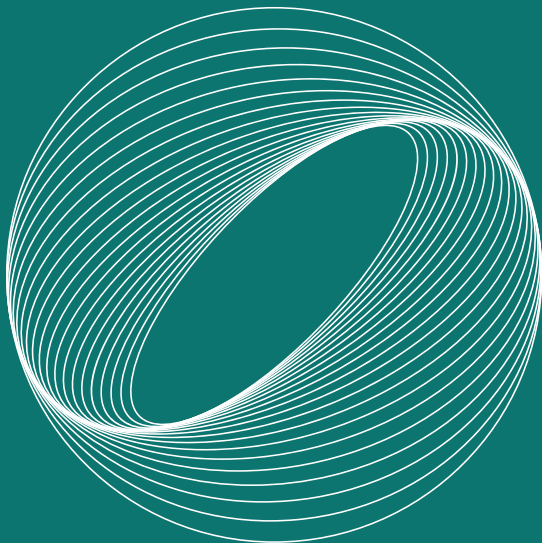




Institute of
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Studies

DEPT. OF INTERNATIONAL RELATIONS
UNIVERSITY OF CALicut



MONTHLY REVIEW #1

MAY 2025

BEHIND INDONESIA'S STOCK CRASH: A REFLECTION OF TURBULENT ECONOMIC DECISION-MAKING (S)

On the 19th of March 2025, the Indonesian stock market, or the IHSG, faced the first trading halt since the COVID-19 pandemic (Banerjee, 2025). A week later, the rupiah currency was flat at Rp 16,580 per U.S. dollar, and foreign investors had withdrawn around US\$ 1.6 billion (Banerjee, 2025; Sood, 2025). As a result, IHSG became one of the worst-performing stock indexes in the world, dropping approximately 6% below its usual figure (Kurnia, 2025). This dramatic downturn is argued to be driven by the negative market sentiment towards precarious domestic economic decisions, such as the establishment of Danantara; Indonesia's rendition of a sovereign wealth fund.

Modeled after Singapore's *Temasek*, Danantara faced various controversies surrounding its establishment, such as conducting budget refocusing on various government institutions, while choosing to remain committed to fulfilling the government's highly ambitious 71 billion rupiah worth of Makan Bergizi Gratis (MBG) agenda (CSIS, 2025; Muhid & Andryanto, 2025). Furthermore, the lack of transparency and the politically motivated picks for the advisory board and the board of directors, which included various controversial individuals such as Thaksin Sinantra, who was embroiled in multiple high-profile corruption cases (Raden, 2025), or the fact that various board of directors is also occupying ministerial positions in the cabinet such as Erick Thohir and Sri Mulyani, further provided justifiable doubts by the Indonesian market. These appointments suggest a potential for conflict of interests, and should the Indonesian government remain avoidant of winning the market's trust, it could jeopardize Prabowo's foreign policy goal of realizing economic sovereignty for Indonesia (Kenzu, 2024). (Argy Christo Putra Budiyo, Department of International Relations UGM)

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UNRAVELING THE RISING CHALLENGES OF TRANSNATIONAL TRAFFICKING CRIME

Transnational crimes have been an emerging challenge towards Indonesia's social integrity and effective authority (Kusnanto, 2003). The development of technology originated a new form of transnational crime, which often flew under the radar, known as human trafficking through digital exploitation. In early 2025, Indonesia's reputation in the global world was challenged, as the Australian Federal Police (AFP) made alarming notices towards Indonesian National Police (POLRI) on alleged cases of child abuse from recording findings on alleged sexual misconduct being sold to Australian porn sites uploaded from Kupang, East Nusa Tenggara, Indonesia (BBC Indonesia, 2025). The matters were later passed to POLRI through investigation reports containing the alleged sexual violence. The perpetrator was revealed to be Indonesia's former Ngada Police Chief, Fajar Sumaatmaja. He was removed from his chief position and arrested on an alleged account of sexual violence and dissemination of videos against three children on February 2025 (CNN Indonesia, 2025).

Although Indonesia has committed by ratifying the Convention Against Transnational Crime through Law Number 5 Year 2009, Indonesia did not ratify its protocols which regulated the trafficking of persons (Rudi, 2021). Therefore, similar cases were hard to uncover due to a lack of oversight and exploitative loopholes. Moving forward, Indonesia needs to enforce stricter, strategised policies to protect its people and domestic interests, such as ratifying the three additional protocols of the convention. Cooperation with the international community also becomes increasingly important, as it involves the concern of two or more nations in relation to the commitment to solve the challenges of global transnational crime. (Nadine Fakhira Putri Ravanti, Faculty of Law, Universitas Padjajaran)

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A IS FOR APRIL AND ANTITRUST: EU'S BRUSSELS EFFECT IN QUESTION

April 2025 marks a significant milestone in the fight over tech monopolies and advocacy of consumer protections. Under the Digital Markets Act (DMA), the European Commission fined Apple €500 million and Meta €200 million for restricting competition, mandating policy changes such as allowing third-party app distribution and dismantling anti-steering rules in the EU (Reuters, 2025). These measures, designed to enhance consumer choice, reflect the “Brussels Effect,” whereby EU regulations unilaterally shape corporate conduct and standards worldwide (Bradford, 2020). These decisions reflect heightened scrutiny of tech dominance and increasing concerns over a lack of consumer protections, with the EU emerging as a regulatory powerhouse through mechanisms like the Brussels Effect (ITIF, 2024).

While the EU's 2025 ruling prompted reforms over platform features, consumer protections, and increased global attention to tech monopoly, these changes remain unclear in their success. Features may be region-locked, as major companies like Apple habitually restrict sideloading features outside the EU. As Dincer (2025) argues, jurisdictional boundaries and corporate compliance are geographically siloed. Despite these territorial constraints, the EU's influence remains a norm-making standard for legislative proposals elsewhere. The lack of a cohesive and coherent global framework shows fragmentation in global digital governance.

These rulings signal that companies have adapted their policies to satisfy strict regulators like the EU, causing concern for neocolonialism and dependency. As the digital landscape evolves, the tension between unilateral regulation and fragmented compliance will define the next tech and digital governance era, where the Global South needs to step up its role. (Dhafin Izzanarsya Rhazdan, Department of International Relations UGM)

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MONETARY MULTIPOLARITY IN THE MAKING: DE-DOLLARIZATION AND THE EMERGING GEOECONOMICS OF THE GLOBAL SOUTH

The global financial order is entering a period of reconfiguration as BRICS countries Brazil, Russia, India, China, and South Africa, alongside new members like Egypt and the UAE, intensify moves to reduce their reliance on the U.S. dollar (Shaarawy, 2024). This shift, known as de-dollarization, is not a symbolic gesture but a calculated strategy to reclaim economic sovereignty and diminish exposure to Western monetary dominance.

For nations in the Global South, this movement holds particular relevance. Many of these economies face vulnerabilities rooted in dollar-denominated trade, debt, and financial flows. De-dollarization offers a cushion against external shocks, such as abrupt interest rate hikes by the U.S. Federal Reserve or sanctions-driven asset freezes. China's renminbi-based trade with Russia and Saudi Arabia, facilitated through bilateral swap lines, exemplifies a concrete attempt to build alternative financial ecosystems (Tran, 2022).

However, Brazil's central bank recently cautioned, that no BRICS country currently possesses the necessary reserves or institutional depth to support a new dominant currency (Ayres, 2025). The ambition to counterbalance dollar hegemony is clear, but the structural foundations remain weak.

Rather than a final destination, de-dollarization should be understood as an evolving process, a means of repositioning rather than replacing. For the Global South, its true significance lies not in immediate transformation, but in the gradual creation of more equitable, multipolar financial systems that reflect diverse development interests and strategic autonomy. (Pulung Aruna Bhumi, Department of International Relations UGM)

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