

## Analysis of Indonesia's Cooperation with China Through the Belt and Road Initiative (BRI) can Provide Opportunities or Challenges for Indonesia to Realize the World Maritime Axis

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### ABSTRACT

The World Maritime Axis policy initiated by President Joko Widodo has become one of the government's main focuses in national development in collaboration with the Chinese government through the Belt and Road Initiative (BRI). But sometimes it is also necessary to have a strategy carried out by the government in stemming the threats that come to support the world maritime axis. This has the potential to cause various asymmetrical threats around the economic field and loss of sovereignty, Indonesia's entry into the debt abyss, and the entry of laborers from China to Indonesia which will reduce employment opportunities for indigenous people. The research method uses quantitative data. The basis for the state planning process needs to be carefully prepared. Given that defense is one form of a spectrum of uncertainty that can make a "threat". keep in mind the magnitude of the opponent's ability, and must prepare to overcome the threats that will be posed in the future.

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## INTRODUCTION

China is a country that is currently a world power that can challenge the hegemony of the United States. Through the progress felt by China in various fields, China has become one of the countries that has global power. This is shown by China through its existence in the world of Chinese foreign policy in the form of One Belt One Road (OBOR). This OBOR project is included in the world's largest development plan inspired by past successes, where the Silk Route is a form of China's success in the largest and most influential trade route connecting China and Rome. The main focus of this OBOR project is to connect the economies of Asia, Africa, and Europe in the fields of investment, trade, and infrastructure, free trade (goods and services), currency and promote people-to-people relations through land and sea routes. The One Belt and Road (OBOR) project and the refinement of the previous policy changed its name to the Belt and Road Initiative (BRI) (Dan, 2022). The following mapping of China's mega projects is shown in the figure below:



Source : randeurope.org

**Figure 1.1**  
**China's Ambitious Project Path in the Silk Road Reviving The Silk Road**

It can be seen that this project is a very ambitious project undertaken by China in the implementation of BRI. Based on progress reports, the Chinese government has signed 173 cooperation agreements with 125 countries from Asia, Europe, Africa and Latin America as well as 29 international organizations (Saraswati, 2020). China's estimated spending on BRI reaches \$100 billion per year. To finance BRI projects that require enormous capital (Anam & Ristiyani, 2018). The seriousness of this country is also evident in the formation of banking institutions, namely the Asia Infrastructure Investment Bank (AIIB), the BRICS New Development Bank, the Shanghai Cooperation Organization and the Silk Road Fund. The establishment of AIIB was allegedly created to compete with the International Monetary Fund (IMF), World Bank (WB), and Asian Development Bank (ADB), which are considered to provide loan conditions from developed countries to developing countries (Prasad &

Rumbaugh, 2003). From an economic point of view, it can be said that China currently sees OBOR or BRI as a form of grand strategy that will reduce the economic gap between the Eastern and Western Regions, which is expected to be a gap in economic development by opening trade routes in each country through this mega project (Wira Wibawati et al., 2018).

Indonesia is one of the countries traversed by China's Belt and Road Initiative program. During the leadership of the Joko Widodo administration, it requires a lot of financial resources to build infrastructure. Infrastructure development opens up for foreign investors to invest in Indonesia without using the state budget (Octorifadli et al., 2021). Cooperation between Indonesia and China began on April 27, 2019. When the Indonesian government signed 23 Memorandums of Understanding on the agenda of the Belt Road Initiative II Summit in Beijing. This cooperation contract is carried out on a Business to Business (B to B) basis between Indonesian and Chinese companies that cooperate with this project (Novriyanti, 2021). The Indonesian government under the leadership of President Joko Widodo wishes to restore the identity of the Indonesian nation as a strong maritime country so that the concept of a world maritime axis country can be implemented (Rustam, 2020). Interestingly, Indonesia is an archipelago that has a vast ocean with the second longest coastline in the world. Indonesia's geographical position is in the equatorial region. Located between the two continents of Asia and Australia and between two oceans, namely the Pacific and the Indian. Thus Indonesia will always be a strategic place in the world trade map. Indonesia needs special and careful consideration in the issue of infrastructure construction that accommodates and facilitates its trade activities, not only focusing on increasing the number of supply of products and services. By carrying out infrastructure development that meets global standards evenly in several strategic locations given the significance of the status of an archipelago through which sea trade routes pass (Wong, 2019).

But sometimes a strategy is also needed by the government in stemming the threats that come to support the world maritime axis. The cooperation between Indonesia and China through the Belt and Road Cooperation (BRI) often draws criticism from the public regarding the loan of funds provided by China to Indonesia in infrastructure development. Which some parties and the public think that the loan is a debt trap that will worsen state finances in the future, especially since Indonesia is a country that is intensively developing in various regions (Firda Amaliyah, 2023). This is because there are several countries in the world that are reportedly difficult to pay debts to China. These debts failed to be paid as part of the Belt and Road Initiative (BRI) financing scheme, such as Sri Lanka, Uganda, Kenya, Maldives, Pakistan. In the end, it made the Indonesian people a little negative sentiment about BRI Cooperation which has the potential to cause various asymmetrical threats around the economic field and loss of sovereignty, trapping Indonesia into the abyss of debt, and the influx of laborers from China to Indonesia which will reduce employment opportunities for indigenous people.

Based on the above research, the researcher is interested in trying to "analyze what are the factors of opportunities and challenges for Indonesia in cooperating through the Belt and Road Initiative to realize the World Maritime Axis?".

## **THEORETICAL REVIEW**

### ***Dependency Theory***

Dependency theory argues that economic relations between countries often lead to dependence, where less developed countries become dependent on more developed countries. In the context of Indonesia and the BRI, this theory helps to analyze whether Indonesia's involvement in this initiative leads to economic dependence on China, which has the potential to affect its sovereignty and economic independence.

### ***International Relations Theory***

- **Realism** : Realism focuses on the dynamics of power and the strategic interests of the state. From a realist perspective, Indonesia's cooperation with China through the BRI can be seen as a strategic step to improve its economic and geopolitical position. However, it also involves navigating power inequality and protecting national interests.
- **Liberalism** : Liberalism emphasizes cooperation, interdependence, and the benefits of economic integration. This theory supports the idea that the BRI can provide mutual benefits for Indonesia and China, promoting economic growth, infrastructure development, and regional stability.

### ***Development State Theory***

The theory of the development state argues that strong state intervention and strategic economic planning are essential for economic development. Indonesia's involvement with the BRI can be analyzed through this lens to understand how governments in Indonesia leverage this cooperation to achieve their development goals, especially in improving maritime infrastructure and connectivity.

## **METHODOLOGY**

The research that researchers use is a type of qualitative descriptive research, which seeks to explain in detail about Indonesia's cooperation with China through the Belt and Road Initiative (BRI) Providing Opportunities or Challenges for Indonesia. According to Moleong, qualitative research is research that controls the events experienced by the research subject, which displays several facts in the source effectively and discusses them in the form of words so as to provide in-depth research results and form explanations (Putri 2021). Techniques in data collection, namely using literature studies that use various sources such as books, journals and articles and even news and the internet as needed in research use.

## RESULTS AND DISCUSSION

### *Indonesia's Interests in Opportunities to Cooperate with China Through the Belt And Road Initiative (BRI) to Realize the World Maritime Axis*

Indonesia's national interest in BRI is to promote the vision of PMD. Where this is written in the MoU between the Indonesian government and China which is welcomed by both parties together. Indonesia promotes the Silk Road Economic Belt and the 21st Century Maritime Silk Road Initiative called the Belt and Road Initiative, while China promotes the vision of a world maritime axis (PMD), which is described in the MoU regarding cooperation to encourage the exchange of goods, technology, human resources (Iskandar et al., 2022).

The program provided by China is in line with Indonesia's desire to increase economic growth. By joining Indonesia, it can help in mobilizing infrastructure development in each region. The components of the belt and road initiative (BRI) framework are as follows :

a) *The Land Economic Silk Road*

The Belt and Road Initiative (BRI) initiated by China has significant potential influence on Indonesia, especially in terms of infrastructure investment and economic cooperation. The Land Economic Silk Road is a program that includes infrastructure development, trade connectivity, investment, and cross-border cooperation.

b) *Ocean Economic Silk Road*

President Joko Widodo presented the idea of Indonesia as the world's maritime axis. Indonesia recognizes a major transformation taking place in the 21st century. Where the center of the world's geo-economy or geo-strategy has shifted from the west to Asia. The sea route becomes a very strategic step in connecting two strategic oceans, namely the Indian and Pacific Oceans, to become a world trade route. The following is Indonesia's crossing path between the Indian and Pacific Oceans and the Asian and Australian continents ;



Figure 1.2

**Indonesia's Crossing Position Between the Continents of Asia and Australia with the Indian and Pacific Oceans**

Based on the picture above, it shows the geographical position of Indonesia which is on a strategic route for international traffic lanes and can be a transit route for world trade. More than 40% of international trade crosses Indonesian waters. Most of the commercial ships cross the Strait of Malacca and others through the oceans, namely the Indian and Pacific (Zamroh, 2020). However, one of the causes of losing 1% of economic growth is due to the unresolved infrastructure gap in each region. Some islands in Indonesia, almost in the eastern region of Indonesia, are disconnected. Whereas Indonesia is a world maritime country. The low quality of the port will hamper the maritime trade process internally or externally. The development term "Sea Toll" is a way for the government to facilitate maritime transportation through connectivity between the main port and others. The support requires an injection of funds from China through the Belt and Road Initiative (BRI) Cooperation through its investment scheme Busniees to Busniees (B to B) (Rivai, 2023). The following is China's 21st Century modern silk road in supporting the sea highway in realizing the world's maritime axis.



**Figure 1.3 China's Modern Silk Road in Support of the Sea Highway To realize the World Maritime Axis**

Based on the picture above, it shows a map of Indonesia's sea toll road in supporting the world's maritime axis. The shipping industry plays an important role in supporting the distribution of goods in the world. The important entrances of the route are the Malacca Strait, Sunda Strait, Lombok Strait and Water Island. With the development of the sea highway, it is expected to facilitate connectivity between regions, strengthen shipping networks and cut national logistics costs by up to 15%. There are several projects offered by the Indonesian government to China to be part of the BRI program as follows:

*a. Belitung Port*

Belitung Port is the largest port in North Sulawesi that can be visited by large passenger ships in Indonesia. Because the area is so strategic and has geostrategic and geoeconomic views, it is believed that it can lure China to be able to run the BRI program considering that the Port Area includes a special economic zone (KEK) (Firda Amaliyah, 2023). Belitung Port has three mega

projects, namely toll highways, Bitung Port and airports in South Sulawesi. The scheme proposed by the Indonesian government is Busniees to Busniees (B to B). Of course, the scheme will provide benefits for both parties, namely China and Indonesia in Export and Import. When viewed from the point of view of Indonesia's geostrategy as follows:

- 1) Having a short path in the distance between Indonesia and the indo-pacific region
- 2) As income for the country
- 3) Belitung Port is a port that has adaptive characteristics and is competitive with other ports
- 4) As a feeder that has a positive continued impact on geostrategic port activities.

*b. Kuala Tanjung Port*

Kuala Tanjung is the closest entrance to Asia and the Strait of Malacca and is one of the entrances to the Pacific. Over the past five years, foreign investment (FDI) from China into Indonesia has significantly increased by 559 percent. This increase was influenced by China's Belt and Road (BRI) project, which focuses on developing trade routes and infrastructure both on land and sea with the aim of making Indonesia the world's maritime axis (Kusumawardhana, 2023).

***Indonesia's interest in facing the challenges of cooperating with China through the Belt and Road Initiative (BRI)***

Although there are opportunities, China's cooperation with Indonesia has a positive effect. In its application it also provides challenges for Indonesia's economic conditions

*a. Challenges in the economic field*

1) Indonesia's Dependence on Funding from China

Indonesia has become increasingly dependent on China in recent years. This will affect Indonesia's economy and politics in a negative direction. The significant increase in Indonesia's debt to China requires anticipation from the Indonesian government so that it does not experience cases like Sri Lanka, which had to lose its shares in a port project because it failed to pay its debt to China (Rakhmat, 2020).

According to Celios Zulfikar Rahmat, Indonesia must prepare a mitigation strategy to avoid these undesirable situations such as being trapped in debt or debt trap. In addition, there are various concerns that the risk of default will cause losses in the future. It is not without basis, because Indonesia and the countries involved are joining the Belt and Road (BRI) project. Which has been proven to cause default on the Port Development project in Sri Lanka (Siswanto, 2023).

2) Poor Belt and Road Governance in Indonesia

In implementing massive initiatives such as the Belt and Road Initiative megaproject, sustainability analysis is important as a form of responsibility and transparency to stakeholders. Sustainability assessments can be seen from annual social responsibility reports and

analysis of environmental, social and governance aspects. The following criticism is given by the Belt and Road (BRI) program which still revolves around poor corporate governance;

Table 1.1

Problems with the Jakarta Bandung train project

<b>Box Trivia : Problems with the Jakarta Bandung train project</b>	
2019	The explosion of Pertamina's fuel pipeline due to the operation of the Jakarta-Bandung high-speed train project which claimed the life of one Chinese foreigner.
2020	Flooding on the Jakarta-Cikampek Toll Road due to bored pile and pile cap work, which disrupted traffic flow.
2021	In 2015, the Chinese company targeted the KCJB Development fund to only reach USD 5.13 billion or equivalent to IDR 76.95 assuming an exchange rate of IDR 15,000. But over time, the costs continued to swell to USD 6.07 billion or equivalent to IDR 91.5 trillion until finally, in 2021 the Director of Finance and Risk Management of KAI estimates that cost overruns will increase significantly from USD 6.07 billion to USD 8 billion or equivalent to IDR 120 trillion
2022	The derailment of the technical train off the track resulted in an incident that has caused a total of 6 casualties, including 2 fatalities and 4 injuries, all foreign workers.
2023	In early April 2023, the government finally agreed to a projected cost overrun of USD 1.2 billion or equivalent to IDR 17.89 trillion. The total cost of this project has reached USD 7.27 billion or equivalent to IDR 110.5 trillion. PT KCIC is known to be adding USD 560 million in debt to the China Development Bank to cover cost overruns. However, the government is increasingly worried because China is also urging Indonesia to make the state budget as a guarantee of the cost overrun.

Source: Policy Paper

However, the KCJB project is not the only project that has poor governance in Indonesia. Through its cooperation with China(Rakhmat & Purnama, 2023).



*b. Challenges in the Defense Sector*

Defense policy can actually initiate the formation of a beginning in policy. The policy will focus on economic development and foreign relations. It can be said that this is the basis for the state planning process to be carefully prepared. Given that defense is one form of spectrum of uncertainty that can make threats. With the dynamics of the strategic environment and foreign political relations that are always volatile, making defense as the initial spear in dealing with various risks of threats that will come. National defense must consider all possibilities that will result from foreign policy with other countries (Fahrizal et al., 2019).

Meanwhile, China has a much larger military capability in budgeting its military budget of \$225.71 billion compared to Indonesia's \$8.05 billion, which can be said to have a huge gap. From this alone we can know that Indonesia's military capabilities are much smaller, even though Indonesia has the largest sea area compared to China. Cooperation between China and Indonesia through the Belt and Road (BRI) can encourage infrastructure development. But keep in mind the magnitude of the opponent's ability, we must prepare ourselves to overcome the threats that will be posed in the future.

*c. Environmental Challenges*

China's Belt and Road Initiative (BRI) has been described as the largest infrastructure project in history, impacting around 60 percent of the global population. While the project has had a positive impact in terms of growth and mutually beneficial partnerships. However, it sometimes has broader negative impacts, especially on the environment (Politi, 2021). Threats to biodiversity from Chinese-funded projects also arise from the construction of the Batang Toru Dam in Tapanuli, North Sumatra. This dam was built for hydropower from the cooperation of PT North Sumatra Hydro Energy (NSHE), the State Electricity Company (PLN), and Sinohydro, an engineering and construction company supported by China's SDIC Power Holdings. According to research conducted by Divya Narain and colleagues from The University of Queensland in 2022, the habitat of orangutans in the region is threatened with extinction and only 800 are left due to the construction of dams that damage the environment. With the decrease in river flow, the community is concerned about the operation of the hydropower plant. As a result, there is a reduction in water supply to meet the daily needs of local communities (Rakhmat & Purnama, 2023).

*d. Social Challenges*

Social issues hinder the implementation of the BRI program. Certain Bri projects, such as the Morowali Industrial Estate (IMIP) in Central Sulawesi, raise safety concerns. While IMIP has 3,200 hectares of land and produces 3 million tons of stainless steel, it has experienced problems regarding misinformation about the influx of Chinese workers. This caused tension and led to the death of one Chinese worker and one Indonesian worker. so it is

necessary to agree with the two countries to create safety for workers (Peace, 2023).

## CONCLUSIONS AND RECOMMENDATIONS

The program provided by China is in line with Indonesia's desire to increase economic growth. By joining Indonesia can help in mobilizing infrastructure development in each region which includes infrastructure development, trade connectivity, investment, and cross-border cooperation. From an economic point of view, it can be said that China currently sees OBOR or BRI as a form of grand strategy that will reduce the economic gap between the Eastern and Western Regions, which is expected to be a gap in economic development by opening trade routes. But sometimes it raises various challenges faced by Indonesia and uncertainties that can make threats, keep in mind the magnitude of the opponent's ability, must prepare to overcome the threats that will be posed in the future.

## FURTHER STUDY

Future research could focus on assessing the specific economic impacts of BRI infrastructure projects on different regions in Indonesia. This includes analyzing changes in local GDP, employment rates, and income levels to understand the direct benefits and potential disparities created by these projects.

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