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Strategic Role of Indonesia in China Belt and Road Initiative (BRI): Economic Opportunities



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Introduction

The Belt and Road Initiative (BRI) is China's attempt to revive the ancient Silk Road as a main trade route between China and its neighbors by utilizing more advanced technology and more cost-effective transportation. In October 2013, Chinese President Xi Jinping launched the Belt and Road Initiative (BRI). Indonesia plays a major role



in the Belt and Road Initiative. President Xi Jinping established the 21st Century Maritime Silk Road in Indonesia, which also transformed into the BRI¹. Li, Mingjiang, claims that, Indonesia had faced difficulty in determining which portion of the investment was related to the BRI project. On the other hand, President Jokowi disclosed his plans to construct a vast network of railways, ports, and roads. He also emphasizes that his efforts cannot be achieved without domestic support from Indonesia. Therefore, this article aims to discuss the opportunities of Indonesia in the Belt and Road Initiative.²

¹ “Belt and Road Initiative: An Overview an Overview from PERCEPTIONS and READINESS of INDONESIA towards the BELT and ROAD INITIATIVE: UNDERSTANDING LOCAL PERSPECTIVES, CAPACITY, and GOVERNANCE on JSTOR.” 2024.

² Li, Mingjiang. 2020. “The Belt and Road Initiative: Geo-Economics and Indo-Pacific Security Competition.”

Economic opportunities

Indonesia's contribution in the BRI offers huge economic opportunities. China's investments through the BRI have designated infrastructure improvement, a basic region for Indonesia's economic growth. China's investments in projects like ports, railways, and industrial zones can modernize Indonesia's infrastructure, which is beneficial for upgrading its economic growth. It is a joint endeavor of state-possessed partnerships from China and



Indonesia. For example, the Jakarta-Bandung high-speed rail project and the improvement of ports like Kuala Tanjung further develop trade routes and transportation productivity, making Indonesia a maritime hub in Southeast Asia. One of President Joko Widodo's public key projects to update Indonesia's infrastructure is the Jakarta-Bandung High-Speed Rail project.³

When the Jakarta-Bandung High-Speed Rail is done, a three-hour vehicle drive between the two cities will only take 40 minutes. Indonesia has been aggressively promoting foreign direct investment (FDI) to maintain economic growth and provide jobs for millions of its

³ Putten, Frans-Paul van der, and Mirela Petkova. 2021. "The Geopolitical Relevance of the BRI: The Jakarta-Bandung High-Speed Railway in Indonesia."

workforce⁴. During their meeting in 2013, President Xi Jinping and President Susilo Bambang Yudhoyono established their plan to create the industrial park. China has invested in advancing of industrial and economic zones across Indonesia, like the Morowali Industrial Park in Sulawesi. It contains three industrial clusters: the carbon steel cluster, the nickel-based stainless-steel cluster, and the cluster for electric vehicle (EV) battery components, which is currently being constructed. As Chinese companies establish manufacturing bases in these zones, Indonesia has the potential to grow into a major hub for the manufacture and export of goods for various sectors, including electronics, automotive, and raw materials processing. By facilitating knowledge transfer, creating jobs, and encouraging skill development among the local workforce, China's investment can help grow manufacturing centers and special economic zones. Bilateral trade is anticipated to increase as China and Indonesia's economic relations strengthen, which will help out Indonesia's export industries, which include manufactured goods and raw resources.⁵



⁴ Damuri, Yose Rizal, Vidhyandika Perkasa, Raymond Atje, and Fajar Hirawan. 2019. "The Belt and Road Initiative in Indonesia:: Importance, Concerns and Issues on the Implementation."

⁵ Radjendra, Penny, Makarim Wibisono, Joni Mahroza, and Zainal Abidin Shabuddin. 2022. "Indonesia's Vision as Global Maritime Fulcrum: A Geopolitical Strategy to Address Geopolitical Shifts in Indo-Pacific."



To strengthen Indonesia's position as a vital marine hub, China's future projects are probably going to involve more advanced transportation networks, such as highways and trains, that link important economic areas. They might also involve improvements to current ports and logistics centers. China will likely invest in hydropower, wind, and solar energy initiatives, aiding Indonesia in its shift to sustainable energy sources. China's investments create employment opportunities, engage in more FDI, and increase Indonesia's product capacity. If these are strategically managed, they can promote long-term economic growth and strengthen Indonesia's position as a key partner for China in the region. ⁶

Conclusion

Indonesia has significant economic potential as the consequence of its strategic participation in China's Belt and Road Initiative (BRI). In terms of economic growth, BRI initiatives like the construction of industrial parks and the Jakarta-Bandung High-Speed Rail are strengthening Indonesia's trade connections, improving its infrastructure, and establishing Indonesia as a major participant in the global EV supply chain. Given Indonesia's challenges in achieving complete global economic integration, these changes are critical to the country's long-term development objectives, job creation, and economic growth.

⁶ Pratiwi, Fadhila Inas, Novita Putri Rudian, IGB Dharma Agastia, Rifki Dermawan, Masitoh Nur Rohma, Frisca Alexandra, Ariski Aznor, and SD Hardi Alunaza. 2020. "China Belt and Road Initiatives (BRI) in Indonesia's Socio-Economic Security Challenges: A Policy Recommendation."



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