MANDALA
Jurnal Hubungan Internasional

Vol. 9 No. 1
Januari-Juni 2026

Received: 28 May 2026
Accepted: 6 July 2026
Published: 7 July 2026

Navigating Asymmetric Interdependence: Actor Typology and Sectoral Preferences in East Java's Economic Paradiplomacy (2024–2025)

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Abstract

Paradiplomacy has emerged as a useful tool employed by subnational governments in addressing the demands and possibilities of interdependence in today's world. Thus, this research seeks to examine the typology of international actors, patterns of sectoral preferences, and dimensions of interdependence affecting the economic paradiplomacy of East Java province during the period of 2024-2025. By applying a qualitative approach and analyzing documents such as the LKPJ of East Java governor and BPS statistics, this paper is able to establish patterns of global economic engagement in terms of trade and foreign investments in East Java. The findings reveal that the economic paradiplomacy of the region is still dominated by the involvement of East Java with other countries under the state paradigm, especially with Switzerland, China, and the United States. Furthermore, sectoral preferences are focused on traditional comparative advantage in terms of the types of goods traded, namely jewelry, vegetable oils, copper, wood products, and fisheries. As a result, the motives behind the economic paradiplomacy of East Java are resource seeking, efficiency seeking, and market seeking of international actors. Nevertheless, the interdependence of East Java does not create balanced gains but only asymmetric interdependence and dependency of East Java especially on its economic relationship with China, causing a huge trade deficit estimated at around US$4 billion because of its dependency on foreign industrial machinery and technologies.

Keywords: Complex Interdependence, Economic Paradiplomacy, East Java, Global Value Chains

Introduction

Transformations in the contemporary international system have fundamentally altered the position of actors in international relations. Subnational entities such as provinces, states, and cities are no longer merely the objects of national foreign policy. Now, they act as active actors with the capacity to establish international relations independently (Kuznetsov, 2015). This shift is known in the literature as paradiplomacy, namely the direct involvement of subnational governments in the international arena, particularly in the economic sphere, which operates in parallel and in some cases relatively independent from the formal diplomacy of the central government (Lecours, 2002).

Thus, paradiplomacy can be understood as international relations activities carried out by constituent political units of a sovereign state. This concept simultaneously reflects academic recognition of the growing diversity of actors in global governance. In this context, the practice of international relations is no longer entirely monopolized by the central government, but has begun to involve various levels of government, including subnational actors.

In an increasingly integrated global economic architecture, economic paradiplomacy has become strategically more important. Keohane and Nye (2012), through a reformulation of the theory of complex interdependence, explain that interstate relations in the era of globalization are characterized by intense economic interconnectedness, thereby creating conditions of mutual dependence. Under these conditions, the costs of severing ties become extremely high for all parties.

Furthermore, this interdependence does not occur only at the nation-state level but also extends to the subnational level. This aligns with what Baldwin (2016) refers to as the "second unbundling" in globalization, that is when production processes are fragmented across geographical borders and integrated into global value chains. In such a configuration, local governments have strong structural incentives to actively engage in the management of international economic relations, in order to maximize the benefits of integration into global production and trade networks.

These changes in the global economic structure have also prompted local governments in Indonesia to no longer rely solely on the central government's economic policies. The enactment of Law No. 23 of 2014 on Regional Government and Ministry of Home Affairs Regulation No. 25 of 2020 de jure provides local governments with the autonomy to engage in international cooperation. However, de facto, these regulations also reflect a structural push for local governments to become more adaptive to the pressures of global interdependence, particularly in the fields of trade, investment, and economic development. In the face of increasingly competitive international economic conditions, local governments no longer merely act as implementers of central government policies but are also required to actively build international economic networks to maintain their regions' competitiveness. This trend is evident in the East Java Provincial Government's growing efforts to promote trade missions, investment promotion, and the expansion of export markets as part of its regional economic development strategy.

In this context, East Java Province occupies a strategic position within Indonesia's economic paradiplomacy landscape. As the province with the second-largest contribution to the Regional Gross Domestic Product (RGDP) nationally and as one of the main export contributors, East Java has established extensive economic connectivity with various international partners. Data from the Central Statistics Agency (BPS) indicates that East Java's export value for the January–October 2025 period reached US$25.34 billion, an increase of 16.64 percent compared to the same period in 2024. Of this total, non-oil and gas exports dominated with a contribution of 97.97 percent (BPS East Java, 2025).

This configuration positions East Java not only as an economic gateway for Indonesia but also as a key node in the Asia-Pacific and global trade networks. Additionally, investment realization in East Java throughout 2024 reached Rp147.3 trillion, with Foreign Direct Investment (FDI) contributing 37.3 percent (East Java Annual Report, 2024). This figure demonstrates the province's high appeal to international capital.

Although East Java occupies a strategic economic position, the literature on the region's economic paradiplomacy still contains fundamental analytical gaps. Previous studies, such as that conducted by Fadhilah (2024), are generally dominated by descriptive-institutional approaches that focus on formal instruments and cooperation procedures such as trade missions, business matching, and investment promotion. This approach makes an important contribution to explaining how paradiplomacy is practically implemented by local governments. However, such analysis tends to stop at the procedural and macro levels, without delving deeper into the economic structures formed behind these interactions, particularly regarding the configuration of partner-state actors, patterns of key commodities, and the distribution of benefits in international economic relations.

These limitations are not only a technical issue, they have strategic implications. Without a clear mapping of actors and sectors, paradiplomacy policies risk missing their mark. Furthermore, a lack of understanding of international partners' preference patterns and their motives for engagement can lead local governments to unwittingly reproduce structural dependencies within the global economy. In this situation, economic integration, which should be a source of benefit actually has the potential to reinforce an unbalanced position within interdependent relationships. Therefore, this analytical gap hinders a comprehensive understanding of East Java's position within the global economic structure, while simultaneously limiting the capacity to formulate more precise and competitive regional development strategies.

This study takes a different approach by situating East Java's economic paradiplomacy within the framework of global interdependence and international value chains. This study not only examines how cooperation is carried out but also uncovers which dominant actors are involved, which sectors benefit the most, and how these relationships have the potential to create patterns of asymmetric dependency. Thus, the novelty of this study lies in its structural analysis of actor typologies and sectoral preferences to explain East Java's position within global value chains, rather than merely in a description of local paradiplomacy activities.

Based on these issues, this study aims to analyze East Java's economic paradiplomacy during the 2024–2025 period with three main focuses. First, mapping the typology of international actors serving as East Java's primary economic partners based on trade and investment data. Second, identifying sectoral preference patterns that characterize economic interactions between East Java and its partners. Third, analyzing the dimensions of sensitivity and vulnerability underlying the interdependence of these economic relationships, in order to examine how trade and investment patterns can generate economic benefits while simultaneously creating asymmetrical patterns of dependence.

Through this approach, the study is expected to provide a more detailed empirical contribution regarding the configuration of actors and sectors in subnational economic paradiplomacy. Furthermore, this study also seeks to test the relevance of the neoliberal interdependence theoretical framework at the subnational level of analysis, which has so far remained relatively limited in international relations studies.

Theoretical Framework

Paradiplomacy as an analytical framework

The concept of paradiplomacy was first formulated by Ivo Duchacek and Panayotis Soldatos in the 1980s to describe the involvement of subnational governments in international relations that take place outside of or in parallel with the central government's formal diplomacy (Lecours, 2002). In its original sense, paradiplomacy encompasses a wide range of activities, ranging from trade and investment promotion, cross-border cooperation, to political and cultural representation. Lecours (2002) subsequently identified three main dimensions: economic, cooperative, and political. This study focuses on the economic dimension, specifically international trade activities and the attraction of foreign investment.

Subsequent theoretical developments emphasize the concept of opportunity structure to explain why subnational actors engage in international relations. Kuznetsov (2015) argues that economic globalization opens direct access to international markets, while decentralization provides local governments with the autonomy to act. Within this framework, local governments are understood as rational actors seeking to maximize economic benefits through engagement in global networks. Thus, paradiplomacy is not merely an extension of central diplomacy but also reflects the interests and scope of action of subnational entities.

In practice, economic paradiplomacy does not always take the form of complex formal cooperation. Many paradiplomatic activities are actually evident through everyday economic interactions, such as increased exports, the inflow of foreign investment, and the development of trade dependencies with specific countries. Therefore, analyzing trade and investment data is crucial for understanding how regional international relations actually function in practice. In the Indonesian context, local governments' involvement in international cooperation is also legally grounded in Undang-Undang Nomor 23 Tahun 2014 tentang Pemerintahan Daerah, which provides local governments with the authority to engage in foreign cooperation in accordance with their respective jurisdictions and interests. Furthermore, the mechanisms for regional foreign cooperation are regulated in greater technical detail through Peraturan Menteri Dalam Negeri Nomor 25 Tahun 2020 tentang Tata Cara Kerja Sama Daerah dengan Pemerintah Daerah di Luar Negeri dan Kerja Sama Daerah dengan Lembaga di Luar Negeri.

This study does not merely use paradiplomacy as a descriptive category. Rather, this framework is employed to assess to what extent subnational economic autonomy is genuinely realized in practice, or whether it remains constrained by structural limitations dictated by the central government.

Kuznetsov (2015) explains that the intensity of interregional paradiplomacy can vary depending on the level of economic openness, institutional capacity, and connectivity to global economic networks. Regions that are more integrated into international trade and investment tend to have greater incentives to be active in trade promotion and attracting foreign investment. This pattern is relevant for understanding East Java's position as a region with a high level of economic openness.

Although the framework of paradiplomacy provides a solid foundation for understanding the involvement of subnational actors in international relations, a number of recent studies indicate that this approach is often still used in a descriptive manner and focuses on formal activities such as cooperation, trade missions, and institutional networks. Such an approach risks overlooking the structural dimensions of the economic interactions that emerge, particularly regarding the distribution of benefits and the position of subnational actors within global value chains.

In the Indonesian context, this tendency is also evident in various studies that treat paradiplomacy as a policy instrument without examining its economic implications in greater depth. Therefore, this study not only uses paradiplomacy as a framework for identifying actors and activities but also as an analytical tool to evaluate whether such engagement yields balanced benefits or, conversely, reinforces patterns of dependency within the global economic structure.

Liberal Interdependence, Vulnerability, and Asymmetric Relations

The neoliberal theory offers a valuable approach for analyzing the issues related to economic paradiplomacy against the background of the global interdependence of the world community. According to Keohane and Nye (2012), the modern era is increasingly marked by the presence of complex interdependence, in which actors of different levels interact with each other using several channels, and economic relations become very deep and complicated due to international trade, capital movements, investments, etc. The condition of complex interdependence encourages states and their subnational parts to participate in international affairs to gain access to markets, technologies, financial resources, etc.

Not all relations created under the condition of interdependence are equal or balanced in nature. Keohane and Nye continue the analysis and define the difference between sensitivity interdependence and vulnerability interdependence to explain how actors become unequally dependent even in the context of economic interconnection. While sensitivity shows what kind of immediate reactions actors face under the influence of external forces, vulnerability denotes the cost of structural dependencies when alternatives are limited. As a result, actors that occupy worse positions in global value chains face higher structural interdependencies.

As described by Baldwin (2016), the global fragmentation of production in the process of globalization increases the degree of asymmetry in the economic interrelations between regions and great international economies. Even though being a participant in global value chains helps regions benefit from international interconnection, such integration can also cause dependency on foreign technologies, goods, and international markets. In such a way, the concept of interdependence in the modern global economy cannot be limited to just connectivity but viewed as an asymmetric structure as well.

The proposed approach allows looking at East Java's economic paradiplomacy as not only its attempt to enhance international relations but also an indicator of its position in terms of global interdependence. Thus, it becomes possible to analyze if interdependence generated by the region's international economic relations is balanced or unbalanced and based on vulnerability and asymmetries.

Motives for International Investment

To explain patterns of sectoral preferences, this study employs Dunning's (2014) framework of motives for international investment. Within the OLI (Ownership, Location, Internalization) paradigm, there are four primary motives for foreign direct investment: resource-seeking, market-seeking, efficiency-seeking, and strategic asset-seeking. These four motives explain the main reasons international actors choose investment locations, ranging from access to resources to the pursuit of efficiency and strategic assets.

This framework is not only relevant for investment but can also be used to analyze trade patterns. East Java's international partners can be analyzed based on similar motives, whether oriented toward resources, production efficiency, or market access. Thus, the synthesis of paradiplomacy, complex interdependence, and international investment motives provides a concise yet comprehensive framework for analyzing the configuration of actors and sectors within East Java's economic paradiplomacy.

Research Method

In this study, qualitative research using the case study method will be employed to analyze the economic paradiplomacy of East Java Province in the year 2024-2025 period. Qualitative research method was selected to identify the patterns, causes, and dynamics in understanding the international relations of the economy. Selection of the case study is done based on its information richness and complexity in international economic interaction. The data sources used in this study consist of secondary data, such as government documents, specifically the Accountability Report of the Governor of East Java (LKPJ) in the year 2024-2025 and Official Statistical Bulletin (BRS) of East Java Central Bureau of Statistics in the month of December 2024 and October 2025, consisting of information about the value and structure of trade, trade partners, commodity sector, and orientation and direction of economic policy cooperation. The data collection is done through document analysis.

The data analysis in this study employs qualitative descriptive analysis supported by conceptual thematic mapping. Although the primary data incorporates statistical figures from BPS regarding trade and investment, these quantitative metrics are analyzed qualitatively by categorizing them into analytical themes derived from the theoretical framework. The thematic coding process is applied deductively to classify the country configurations, HS commodity codes, and investment flows into specific conceptual categories: (1) actor typologies (state vs. non-state networks), (2) sectoral preferences (primary resources, intermediate processing, or high-tech manufacturing), and (3) investment/trade motives (resource-seeking, market-seeking, or efficiency-seeking). Quantifiable trade values and percentages are utilized not for statistical testing, but as empirical evidence to assess the degree of sensitivity and vulnerability interdependence. Triangulation is conducted by cross-examining the policy narratives in the Governor's LKPJ with the empirical trade structures from BPS to ensure analytical consistency and validity.

Result and Discussion

Typology of International Actors

East Java's international trade and investment for the 2024–2025 period reveal a concentration of economic ties with several key partner countries. Based on export-import data and realized investment figures, East Java's international economic activities are heavily linked to countries such as China, the United States, Switzerland, Japan, Hong Kong, and Singapore. Each country has distinct characteristics in its economic relationship, whether as an export market, a supplier of raw materials and industrial machinery, or a source of foreign investment. This pattern indicates that East Java's international economic relations are not evenly distributed but tend to be concentrated among specific actors holding key positions in global trade and value chains.

In this study, the analysis focuses primarily on non-oil and gas trade, as this sector dominates East Java's international trade structure throughout the 2024–2025 period. Data from the East Java Central Statistics Agency (BPS) indicates that non-oil and gas exports account for approximately 97 percent of the province's total exports, thereby better representing the patterns of international economic interaction shaped by industrial activities, manufacturing, commodity trade, and regional investment. Furthermore, the non-oil and gas sector is more relevant for understanding sectoral preferences, global value chain patterns, and forms of economic interdependence, which are the primary focus of this study. Meanwhile, oil and gas trade tends to be more influenced by national energy policies, global price fluctuations, and trade mechanisms that are more centralized at the national level.

From these overall non-oil and gas trade patterns, it is evident that East Java's economic ties are not evenly distributed across the globe but are concentrated in specific countries that serve distinct economic functions within the global trade chain. These functional differences are reflected in the nature of traded commodities, a country's position within the global value chain, and the complementary economic needs between East Java and its international partners.

In terms of exports, Switzerland was the primary destination, accounting for US$4.08 billion (16.45 percent), almost entirely dominated by jewelry and gemstones (HS 71) (East Java BPS, 2025). Switzerland's dominance does not fully reflect the country's domestic consumption levels but rather highlights its role as a global trading hub and a center for high-value commodity trade within the international trade network. Meanwhile, the United States (US$3.06 billion) plays a greater role as a final consumer market absorbing finished goods such as furniture and fishery products, while Japan (US$1.82 billion) shows supply chain dynamics that are beginning to shift. At the regional level, the ASEAN region (US$4.59 billion) demonstrates strengthened economic integration with Singapore serving as the primary distribution hub.

In contrast to other partner countries, East Java's trade relationship with China exhibits a stronger pattern of asymmetric interdependence. On the one hand, China absorbed US$3.23 billion worth of East Java's exports, which were dominated by raw material-based commodities and intermediate manufacturing products such as vegetable fats and oils, copper, and chemical products. On the other hand, however, China dominates East Java's imports, with a value reaching US$7.23 billion—or approximately 35.54 percent of the province's total imports, primarily in the machinery, industrial equipment, and various strategic manufacturing inputs sectors. This imbalance creates a trade deficit of around US$4 billion for East Java by 2025. This configuration of actors indicates that East Java is in a relationship of interdependence that is not entirely balanced. Dependence on imports of machinery and industrial inputs from China causes the domestic manufacturing sector to be highly sensitive to changes in trade policy, supply chain disruptions, and external economic fluctuations from China. Conversely, China's position is relatively more flexible because raw material-based commodities imported from East Java tend to be more easily substituted from other regions.

In terms of investment, the United States is the largest foreign investor in East Java, accounting for approximately 38.8 percent of total Foreign Direct Investment (FDI), followed by Singapore, Hong Kong, China, and Japan. Interestingly, this investment pattern does not fully align with East Java's international trade patterns. The United States, for example, serves not only as an export market but also as a source of investment focused on the production sector and resource-based industries. Meanwhile, Singapore and Hong Kong function primarily as regional investment distribution hubs and financial networks. These differing configurations indicate that East Java's international economic relations are shaped not only by the flow of goods but also by patterns of investment penetration and global capital integration.

Table 1. Typology of International Economic Actors in East Java's Economic Paradiplomacy (2024–2025)

Country	Export Value (US$ bn)	Import Value (US$ bn)	Economic Role	Dominant Commodities	Pattern
Switzerland	4.08	-	Global trading hub	Jewelry and gemstones (HS 71)	Export concentration
China	3.32	7.23	Industrial supplier & export market	Machinery, copper, vegetable oils	Asymmetric interdependence
United States	3.06	1.21	Consumer market & investor	Furniture, fisheries, FDI	Market-seeking
Japan	1.82	0.64	Manufacturing partner	Automotive & processing industries	Efficiency-seeking
Singapore	1.19	0.64	Regional distribution & investment hub	Trade distribution & finance	Regional integration

Source: **Proceed by authors based on data from *BPS East Java 2024-2025, 2026***

Based on these trade and investment patterns, it is evident that East Java's economic paradiplomacy for the 2024–2025 period remains dominated by statecentric relationships. Although the local government acts as a subnational actor in promoting international economic cooperation, the relationships formed remain heavily dependent on countries with significant economic power and strategic positions within the global trade chain. Thus, East Java's economic paradiplomacy does demonstrate the active involvement of subnational actors in the global economy, but at the same time, it also reveals that the region's scope of action remains heavily influenced by the economic power dynamics of major nations within the international trading system.

Sectoral Preference Patterns

The structure of East Java's international trade for the 2024–2025 period indicates that the province's external economic activity remains concentrated in sectors based on traditional comparative advantages, such as natural resources, basic processing industries, and labor-intensive manufacturing. This pattern is evident in the dominance of raw material-based commodities, semi-finished goods, and intermediate manufactured products in both export and import activities. This situation indicates that East Java's international economic integration has not yet fully shifted toward high-value-added sectors and remains heavily reliant on production activities at the early to intermediate stages of global value chains.

In general, East Java's sectoral trade pattern reveals a complementary relationship between domestic industrial needs and international market demand. East Java serves as a supplier of various industrial commodities and processing materials for the global market; however, at the same time, it remains dependent on imports of strategic raw materials, machinery, and industrial equipment to support its production activities. Thus, the resulting trade pattern reflects not only standard export-import activities but also highlights East Java's position within interconnected international production networks.

On the export side, East Java's trade is dominated by ten major commodity groups, accounting for approximately 68.23 percent of total non-oil and gas exports. The largest commodity comes from the jewelry and gemstones group (HS 71), with a value reaching US$6.04 billion. Although it has a very high export value, most products in this sector are still at the processing stage and involve the trade of high-value commodities that are subsequently processed or re-traded in global trade hubs such as Switzerland and Hong Kong. Additionally, commodities such as vegetable fats/oils (HS 15), copper (HS 74), wood products (HS 44), and fishery products (HS 03) indicate that East Java's export sector remains strong in the processing of natural resources and early-stage manufacturing.

Table 2. Major Non-Oil and Gas Export Commodities of East Java (2024–2025)

HS Code	Commodity	2024 (US$ Million)	2025 (US$ Million)	Role in Global Value Chain
71	Jewelry/Gemstones	4,955.11	6,862.88	High-value commodity processing
74	Copper	2,209.97	2,620.59	Intermediate industrial input
15	Vegetable Oils	1,763.51	2,381.87	Resource-based export
44	Wood Products	1,599.81	1,708.33	Labor-intensive manufacturing
03	Fishery Products	1,173.31	1,337.22	Processed natural resources

Source: **East Java BPS 2025**

On the other hand, there are signs of strengthening in the midstream processing sector, particularly in chemical products (HS 38), processed foods, and several other manufacturing components that have experienced significant growth throughout 2025. This situation indicates that East Java is beginning to shift toward midstream industrial activities, although the contribution of sectors involving high technology and high value-added remains relatively limited. In other words, the downstream processing sector is indeed beginning to develop, but it has not yet fully displaced the dominance of exports based on raw materials and semi-finished goods.

On the import side, East Java's trade structure reveals a significant dependence on industrial raw materials, auxiliary goods, and production technologies. Data shows that approximately 80.05 percent of East Java's imports fall under the raw materials and auxiliary goods category. Machinery and mechanical equipment (HS 84) constitute the largest import group, indicating that domestic industrial activities still heavily rely on technological and machinery support from abroad, particularly from China and several other industrialized nations. Additionally, imports of iron and steel (HS 72), fertilizers (HS 31), and industrial chemicals also indicate that most production sectors in East Java remain dependent on strategic external inputs.

Table 3. Major Non-Oil and Gas Import Commodities of East Java (2024–2025)

HS Code	Commodity	2024 (US$ Million)	2025 (US$ Million)	Role in Global Value Chain
84	Machinery & mechanical equipment	2,265.76	2,625.86	Industrial technology input
72	Iron and steel	1,625.59	1,602.12	Manufacturing support
10	Cereals	1,989.81	1,171.51	Domestic consumption/raw material
71	Jewelry/precious metals	996.68	1,945.74	Gold/jewelry processing hub
31	Fertilizers	732.98	981.98	Agricultural-industrial support

Source: **East Java BPS 2025**

Interestingly, the high volume of imports of jewelry and precious metals (HS 71) also highlights East Java's position as a major hub for gold processing and the jewelry industry, connected to global markets. Meanwhile, the decline in cereal imports (HS 10) during the 2025 period may indicate improvements in domestic production or adjustments to meet domestic market needs. Overall, this pattern of sectoral preferences indicates that East Java remains in the upstream to midstream positions within the global value chain namely as a supplier of raw materials, an initial processor, and a mid-tier manufacturing base that remains heavily dependent on technological inputs and supporting materials from abroad.

Interdependence and Relational Asymmetry as Motivations

While the typology of actors identifies East Java's key partners, the pattern of sectoral preferences reveals the economic interests underpinning these relationships. In this context, East Java's trade and investment relationships can be analyzed through a combination of the liberal interdependence framework and

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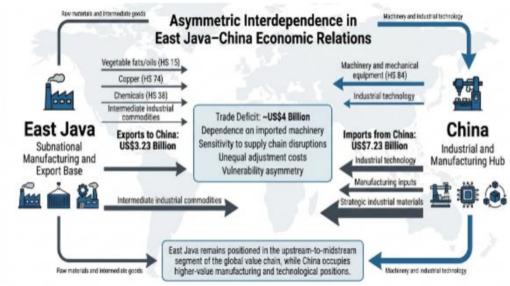
Dunning's OLI (Ownership, Location, Internalization) paradigm to understand the motives behind international partners' involvement in the region's economic activities.

Based on the established trade and investment patterns, it is evident that East Java's international partners exhibit diverse motivational tendencies. China demonstrates both resource-seeking and efficiency-seeking characteristics. This is evident from the high volume of imports of machinery and industrial goods from China to East Java, while on the other hand, China absorbs various raw materials and intermediate industrial commodities from East Java, such as vegetable fats/oils, copper, and chemicals. This relationship reflects East Java's integration into China's manufacturing production chain as a supplier of industrial inputs and a market for finished manufactured products.

The United States tends to exhibit a combination of market-seeking and resource-seeking behavior. In terms of trade, the United States serves as a key market for East Java's furniture, fishery products, and certain manufactured goods that possess higher value-added compared to primary commodities. However, regarding investment, U.S. investment remains heavily concentrated in resource-based sectors and extractive industries. Meanwhile, Japan demonstrates a more efficiency-seeking orientation through its involvement in the industrial and manufacturing sectors, particularly the automotive and processing industries integrated into Asia's regional production networks.

The case of Switzerland differs from that of other partner countries. The high volume of East Java's exports to Switzerland stems largely from jewelry and precious metals, making Switzerland function more as a global trading hub for premium commodities rather than a direct consumer market. This situation indicates that although export values are very high, most of the distribution processes and final value-added remain concentrated outside East Java. In other words, East Java still occupies the position of a supplier and initial processor within the global commodity trade chain.

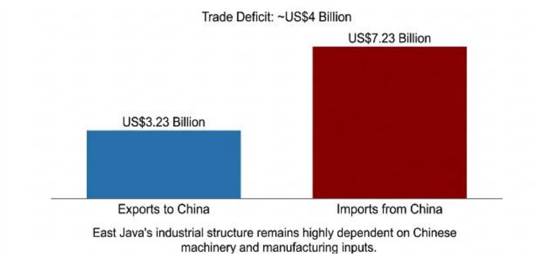
Chart 1. ***Asymmetric Economic Interdependence Between East Java and China***



Source: **Processed from East Java BPS trade data 2024-2025**

Through these connections, East Java's economic paradiplomacy demonstrates that economic interdependence does not always result in an equitable distribution of benefits among the parties involved. As noted by Powell (1991), interdependent relationships tend to create unequal distributions of benefits and vulnerabilities depending on each actor's position within the global economic structure. In this context, East Java's relationship with China exhibits a form of asymmetric interdependence, as East Java's reliance on imports of machinery, industrial technology, and various strategic manufacturing inputs remains far higher than China's reliance on East Java's export commodities. This situation indicates that East Java's position in international economic relations remains relatively more vulnerable, particularly because its industrial structure remains heavily reliant on technology and production inputs from abroad.

Chart 2. ***East Java–China Trade Imbalance (2025)***



Source: **East Java BPS 2025**

This asymmetric interdependence is clearly evident in East Java's trade deficit with China, which is projected to reach approximately US$4 billion by 2025. East Java's imports from China were recorded at US$7.23 billion, nearly double its exports of US$3.23 billion. This situation indicates that East Java's dependence extends not only to general trade but also to strategic industrial inputs such as machinery, manufacturing equipment, and production support materials. On the other hand, East Java's primary export commodities to China are still dominated by raw material-based and mid-tier industrial products such as copper, vegetable oil, and chemicals. In this way, these economic ties do indeed create mutually beneficial economic interdependence, but the resulting distribution of benefits is not balanced because East Java still tends to occupy the upstream to midstream segments of the global value chain. The implications, if there are trade disruptions, changes in economic policy, or disruptions to global supply chains involving China, the economic adjustment costs borne by East Java could potentially be greater than those borne by China. This situation indicates that the existing structure of interdependence still places East Java in a relatively more vulnerable position within the global economic network.

Overall, East Java did record a non-oil and gas trade surplus of US$1.09 billion in 2025. However, a trade structure still dominated by primary commodities, raw materials, and semi-finished goods indicates that East Java's position within global value chains remains largely confined to the upstream to midstream segments. Therefore, while East Java's economic diplomacy has successfully expanded market access, investment, and global connectivity, the resulting interdependence structure still risks perpetuating long-term dependency. Without strengthening industrial downstreaming, enhancing domestic technological capacity, and diversifying strategic input sources, East Java's position within global value chains will likely remain in the upstream to midstream segments, with a relatively high level of vulnerability to external economic dynamics.

Conclusion

This paper shows that the economic paradiplomacy practiced in East Java in the period of 2024-2025 takes the form of state-centered configuration actors whereby the dominant powers in terms of economics include Switzerland, China, and the US, each performing unique roles in the international economy. The country of Switzerland operates as the world's trading center for high-end goods, the US as a consumer as well as investor, but with China being the dominant player in the economy of East Java. The combination of such actors leads to creating an interdependency that is often asymmetric in nature. However, sectoral preferences indicate that there is a pronounced focus on traditional comparative advantage sectors including jewelry, vegetable oil, copper, wood products, as well as fisheries. Such a configuration explicitly demonstrates that East Java's position within global value chains is structurally confined to the upstream and midstream positions. The fact is further proven by the presence of importation from foreign markets of machinery and mechanical equipment.

In the framework of complex interdependence, the economic diplomacy carried out by East Java shows that despite the global economic connectedness at the sub-national level, benefits are not shared evenly between the parties involved. Although the already existing economic ties enable market access, investments and global economic integration for East Java, there are many aspects of vulnerability attached to the economic interdependence, especially that of economic relations with China that created a deficit amounting to US$4 billion in the 2025 year. The sensitivity and vulnerability of the local manufacturing sector, which heavily depends on technology and machinery imported from China, puts the region at a greater risk in the matter of trade interruptions and global supply chains disruptions.

From the theoretical perspective, such discoveries have several implications for complex interdependence as a theory capable of elucidating the nature of economic interdependencies between the subnational entities. Nonetheless, it becomes clear from this research that interdependencies do not necessarily produce equal positions in a relationship as the regions involved may continue remaining dependent on technologies, markets, and other means of production provided by other parties. In practical terms, the results achieved by this study suggest that the East Java Province authorities should develop a new model of economic paradiplomacy in order to minimize the impact of external factors on local development by speeding up the process of industrial downstreaming, mastering technologies, and cooperating with many countries. Therefore, the case of East Java's economic paradiplomacy represents both the success of global economic integration processes on the regional level and their limitations in the form of subnational economic autonomy.

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