



Indonesia's Inclusive Economic Diplomacy Based on the Pancasila Ideology

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ABSTRACT

Amid the hegemony of economic globalisation, which often reduces development to growth figures, this study lays a strong foundation for the urgency and contribution of Indonesia's inclusive economic diplomacy grounded in the Pancasila ideology, as an effort to respond to global challenges while realising national ideals. This study employs a qualitative approach with a conceptual-normative design integrated with policy analysis and critical discourse analysis. The results confirm that Pancasila-based inclusive economic diplomacy will only be meaningful if Indonesia dares to treat Pancasila as a moral veto against investments, trade, and green schemes that appear profitable in paper but are detrimental in terms of distribution to workers, MSMEs, farmers, indigenous peoples, and disadvantaged regions. Pancasila, as the state ideology, can function as a productive diplomatic resource, not merely a symbolic backdrop. At the same time, the practical policy implications require institutional mechanisms that transform Pancasila into decision-making metrics through indicators of local supply chains, skills transfer, protection of labour rights, environmental restoration, SME access to project contracts, and a framework for negotiations in the G20, ASEAN, BRICS, OECD, and UNFCCC forums that place transitional justice as a global moral obligation.

A. Introduction

Indonesia, as a developing country with a strategic position in the regional and global economy, faces complex challenges in managing its economic diplomacy (Astuti & Fathun, 2020). On the one hand, Indonesia must adapt to global dynamics characterised by geopolitical competition, covert protectionism, technological disruption, and multidimensional crises such as pandemics and climate change (Anas et al., 2022). On the other hand, Indonesia has a constitutional and ideological mandate to realise social justice for all Indonesian people as stated in the Preamble to the 1945 Constitution of the Republic of Indonesia and the values of Pancasila (Sudirta et al., 2025). The tension between the demands of economic globalisation and the ideological commitment to social justice makes the issue of inclusive economic diplomacy grounded in the Pancasila ideology a relevant, topical, and urgent subject for scientific study.

In practice, Indonesia's economic diplomacy has tended to be analysed through a pragmatic lens that focuses on quantitative achievements, such as increased trade value, investment realisation, and international financial agreements (Samans, 2023). Although these indicators are essential, this approach often ignores the normative and ideological dimensions that should underpin Indonesia's foreign policy. In fact, Pancasila, as a state ideology, does not function solely as a symbol but also as a value system that should inspire all aspects of national and state life, including in the formulation and implementation of economic diplomacy (Sudirta et al., 2025). When economic diplomacy is detached from its ideological framework, there is a risk that the policies adopted will widen social disparities, weaken economic sovereignty, and reduce the state's support for vulnerable groups.

The concept of inclusive economic diplomacy emerged as a response to the limitations of traditional economic diplomacy, which tends to be elitist and oriented towards the interests of large economic actors. Inclusive economic diplomacy emphasises the importance of involvement and benefits for all levels of society, including micro, small and medium enterprises, workers, women, and local communities in international economic interactions (Edobor & Sambo-Magaji, 2025; Purnomo & Purwandari, 2025). In the Indonesian context, this concept resonates strongly with the principles of Pancasila, particularly the principles of social justice for all Indonesian people and just and civilised humanity. Although the term inclusiveness is increasingly used in policy discourse, its meaning and implementation in Indonesian economic diplomacy remain normative and have not been systematically conceptualised within the Pancasila ideology.

A review of the latest literature shows that studies of economic diplomacy in general have developed rapidly across international relations, international political economy, and public policy studies (Iksan & Soong, 2023; Okano-Heijmans, 2011; Rachman et al., 2024). Several studies highlight the role of economic diplomacy as an instrument of soft power for the state, a strategy to increase national competitiveness, and a mechanism for adapting to globalisation (Adoui, 2023; Botelho et al., 2021; Hall & Smith, 2013). Recent studies have also begun to link economic diplomacy with issues of sustainable development, financial resilience, and digital transformation (Jiang & Jiang, 2025; Ordoñez de Pablos, 2024; Sayari et al., 2025). However, most of these studies still depart from liberal, realist, or institutionalist theoretical frameworks that place material national interests at the centre, with limited attention to distinctive domestic ideological values.

In the Indonesian context, studies on economic diplomacy generally focus on trade policy analysis, the role of diplomatic representatives in economic promotion, or the impact of international financial agreements on the national economy (Maharani, 2018; Moons & van Bergeijk, 2017; Ruffini, 2016). Several studies have discussed Indonesia's economic diplomacy in the context of development (Baharuddin, 2023; Huijgh, 2017). Still, these discussions are often sectoral and do not explicitly integrate the ideological dimension of Pancasila as a basis for analysis. Studies linking Pancasila to Indonesia's foreign policy have focused more on

political and security aspects, such as the principles of free and active diplomacy, world peace, and state sovereignty. At the same time, the economic dimension has received relatively little in-depth attention.

The literature on inclusive economics and inclusive development in Indonesia generally falls within the realm of development economics and domestic policy, focusing on poverty alleviation, reducing inequality, and empowering MSMEs (Indonesia et al., 2025; Tambunan, 2023). The link between these concepts of inclusiveness and economic diplomacy as an external instrument of the state is still rarely discussed comprehensively. International studies on inclusive economic diplomacy also mostly draw from the experiences of developed countries or international organisations, so that Indonesia's unique ideological and historical context has not been adequately accommodated (Bazzi, 2025; Margiansyah, 2020; Wicaksana & Karim, 2023).

Based on this review, a significant research gap in the study of Indonesian economic diplomacy can be identified. First, there is a conceptual void regarding how the Pancasila ideology can be systematically operationalised as the foundation of inclusive economic diplomacy, rather than merely as normative rhetoric. Second, there has not been much research that integrates the perspectives of economic diplomacy, inclusiveness, and state ideology into a single, coherent analytical framework. Third, previous studies tend to separate the analysis of foreign policy from domestic development goals, thereby failing to explain in depth how economic diplomacy can serve as an instrument for realising social justice as mandated by Pancasila.

These shortcomings indicate that academic understanding of Indonesian economic diplomacy is still unable to fully respond to the actual challenges faced by this nation in dealing with increasingly complex globalisation. Without a clear ideological framework, economic diplomacy risks being trapped in short-term, pragmatic logic that sacrifices the nation's fundamental values. Therefore, a study is needed that explicitly grounds the concept and practice of inclusive economic diplomacy in Indonesia in Pancasila.

This study offers a conceptual framework for inclusive economic diplomacy grounded in Pancasila ideology. The new contribution lies not only in enriching the theoretical perspective in the study of international relations and political economy, but also in conceptualising Pancasila as an operational ideology in economic foreign policy. From a practical perspective, this study is expected to provide strategic recommendations for formulating and implementing a more inclusive and equitable Indonesian economic diplomacy that is consistent with the nation's identity. The objective of this study is to develop a comprehensive analytical framework for Indonesia's inclusive economic diplomacy grounded in the Pancasila ideology, by identifying and analysing the gap between the ideological values of Pancasila and existing economic diplomacy practices, and by offering a conceptual model to bridge this gap.

B. Method

This study uses a qualitative approach with a conceptual-normative design integrated with policy analysis and critical discourse analysis to construct and test Indonesia's Pancasila-based inclusive economic diplomacy framework through systematic tracing of policy texts and institutional artefacts, so that inferences are not based on subjective experience but on normative traces, programmatic rationality, and documented instrument configurations. The focus of the study is operationalised into three interlocking analytical constructs, namely the internalisation of Pancasila (the degree to which the principles are present as guiding principles in objectives, arguments of legitimacy, regulatory norms, institutional design, and criteria for success), economic diplomacy (the spectrum of external state instruments articulated in strategies, agreement texts, work plans, and programme outputs), and inclusiveness (the degree of regulation of access, participation, protection, affirmation, and

distribution of benefits for vulnerable groups and small economic actors that can be traced through the design of beneficiary targets, financing/facilitation schemes, protection clauses, performance indicators, and accountability mechanisms).

The population comprises the entire corpus of Indonesian economic diplomacy documents for the specified analysis period. The sample documents were selected purposively based on relevance and wealth of information, including regulations, national strategies, speeches/official statements, available negotiation documents and agreements/memoranda of understanding, programme performance and evaluation reports, official statistical publications, and policy guidelines that directly intersect with the inclusive agenda. Data analysis applies a framework analysis to synthesise themes and patterns of value alignment, followed by critical discourse analysis to reveal legitimation strategies, hierarchies of interest, and power implications in representations of inclusivity (Talib & Fitzgerald, 2016), as well as gap mapping that compares Pancasila-inclusive indicators with the design of economic diplomacy instruments to produce conceptual propositions and operational recommendations that are coherent with the objectives of the study.

C. Results and Discussion

1. Pancasila as a New Moral Standard for Assessing Foreign Investment

Pancasila has often been positioned as the philosophical foundation of the state and a source of normative values in national life (Setyawan, 2023). Still, in economic policy practice, particularly in relation to foreign investment, its role often stops at the symbolic and declarative level. In fact, the intensification of foreign direct investment flows over the past two decades has had social, economic and ecological consequences that go far beyond simply recording economic growth figures. Large-scale investment projects, especially in the extractive sector, strategic infrastructure, and natural resource-based industries, often give rise to a development paradox in the form of impressive macro growth on the one hand and unequal distribution of benefits, agrarian conflicts, environmental degradation, and social vulnerability at the local level on the other. It is in this context that Pancasila has the potential to be repositioned not only as an abstract ethical foundation, but also as an operational moral standard that can be used to assess, test, and even reject foreign investments that do not meet the principle of social justice as a condition for the legitimacy of development.

The success of foreign investment is typically measured by quantitative indicators such as capital realisation value, aggregate job creation, export contribution, and impact on gross domestic product growth (Utouh & Kitole, 2024). This approach is in line with the conventional economic development paradigm that places growth as the main objective, with the assumption that financial benefits will trickle down to all levels of society. However, empirical evidence in various developing countries, including Indonesia, shows that this assumption often does not automatically materialise. Investment can create unsustainable jobs, marginalise local small businesses from supply chains, cause environmental externalities that are borne by the surrounding community, and reinforce structural dependence on foreign capital and technology (Karimullah, Efendi, et al., 2023).

Placing Pancasila as a moral test for investment means making its values concrete evaluative criteria in every stage of the investment cycle, from promotion and negotiation to agreement signing, project implementation, and long-term impact evaluation (Budiyono, 2025). The principle of social justice demands that investments not only benefit the state and investors, but also ensure a fair distribution of benefits for workers, micro, small, and medium-sized enterprises, farmers, indigenous peoples, and communities in disadvantaged areas, which are often the locations of projects. Within this framework, economic diplomacy can no longer be understood as a value-neutral technocratic activity, but rather as a political-normative arena in which countries contest for their moral standards in international economic interactions (Nurizka, Jamil, et al., 2025; Rembulan et al., 2025).

When Indonesian economic diplomats bring Pancasila to the investment negotiating table, they are essentially making a normative claim that economic legitimacy is determined not only by efficiency and profitability, but also by distributive justice and respect for human dignity. This claim has the potential to change the power relations in negotiations, because countries are no longer simply competing to offer fiscal incentives and regulatory ease, but are setting moral prerequisites that investors must meet to gain access to Indonesian resources and markets (Rifa'i et al., 2025).

The design of a Pancasila-based investment negotiation mechanism requires translating social justice values into measurable indicators and clauses. The equalisation of local supply chains, for example, can be realised through realistic and progressive local content requirements, partnerships with domestic MSMEs, and the development of a sustainable local supplier ecosystem. The transfer of skills and technology should not be understood as short-term training, but rather as a long-term capacity-building process that enables the local workforce to move up the production ladder.

The protection of labour rights needs to be guaranteed through labour standards that are in line with international conventions and national laws, including decent wages, occupational safety, freedom of association, and effective complaint mechanisms (Latif et al., 2025). Environmental restoration must be an integral part of project design through reclamation obligations, ecosystem restoration, and transparent waste management. Small businesses' access to project contracts can be regulated through fair subcontracting schemes, the removal of administrative barriers, and financing support.

When these indicators are explicitly included in investment negotiations and contracts, Pancasila ceases to be a slogan and becomes a selective policy instrument. Consequently, the state must be prepared to reject large-scale investments that do not meet established social justice standards. This is where political and economic tensions arise between those who emphasise rapid growth as a top priority and those who demand equity and sustainability as conditions for the legitimacy of development. The pro-rapid growth camp tends to view strict moral standards as investment barriers that could reduce Indonesia's competitiveness in attracting global capital. Conversely, the pro-equity camp argues that growth that ignores social justice creates greater long-term social and political costs, including conflict, delegitimisation of the state, and instability (Al Hamid et al., 2025; Karimullah, 2022).

This controversy is not only taking place at the policy elite level, but is also reflected in the attitudes and actions of the public in areas affected by investment projects. Residents' support or rejection of national strategic projects is often influenced by how they feel they benefit from or are affected by them. Projects that are perceived to ignore the rights of local communities, damage the environment, or only benefit outside parties tend to trigger social resistance, protests, and even open conflict (Eichenauer & Gailing, 2022). Conversely, projects designed with participatory mechanisms, fair compensation, and precise benefit distribution can gain greater social legitimacy. In this context, Pancasila serves as a moral language for the community to assess the fairness of projects and to express their demands to the state.

The perception of economic nationalism is also influenced by how the state manages foreign investment. When investment is seen as a tool to strengthen economic independence and people's welfare, economic nationalism can develop inclusively and constructively (Karimullah & Rozi, 2023). However, if investment is associated with resource exploitation, foreign dependence, and the marginalisation of local actors, economic nationalism can turn into exclusive, reactive sentiments of rejection. Public attitudes towards certain investor countries are also inseparable from empirical experiences in the field, so Indonesia's economic diplomacy must take into account the dimensions of perception and social legitimacy, not just strategic interests between countries.

Government legitimacy, especially in areas affected by investment, is highly dependent on its ability to balance national interests, local demands, and its claimed moral

commitments. When the central government promotes investment projects in the name of national interests without ensuring social justice at the regional level, a trust gap can develop, weakening state authority. Conversely, when the government can demonstrate that Pancasila is genuinely used as a moral standard in investment decision-making, political and social legitimacy can be strengthened, even if such decisions may sacrifice short-term growth potential.

2. Inclusive Economic Diplomacy as an Arena for the Battle of Narratives on Pancasila Sovereignty

Inclusive economic diplomacy in the Indonesian context cannot be separated from the ideological battle of narratives on economic sovereignty amid an increasingly complex and asymmetrical global supply chain dependency structure. The globalisation of production has created cross-border value networks that enable greater efficiency. Still, it has also placed many developing countries, including Indonesia, in a subordinate position as suppliers of raw materials and low-cost labour. This structural dependence limits national policy space, weakens bargaining power in international economic negotiations, and often narrows the distribution of development benefits. In this situation, Pancasila has the potential to become a source of alternative narratives that are not only normative but also strategic, namely as an ideological foundation for redefining the meaning of economic sovereignty and for building inclusive economic diplomacy to strengthen Indonesia's position in the global supply chain (Duarsa, 2022).

From an international political economy perspective, economic sovereignty is no longer understood in absolute terms as a country's complete autonomy from the global market, but rather as a country's relative ability to shape, influence, and manage its engagement with global structures in the national interest. However, the debate over the extent to which this engagement can be controlled remains fraught with ideological conflict. On the one hand, there is a liberal view that emphasises market openness and global integration as prerequisites for efficiency and growth. On the other hand, a structuralist and nationalist approach highlights the risks of dependence and demands state intervention to protect domestic capacity. Pancasila, with its emphasis on social justice, people's sovereignty, and balance between individual and collective interests, provides a normative framework unique to Indonesia for navigating these tensions without getting caught up in the extreme dichotomy between closed protectionism and uncontrolled liberalisation (Arifin et al., 2025).

Inclusive economic diplomacy has become the main arena in which the logic of global supply chain dependency contests Pancasila's narrative of independence and social justice (Leal-Arcas, 2025). In practice, economic diplomacy involves not only negotiations on tariffs, investment, or market access, but also the production of meaning about what is considered legitimate and fair in international economic relations. When Indonesia articulates specific economic policies as the embodiment of Pancasila values, the state is constructing a narrative of sovereignty to strengthen its bargaining position and gain domestic and international legitimacy. This narrative is important because global actors often perceive policies aimed at reducing structural dependence as a threat to their economic interests.

The industrial downstreaming strategy is the most prominent example of how Indonesia uses Pancasila as a moral and political basis to challenge the unequal structure of the global supply chain. For decades, Indonesia has acted as an exporter of raw materials with low added value, while processing and technological control take place in other countries (Bustaman et al., 2022). This situation is not in line with the principle of social justice because the most significant economic benefits are enjoyed abroad, while local communities bear the environmental and social impacts. By emphasising that natural resources must be managed for the greatest prosperity of the people, Indonesia links downstreaming with the ideological

mandate of Pancasila, so that this policy is not merely seen as an economic instrument, but as an effort to restore financial sovereignty.

Downstreaming also reflects efforts to build more inclusive economic diplomacy by expanding employment opportunities, increasing domestic industrial capacity, and strengthening the involvement of MSMEs in the national supply chain (Nurizka, Islami, et al., 2025). However, this policy has also triggered resistance from trading partners who have benefited from access to cheap raw materials. It is in this context that the Pancasila narrative serves as a tool for public legitimacy to address external pressures, including trade disputes, negative campaigns, and threats of economic retaliation. Indonesia's economic diplomacy not only negotiates in formal forums but also attempts to frame these conflicts as a struggle between justice and structural inequality in the global financial system.

Green industrialisation reinforces this ideological dimension by integrating environmental sustainability issues into the narrative of economic sovereignty (Molek-Kozakowska, 2024). In global discourse, the green transition is often promoted as a universal agenda, but its implementation usually reproduces inequality through unbalanced environmental standards and restrictions on access to technology. Indonesia uses Pancasila to assert that green development must be in line with social justice and the development rights of developing countries.

Technological cooperation is a crucial element in building Indonesia's bargaining position amid global supply chain dependencies (Athirah, 2025). Dependence on foreign technology often creates new dependency traps that limit national industrial independence. Within the Pancasila framework, technology transfer and domestic capacity-building are seen as prerequisites for intergenerational justice and long-term sovereignty. Inclusive economic diplomacy seeks to include clauses on technological cooperation, workforce training, and joint research in international financial agreements, so that global integration not only results in the flow of goods and capital but also in the transfer of empowering knowledge.

Restrictions on raw material exports and local content requirements further emphasise the ideological nature of Indonesia's economic diplomacy. These policies are often criticised as forms of protectionism that contradict the principles of free trade. However, from a Pancasila perspective, these measures can be interpreted as selective protection aimed at safeguarding people's interests and ensuring a fair distribution of benefits. This controversy reflects a fundamental conflict over the meaning of economic sovereignty.

The use of Pancasila as the basis for economic diplomacy lies in its ability to provide public legitimacy for policies that are globally perceived as risky. When the government links market restrictions or interventions to Pancasila values, it elicits emotional and moral resonance at the domestic level. This can strengthen public support but also deepen opinion polarisation. Some groups view these measures as a legitimate and necessary form of economic nationalism, while others are concerned about their impact on the investment climate, trade relations and short-term financial stability.

Changes in public attitudes and actions are essential indicators in understanding the dynamics of inclusive economic diplomacy as a battle of narratives (Bukido et al., 2025; Karimullah, 2024). Support for the nationalisation of resources and strengthening state control over strategic sectors indicates a rise in anti-dependence sentiment triggered by experiences of global inequality. Boycotts of foreign products, although often symbolic, reflect the articulation of economic sovereignty at the consumer level. Public pressure on the government during trade disputes shows that economic diplomacy is no longer perceived as a technocratic matter, but rather as part of national identity and pride.

This sentiment has significant implications for the legitimacy of policy. Governments that can frame high-risk policies as consistent with Pancasila values tend to gain greater political space to withstand external pressure. Conversely, failure to manage the narrative can trigger delegitimisation and domestic conflict. In this case, Pancasila serves as a strong source

of symbolic legitimacy, but also as a double-edged sword that can strengthen or weaken the government's position depending on the consistency between the narrative and the actual results in the field.

3. Pancasila as Global Redistribution Diplomacy Through a Fair Green Economy Scheme

The shift in global economic architecture towards a green agenda and low-carbon transition has opened a new field in international diplomacy, no longer determined solely by market efficiency and economic growth, but by the battle over values, morality, and fairness in the distribution of burdens and benefits (Insani et al., 2024; Rahmani et al., 2023). In this context, developing countries often find themselves in a dilemma: on the one hand, they are required to contribute to mitigating the global climate crisis, while on the other hand, they face limitations in fiscal, technological, and structural capacity rooted in a long history of global inequality. Pancasila, particularly the principles of social justice for all Indonesian people and of just and civilised humanity, provides a unique ideological foundation for Indonesia to enter this arena not merely as a recipient of global green norms, but as a normative actor demanding global redistribution through equitable green economic diplomacy.

In the literature on international political economy, the green transition is often understood as a technocratic process driven by technological innovation, carbon market mechanisms, and regulatory adjustments. However, this approach tends to obscure the dimensions of structural inequality inherent in the global economic system (Ghaffari et al., 2025; Haerunnisa et al., 2023). Developed countries, which have historically contributed the most to greenhouse gas emissions, have far greater financial and technological capacity to decarbonise. In contrast, developing countries face pressure to adapt without comparable support. In this context, Pancasila can be positioned as an alternative ethical framework that challenges the dominance of the green narrative of developed countries by asserting that the energy transition and the green economy are not only matters of environmental efficiency but also of global justice and humanity.

Making Pancasila the basis for global redistribution diplomacy means articulating the normative claim that the responsibility for transition must be shared fairly based on capacity, historical contribution, and development needs. The principle of social justice demands that the burden of transition not be disproportionately shifted to developing countries through strict environmental standards, green trade barriers, or costly investment obligations without financing support. Meanwhile, the principle of humanity emphasises that global climate policy must protect human dignity and well-being, including vulnerable groups such as farmers, fishermen, workers in the conventional energy sector, and local communities that depend on natural resources.

Within this framework, Indonesia's inclusive economic diplomacy has the potential to evolve into equitable green diplomacy that actively demands energy transition financing, access to clean technology, support for climate adaptation, and fair carbon trading mechanisms. This demand is not merely a request for assistance, but a moral claim rooted in the principles of Pancasila and reinforced by international norms, such as the principle of common but differentiated responsibilities. By integrating domestic ideological values and global standards, Indonesia can build a stronger bargaining position to lead the global redistribution agenda in the green economy.

Energy transition financing is a central issue in this diplomacy. The transition from fossil fuels to renewable energy requires significant investments in infrastructure, technology, and human resource development. For developing countries, these costs could divert budget allocations from basic needs such as education, health, and poverty alleviation. By making social justice the basis, Indonesia can assert that financing the transition is not a form of generosity on the part of developed countries, but rather a moral and historical obligation.

Indonesia's diplomacy in various international forums can frame climate financing as an instrument of global redistribution aimed at correcting the structural inequalities produced by centuries of carbon-intensive economic systems.

Access to clean technology is another dimension of Pancasila-based redistribution diplomacy. The dominance of developed countries and multinational corporations in green technology patents creates serious obstacles to developing countries' just transition. Dependence on technology imports risks reproducing new economic dependencies and eroding development sovereignty. From a Pancasila perspective, technological cooperation must be designed as an equal and empowering partnership, not a transactional relationship that reinforces global hierarchies. Indonesia's economic diplomacy can demand technology transfer schemes, flexible licensing, and local capacity building as an integral part of climate agreements and green investments.

Climate adaptation and the protection of vulnerable groups further emphasise the humanitarian dimension of equitable green diplomacy (Jayaram & Ajayan, 2022). The impacts of climate change, such as floods, droughts, and sea-level rise, disproportionately affect poor communities and disadvantaged regions with limited adaptive capacity. Pancasila demands that global climate policy focus not only on emissions mitigation, but also on human protection and intergroup justice. In international forums, Indonesia can position climate adaptation as a development right and part of the global collective responsibility, not merely an optional add-on.

Carbon trading, often promoted as a market-based solution, should also be critiqued through the lens of Pancasila. Without fair design, carbon trading could allow rich countries and companies to buy the right to continue polluting (Rahmatullah, 2025). In contrast, developing countries bear the burden of development restrictions. Pancasila as a moral framework can be used to demand carbon trading mechanisms that ensure real economic benefits for local communities, respect indigenous peoples' rights to land and forests, and prevent greenwashing practices that merely shift emissions statistically without structural change.

Multilateral forums such as the G20, ASEAN, BRICS, OECD, and UNFCCC provide strategic arenas for Indonesia to advance Pancasila-based global redistribution diplomacy. At the G20, Indonesia can use its position to shift the discourse from voluntary commitments to collective moral obligations regarding financing and transition technologies. In ASEAN, Pancasila can inspire regional solidarity in defending the interests of developing countries in the global green value chain. In the context of BRICS, South-South cooperation can be strengthened to challenge the dominance of developed countries' green standards and build institutional alternatives. Meanwhile, involvement in the OECD and UNFCCC allows Indonesia to interact directly with global norm-setters and advocate for the integration of social justice into climate and trade regimes.

When Pancasila is used explicitly to criticise developed countries' green standards, which are seen as shifting the burden of transition to developing countries, stringent environmental and social standards, such as cross-border carbon adjustment mechanisms, are often promoted as climate instruments but are perceived as hidden trade barriers. By articulating Pancasila-based criticism, Indonesia challenges the moral legitimacy of these policies and sparks international controversy. Developed countries may respond with diplomatic pressure, trade disputes, or normative campaigns questioning Indonesia's commitment to the global climate agenda.

Energy transition and the green economy have real consequences for employment structures, energy prices, and the sustainability of local industries (Genc & Kosempel, 2023). Some members of society support clean energy policies as an investment in the future that is in line with the values of humanity and intergenerational justice. However, there is also resistance to projects deemed greenwashing or that sacrifice local livelihoods without

adequate compensation. Debates about the costs of transition, the risk of job losses, and rising energy prices reflect the tension between global goals and everyday welfare.

Changes in public attitudes and actions are important indicators of the success of Pancasila-based green diplomacy. Support for clean energy policies increases when the public sees a direct link between transitional justice and local welfare, such as the creation of green jobs and improved environmental quality. Conversely, resistance arises against projects that use green labels to legitimise new exploitation or unequal distribution of benefits. Public demands for the government to reject foreign standards that harm farmers, fishermen, and small industries demonstrate that Pancasila serves as a moral language that articulates the people's interests in global debates.

D. Conclusion

Indonesia's inclusive economic diplomacy, grounded in the Pancasila ideology, is not merely a rhetorical variant of mainstream economic diplomacy but a paradigmatic repositioning that shifts the measure of success from transaction accumulation to moral legitimacy, measured by benefit distribution, the protection of human dignity, and ecological sustainability. By placing Pancasila as an operational test, both for assessing foreign investment through social justice requirements, building bargaining positions in global supply chains through downstreaming, green industrialisation, and local content requirements, as well as formulating equitable green diplomacy that demands global redistribution of transition financing and technology, this study implicitly refines the limitations of previous studies that tended to separate normative-ideological analysis from policy practice. The findings lie in the integrative synthesis between Pancasila as a moral standard, economic diplomacy as an arena for contesting narratives of sovereignty, and inclusiveness as performance criteria that can be translated into indicators, contractual clauses, and participatory governance designs, thus opening a conceptual basis for reading the conflict between pro-rapid growth and pro-equity, as well as for mapping changes in public attitudes as political variables that cannot be separated from economic diplomacy.

The theoretical implication is that state ideology can function as a productive diplomatic resource, not merely a symbolic backdrop. In contrast, the practical-policy implications demand institutional tools that transform Pancasila into decision metrics through indicators of local supply chains, skills transfer, labour rights protection, environmental restoration, MSME access to project contracts, and a framework for negotiations in the G20, ASEAN, BRICS, OECD, and UNFCCC forums that place transitional justice as a global moral obligation. However, limitations that need to be acknowledged include the risk of reductionism when Pancasila values are translated into overly technocratic indicators, limited access to closed international negotiation documents and contracts, and the potential for bias in policy discourse analysis, which requires procedural transparency and rigorous source criticism. Therefore, further studies need to develop a more precise moral evaluation framework for Pancasila for climate-trade-investment agreements, design a public communication model that links transitional justice with daily welfare so that it does not fall into empty legitimisation or trigger polarisation, and develop truly inclusive green diplomacy indicators at the community level through auditable distribution impact measurements. Meanwhile, for field practice, the government needs to institutionalise mechanisms for participation and social compensation that prevent conflict, and to prepare geopolitical-trade risk management strategies so that the use of Pancasila as a justification for high-risk policies does not stop at protectionism, but becomes an ethical mandate to prove real equity.

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