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Trends in Southeast Asia

INDONESIA AND CHINA'S
BELT AND ROAD INITIATIVES:
PERSPECTIVES, ISSUES AND PROSPECTS

SIWAGE DHARMA NEGARA AND
LEO SURYADINATA

ISEAS YUSOF ISHAK
INSTITUTE

Trends in Southeast Asia



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FOREWORD

The economic, political, strategic and cultural dynamism in Southeast Asia has gained added relevance in recent years with the spectacular rise of giant economies in East and South Asia. This has drawn greater attention to the region and to the enhanced role it now plays in international relations and global economics.

The sustained effort made by Southeast Asian nations since 1967 towards a peaceful and gradual integration of their economies has had indubitable success, and perhaps as a consequence of this, most of these countries are undergoing deep political and social changes domestically and are constructing innovative solutions to meet new international challenges. Big Power tensions continue to be played out in the neighbourhood despite the tradition of neutrality exercised by the Association of Southeast Asian Nations (ASEAN).

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Indonesia and China's Belt and Road Initiatives: Perspectives, Issues and Prospects

By Siwage Dharma Negara and Leo Suryadinata

EXECUTIVE SUMMARY

- For Indonesia, which is keen to accelerate its infrastructure development, Belt and Road Initiative (BRI) is seen as an opportunity to tap into China's huge financial resources and technological capability.
- There has however been no concrete BRI project agreed to between China and Indonesia so far. While China considers all projects, including infrastructure projects and economic interactions as part of BRI, Indonesia only considers those infrastructure projects initiated during the Xi Jinping period as BRI projects.
- Indonesia has offered several broad areas for cooperation under the BRI framework and carefully selected project locations to minimize political risk for the Joko Widodo government. But no agreements have been signed yet as China requires detailed project proposals from Indonesia, which it has apparently not received.
- What appears to hamper progress are four key issues: the perception of China's economic domination, the ethnic Chinese issue, the Natuna issue, and the mainland Chinese workers issue.

Indonesia and China's Belt and Road Initiatives: Perspectives, Issues and Prospects

By Siwage Dharma Negara and Leo Suryadinata¹

INTRODUCTION

The Belt and Road Initiative (BRI) was first introduced by Chinese President Xi Jinping in October 2013. Initially, the proposal offers cooperation in infrastructure development covering the overland “Silk Road Economic Belt” and the sea-based “Maritime Silk Road”. Later the proposal has been extended to also cover non-infrastructure investment, including cultural ties and people-to-people exchanges.² In recent years, BRI has become China's global banner for promoting its international position as the leader of open economic cooperation.

For developing countries that are keen to accelerate their economic development, BRI is seen as an opportunity to tap into China's huge financial resources and technological capability. Specifically, for Indonesia, a country that is currently embarking on massive infrastructure development, BRI is considered a good alternative financing source. In fact, Indonesian President Joko “Jokowi” Widodo, was among the seven heads of state from ASEAN to attend the inaugural BRI Forum in May 2017. Jokowi mentioned then that he wanted to see how Indonesia

¹ Siwage Dharma Negara and Leo Suryadinata are Fellow and Visiting Senior Fellow respectively at the ISEAS – Yusof Ishak Institute, Singapore. They wish to thank Tham Siew Yean and Cassey Lee for comments and suggestions made on an earlier draft and to Pearlyn Pang for producing the map in Figure 7.

² J.E. Hillman, “China's Belt and Road Initiative: Five Years Later”, CSIS, 2018 <<https://www.csis.org/analysis/chinas-belt-and-road-initiative-five-years-later-0>> (accessed 25 February 2018).

could benefit from BRI cooperation,³ and after the BRI forum, Indonesia proposed a list of projects for cooperation under BRI.

Despite this interest to participate in BRI, however, there is as yet no concrete BRI project agreed to between China and Indonesia. Also, both countries have different perceptions on what BRI projects are. While China considers all projects, including infrastructure projects and economic interactions as BRI projects, Indonesia only sees infrastructure projects started during the Xi Jinping period to be such. Since China perceives BRI cooperation as a totality of China–Indonesia economic interactions, this paper’s discussion also touches on China’s trade, investments, loans and tourism in/with Indonesia in order to provide a more complete picture.

While there have been a large number of analyses with regard to BRI, including its potential geopolitics and geostrategic impacts on countries along the belt route, there is not much analysis regarding how the countries in the maritime silk route perceive BRI. This paper aims to fill this gap by examining how different stakeholders (state, business, media and society) perceive BRI. It explains Indonesia’s key interests in BRI cooperation, describes the proposals from Indonesia, and assesses how BRI cooperation will affect relations between the two countries.

Indeed, China–Indonesia economic relations have been improving since normalization in the late 1980s. Trade relations have improved significantly. In addition, Chinese FDI and many Chinese projects in Indonesia have been increasing. Some of these projects have already been successfully implemented; some are being implemented and several others are at the proposal stage. This paper takes a broad perspective, bearing in mind that BRI projects are likely to keep expanding beyond just infrastructure projects alone.

³ Fabian Januarius Kuwado, “Hadiri OBOR di China, Jokowi Intip Peluang Jalur Sutera Modern”, *Kompas*, 13 May 2017 <<http://nasional.kompas.com/read/2017/05/13/15183741/hadiri.obor.di.china.jokowi.intip.peluang.jalur.sutera.modern>> (accessed 27 February 2018).

ECONOMIC RELATIONS

Trade Relations

After the normalization of ties in 1989,⁴ economic relations between China and Indonesia have intensified. Improved political relations have helped the two countries open up their economies further. In 1998, the share of bilateral trade with China was only around 4 per cent of Indonesia's total trade value. This is relatively tiny when compared to the share of bilateral trade with Japan, Indonesia's traditional trade partner since the 1970s, which reached 18 per cent that same year (Figure 1). The share of bilateral trade with China has however been continuously increasing since then. In 2016, it reached 17 per cent. In contrast, the share of bilateral trade with Japan has continuously declined from 21 per cent in 2000 to around 10 per cent in 2016.

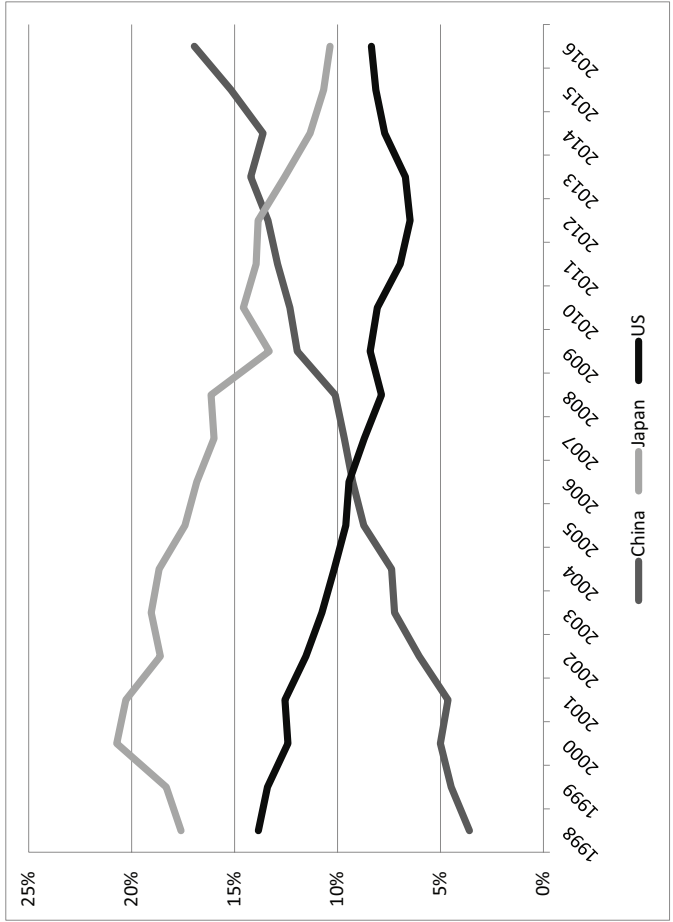
Significantly, the trade balance between the two countries tilted towards China's advantage after the 2008 global financial crisis. China has enjoyed a growing trade surplus with Indonesia as bilateral trade between the two countries went from US\$8.7 billion in 2004 to US\$47.6 billion in 2016. Indonesia's trade deficit with China reached US\$14 billion in 2016 (Figure 2). Meanwhile, that same year, Indonesia still enjoyed a trade surplus with Japan and the United States of around US\$3.1 billion and US\$8.8 billion, respectively.

Foreign Direct Investment

In tandem with the growth of trade, investment from China has also increased. Since Jokowi came to power in late 2014, Chinese FDI in Indonesia has increased dramatically. China's ranking as a source of Indonesian inward FDI has moved up from tenth in 2008 to third in

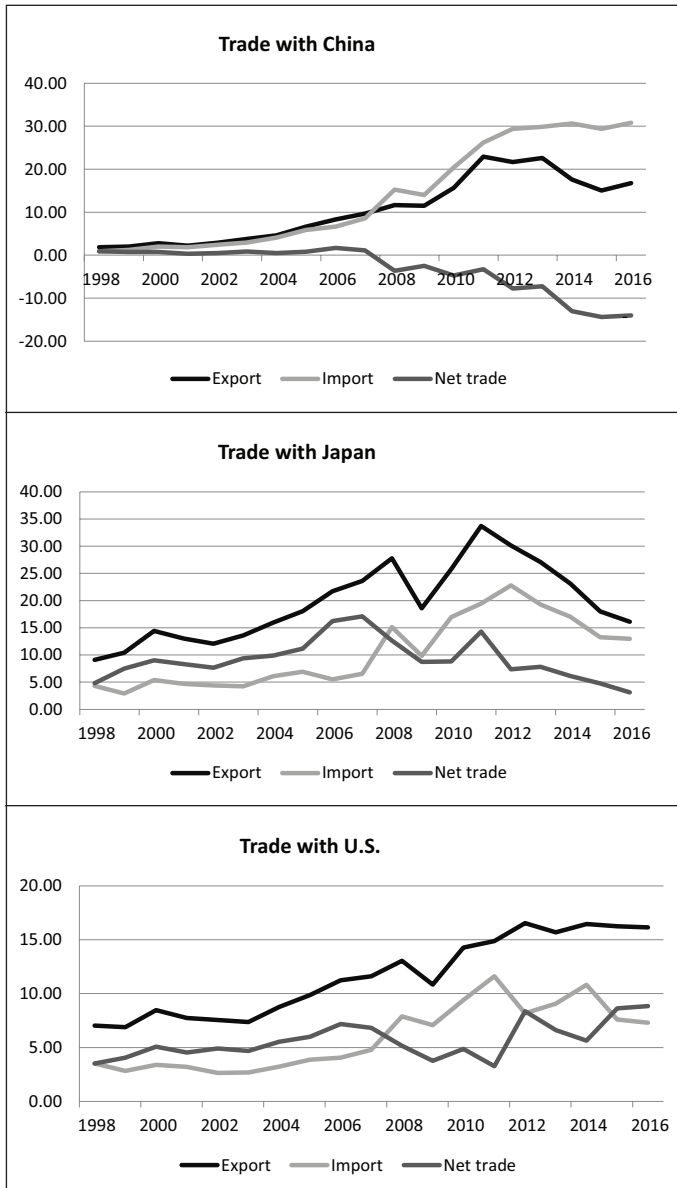
⁴ Leo Suryadinata, *Indonesia's Foreign Policy under Suharto: Aspiring to International Leadership* (Singapore: Times Academic Press, 1996).

Figure 1: Indonesia's trade with its three major partners (% share of total trade)



Source: BPS via CEIC.

Figure 2: Indonesia's trade balance with three major partners (US\$ billion)



Source: BPS via CEIC.

2016.⁵ Based on BKPM data, the realization of Chinese FDI has increased drastically from US\$174 million in 2010 to US\$2.7 billion in the third quarter of 2017 (Figure 3).

If we examine the sectoral distribution, most Chinese FDI in Indonesia goes to metal, machinery, and the electronic sector, amounting to more than US\$3 billion in total for the period 2010–17. In this category, the bulk of Chinese investment went to mineral (nickel) processing. The second largest sector is electricity, gas and water, which has FDI realization amounting to more than US\$1.2 billion in total in the same period (Figure 4). For this category, the biggest share of Chinese investment went to power generation projects.

The majority of Chinese FDI projects are located in Central and Southeast Sulawesi, which are mineral-resource rich (nickel and ferronickel) regions in Indonesia (Figure 5).

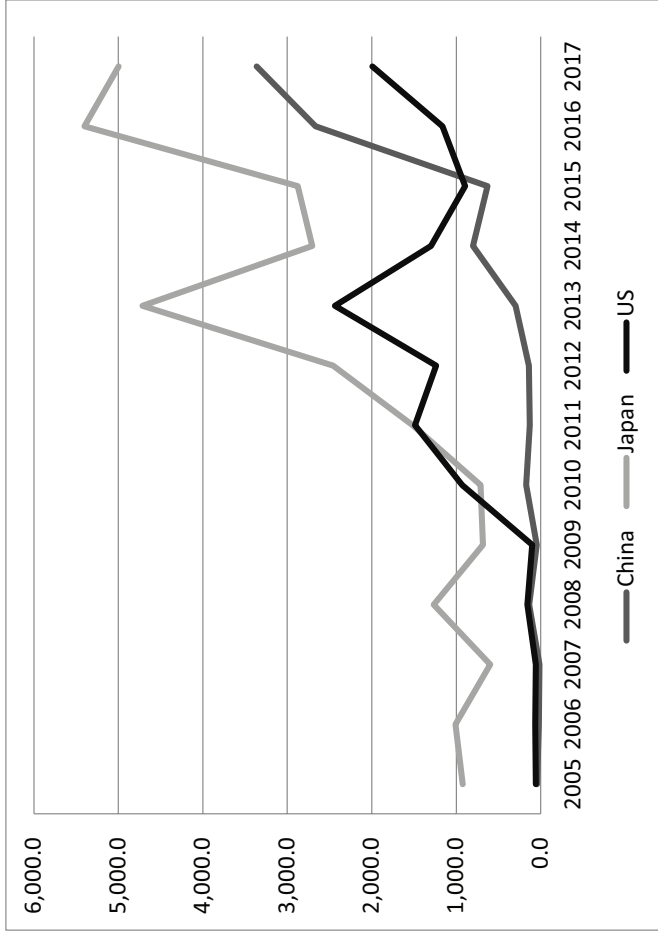
Overall, the size of Chinese FDI in Indonesia remains small compared to that from Japan. However, considering the trends and the potential impact of BRI, it is very likely that Chinese FDI will surpass FDI from Japan in the next few years, especially when Chinese FDI becomes more diversified, going beyond the mineral processing sector and move towards the property, e-commerce and other sectors. Some Chinese FDI may move via third countries, such as Hong Kong or Singapore, before coming to Indonesia.⁶ This is not a new phenomenon and predates even the era of the New Order.⁷ There are several factors that may explain this phenomenon. First, Hong Kong and Singapore have much more developed financial infrastructure and institutions that can easily

⁵ BKPM, “Realisasi Penanaman Modal PMDN-PMA Triwulan IV dan Januari-Desember Tahun 2016”, Press Release, 25 January 2017 <http://www.bkpm.go.id/images/uploads/investasi_indonesia/file/Bahan_Paparan_TW_IV_2016.pdf> (accessed 21 January 2018).

⁶ Tao Kong and Pierre van der Eng, “Mixed messages of Chinese investment in Indonesia”, East Asia Forum, 18 May 2017 <<http://www.eastasiaforum.org/2017/05/18/mixed-messages-of-chinese-investment-in-indonesia/>> (accessed 21 January 2018).

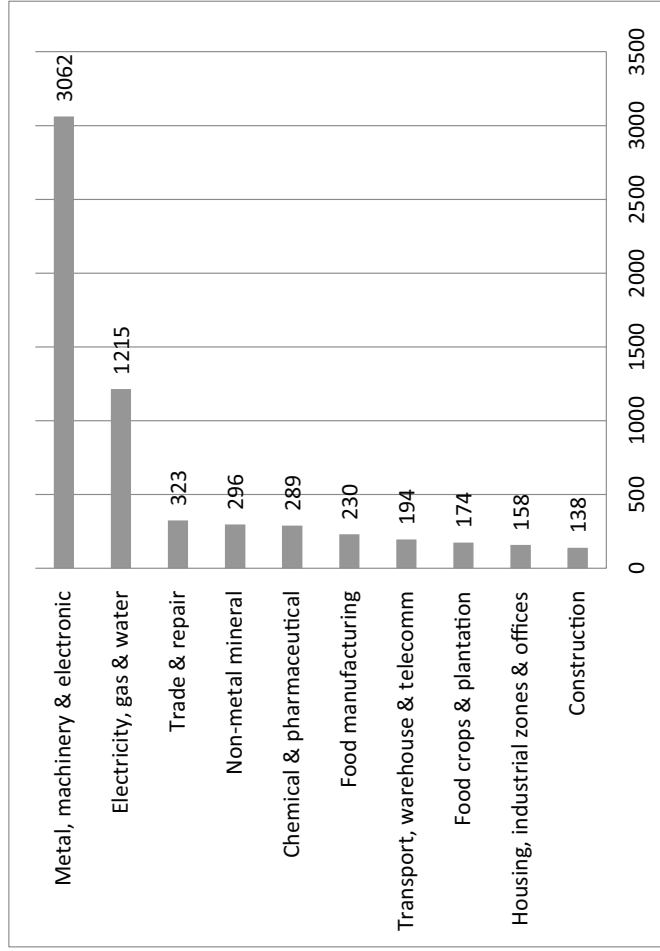
⁷ Suryadinata, *Indonesia’s Foreign Policy under Suharto*, p. 107.

Figure 3: Realized FDI in Indonesia from three major countries (US\$ million)



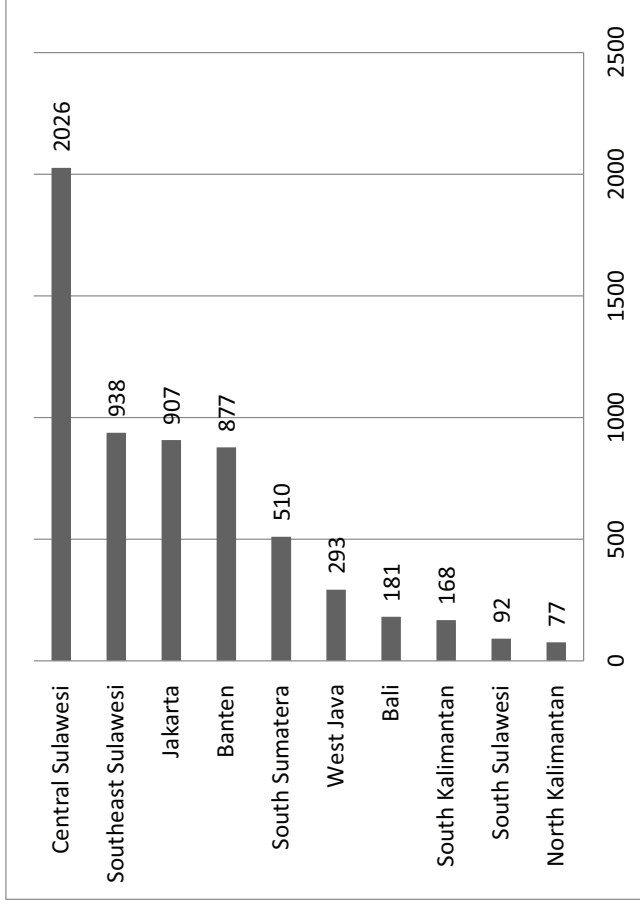
Source: BKPM, via CEIC

Figure 4: Cumulative Chinese realized FDI in Indonesia by sector, 2010–17 (US\$ million)



Source: BKPM.

Figure 5: Chinese realized FDI in Indonesia by location, 2010–17 (US\$ million)



Source: BKPM.

facilitate capital movement around the region. Second, political and economic stability in the two countries provides investors with a better security and conducive business climate. Third, market openness in the two countries also serves as a strong pull factor for FDI. Finally, the redirecting of capital flow through the third country helps minimize risks related to historical suspicions associated with Chinese investments. This last factor probably leads to an underestimation of the size of Chinese FDI in Indonesia. There is no publicized information on this indirect FDI route.

Loan Financing

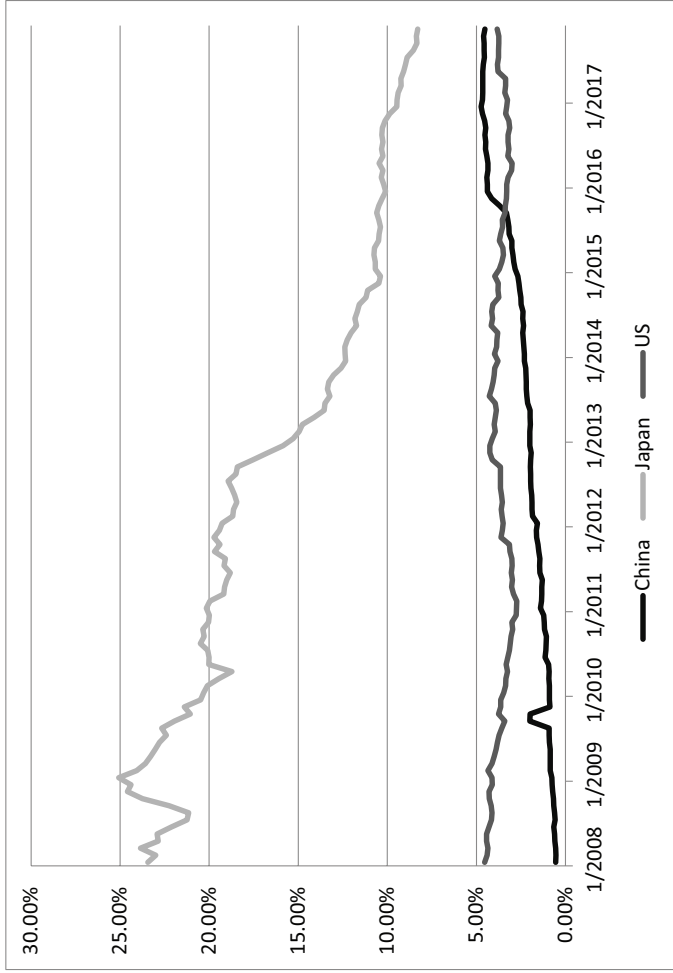
China has become an important source of loan financing for Indonesia in the last few years. In 2015, Indonesia joined the China-led Asia Infrastructure Investment Bank (AIIB) and became one of its key shareholders, contributing US\$672 million to this new multilateral development bank.⁸ To date, the amount of lending from AIIB is still relatively small, at around US\$2.4 billion. However, overall, Chinese loans to Indonesia have increased gradually from around US\$800 million in 2007 to US\$15.7 billion in 2017. It is useful to note that most of these loans goes to the private sector (92 per cent), and only a small portion (8 per cent) are taken by the government.⁹

According to Bank Indonesia data, China's share of total foreign debt in Indonesia has been increasing over the last two years. In terms of its share to Indonesia's total external debt, it has increased from around 0.6 per cent in 2008 to 4.5 per cent in 2017. In contrast, Japan's share of total external debt in Indonesia has been declining from 23.5 per cent in 2008 to 8.3 per cent in 2017 (Figure 6). This trend is expected to

⁸ Kompas, "AIIB Biayai Proyek Infrastuktur Besar di Indonesia", 30 June 2015 <<http://sains.kompas.com/read/2015/06/30/173601626/AIIB.Biayai.Proyek.Infrastuktur.Besar.di.Indonesia>> (accessed 22 January 2018).

⁹ Calculated from "Statistik Utang Luar Negeri Indonesia" <<http://www.bi.go.id/en/iru/economic-data/external-debt/Documents/SULNI-Jan-2018.pdf>> (accessed 27 February 2018).

Figure 6: Indonesia's external debt by three major donors (% share of total external debt)



Source: BI via CEIC.

continue, especially if some BRI proposed projects are finally agreed upon.

CHINA'S PARTICIPATION IN INFRASTRUCTURE PROJECTS IN INDONESIA AND BRI

Infrastructure is a major component of BRI. In this area, China and Indonesia have already collaborated on a few infrastructure projects before the Jokowi era. One major project is the Surabaya-Madura (Suramadu) bridge, connecting Java and Madura Island. Originally it was supposed to be done by Japan, which had conducted the feasibility study, but due to lack of financing from Japan in 2003 during the Megawati presidency, the government decided to finance the project with a Chinese loan. The 5.4-kilometre bridge was built by China's contractors (Baosteel Group, Shougang Company Ltd., and Jiangnan Heavy Industri Co. Ltd) and four Indonesian companies (PT Hutama Karya, PT Wijaya Karya, PT Waskita Karya and PT Adhikarya). Scheduled to be finished in 2006, it could however only be completed in 2009 during the SBY presidency, due to financing issues and land acquisition problems. Suramadu bridge is the longest bridge ever built in Indonesia and it was done at a cost of 4.5 trillion rupiah (US\$338 million).¹⁰ Around 45 per cent of this amount was funded by China's Exim bank. There is anecdotal evidence that many mainland Chinese workers were involved in the project, but the issue was not politicized then, and there was no protest.

During SBY presidency, apart from the Suramadu bridge, there were many electricity generator projects carried out by Chinese contractors under the so-called Fast-Track Program (FTP), which aimed to accelerate the development of 10,000 MW of new power capacity. Chinese companies constructed 90 per cent, or twenty-two projects, of the coal-

¹⁰ AB Kuniawan and Try Hariyono, "Dirancang Antigempa, Tahan 100 Tahun", *Kompas*, 9 June 2009 <http://sains.kompas.com/read/2009/06/09/1032308/dirancang_antigempa.tahan.100.tahun> (accessed 22 January 2018).

fired power plants under FTP-1.¹¹ All these companies relied on financing from the China's Exim bank. It has been reported that Indonesia's state-owned electricity company Perusahaan Listrik Negara (PLN) was under strong criticism for allowing low-quality Chinese contractors to build the power plants.¹² In some cases, social and environmental issues were raised. In contrast to the negative local publicity, China asserted that most Chinese EPC (Engineering, Procurement, and Construction) contracts under FTP-1 had been successfully completed despite many challenges, including problems related to the bidding process, land acquisition, and conflicting government regulations.

China was also involved in the development of Jatigede dam, in West Java. The contract was awarded to China's Sinohydro Corporation in May 2007, and work began in 2008 during the SBY presidency and was completed in 2015 during Jokowi's era. The construction of the dam cost about US\$467 million. Around 90 per cent of this amount was funded by China's Exim bank. The project has been controversial due to a long and difficult process of relocating people from the twenty-eight villages in the reservoir area.¹³

In December 2014, PLN signed a contract with Sinohydro to construct the 110 MW hydro-powered power plant. The total investment reached US\$150 million.¹⁴ The project is expected to be completed within forty-

¹¹ Interview with Mr Wang Liping, Minister Counsellor People Republic of China, 14 August 2015.

¹² <<http://www3.esdm.go.id/berita/umum/37-umum/5862-perkembangan-fast-track-program-ftp-tahap-i-dan-ii.html?tmpl=component&print=1&page=>> (accessed 22 January 2018).

¹³ Arya Dipa, "Jokowi's social impact policy on Jatigede dam rejected", *Jakarta Post*, 24 January 2015 <<http://www.thejakartapost.com/news/2015/01/24/jokowi-s-social-impact-policy-jatigede-dam-rejected.html>> (accessed 22 January 2018).

¹⁴ Nadya Natahadibrata, "Long-awaited Jatigede Dam to start operation in July", *Jakarta Post*, 11 June 2015 <<http://www.thejakartapost.com/news/2015/06/11/long-awaited-jatigede-dam-start-operation-july.html>> (accessed 22 January 2018).

three months and the plant is to begin operation in 2019. In May 2015, Jokowi broke ground at the power plant project in Jatigede.

Jakarta-Bandung High Speed Railways Project

The most recent China–Indonesia infrastructure project is the Jakarta-Bandung High Speed Rail (HSR) which started on 21 January 2016. It is considered by Beijing as part of BRI, but Jakarta has a different view.¹⁵ In the bidding process, China outdid Japan by giving a more attractive financing scheme that does not require any government guarantee. The project has been designated as one of Jokowi’s national strategic projects under Presidential Regulation No. 3/2016; this means that the project calls for the government and related agencies to give it priority through means such as accelerating the issuance of permits. However, to date, the progress of the HSR project has been very slow due mainly to lengthy land clearance issues. There has not been significant construction progress despite the issuance of the construction permit in July 2016. Construction was to begin in August 2016, but according to project developer, PT Kereta Cepat Indonesia China (KCIC), as of September 2017, only around 55 per cent of the total 600-hectare land needed for the 142-kilometre railway project has been cleared.¹⁶

The China Development Bank (CDB) initially took the stand that 100 per cent of the land must be legally procured before the loan agreement could be signed. Moreover, it also required the project to be included in the national spatial plan (*Rencana Tata Ruang Wilayah* or

¹⁵ Siwage Dharma Negara and Leo Suryadinata, “Jakarta-Bandung High Speed Rail Project: Little Progress, Many Challenges”, *ISEAS Perspective*, no. 2/2018, ISEAS – Yusof Ishak Institute, Singapore, 4 January 2018 <https://www.iseas.edu.sg/images/pdf/ISEAS_Perspective_2018_2@50.pdf>.

¹⁶ Ardan Adhi Chandra, “Pembebasan Lahan Proyek Kereta Cepat JKT-BDG Capai 54,5%”, *Detik Finance*, 27 September 2017 <<https://finance.detik.com/berita-ekonomi-bisnis/3659663/pembebasan-lahan-proyek-kereta-cepat-jkt-bdg-capai-545>> (accessed 22 January 2018).

RTRW) and therefore sought for the RTRW's Government Regulation No. 26/2008 to specify the area designated for the railway route. Without this legal basis, local authorities could not procure some of the required area. In April 2017, Jokowi finally signed a new government regulation No. 13/2017, that includes the project in the national spatial plan.¹⁷ Subsequently, in May 2017, when Jokowi attended the BRI Summit in Beijing, PT KCIC and CDB signed a loan commitment amounting to 75 per cent of the US\$6 billion total project cost.¹⁸

Jokowi may have high expectations from the success of the HSR project for increasing his electability. However, there are many regulations that he cannot break and will need to circumvent. Moreover, in the short-term, the trickle-down effects of the project will not be obvious to the public. There is also a potential risk that the Jakarta-Bandung HSR project may trigger land issues or social conflicts. If this happens, Jokowi's political opponents will have effective weapons to pit against him. Similarly, for China, the HSR project is seen as the role model project of China's investments in Southeast Asia's infrastructure sector. If this project fails, then it will adversely affect China's reputation.

BRI Projects Proposed by Indonesia

Indeed, more and more Chinese companies have been going into Indonesia after 2013. According to sources in BKPM, however, there are no projects in Indonesia that are officially part of BRI yet. After attending the BRI Summit in Beijing in May 2017, Jokowi instructed Minister Luhut Panjaitan, Coordinating Minister for Maritime Affairs,

¹⁷ *Kompas*, "Kereta Cepat Mandek", 22 March 2017 <<https://kompas.id/baca/nusantara/2017/03/22/kereta-cepat-mandek/>> (accessed 22 January 2018).

¹⁸ Ardan Adhi Chandra, "Utang Belum Cair, Pembangunan Kereta Cepat JKT-BDG Baru 10%", *Detik Finance*, 21 February 2018 <<https://finance.detik.com/infrastruktur/d-3877297/utang-belum-cair-pembangunan-kereta-cepat-jkt-bdg-baru-10>> (accessed 27 February 2018).

to lead the team for preparing the list of projects to be prioritized under the BRI umbrella.¹⁹ The team consists of the Coordinating Economic Ministry, the Ministry of Planning, and several technical ministries as well as BKPM. From the list provided by BKPM (Table 1), there are four main sites, (North Sumatera, North Kalimantan, North Sulawesi, and Bali) that have been identified by the Indonesian government to tap investment opportunities stemming from China's BRI.

From the project list, there are three port projects proposed — Kuala Tanjung, Bitung, and Bali. Specifically, Kuala Tanjung and Bitung ports have long been designed to be Indonesia's future international hub-ports. The two are expected to support Indonesia's promotion of its maritime sector and connectivity across the archipelago. Yet, as Figure 7 shows, if we overlap Indonesia's maritime and regional development plan with China's BRI map, it is difficult to see the connection between the two. A possible intersection is around the Natuna Islands and the Special Economic Zone of Sei Mangkei, North Sumatera.

Moreover, it is useful to note that the four working areas proposed by the Indonesian government — North Sumatera, North Kalimantan, North Sulawesi and Bali — are not exclusively offered to China's BRI. In addition, while Indonesia is eager to invite China's investment to these four regions as part of BRI cooperation, there has been no specific project agreed upon yet. Beijing has at the same time asked for clearer project proposals from the Indonesian government. For these, China is willing to provide grants amounting to RMB100 million to prepare feasibility studies.²⁰

¹⁹ *Kompas*, "Indonesia Siap Kerja Sama dalam Prakarsa 'Belt and Road'", 16 May 2017 <<http://nasional.kompas.com/read/2017/05/16/15495401/indonesia.siap.kerja.sama.dalam.prakarsa.belt.and.road>> (accessed 22 January 2018).

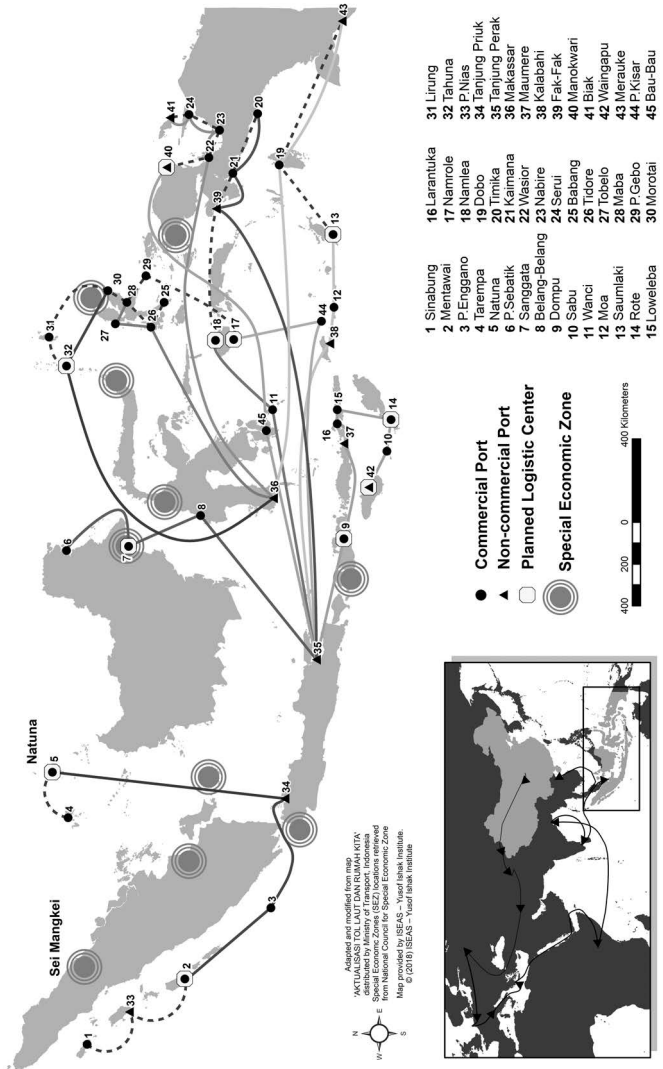
²⁰ *Business Indonesia*, "Laporan Dari Beijing: Presiden Jokowi Bertemu Xi Jinping, Dana Proyek Kereta Cepat Turun?", 14 May 2017 <<http://finansial.bisnis.com/read/20170514/9/653321/laporan-dari-beijing-presiden-jokowi-bertemu-xi-jinping-dana-proyek-kereta-cepat-turun>> (accessed 22 January 2018).

Table 1: List of areas of cooperation under BRI proposed by Indonesia

No.	Type/sector	Location	Province
1	Tourism	Lake Toba	North Sumatra
2	Industrial zones	Sei Mangkei, Kuala Tanjung	North Sumatra
3	Port, toll road, airport, railway	TBC	North Sumatra
4	Plantation	TBC	North Kalimantan
5	Industrial zones, alumina	TBC	North Kalimantan
6	Onshore mini LNG	TBC	North Kalimantan
7	Tourism	Manado-Bitung	North Sulawesi
8	Industrial zones, agroindustry, logistics, fisheries	Bitung	North Sulawesi
9	Port, toll road, airport, railway	TBC	North Sulawesi
10	Tourism	Ubud, Kuta, Nusa Dua, Nusa Penida, Tanjung Benoa	Bali
11	Port, toll road, airport, railway	TBC	Bali

Note: The list is prepared by Bappenas in consultation with relevant ministries.
Source: Bappenas 2017 via BKPM.

Figure 7: Indonesia's Maritime Plan and Special Economic Zones



Source: Ministry of Transport <https://kominfo.go.id/content/detail/9612/pemerintah-optimistis-kembalikan-keayaan-maritim-indonesia/0/artikel_gpr>.

Indonesia has also received around US\$2.4 billion in loans from the Asian Infrastructure Investment Bank (AIIB). These loans will be used to finance three infrastructure projects — National Slum Upgrading Project (US\$1.7 billion); Regional Infrastructure Development Fund (US\$406 million); and Dam Operation Improvement and Safety Project Phase II (US\$300 million). The three projects aim to improve urban transport infrastructure, upgrade slum areas, provide affordable housing, provide infrastructure financing for the regions, and improve dam operation and safety management.

It is important to note, however, that there are gaps between China and Indonesia in terms of perceptions regarding BRI. From China's perspective, BRI initially referred to infrastructure projects along the BRI route, but later after the official announcement, China appears now to include all activities that it has with the partnering countries along BRI route.²¹ This includes infrastructure projects, investments, loans, education exchanges, and tourism. In fact, China uses BRI to cover total relations with all the BRI countries. Indonesia, in turn, considers BRI to merely cover infrastructure projects financed by Chinese capital. There seems to be a big gap in terms of perspectives, which may result in future misunderstandings and may make assessing the success of BRI rather problematic.

Chinese Companies in Indonesia and Their Partners

Despite some thorny issues, BRI holds wider opportunities for Chinese SOEs and private firms to be involved in Indonesia, which they see as their important investment destination. Apart from infrastructure projects, Chinese companies have been actively investing in the mineral resource sector in Indonesia. Initially, their investment was concentrated in the upstream production that is extracting raw mineral ores. Since 2014, as

²¹ <<http://china-trade-research.hktdc.com/business-news/article/The-Belt-and-Road-Initiative/The-Belt-and-Road-Initiative/obor/en/1/1X000000/1X0A36B7.htm>> (accessed 27 February 2018).

the Indonesian government started to promote processing and refinery of minerals domestically and prohibited the export of raw mineral ores, many Chinese companies invested in downstream businesses.²² For instance, China's Tsingshan and Guang Xi Group developed two stainless-steel plants in the Morowali Industrial Park in Central Sulawesi. These were started in 2015 and are expected to be completed in 2018.²³ The plants will process nickel ore, which is abundant in the area, to be made into stainless steel products with a capacity reaching 3 million ton per year. Total investments in these plants are estimated to be around US\$4–5 billion. In June 2017, China's Delong Holdings Ltd signed a joint venture to build another stainless steel factory in the same area with an investment of around US\$950 million. The joint venture is named PT Dixin Steel Indonesia, in which some 45 per cent of the shares is owned by Delong's subsidiary, Delong Steel Singapore Projects Pte Ltd, while 43 per cent is owned by Shanghai Decent and 12 per cent by PT Indonesia Morowali Industrial Park.²⁴ If completed, the factory can produce 3.5 million tons of stainless steel per year.

Chinese investments also go into the plantation business. For example, Tianjin Julong Group controls 200,000 hectare of integrated palm oil plantation and industry in West Kalimantan. Its factory has production capacity of over 3 million ton per year.

In addition to mineral processing, Chinese firms have been expanding their business in Indonesia, especially in sectors such as electronics,

²² *The Economist*, "Mining in Indonesia: Smeltdown", 18 January 2014 <<https://www.economist.com/news/business/21594260-government-risks-export-slump-boost-metals-processing-industry-smeltdown>> (accessed 22 January 2018).

²³ <<http://ekbis.rmol.co/read/2016/11/02/266695/Tiga-Perusahaan-Terbesar-China-Bikin-Stainless-Steel-di-Indonesia->> (accessed 22 January 2018).

²⁴ Stefani Ribka, "China's Delong to build \$950m steel factory in Morowali", *Jakarta Post*, 18 June 2017 <<http://www.thejakartapost.com/news/2017/06/18/chinas-delong-to-build-950m-steel-factory-in-morowali.html>> (accessed 22 January 2018).

mining, food & beverages, and trade.²⁵ In the electronics sector, for instance, China's Huawei and ZTE have formed a joint venture with PT Pangung Electric Citrabuana. Moreover, China's electronics manufacturer Oppo has opened a new manufacturing facilities in Tangerang, West Java.²⁶ In the trade sector, China's e-commerce giant, Alibaba, has invested in the Indonesian market by buying Lazada group (the biggest e-commerce company in Southeast Asia), indicating China's wish to tap into the huge middle class in Indonesia.²⁷

Chinese companies in Indonesia usually have local partners.²⁸ Some are state-owned companies such as Pertamina, PLN, Aneka Tambang, and Indonesia's State Railway Company (KAI). There are also private local companies, but information on the background of these companies is hard to come by.

As Chinese Indonesians are active in the economic field and the Chinese government has stressed the importance of supporting "overseas Chinese", many assume large mainland Chinese companies would seek ethnic Chinese companies as Joint Venture (JV) partners. Based on our observation of mainland Chinese companies invested in Indonesia (see Appendix), we could only identify a few JVs that are owned by Chinese Indonesians. For instance, China's Hongqiao Group Ltd has an

²⁵ Antara, "BKPM: Sejumlah Investor China Incar 4 Sektor Utama di Indonesia", 15 June 2016 <<http://finansial.bisnis.com/read/20160615/9/557929/bkpm-sejumlah-investor-china-incar-4-sektor-utama-di-indonesia>> (accessed 22 January 2018).

²⁶ See <<http://www.indonesia-investments.com/id/business/business-columns/rising-investment-in-local-content-indonesia-s-4g-lte-smartphones/item7316>> (accessed 23 January 2018).

²⁷ Aditya Panji, "Perusahaan Lazada Kini Dikuasai Alibaba", CNN Indonesia, 12 April 2016 <<http://www.cnnindonesia.com/teknologi/20160412141537-185-123355/perusahaan-lazada-kini-dikuasai-alibaba/>>. (accessed 23 January 2018).

²⁸ Peter Gammerltoft and Lepi T. Tarmidi, "Chinese Foreign Direct Investment in Indonesia: Trends, Drivers and Impacts", *International Journal Technological Learning, Innovation and Development* 6, no. 1/2 (2013).

Indonesian partner company Harita Group.²⁹ They have a joint project (valued around US\$1 billion) to build an alumina smelter in Ketapang, West Kalimantan. China's Hanking Group Ltd's Indonesian partner is Bumi Makmur Selaras Group, and they work on a nickel smelter project (value US\$500 million) located in South Sulawesi.³⁰ China's Shenzhen Yantian Port Group Co. and Country Garden Holdings Co. have the Lippo group as their Indonesian partner, with plans to build industrial parts in Cikarang, West Java.³¹ The value of the project is reportedly US\$14.5 billion. However, information about their JV remains sketchy.

Both Chinese top leaders and scholars have claimed that BRI requires the support and collaboration of so-called overseas Chinese.³² However, BRI projects are mega projects requiring massive capital and thus China's partners are usually SOEs rather than "overseas Chinese".³³ Also the official approval of BRI projects is not determined by "overseas Chinese". In Indonesia, the government is in the hands of non-ethnic Chinese and thus the support of the "indigenous elite" is crucial. Moreover, the successful implementation of BRI requires good state-to-state relations. Poor or hostile relations between China and the partnering

²⁹ Harita Group is owned by the Lim family, see <<https://www.revolvy.com/main/index.php?s=Harita%20Group>>. It is reported that in its joint venture with China's Hongqiao Group, Harita Group owns 30 per cent shares and Hongqiao 70 per cent. See <<http://www.thejakartapost.com/news/2013/07/05/harita-build-smelter-kalimantan.html>>.

³⁰ The Bumi Makmur Selaras Group is owned by the Zhou family.

³¹ The boss of the Lippo group is Mochtar Riady alias Li Wenzheng (also known as Lie Mo Tie).

³² Recently, the term "overseas Chinese" is used by many PRC leaders to refer to both Chinese nationals overseas and foreign nationals of Chinese descent (ethnic Chinese), which would create problems in the future.

³³ Leo Suryadinata, *The Rise of China and the Chinese Overseas: A Study of Beijing Changing Policies in Southeast Asia and Beyond* (Singapore: ISEAS – Yusof Ishak Institute, 2017), pp. 167–81.

country would make it impossible for China to get others to buy into its BRI framework.

It is also worth noting that recently there was an assumption on the part of Chinese officials and scholars that “overseas Chinese” are all in favour of BRI and oriented towards Beijing. This assumption is too categorical, for one thing. It assumes that the “overseas Chinese” are a homogeneous group, which is clearly not the case. If Chinese officials are referring to China’s national overseas, the truth is, not many of them have become rich and politically influential. If they are referring to “ethnic Chinese”, so far the partnership between China’s SOEs and Chinese Indonesians has been limited, at least in Indonesia. In fact, the success of joint projects depends more on the Indonesian state and the political stability of the country than anything else.

ISSUES IN INDONESIA–CHINA RELATIONS WHICH IMPINGE UPON BRI

The smooth progress of BRI projects, mainly in the economic field, is subject to cordial Jakarta–Beijing relations. However, relations between the two countries have not improved much. It was noted that during the first term of SBY presidency (2004–09), Beijing–Jakarta relations were close as SBY had full control of domestic politics and China’s behaviour in Southeast Asia was perceived to be moderate and friendly. Not only was the state-to-state relationship close as seen in the signing of the 2005 strategic partnership and the joint Suramadu bridge project, but there was also an absence of negative press reports about China on Sino-Indonesian joint projects. The situation began to change after Jokowi became President. Jokowi’s rise to power has been linked to China’s or ethnic Chinese support partly because he is not from the established political elite.

We argue that there are four issues that may affect China-Indonesia relations which, in turn, could impinge upon BRI cooperation. These are the perception of China’s economic domination, the ethnic Chinese issue, the Natuna issue, and mainland Chinese workers. Let us start with the Indonesian perception of China’s economic domination.

China's Economic Domination

Despite increasingly closer economic integration between Indonesia and China, public perceptions towards China remain mixed and complicated — divided between those who have a sympathetic view and those who are suspicious of China's intentions.³⁴ The reformists represented by Jokowi see China as a source of funding for Indonesia's infrastructure development and as a model of modernization to be followed.³⁵ Entrenched interest groups, however, have a negative perception of China. These consist of those who have taken an oppositional stance towards Jokowi's administration and also those who are neutral towards the president. They include leaders of some Islamic organizations, retired military generals, former high-ranking officials, academics, and public intellectuals.³⁶ Most of the people in this group still have a "historical distrust" after the 1965 failed coup attempt by the Indonesian communist party.

Concerns about China's "economic invasion" are often heard in the media or social media. A 2017 nationwide survey conducted by ISEAS – Yusof Ishak Institute finds that 62 per cent of the Indonesian adult population thought that close economic ties with China would bring little benefit to Indonesia. Only 28 per cent believed otherwise.³⁷

The Natuna Issue

Several incidents in Natuna have adversely affected China's image in Indonesia. China has openly acknowledged that the Natuna Islands

³⁴ Johannes Herlijanto, "How the Indonesian Elite Regards Relations with China", *ISEAS Perspective*, no. 8/2017, ISEAS – Yusof Ishak Institute, Singapore, 10 February 2017.

³⁵ *Berita Satu*, "Presiden Ingin Indonesia Contoh Pembangunan Ekonomi Tiongkok", 9 November 2014 <<http://www.beritasatu.com/ekonomi/226004-presiden-ingin-indonesia-contoh-tiongkok.html>> (accessed 23 January 2018).

³⁶ *Ibid.*

³⁷ Diego Fossati, Hui Yew-Foong and Siwage Dharma Negara, *The Indonesian National Survey Project: Economy, Society and Politics*, Trends in Southeast Asia, no. 10/2017 (Singapore: ISEAS – Yusof Ishak Institute, 2017).

belong to Indonesia, but Beijing did not openly recognize the Indonesian EEZ in Natuna waters.³⁸ Chinese fishing boats have often encroached in Natuna waters to fish, claiming that it is a “Chinese traditional fishing ground”. In the past, during the SBY presidency, Chinese fishing boats (accompanied by the Chinese patrols) caught stealing fishes in Indonesian waters were quietly released. But after Jokowi became president, his Minister for Marine Affairs and Fisheries Susi Pudjiastuti introduced a tough policy that involves seizing foreign fishing boats engaged in illegal fishing in Indonesian waters. As a result, there have been several publicized conflicts between Jakarta and Beijing over fishing in Natuna waters.

Tempers started to fray on 19 March 2016 after a Chinese fishing boat was caught by Indonesian coastguards but managed to escape after intervention by the Chinese coastguard. Jakarta protested against the incident and Beijing replied that the Chinese fishing boat was conducting regular activities in traditional Chinese fishing grounds.³⁹ Nevertheless, the Chinese Communist Party-linked newspaper, the *Global Times*, said that the Natuna waters overlapped with the China’s nine-dash line, and that in other words, Indonesia does not have sole jurisdiction over the waters. One interesting point is that in dealing with the Natuna waters, China’s foreign ministry had never previously used the nine-dash line argument, which is not recognized by Indonesia and was rejected by the International Court at the Hague.⁴⁰

Chinese fishing boat incursions into Natuna waters occurred at least three more times in 2016. Sino-Indonesian relations became tense and Indonesian nationalism intensified. Jakarta began to pay special attention to Natuna and started to militarize the island. On 23 June 2016, Jokowi

³⁸ For detailed discussion on the Natuna issue, see Leo Suryadinata and Mustafa Izzudin, *The Natunas: Territorial Integrity in the Forefront of Indonesia–China Relations*, Trends in Southeast Asia, no. 5/2017 Singapore: ISEAS – Yusof Ishak Institute, 2017).

³⁹ Ibid.

⁴⁰ Ibid.

visited Natuna together with a few ministers in a warship, showing Beijing that Jakarta was ready to defend the integrity of its territories.⁴¹ Fortunately, there was no further China's incursion. Otherwise Jakarta and Beijing relations would have worsened and China–Indonesia projects in Indonesia would be further delayed, if not stopped. Nevertheless, the Natuna issue has not been completely resolved, and should a similar incident occur, Sino-Indonesian joint projects will be affected very negatively.⁴²

Mainland Chinese Workers

The third issue links to the use of mainland Chinese workers. The Indonesian public is sensitive about the number of mainland Chinese working in Indonesia. According to regulations, the proportion of foreign workers (read: Mainland Chinese) to Indonesian workers in any project should not exceed 1 to 10. All Indonesia–China JVs are required to follow this rule. However, after Jokowi became president, the Indonesian press reported that JVs in Indonesia overemployed mainland Chinese workers and indeed that some companies only hired mainland Chinese workers for their projects.

In June 2015, anti-Chinese and anti-China group in social media and small newspapers (such as *Pos Kota*) began making an issue of the presence of Chinese workers in Sino-Indonesian projects.⁴³ One of the

⁴¹ Kris R. Mada, “Jokowi Naik Kapal Perang di Natuna”, *Kompas*, 23 June 2016 <<http://regional.kompas.com/read/2016/06/23/10130981/jokowi.naik.kapal.perang.di.natuna>> (accessed 23 January 2018).

⁴² In Fossati, Hui and Negara, *The Indonesian National Survey Project*, the authors find that with regard to the Natuna issues, the Indonesian public is slightly more likely to consider the Natuna Sea issue a national security issue rather than a dispute based on economic interests. 50.6 per cent of respondents thought that the incidents were alarming as China was encroaching on Indonesia's territory, while 41.6 per cent thought that the incidents were serious, but caused by illegal fishing.

⁴³ For a discussion on migrant Chinese workers and the anti-China campaign in Indonesia, see Leo Suryadinata, “Anti-China Campaign in Jokowi's Indonesia”, *Straits Times*, 10 January 2017 <<http://www.straitstimes.com/opinion/anti-china-campaign-in-jokowis-indonesia>>.

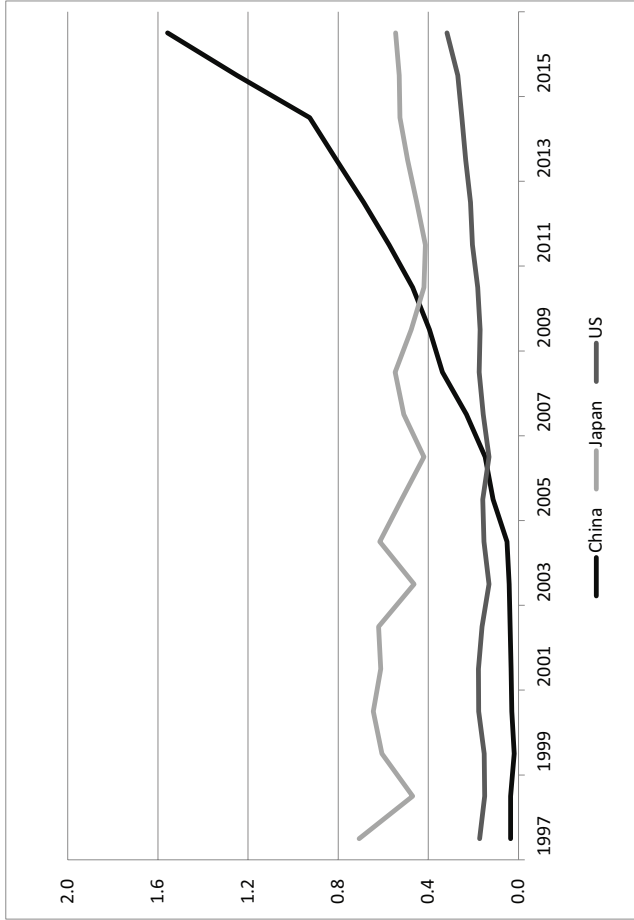
projects, a cement factory in Lebak (Banten, West Java), was said to have hired around 800 Chinese migrant workers mainly doing non-skilled works. The company retorted that it only hired 400 Chinese workers and that these workers had special skills. Apart from Banten, Bali and Kalimantan, the joint project companies also hired significant numbers of Chinese migrant workers. The issue went on for several months and was eventually debated in the Indonesian parliament. The manpower minister Hanif Dhakiri made investigations and stated that the Chinese migrant workers had legal permits and once the projects were completed would return to China. Three months later, *Tempo* published a special investigation of Chinese workers in Indonesia. The cover of the issue is a caricature of President Jokowi wearing a Chinese worker's uniform, holding a hammer with the following title: "Welcome, workers from China". It reported irregularities in the employment of Chinese workers in some joint projects and argued that many Chinese workers were in fact blue-collar workers who could be replaced by local workers.

Concerns about hiring Chinese workers at the expense of the Indonesian workers continue to grow. This is egged on by the fact that around 7 million Indonesian are presently unemployed.⁴⁴ Indonesian Vice-President Jusuf Kalla later clarified that the Chinese, who worked in Indonesia, were there for special projects and that they were not taking away Indonesian jobs. He further argued that, on the contrary, projects with China created more employment opportunities for Indonesians.

The issue of Chinese migrant workers was subdued for a while, but re-emerged at the end of 2016, coinciding with Jokowi's statement about the number of Chinese tourists. During a visit to Balikpapan, East Kalimantan, Jokowi noted that he had signed an MOU with Beijing pursuant to which Indonesia would like to have 10 million tourists from China by 2019. As shown in Figure 8, there has been a significant increase of Chinese visitors to Indonesia since 2005. In 2016, visitors from China reached 1.6 million. The rapid increase in Chinese visitors

⁴⁴Yoga Sukmana, "Tingkat Pengangguran Turun Tipis di Februari 2017", *Kompas*, 5 May 2017 <<http://ekonomi.kompas.com/read/2017/05/05/123658926/tingkat-pengangguran.turun.tipis.di.februari.2017>> (accessed 23 January 2018).

Figure 8: Visitors arrival in Indonesia from three major countries (million)



Source: BPS via CEIC.

has contributed positively to the local economy., and has been accepted as such by the Indonesian government. Tourism directly creates demand in the tourism sector and the benefits trickle down to other sectors, including transportation and communication.⁴⁵

However, the general public continues to have suspicions against the rise of Chinese visitors. There was speculation that visitors from China though on tourist visas, in fact worked in Indonesia.⁴⁶

The government stressed that these people were not workers and that Indonesia needed the income from tourism to finance its infrastructure development. Around the same time, an anti-Jokowi group, apparently using social media to discredit the government, spread the rumour that there were 10 to 20 million Chinese migrant workers in Indonesia. The Minister of Manpower rejecting this, saying that the number of Chinese workers in Indonesia was only around 14,000–16,000 workers, most employed within Chinese construction and mining companies.⁴⁷ Suspicion of political motivation behind the rumours led Jokowi to instruct the national police to take firm action on the issue.⁴⁸ Subsequently, the Jakarta police began investigating these rumours but the damage was done: it has become more difficult for China–Indonesia joint companies

⁴⁵ Estu Suryowati, “Banyak Penerbangan Langsung, Indonesia Diserbu Turis China”, *Kompas*, 3 October 2016 <<http://ekonomi.kompas.com/read/2016/10/03/145126826/banyak.penerbangan.langsung.indonesia.diserbu.turis.china>> (accessed 22 January 2018).

⁴⁶ Isyana Artharini, “Berapa sebenarnya jumlah tenaga kerja asal Cina yang masuk ke Indonesia?”, BBC Indonesia, 23 December 2016 <<http://www.bbc.com/indonesia/indonesia-38407825>> (accessed 22 January 2017).

⁴⁷ Abba Gabrillin, “Menaker Bantah Isu Indonesia Kebanjiran Tenaga Kerja China”, *Kompas*, 17 July 2016 <<http://nasional.kompas.com/read/2016/07/17/12074221/menaker.bantah.isu.indonesia.kebanjiran.tenaga.kerja.china>> (accessed 23 January 2018).

⁴⁸ Rizky Andwika, “Menkominfo: Penyebar isu 10 juta buruh China ilegal teridentifikasi”, *Merdeka.com*, 27 December 2017 <<https://www.merdeka.com/peristiwa/menkominfo-penyebar-isu-10-juta-buruh-china-ilegal-teridentifikasi.html>> (accessed 23 January 2018).

to employ mainland Chinese workers. Of note, some joint projects may not be completed on time if they are not allowed to hire mainland Chinese workers.

Anti-Ethnic Chinese Sentiments

The final issue links to Chinese Indonesians. During the Suharto era, Chinese Indonesians were ill-treated but were given opportunities in the economic field. Consequently, ethnic Chinese economic power increased. Today Chinese Indonesians also actively participate in the political arena. But ethnic divisions are still apparent. Fossati, Hui and Negara (2017)⁴⁹ find that indigenous Indonesians still think Chinese Indonesians as privileged, overly influential and an exclusive group in Indonesia. And surprisingly, almost 47 per cent thought that Chinese Indonesians may still harbour loyalty to China, underlining the continuing perception that they are foreign. This may explain why a majority of Indonesians were uncomfortable with the notion of Chinese Indonesians being in positions of political leadership. Although ethnic Chinese in Indonesia are not a homogeneous group, when it is time for elections or when there is a crisis, the ethnic Chinese issue is often used for political ends.

It should also be noted that China's recent policy towards overseas Chinese blurs the distinction between China's citizens and foreigners of Chinese descent. This may add to indigenous suspicions against ethnic Chinese in Indonesia. Moreover, the proclamation that BRI is linked to "Chinese overseas" may also worsen the antipathy, and the projects will be perceived to be only benefiting ethnic Chinese. In fact, there were rumours that the Jakarta-Bandung HSR project would mainly benefit Chinese capitalists in Indonesia as they own significant pieces of land along the route.

⁴⁹ Fossati, Hui and Negara, *The Indonesian National Survey Project*.

PROSPECTS

Indonesia will continue to be ambiguous about the BRI. In addition, it is assumed that gains from BRI projects will be unevenly distributed both between the two countries and within Indonesia itself. Since the definition of BRI remains fluid and the projects are relatively new, it is difficult at present to make any meaningful assessment of China's initiatives in Indonesia.

The Indonesian government sees BRI as an economic opportunity to tap into Chinese investment, while China in turn is more interested in promoting commerce and infrastructure development within the country. In our view, past and current China–Indonesia projects are not directly linked to BRI. In reality, many China–Indonesia projects simply relate to the exploitation of raw materials needed by China and the expansion of Chinese companies to tap into middle-income consumers in Indonesia. Other projects such as power plants, dams, and bridge are linked to the Indonesian infrastructure development.

China–Indonesia joint projects will become increasingly important. Indonesia suffers from a lack of funding and technology for developing its infrastructure, and therefore needs China's capital and technology. Nevertheless, not all “BRI projects” will coincide with Indonesia's interests, but Indonesia may have to accept these projects nevertheless in order to gain the needed capital for accelerating economic growth in the country.

Historical hostility, trade imbalances, and geostrategic concerns will continue to affect China–Indonesia relations. As long as the Jokowi government leans towards China on economic matters, there will be continued political pressure on the government to keep political and economic distance to China. This in turn may have an adverse impact on China-Indonesia joint projects.

Finally, China's BRI projects in Indonesia depend on the existence of cordial relations between the two countries. The four issues discussed in this paper will affect relations and thus the development of projects. In fact, there are many hindrances in bilateral relations, and the limited projects that have been mentioned, including the Jakarta-Bandung HSR, are still in their initial stage, and in fact some are still only being prepared for further negotiations.

Appendix: Some Chinese projects in Indonesia since the SBY administration

	Chinese companies	Local counterparts	Project(s)	Location	Value	Status
1	Shanghai Decent Group	PT Bintang Delapan Group, PT Sulawesi Mining Investment,	Industrial Park	Morowali, Central Sulawesi	N.A.	2009–11
2	China State Construction Engineering Corporation Ltd. (CSCEC)	PT Nusa Konstruksi Engineering	Sudirman 78 office tower construction	Jakarta	N.A.	Ongoing project
3	SDIC GIHugh-Tech Pte Ltd	PT SDJC Papua Semen Indonesia	Integrated cement factory and power plant	Manokwari, Papua	US\$500 million	Ongoing project
4	China Communication Construction Company (CCCC Ltd)	PT Pelindo Energi Logistik	LNG infrastructure	Benoa, Bali	US\$20 billion	Ongoing project
5	Fujian Mintou Electric Power Co. Ltd (Fujian investment group)	N.A.	Power plant	North Sumatera		MoU

6	Brillmetal, Hanking, Pan China Group, Tsinghan, Huadi, Heng Tai, Jiangsu Delong Nickel Industry, Guang Ching, Wang Xiang, Jinchuan, Marconing Group, and Xing Xing	PT Virtue Dragon Nickel Industries	Nickel smelters, Power plant, Industrial Park	Konawe, Southeast Sulawesi	US\$22 billion	Phase 1 (2012–15) Phase 2 (2015–17) Phase 3 (2017–19)
7	Pharmally International Holding Company	PT Biotis Prima Agrisindo (BPA)	Bird Vaccine plant	Bogor, West Java	US\$100 million	
8	Shanxi Haixin and Steel Group	PT Trinusa Group	Steel plants	Batam and Tojo Una Una (Central Sulawesi)	US\$50–500 million	Expected to create 2,000 local jobs
9	Beijing Shuang Zhong Li Investment Management Co. Ltd, Oriental Mining and Mineral Resources Co. Ltd and Rui Tong Investment Co. Ltd		Steel and aluminium plants	Garut, West Java (steel factory) West Kalimantan and Riau (aluminium plant)		2015–20
10	Shandong Nanshan Aluminium Co. Ltd	Bintan Alumina Indonesia (BAI)	Alumina smelter		US\$1 billion	

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Appendix — cont'd

	Chinese companies	Local counterparts	Project(s)	Location	Value	Status
11	Tsingshan Group	Bintang Delapan Group	Integrated smelter and industrial park	Morowali, Central Sulawesi Area 300 ha	US\$5 billion	2015–18 Expected to create 1,500 local jobs
12	Hongqiao Group Ltd	Harita Group	Alumina smelter	Ketapang, West Kalimantan	US\$1 billion	
13	Fuhai Group Ltd		Steel metallurgy		US\$10 billion	
14	Hanking Group Ltd	Bumi Makmur Selaras Group	Nickel smelters	Southeast Sulawesi	US\$500 million	
15	Guangqing Nickel Industry	PT Sulawesi Mining Investment (SMI)	Nickel smelters	Morowali, Southeast Sulawesi	S\$1.1–1.5 billion	2014–18
16	Jilin Horoc Non Ferrous Metal Group Ltd	PT Billy Indonesia and local government	Industrial park for nickel smelters	North Konawe, Southeast Sulawesi	US\$6 billion	2012 completed
17	Macrolink International Mineral Co. Ltd and Huadi Group	PT Titan Mineral Utama (TMU) and PT Huadi Nickel-Alloy Indonesia (HNAI)	Nickel smelters	Bantaeng, South Sulawesi	US\$2.4 billion	

18	Northern Heavy Industries Group Co. Ltd (NHI Group), China State Construction Engineering Corporation (CSCEC), Zhongtai Construction Group and Northeastern University Engineering & Research Institute	PT Indopura Resources	Chemical Grade Alumina plant	Kubu Raya, West Kalimantan Area: 224 ha	US\$500 million	2014–17 (construction) Expected to create 1,500 local jobs
19	Shenzhen Yantian Port Group Co, Ltd and Country Garden Holdings, Co. Ltd	Lippo Group	Industrial park	Cikarang, West Java Area: 322 ha	US\$14.5 billion	2017–
20	China National Offshore Oil Corporation/CNOOC, Petro China Company/CNPC and Sinopec	Pertamina	LNG exploration by CNOOC Oil exploration by PetroChina Jathropa and palm oil plants	Tangguh, Papua Jabung and Bangko (Jambi), Salawati (Papua) and Tuban (East Jawa) Papua and East Kalimantan	US\$2–3 billion	

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Appendix — cont'd

	Chinese companies	Local counterparts	Project(s)	Location	Value	Status
21	China North Bay Shatin Portif	Indonesia Sorong Port	Seaport	Sorong, West Papua	US\$2 billion	MoU 2015–20
22	China Harbour Engineering Co. (CHEC)	PT Lami Citra	Madura International Seaport-City (MIS-C)	Madura, East Java Area: 100 ha		
23	SAIC-GM-Wuling (SGMW)	PT SGMW Motor Indonesia	Automotive factory	Deltamas Industrial park, Cikarang, Bekasi, West Java	US\$700 million	2015–17
24	China Railway International	PT Pilar Sinergi BUMN Indonesia	High speed railway	Jakarta-Bandung	US\$5.5 billion	2016–19
25	Huadian Engineering Co. Ltd (CHEC) and Merryline International Pte Ltd (MIP)	PT General Energy Indonesia (GEI)	Coal fired power plant	Buleleng, Bali Area: 80 ha	US\$700 million	2003–15 (phase I)
26	China Machinery Engineering Corporation (CMEC)	PT Energi Nusantara Merah Putih	LNG receiving terminal and a 600 MW power plant	Bantaeng, South Sulawesi	US\$980 million	2018–20

27	Golden Concord Holdings Limited (GCL-Poly)		200 MW power plant	Singkawang, West Kalimantan Area: 30 hectare	US\$ 400 million	2017
28	China Shenhua Overseas Development and Investment Co.	PT Adaro Energy Tbk	2x300 MW coal power plant	Singkawang, West Kalimantan;		2016
29	China Communication Construction Company Co. Ltd (CCCC) and its subsidiary China Road and Bridge Corporation (CRBT)		Integrated Special Economic Zone	Bitung, North Sulawesi		2017
30	Sinoma	PT Cemindo Gemilang and PT Semen Indonesia	Engineering, Procurement and Construction (EPC) of cement factory	Bayah, Lebak, Banten Area: 80 ha		2013-15 (completed)
31	China Machinery Engineering Corporation (CMEC)	Local government	2 × 300 MW coal power plant	Bantaeng Industrial Park (BIP), Bantaeng, South Sulawesi		completed

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Appendix — cont'd

	Chinese companies	Local counterparts	Project(s)	Location	Value	Status
32	China Harbour Engineering Co. Ltd		Tol road Medan-Kualanamu	North Sumatera		completed
33	Shanghai Electric Power Construction Co. Ltd		Power plant 2 × 150 MW	Industrial Park Medan, North Sumatera		completed
34	Guangdong Power Engineering		Power plant phase I, 2 × 150 MW	Pangkalan Susu, North Sumatera		completed
35	China Hydro Power International Engineering co. Ltd		Power plant phase II, 2 × 150 MW	Pangkalan Susu, North Sumatera		completed
36	China Huadian Corporation		Hydro power plant 2 × 90MW	Asahan, North Sumatera		
37	Jiangxi Hydropower Construction		Hydro power plant 2 × 6.3 MW	Pakkat, Humbahas, North Sumatera		
38	Wuxi Justin Refractory Material		Essence Factory Captive power plant	Medan, North Sumatera		
39	New Hope Group		Feed plant	Medan, North Sumatera		

40	Petro AP			Oil drilling	Pangkalan Susu, North Sumatera		
41	Huawei Technologies			Telecommunication and Network Expansion	North Sumatera		
42	Shaodong County Dengshi Trade			Lighter factory	Binjai, North Sumatera		
43	Shenyang Zongbao Trading			Palm fibre factory	North Sumatera		
44	Shanghai Zhenhua Heavy Industry			Dock crane facilities	Belawan, North Sumatera		
45	Beijing Urban Construction Group, Ltd	WIK-A-PP		Section V Tol Road Balikpapan-Samarinda	East Kalimantan		
46	China Shenhua Energy	PT Energy Musi Makmur Indonesia		Coal power plant (2 × 150MW)	Banten; Muara Enim, South Sumatera	US\$868 million	2009–18
47	Guangdong J-Erroy Technology	Guang Ching Nickel & Stainless Steel Industry		Iron steel factory	Morowali, Central Sulawesi	US\$508 million	2017–18

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Appendix — cont'd

	Chinese companies	Local counterparts	Project(s)	Location	Value	Status
48	Jiangsu Dinuo Daily Chemicals	Dinuo Indonesia	Organic chemical industry	Cilincing, Jakarta Land area 30 ha	US\$174 million	Phase 1 (2012–14) Phase 2 (2015–16) Phase 3 (2016–18)
49	Anhui Conch, Prosperity group	Conch Cement Indonesia	Cement industry	South Kalimantan; West Papua; South Sulawesi; Banten; East Kalimantan	US\$170 million	2012–19
50	Tianjin Julong Jiahua Investment	PT Putra Bangun Bersama	Palm plantation and processing	Central Kalimantan; West Kalimantan; North Kalimantan; South Kalimantan; South Sumatra	US\$132 million	2006–19

51	Beijing Yawan Highspeed Railway	Kereta Cepat Indonesia China	High speed railway	Jakarta, Karawang, Bandung	US\$112 million	2017–19
52	Shandong Ogreen Tyre	PT Vorrich	Tyre industry	Karawang, West Java	US\$600 million	2015–19
53	Huadian Engineering Co. Ltd (CHEC) and Merryline International Pte Ltd (MIP)	PT General Energy Bali (GEB)	Coal fired power plant (3 × 380MW)	Buleleng, Bali Area: 80 ha	US\$178 million	Phase II (2018–19)

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