Indonesia's Strategy In Improving The Economy Viewed From The China Belt – Road – Initiative In The South China Sea

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Abstract – The South China Sea is waters that extend from southwest to northeast and are geographically limited in the south at latitude three degrees south between the islands of Sumatra and Kalimantan in Indonesia which are a global conflict zone involving many countries. China's Belt and Road Initiative (BRI) is a strategic project involving infrastructure development and economic cooperation between China and various regions, including the South China Sea. BRI will connect Asia including Indonesia, Africa, Oceania and Europe with various infrastructures that are being built. This study aims to analyze Indonesia's strategy in improving the economy in terms of the China Belt - Road - Initiative in the South China Sea. The research method uses qualitative research methods with a qualitative descriptive design. The results of the study show that the strategy is carried out through economic diversification and strengthening regional connectivity. As well as mean Regional partnerships, Economic diplomacy: How to: Develop infrastructure projects, Promote investment and trade, Increase human resource capacity and environmental sustainability By implementing this strategy, Indonesia can boost its economy amid China’s Belt and Road Initiative in the South China Sea but on the other side of cooperation between Indonesia and China in BRI also faces certain challenges and risks, such as project sustainability, environmental impact, and debt management.

Keywords – Strategy, Economy, Belt and Road Initiative, South China Sea

I. INTRODUCTION

According to the International Hydrographic Bureau, the South China Sea is a body of water that extends southwest-northeast and is geographically bounded to the south by a latitude of three degrees south between the Indonesian islands of Sumatra and Borneo in the north bordering the Taiwan Strait from the northern tip of Taiwan to Fukien Beach in China. The total waters in this area are more than three million square kilometers. There are several island groups in the South China Sea, namely the Pratas Islands, the Spratly Islands, and the Paracel Islands. Scarborough reefs are also found in the South China Sea (Asnani, 1997).

In the 1990s, the South China Sea became a global conflict area involving many countries. The involvement of many countries in conflicts in this region is inseparable from the geographical characteristics of the South China Sea region itself which is a sea area adjacent to various countries such as China, Malaysia, the Philippines, Vietnam, Brunei Darussalam, and Taiwan. The South China Sea also contains the Spratly and Paracel Islands, which have strategic importance due to the content of natural resources in the two regions. The genealogy of conflict in the South China Sea is the result of the national interests of the countries involved in the conflict, starting from the natural resources of the South China Sea such as oil, natural gas, fish resources, and coral reefs to strategic valuable transportation routes (Asnani, 1997).

Historically, conflicts in the South China Sea have arisen from the Chinese government's claim that all waters in the South China Sea are its sovereignty. The Chinese government stated that its sovereignty in the South China Sea was based on historical
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facts dating back to 200 BC. Traditional Chinese fishermen explore the Spratly and Paracel Islands. They have sailed, sailed, and fished the South China Sea since ancient times. For the Chinese government, China has the right to the South China Sea as an independent nation because it has effectively occupied it for centuries. So that other countries that also claim the South China Sea have no rights. This claim is also supported by a strong historical basis, namely the establishment of traditional fishing areas, namely fishing activities in the South China Sea which were carried out by the ancestors of the Chinese people since ancient times (Hari Utomo, 2017).

One Belt One Road (OBOR) or Belt Road Initiative is a form of cooperation between China and various countries to form a trade route, which in ancient times was a route for traders from Europe to China (Muhammad Fahrizal, 2019). BRI is a form of globalization phenomenon that has a borderless impact on every country it passes through. The focus is on investments in infrastructure, building materials, railways, roads, cars, real estate, power grids, iron and steel. China's Belt and Road Initiative (BRI) is a strategic project that includes infrastructure development and economic cooperation with China and other countries in various regions, including the South China Sea. Although BRI covers various infrastructure projects in various regions, its relationship with the South China Sea is through sea and maritime routes. The South China Sea is a geostrategically important area with rich natural resources and busy maritime trade routes. This policy aims to strengthen Beijing's economic influence through comprehensive and comprehensive infrastructure development programs in all countries through which the line passes. This policy was also launched because of the trade war between China and the United States as these countries compete with each other for political and economic influence. BRI has two details, namely the land-based economic Silk Road and the sea-based economic Silk Road. BRI connects Asia, Africa, Oceania, and Europe with a variety of infrastructure built. China has overlapping territorial claims with neighboring countries including Brunei, the Philippines, Malaysia, Vietnam, and Taiwan, which all have claims to parts of the territory.

In the BRI context, China is involved in infrastructure projects that have the potential to increase maritime connectivity in the South China Sea. This includes building and expanding ports, fishing infrastructure, increasing accessibility to remote islands, and constructing artificial islands for military and civilian purposes. Examples of BRI projects related to the South China Sea include Hambantota Port in Sri Lanka and Gwadar Port in Pakistan. However, overlapping territorial claims and political tensions in the South China Sea have hampered the perception and acceptance of the BRI by countries in the region. Several countries are concerned about China's maritime expansion and the lack of clarity about the goals and long-term implications of the BRI project in the South China Sea. They are worried about China's possible economic and political dominance in the region.

In his speech, President Xi Jinping emphasized BRI on peace and cooperation, openness and inclusiveness, mutual learning, and mutual benefit. On the other hand, maritime territorial disputes in the South China Sea are a source of regional and global tensions that have been going on for a long time and have not yet found a solution that is acceptable to all parties. There are overlapping territorial claims between China, Taiwan, and four Southeast Asian countries, namely Malaysia, the Philippines, Vietnam, and Brunei Darussalam in the South China Sea.

The 21st Century Maritime Silk Road BRI megaproject will be one of China's efforts to counterbalance US economic and political power in Asia. For China to impose its will to match American influence, especially regarding the governance of regional security policies, is an action that is fatal for China (Zhu, 2006). This does not reduce China's expansive nature in its efforts to develop the capabilities of developing countries in the Asian region from an economic and defense perspective.

The Indonesian government must anticipate China's policies by bringing Indonesia's national interests to BRI (Santi Wira Wibawati, 2018). In this case, the Belt and Road Initiative policy needs to be optimized by preparing a strategy to be able to provide economic improvement and become a vehicle for Indonesia in developing the vision of the World Maritime Axis. The World Maritime Axis is Indonesia's vision to become a maritime country that is sovereign, advanced, independent, strong, and able to make a positive contribution to regional and world security and peace following national interests (Presidential Decree No. 16, 2017). The Vision of the World Maritime Axis must become a reference in carrying out development efforts in Indonesia's economic and defense sectors so that in practice the presence of BRI can provide absolute benefits for Indonesia.

II. THEORETICAL BASIS

A. Strategy

Strategy comes from the Greek word "Strategos", which means leader or army. The word strategy comes from the military
world and is often used with the expression "tricks used by generals to win wars" (Mubarok, 2009). However, as the term strategy developed, it began to be used by businesses and organizations, and only the basic ideas used were adapted to the types of businesses and organizations implementing them. Strategy is generally interpreted as a method used by a leader or manager to achieve organizational goals. Strategy is also understood as the basis for an organization to develop procedures and means to achieve the stated goals, taking into account external and internal factors.

Colin S. Gray said that a defense strategy is a functional requirement for every society because all political communities need security. This should include efforts to be consistent with policy objectives and available resources are good enough to be used effectively (Gray, 2014). General strategy theory tells defense planners that their job is to deploy and maintain units that are highly problematic, and potentially unstable. There are three factors or categories with very different characteristics, all of which must be properly aligned, including ends, means, and means.

The national defense strategy is formulated with three basic components, namely a balanced, balanced, and coordinated strategy. First, the ideals or goals to be achieved are to maintain and protect state sovereignty, Indonesia's territorial integrity, and maintain the security (ends) of the entire nation. Second, what means are used to maintain and achieve the goals and objectives (means). By using an integrated and synergistic military defense with non-military defense. Third, how to use means to achieve goals or maintain goals (ways). This commitment is achieved through the planning, preparation, and implementation of a strong and highly deterrent national defense system following the Indonesian people's understanding of peace and war (Ministry of Defense, 2014).

B. Defense Economy

Yusgiantoro (2014) explains that defense economics is a scientific discipline that applies economics to national defense issues. For example development economics, natural resource economics, political economics and environmental economics. Defense economics applies economics that has profound applications in certain fields, in this case national defense.

Hartley et al. (1995) explained that, from a macroeconomic perspective, defense economics is the study of resource allocation, income distribution, economic growth and stabilization in relation to defense-related issues. Defense economics includes several economic sub-sectors, including public sector economics (public goods, externalities arising from the relationship of the economic sector with other economic sectors, measurement of production), industrial economics (studies of industrial bases, procurement), research and development, industrial policy - work same, licensed production - in the defense industry), labor economics, international economics, public choice, and other macroeconomic and economic growth.

III. METHODOLOGY

This research is qualitative descriptive research with an approach that describes the current state of the research subject based on facts. This research is expected to be able to reveal problems or circumstances or events as they are so that based on the facts obtained on the object of research, objective problem-solving can be found following the actual situation. Researchers always ask with the question words "why", "what reason" and "how did it happen" (Moleong, 2008). This study uses qualitative methods because the aim is to understand phenomena, roles, interactions, and groups and not to test the truth of hypotheses as in quantitative research.

IV. RESULT AND DISCUSSION

A. Belt and Road Initiative Cooperation between Indonesia and China

Indonesia signed a memorandum of understanding between BRI and China on 23 October 2018. Meanwhile, BRI cooperation in Indonesia began on 27 April 2019 in Beijing. Indonesia's national interest in BRI is to advance the vision of the World Maritime Axis (Riza Iskandar, 2022). This can be seen from the 2018 memorandum of understanding between the governments of Indonesia and China. Indonesia stated in the memorandum of understanding: “Welcome and support China's initiative to jointly promote the Belt Economy Silk Road and the 21st Century Maritime Silk Road Initiative”. The MoU also states that countries will work together to promote the exchange of goods, technology, and human resources through shared connectivity. In addition, the MoU also revealed that BRI cooperation between Indonesia and China includes other countries that wish to promote BRI and PMD. In the end, the big goal of working together is to realize community building as a shared future for humanity. As a country that has more seas than land and taking into account the historical factors of its past glory, Indonesia's
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desire to become the world's maritime axis has become a driving force for its cooperation with the Belt and Road Initiative (Soviyaningsih, 2019). Understandably, the aim of establishing Indonesia's policy as the world's maritime axis is to revive the glory of Indonesia, one of the countries through which world trade traffic passes by sea through its territory, as well as boost its economy through its maritime sector.

The Jakarta - Bandung Fast Train is one of the transportation development projects between Indonesia and China. Beijing views the construction of the Jakarta-Bandung high-speed rail line as the most important BRI project in Indonesia. The track length is up to 150 km and costs around 5.9 billion dollars, the Jakarta-Bandung bullet train is 40 percent owned by China Railway International. In this case, China's economic cooperation through BRI automatically increases China's influence and domination in participating countries. Investments or loans provided by China for infrastructure projects are considered debt, which forces us, whether we like it or not, to hand over control of infrastructure to China in the event of a default (Saraswati, 2019).

China uses the Belt and Road as a geostrategic and geoeconomic tool, causing many partner countries to struggle to repay their debts related to infrastructure cooperation with China. The sad part is that some countries are unable to pay their debts and their infrastructure is temporarily being taken over by China. Even though China assumes that the temporary takeover is an effort to provide partner countries with the opportunity to get income from China's infrastructure (Ade Priangani, 2021).

BRI has the potential to benefit both countries because Indonesia and China have historically worked together within a framework of interdependence. In addition to opportunities, there is the threat of a "debt trap" or debt trap diplomacy originating from Chinese investment in BRI countries (Yudilla, 2019). Latent suspicion of Chinese investment is prevalent in Indonesia. For a country that has recently become democratic, China's increasing investment trend is often used as a political tool to criticize and attack government policies. There have been accusations on social media that President Jokowi and several ministers invited not only Chinese funds but also labor and communist ideology. The anti-Chinese sentiment is currently being revived by those who are unhappy with the current government through the image that Chinese investment is modern colonialism (Adam, 2017).

Indonesia-China cooperation under the Belt and Road Initiative (BRI) covers various fields including infrastructure, trade, investment, tourism, and technology. The following are examples of Indonesia-China cooperation within the BRI framework:

1. **Infrastructure**: China has become a partner in the development of infrastructure projects in Indonesia. An example is the Kuala Tanjung Port Development project in North Sumatra and cooperation for the construction of the Jakarta-Bandung Fast Train. China is also committed to assisting the development and improvement of other infrastructure in Indonesia, such as toll roads, highways, and power plants.

2. **Trade**: China is Indonesia's largest trading partner. Through BRI, efforts have been made to expand bilateral trade cooperation between the two countries. This involves increasing exports of Indonesian products to China and imports of goods from China. BRI also has the potential to expand market access for Indonesian products to other BRI partner countries.

3. **Investment**: China has become one of the biggest investors in Indonesia. Through BRI, China provides investment support for strategic sectors in Indonesia, including the manufacturing, energy, agriculture, tourism, and technology industries. Chinese investment can help accelerate Indonesia's economic growth, create jobs, and advance these sectors.

4. **Tourism**: Tourism cooperation between Indonesia and China is also strengthened through BRI. With improved connectivity, the number of Chinese tourists visiting Indonesia has increased significantly. BRI provides an opportunity to promote Indonesian tourism in the Chinese market and enhance cooperation in tourism development, marketing, and cultural exchange between the two countries.

5. **Technology and Innovation**: China as one of the countries with rapid technological developments, can provide an opportunity for Indonesia to access the latest technology and innovation through BRI cooperation. This can involve technology transfer, research and development collaboration, and knowledge exchange between institutions and companies in both countries.
Looking at the cooperation between Indonesia and China in BRI from a defense economic perspective, according to Yusgiantoro's statement (2014) that the defense economy includes development economics, natural resource economics, political economy, and ecological economics, Indonesia can benefit from China through this cooperation to achieve national interests to improve the Indonesian economy. The need to implement infrastructure, develop inter-regional connectivity and increase economic productivity to achieve prosperity can be achieved if Indonesia-China cooperation is carried out well and remains vigilant both internally and externally (Saraswati, 2019).

B. Indonesia's Strategy in Improving the Economy Through the Belt and Road Initiative in the South China Sea

Amidst the opportunities and challenges offered by the Belt and Road Initiative (BRI) for Indonesia, the existence of a solid and planned strategy is very important. BRI is a global economic initiative that involves cooperation between countries to strengthen cross-regional connectivity and economic growth. In facing the opportunities offered by BRI, a mature strategy will help Indonesia take advantage of the existing economic potential. With the right strategy, Indonesia can identify economic sectors that have the potential to benefit from BRI and develop effective steps to take advantage of them. Such strategies may include infrastructure development, industrial sector development, increased trade cooperation, and tourism promotion, all of which can contribute to Indonesia's economic growth.

In addition to opportunities, challenges also arise in the implementation of BRI. In facing this challenge, a directed and adaptive strategy will help Indonesia protect its national interests and minimize risks. Such a strategy may include careful evaluation of proposed BRI projects, strong negotiations in securing economic benefits, environmental protection, and economic and financial sustainability. With a solid strategy, Indonesia can maintain economic independence, utilize BRI as a means to increase global competitiveness and minimize any negative impacts that may arise. The strategy will assist Indonesia in maintaining a balance between economic interests and national security interests, thereby providing long-term benefits for sustainable development in the country. The following is Indonesia's strategy for boosting the economy by facing China's Belt and Road Initiative in the South China Sea:

1. Ends:
   1.1. Economic diversification: Indonesia must achieve its goal of economic diversification by developing Indonesia's maritime economic sectors, such as fisheries, marine industry, marine tourism, and maritime trade, and sectors that are not dependent on natural resources, such as manufacturing, tourism, services finance, and information technology. This will help reduce dependence on the commodity export sector and increase economic resilience.
   1.2. Strengthening regional connectivity: Indonesia should build and strengthen regional connectivity by improving transportation and logistics infrastructure, including ports, roads, bridges, and airports. This will facilitate smoother trade and investment in the region.
   1.3. Increased investment in the construction of maritime infrastructure, ports, and logistics facilities in the South China Sea region.
   1.4. Broad market access for Indonesian maritime products in BRI partner countries in the South China Sea.

2. Means:
   2.1. Regional partnerships: Indonesia must forge close partnerships with countries around the South China Sea, including with ASEAN countries and major trading partners. This can be done through cooperation in trade, investment, tourism, and especially in the maritime economic sector for mutual benefit.
   2.2. Economic diplomacy: Indonesia needs to be actively involved in economic diplomacy at regional and international levels. This involves participating in forums such as ASEAN, the East Asia Summit, and high-level meetings with other countries involved in China's Belt and Road Initiative. In this forum, Indonesia can promote its economic interests and influence policies related to the South China Sea.
   2.3. Increasing investment in the development of maritime infrastructure that supports trade connectivity and efficiency, such as modern ports, logistics networks, and other supporting facilities.
2.4. Increase cooperation in the development of marine resources, sustainable fisheries management, and the development of marine tourism in the South China Sea region.

2.5. Strengthen the promotion and marketing of Indonesian maritime products to BRI partner countries in the South China Sea.

3. Ways:

3.1. Development of infrastructure projects: Indonesia can encourage investment in developing infrastructure that supports regional connectivity, such as identifying and prioritizing the development of strategic maritime infrastructure, such as ports, maritime roads, container terminals, and logistics facilities that can increase Indonesia's connectivity and competitiveness at sea. This can be done through cooperation with private investors, partner countries, and international financial institutions.

3.2. Investment and trade promotion: Indonesia should intensify investment and trade promotion to attract more investors and increase exports. This involves streamlining regulations, improving the investment climate, facilitating trade, and active marketing campaigns to expand export markets.

3.3. HR capacity building: Indonesia needs to increase human resource capacity in areas such as project management, finance, information technology, and foreign language skills. This will enable Indonesia to take advantage of the opportunities offered by China's Belt and Road Initiative and face better economic competition.

3.4. Environmental sustainability: Indonesia must ensure that economic development in the South China Sea is carried out with due regard to environmental sustainability. This includes maintaining a healthy marine environment, protecting natural resources, and reducing negative impacts on maritime ecosystems.

3.5. Increasing cooperation with BRI partner countries in developing logistics centers and free trade zones in the South China Sea region.

3.6. Encouraging investment and cooperation in developing the potential of marine resources in the South China Sea region, such as fisheries, fishing, and aquaculture.

By implementing these strategies, Indonesia can improve its economy in the midst of China's Belt and Road Initiative in the South China Sea. However, on the other hand, cooperation between Indonesia and China in BRI is also faced with certain challenges and risks, such as project sustainability, environmental impact, and management debt.

On the surface, efforts to win other countries' support for the BRI appear to stand in stark contrast to the actions of the Chinese government in the South China Sea. The Chinese government also seeks to use various forms of power and influence. Even though diplomacy and BRI reflect China's soft power in the region, the military is showing signs of trying to maintain hard power in the region (Deer, 2021). In fact, these forces complement each other. China's reputation in other countries thus creates a reputation for China's territorial claims. Considering that this is related to the conflict in the South China Sea due to conflicting territorial claims between China and several neighboring countries, including Indonesia, over island sovereignty and natural resources in the region, it is necessary to continue to prioritize national interests without intervening in political positions. Because these investments and development projects can affect political and security dynamics in the region. Therefore, it is important for Indonesia to carry out careful evaluation and management in this matter and to maintain a balance of national interests in all forms of cooperation.

V. CONCLUSION

The South China Sea is waters that extend from southwest to northeast and are geographically confined to the south at the latitude three degrees south between the Indonesian islands of Sumatra and Borneo. On the north, it is bounded by the Taiwan Strait from the northern tip of Taiwan to Fukien Beach, China. The total waters in this area are more than three million square kilometers. In the 1990s, the South China Sea became a global conflict zone involving many countries such as China, Malaysia, the Philippines, Vietnam, Brunei Darussalam, and Taiwan. Also in the South China Sea are the Spratly and Paracel Islands, which have strategic importance because of the natural resource content in the two areas.

China's Belt and Road Initiative (BRI) is a strategic project involving infrastructure development and economic
cooperation between China and various regions, including the South China Sea. Although the BRI covers a wide range of infrastructure projects on the continent, its interests in the South China Sea also extend to sea lanes and maritime connectivity. The aim of this policy is to strengthen Beijing's economic influence through a comprehensive and thorough infrastructure development program in all countries through which the line passes. This policy was also launched because of the trade war between China and the United States as these countries compete with each other for political and economic influence. BRI has two details, namely the land-based economic Silk Road and the sea-based economic Silk Road. BRI will connect Asia including Indonesia, Africa, Oceania, and Europe with various infrastructures that are being built. The Indonesian government must anticipate China's policies in protecting Indonesia's national interests in BRI. The vision of the world's maritime axis must become a reference in Indonesia's economic and defense development so that the existence of the 21st Century BRI Maritime Silk Road can bring benefits to Indonesia.

The Indonesian government needs to anticipate China's policy by guarding Indonesia's national interests in BRI. In this case, the Belt and Road Initiative policy needs to be optimized by preparing a strategy to be able to provide economic improvement and become a vehicle for Indonesia in developing the vision of the World Maritime Axis. The Vision of the World Maritime Axis must become a reference in carrying out development efforts in Indonesia's economic and defense sectors so that in practice the presence of BRI can provide absolute benefits for Indonesia. The following is Indonesia's strategy for boosting the economy by facing China's Belt and Road Initiative in the South China Sea: Ends: Economic diversification: by developing sectors that are not dependent on natural resources, Strengthening regional connectivity by improving transportation and logistics infrastructure, including ports, roads, bridges, and airports. Increased investment in the construction of maritime infrastructure, ports, and logistics facilities in the South China Sea region. Broad market access for Indonesian maritime products in BRI partner countries in the South China Sea. Means: Regional partnerships: Indonesia must forge close partnerships with countries around the South China Sea, including with ASEAN countries and major trading partners. Economic diplomacy: by carrying out economic diplomacy at regional and international levels. Through participation in ASEAN forums, the East Asia Summit, and high-level meetings with other countries involved in China's Belt and Road. Increasing investment in the development of maritime infrastructure that supports trade connectivity and efficiency, such as modern ports, logistics networks, and other supporting facilities. Increasing cooperation in the development of marine resources, sustainable fisheries management, and the development of marine tourism in the South China Sea region. Strengthen the promotion and marketing of Indonesian maritime products to BRI partner countries in the South China Sea. Ways: Development of infrastructure projects by encouraging investment in infrastructure development that supports regional connectivity. Promotion of investment and trade to attract more investors and increase exports. Increased HR capacity in areas such as project management, finance, information technology, and foreign language skills. Environmental sustainability: to maintain a healthy marine environment, protect natural resources, and reduce negative impacts on maritime ecosystems. Increasing cooperation with BRI partner countries in developing logistics centers and free trade zones in the South China Sea region. Encouraging investment and cooperation in developing the potential of marine resources in the South China Sea region, such as fisheries, fishing, and aquaculture.

By implementing these strategies, Indonesia can improve its economy in the midst of China's Belt and Road Initiative in the South China Sea. debt. Therefore, it is important for Indonesia in this matter to carry out careful evaluation and management as well as to maintain a balance of national interests in every form of cooperation that is carried out.

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