian Embassy. Social media is also used to spread information about Indonesian tourism and links. In addition, the general public can participate in marketing Indonesian tourism through social media. Push is the last strategy. Some Indonesian artists, such as Raisa, Pevita Pearce, and most recently, Professor Philip Kotler, signed the promotion.



Figure 3. Wonderful Indonesia logo adopted from [Putri et al. \(2021\)](#)

3.5. The Effects of Tourism on Infrastructure Development in Indonesia

According to BKPM, in 2015, the total investment to support tourist accommodation facilities such as restaurants and hotels was IDR 4.62 trillion or 0.8 per cent of investment realisation in 2015. Almost 50 per cent of the total realisation was concentrated in Java. Indonesia still has many regions that need to be developed, including islands such as Sulawesi, Kalimantan, and Maluku. The financing starts from accessibility, infrastructure, accommodation and tourist destinations. If investment realisation is evenly distributed and continues to increase, Indonesia's tourism funding also increases.

In addition to investment, tourism financing is also provided by the central and local governments. Following the Tourism Law of the Republic of Indonesia Chapter 10 Number 2009, the funds will be provided by the government through the APBN and APBD. In 2015, the budget for the tourism sector and creative industry was IDR 2.4 trillion or 0.1% of the central government expenditure (BPP). This amount increased by 11.7% compared to 2014. The APBN funds will be used for the Tourism Destination Development Programme, the Tourism Marketing Development Programme, the Tourism and Creative Industries Resource Development Programme, the Arts and Culture-Based Creative Industries Development Programme, and the Media, Design and Science and Technology-Based Creative Industries Development Programme. In 2016, the government targeted an EMB for tourism of 1% of the total state budget or equivalent to Rp.5.4 trillion. This is done to realise more advanced tourism and be able to compete in the AEC. Infrastructure is a very important supporting element in tourism because without adequate infrastructure, tourist destinations are difficult to access and few tourists visit. Destinations should involve infrastructure improvements such as the development of transport and infrastructure, construction of public facilities, maintenance of the area, provision of fuel and electricity, development of tourist attractions, and institutional development of tourist destinations.

The infrastructure development strategy for tourist destinations launched by the government focuses on 10 tourist destinations to increase the number of tourist visits. Indonesia's 10 priority tourist destinations are Borobudur, Bromo, Lake Toba, Thousand Islands, Labuan Bajo, Mandalika, Morotai, Tanjung Kelayan, Tanjung Lesung, and Wakatobi. The development and improvement of a country's tourism is very important because well-maintained and well-organised tourist destinations attract domestic and foreign tourists. To achieve this, regulations are needed that can regulate and manage the improvement of tourism performance. Regulations or policies issued by a government to increase the number of tourists: The visa exemption policy is regulated in the Decree of the Republic of Indonesia Number 2015 Number 104 concerning Amendments to Presidential Decree Number 69.

Visitor visas exempted in 2015 include: The purpose of this policy is to improve Indonesia's relations with other countries and make it easier for foreigners to visit Indonesia. Previously, based on Executive Order No. 69/2015, the visa-free policy applied to 45 countries. Currently, the Indonesian government has increased the list of visa-free countries in Indonesia to 169 countries following Presidential Decree No. 21/2016 signed by President Joko Widodo on 2 March 2016. The policy aims to increase the number of foreign tourists visiting Indonesia and is expected to increase the number of visitors by 19% or 20 million foreign tourists. The target is considered the highest because previously it only targeted 6-8% of the total increase in foreign tourists.

In this case, the government also divides or forms 2 priority destination development policies to increase foreign tourist arrivals. There are ten priority destinations which are divided into two types, namely, national tourism strategic areas and tourism special economic zones. There are three special economic zones, namely Tanjung Lesung, Mount Bromo, and Morotai Island. Meanwhile, the national tourism strategic areas include Lake Toba, Kepulauan Seribu, Tanjung Lesung, Tanjung Kelayang, Borobudur, Madalika, Wakatobi, and Labuan Bajo.

Based on data from the Indonesian Ministry of Tourism, the quality of human resources from 2009 to 2013 Indonesia was ranked 4th in ASEAN, while globally in 2013 Indonesia was ranked 61st out of 140 countries. Therefore, the government made a policy, namely competency-based training. This training aims to improve competence in the aspects of attitude, knowledge and skills. One of the manifestations of Article 52 of Law No. 10/2009 on Tourism is that the central government and local governments organise tourism human resource training. In addition, Indonesian labour institutions have cooperated with regional and international institutions (ASEAN, APEC, PATA, UNWTO, WTTC, ILO, etc.). Development of government and private institutions, including improving the quality of human resources, apparatus, communities, and the private sector, improving the quality and dissemination of tourism policy research. The implementation of HR training and institutional cooperation carried out by the current government is very supportive of Indonesian tourism in the AEC. Infrastructure development results in better performance of Indonesia's tourism sector and being able to compete with other ASEAN countries such as Singapore and Thailand. Infrastructure development carried out includes road improvements, provision of traffic signs and signs, improvement of facilities and infrastructure, and increased access to information through internet media such as social media, official destination websites and information desks. [Sultan et al. \(2021\)](#) also found that the majority of tourists in his research obtained information about tourist attractions through electronic media and the Internet, apart from recommendations from friends/family/travel agents. By disseminating information, it can increase the interest of domestic and foreign tourists to visit. The branding of Indonesian Tourism is Wonderful Indonesia has increased foreign tourist visits to Indonesia since 2011. [Mietzner \(2012\)](#) also concluded that the Wonderful Indonesia Campaign has shown impressive achievements.

The government in this case needs to have more awareness because the tourism sector affects the economic improvement of a country. Regulations are needed to be able to regulate and control the improvement of tourism performance. Tourism policies need to be implemented to accelerate economic growth and improve Indonesian tourism. Based on data on the number of foreign tourists (foreign tourists) in Indonesia from 2010 to 2016, Figure 1 shows the number of foreign tourists always increased every year starting from 2010 of 7 million tourists to 2016 more than 11 million tourists, an increase of 65%. This shows that the Marketing Strategy, Funding Strategy, Infrastructure Development Strategy, and Tourism sector policies that have been implemented have positively affected the number of foreign

tourists. It is also important for the Government to involve the active role of the community in developing the tourism sector. This has a significant impact on the local economy. Improving the quality of human resources is equally important in the development of the tourism sector. If these factors continue to be improved, it improves the performance of Indonesia's tourism sector in the ASEAN Economic Community (AEC). In the end, Wonderful Indonesia branding is increasingly popular in the ASEAN region and the international arena. Thus, the number of tourists to Indonesia is increasing. In addition, the tourism sector must have distinctive competencies that can be unique to tourists. Each tourist attraction must be able to display its uniqueness that can be sold to attract tourists.

3.6. Singapore's Economic Expansion Fuelled the Development of Tourism Pockets in The Riau Islands Regions, Contributing to Infrastructure Development and Job Creation

Singapore's economic expansion has brought economic progress to neighbouring regions, including the Indonesian island of Bintan. Singapore's economic expansion has also brought very high economic success, reaching a GDP per capita of more than \$54,000. Singapore is also home to some of the world's largest companies in various sectors. The importance of Singapore's economic expansion in social change is that it brings economic success to neighbouring areas, which helps communities develop infrastructure and create jobs. Singapore's economic expansion also helps communities build better regional cooperation, which helps communities build better relationships and create better synergies.

Indonesia's Special Economic Zones (SEZs) are an important tool to support economic growth and investment in various regions. As the global economy becomes more integrated and competitive, cooperation between countries forming special economic zones is becoming increasingly important. An important example of cooperation between Indonesia and Singapore is the development of special economic zones in the Batam, Bintan and Karimun regions (abbreviated as Riau Islands). The Riau Islands region has a strategic location and is directly adjacent to Singapore and Malaysia. The Riau Islands are at the centre of efforts to boost investment and economic growth, making them an attractive location for international companies looking to invest in Southeast Asia. Indonesia and Singapore recognise this potential and are working together to develop special economic zones in the region.

A Special Economic Zone (SEZ) is an area with certain boundaries owned by an area or areas to organise economic functions and maintain certain facilities. SEZs are developed through the development of areas that have geoeconomic and geostrategic advantages and function to encourage industrial activities, imports and exports as well as other economic activities of high economic value and international competitiveness. Special Economic Zones are established to create a favourable environment for investment, export and trade activities, encourage economic growth and act as a catalyst for economic reform. The establishment of SEZs itself can aim to develop world-class infrastructure facilities, create jobs, encourage investment from domestic resources, export goods and services, and encourage other ancillary economic activities. An analysis of Indonesia's role in cooperation with Singapore in the establishment of these special zones highlights the role of the Indonesian government in the design and implementation of these initiatives and their expected impact on economic growth, investment and development in the region ([Prasiska et al., 2023](#)).

In 2007, the Indonesian government designated Batam, Bintan and Karimun (BBK) as an area adopting the free trade zone concept. This is expected to improve the Indonesian economy, especially the Riau Islands, and encourage economic growth. Foreign investment has the potential to increase national income. The Indonesian government has long

considered the establishment of a free trade zone in Batam Island to boost economic growth and balance the economies of Singapore and Malaysia, which are directly adjacent. With the creation of special economic development in this area, it is believed that if the development of economic growth in this area is successful, it can increase the value that can be achieved by Indonesia, especially by the local community. The benefits of special economic zones can be utilised in developing countries, especially Indonesia, to provide benefits to its people.

The economic situation of the investor country is mainly aimed at economic growth and increasing national income, and this affects the country's economy through three options: (i) through trade channels through increasing the value of exports, (ii) through financial relations through investment, and (iii) through the influence of investors and consumers on the consumer country. Therefore, the geographical location and economic conditions of the investor country can affect the interests of the domestic economy. It can be concluded that import and export trade activities can encourage economic growth and progress in the optimal use of technology.

Batam City is strategically located in the coastal region of Indonesia and geographically adjacent to Singapore. The geographical proximity can benefit Batam. Thus, it becomes the centre of industry and investment. Thus, Batam is currently growing rapidly in the economic sector through industry and investment. The Batam Concession Agency has issued various policies to boost the regional economy. One of them is the existence of a free trade area that can attract investors and economic actors. In the International Tax Glossary 2015, FTZ refers to an area of a country that does not impose taxes on goods imported into the area. Therefore, we believe economic players and investors benefit from the introduction of Batam as a free trade zone. Batam's strategic location makes it a prime area for international trade activities, as its location right next to Singapore and close to the Strait of Malacca makes it a partner for international trade and investment transactions. Considering this possibility, the government then issued Government Regulation No. 26/2008 on the National Spatial Plan and National Strategic Areas, which helped develop Batam's economic advantages that investors are looking for (see **Figure 5**).



Figure 4. Economic growth of Batam city in 2021 adopted from [Angela \(2021\)](#).

Directly bordering Singapore, Batam has a growing potential with Singapore. This potential is related to the strategic international trade route. Singapore is known as an economically developed country. In addition, Singapore is also an international business and trade centre. Batam utilises the potential of its direct border with Singapore, given that Singapore has limited land to accommodate industrial estates and Batam capitalises on this opportunity. Singapore's vast territory has an impact on its limited natural resources. Therefore, through the cooperation between Singapore and Batam, Singapore imports raw materials to keep the production process running. Investment in Batam City is one of the factors that drives the economic development of Batam Island and leads to economic growth. Through investment, import and export, and other international trade activities, it encourages Batam and its people to compete in the world order to be able to compete with other countries. This is recognised by Bada Perusahaan Batam, ensuring further economic growth.

To improve the welfare of the national community and strengthen territorial integrity and integrity, the development of state border areas is an important component of the medium-term plan. The principle of development from the periphery is utilised in the management of Indonesia's state borders, which strengthen the territory of the unitary state. One of the outermost islands in the northern part of Indonesia is Natuna Regency, which is in the Riau Islands Province. Natuna Regency has a strategic role as a trade centre with ASEAN countries such as Vietnam, Cambodia, Malaysia and Singapore. The Natuna region has strategic advantages from an economic, political, and military point of view. This is very reasonable because Natuna is included in the border area of the China Sea, which has a lot of natural resource potential and many interests

Based on the Draft Regional Spatial Plan (RTRW) of the Riau Province Region from 2016 to 2035, the development of potential sectors both agricultural and non-agricultural is included in the Draft Regional Spatial Plan (RTRW) of the Riau Province Region in 2016. Described. -The area of existing land use based on land cover in 2017 based on the draft RTRW of Riau Province shows that two subsectors dominate land use, namely plantations and forestry. Cultivation areas in Riau Province are spread across all regencies and cities, including coastal areas. The production area can be broadly described as follows: Development of productive forest areas is planned in all prefectures and urban areas. In 2017, the agricultural sector contributed 25.30% to Riau Province's economy (GRDP) at constant prices, ranking second out of 17 economic sectors. The significant contribution was mainly provided by the plantation subsector, which handles four main commodities: palm oil, coconut, rubber, and sago. The plantation area in Riau Province has a positive contribution of 25.30% to GDP.

By looking at the calculation of the Location Quotient (LQ) of Natuna Regency in 2018 based on current prices per type of business field, the Natuna region has advantages in the Agriculture, Forestry and Fisheries sectors. Therefore, the potential for business results and employment opportunities will be greater in these aspects.

Presidential Decree No. 7/2005 on the National Medium-Term Development Plan for the 2004-2009 period stipulates the direction and development of interprovincial border areas as one of the national development priority programmes. The paradigm of border area development is implemented by changing the direction of development policy from inward to outside. The approach used is a welfare approach combined with a security approach, while maintaining the sovereignty of the Unitary State of the Republic of Indonesia (NKRI), without neglecting environmental aspects. The National Border Agency (BNPP) has formulated four strategic themes of inter-state border management to achieve the objectives of national border area management. In other words, several points are (i) border control

(boundary line issues), (ii) cross-border issues, (iii) border area development (border issue), and (iv) system (institutional issue).

3.7. Singapore is One of the Countries that Contributes the Most Tourists to Indonesia

Based on data and sources from the central statistics agency, ASEAN member countries whose tourists visit Indonesia most often are Malaysia followed by Singapore in second place then the Philippines, Thailand, Vietnam, Myanmar and Brunei Darussalam. From this data, the tourism sector in Indonesia is in great demand by foreign tourists, especially in Singapore, this is very helpful for the country's economic development because tourism is one of the largest sources of foreign exchange where every foreign tourist who comes to Indonesia must exchange his country's money or currency for rupiah.

Firstly, Singapore is one of the countries that has the highest number of foreign tourist arrivals in Indonesia and vice versa. Secondly, Indonesia is a popular tourist destination for Singaporeans due to the geographical proximity of Indonesia and Singapore. This shows that Indonesia and Singapore have a positive influence on the tourism sector. Thus, Indonesia and Singapore can become strong partners in the tourism industry.

4. CONCLUSION

Indonesia and Singapore's cooperation in tourism has contributed significantly to the domestic economy. This cooperation has increased the country's foreign exchange through increased foreign tourist arrivals as well as increased investment and development of tourism infrastructure. As a major investment partner in Indonesia's tourism sector, Singapore has made significant contributions to the development of new tourism destinations in Indonesia, including the development of Indonesia's signature marine tourism. This cooperation also enhances private sector cooperation and information technology exchange between the two countries. To strengthen the cooperation, the governments of Indonesia and Singapore have signed several agreements, including an MoU of understanding in the field of e-government and tourism. This MoU opens opportunities for Indonesia and Singapore to strengthen cooperation in developing tourist destinations, increasing access, and improving the quality of tourist destinations. In addition, this cooperation also increases the number of foreign tourists to Indonesia, which also has an impact on increasing foreign exchange. Therefore, cooperation between Indonesia and Singapore in the field of tourism shows great potential to improve the domestic economy and strengthen bilateral cooperation between the two countries.

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6. AUTHORS' NOTE

The authors declare that there is no conflict of interest regarding the publication of this article. Authors confirmed that the paper was free of plagiarism.

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