

THE RISE OF CHINA AND INDONESIA'S RELATIONSHIP: THE ECONOMIC COOPERATION IN BELT AND ROAD INITIATIVE WITH THE FOCUS OF SOFT POWER (2013-2018)

UNDERGRADUATE THESIS

Submitted as one of the requirements to obtain Sarjana Sosial (S.Sos.)

By:

HEIDY CHRISTINE LUDIA TARESSY 016201600126

FACULTY OF HUMANITIES
INTERNATIONAL RELATIONS STUDY PROGRAM
CIKARANG
JULY, 2023

PANEL OF EXAMINER APPROVAL

The Panel of Examiners declare that the undergraduate thesis entitled **The Rise of China and Indonesia's Relationship: The Economic Cooperation with the Focus of Soft Power** (2013-2018)

that was submitted by Heidy Christine Ludia Taressy majoring in International Relations from the Faculty of Humanities was assessed and approved to have passed the Oral Examination on 17 July 2023

Chair of Panel Examiner

Isyana Adriani, BA., M.Si.

Mamo

Examiner I

Muhammad Farid, S.S., M.PA.

Examiner II

Witri Elvianti, S.IP., MA.

STATEMENT OF ORIGINALITY

In my capacity as an active student of President University and as the author of the undergraduate thesis/final project/business plan (underline that applies) stated below:

Name : Heidy Christine Ludia Taressy

Student ID number : 016201600126

Study Program : International Relations

Faculty : Humanities

I hereby declare that my undergraduate thesis/final project/business plan entitled "The Rise of China and Indonesia's Relationship: The Economic Cooperation with the Focus of Soft Power (2013-2018)" is, to the best of my knowledge and belief, an original piece of work based on sound academic principles. If there is any plagiarism, including but not limited to Artificial Intelligence plagiarism, is detected in this undergraduate thesis, I am willing to be personally responsible for the consequences of these acts of plagiarism, and accept the sanctions against these acts in accordance with the rules and policies of President University.

I also declare that this work, either in whole or in part, has not been submitted to another university to obtain a degree.

Cikarang, 23 August 2023

Heidy Christine Ludia Taressy

SCIENTIFIC PUBLICATION APPROVAL FOR ACADEMIC INTEREST

As a student of the President University, I, the undersigned:

Name : Heidy Christine Ludia Taressy

Student ID number : 016201600126

Study program : International Relations

for the purpose of development of science and technology, certify, and approve to give President University a non-exclusive royalty-free right upon my final report with the title:

The Rise of China and Indonesia's Relationship: The Economic Cooperation with the Focus of Soft Power (2013-2018)

With this non-exclusive royalty-free right, President University is entitled to converse, to convert, to manage in a database, to maintain, and to publish my final report. There are to be done with the obligation from President University to mention my name as the copyright owner of my final report.

This statement I made in truth.

Cikarang, 23 August 2023

Heidy Christine Ludia Taressy

ADVISOR'S APPROVAL FOR PUBLICATION

As a lecturer of the President University, I, the undersigned:

Advisor's Name : Isyana Adriani, BA., M.Si.

NIDN :

Study program : International Relations

Faculty : Humanities

declare that following thesis:

Title of undergraduate thesis : The Rise of China and Indonesia's Relationship: The

Economic Cooperation with the Focus of Soft Power

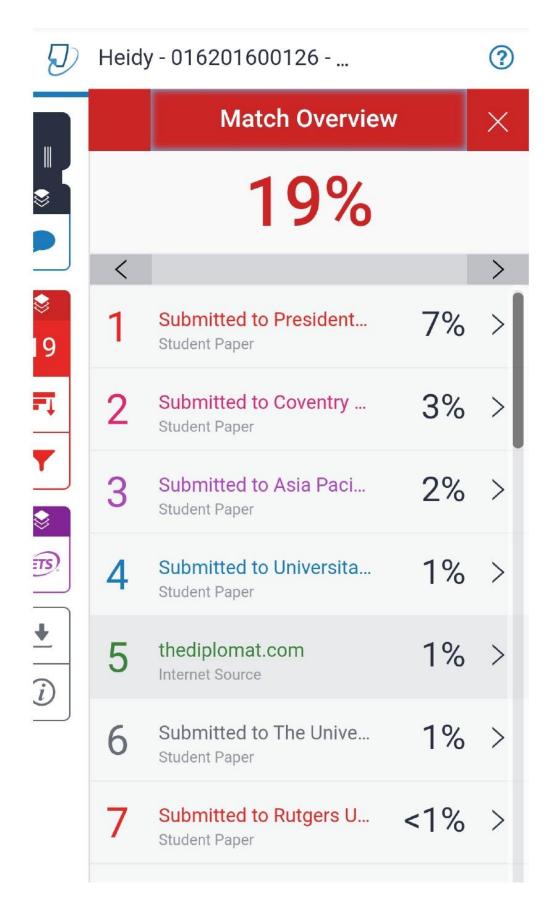
Undergraduate Thesis author : Heidy Christine Ludia Taressy

Student ID number : 016201600126

will be published in journal / institution's repository / proceeding / unpublish

Cikarang, 23 August 2023

Isyana Adriani, BA., M.Si.



Stats

Average Perplexity Score: 186.600

A document's perplexity is a measurement of the randomness of the text

Burstiness Score: 242.034

A document's burstiness is a measurement of the variation in perplexity

Your sentence with the highest perplexity, "I therefore recommend this thesis for Oral Defense.", has a perplexity of: 596

ABSTRACT

Heidy Christine Ludia Taressy, 016201600126, The Rise of Indonesia and China's Relationship: The Economic Cooperation with the Focus of Soft Power (2013-2018)

Advisors: Isyana, B.A, M.Si. and Harryanto Aryodiguno, Ph.D.

This research aims to explore and analyze how China's Belt and Road Initiative (BRI) scheme serves as soft power in relation to Indonesia and China's economic relationship from 2013 to 2018. In this study, the method used is a qualitative approach with content analysis techniques on sources primary and secondary sources. The research findings show that the BRI scheme is an important tool for China's soft power, aimed at expanding Chinese trade routes and standardizing Chinese products in every country where China invests. China's investment in Indonesia is aligned with the World Maritime Fulcrum program initiated by President Joko Widodo, and China sees Indonesia's relatively low level of infrastructure development as an opportunity to build cooperation and increase inter-island connectivity in Indonesia. In this context, the seriousness of the Indonesian government in developing infrastructure and managing investment funds provided by China is crucial to secure China's investment in Indonesia. However, the research also highlights challenges and risks in this cooperation, such as debt obligations and economic threats. Therefore, contingency planning is necessary to address possible problems that may arise and prioritize Indonesia's long-term economic and strategic interests. This research contributes to an understanding of bilateral relations between Indonesia and China and provides useful information for the Indonesian government to formulate policies and strategies related to economic cooperation with China.

Keywords: Belt and Road Initiative, Soft Power, Indonesia-China Relations, Infrastructure Investment, and Economic Cooperation

ACKNOWLEDGEMENTS

I would like to begin by expressing my heartfelt gratitude to Jesus Christ, who provided me with the strength and perseverance to complete this thesis. His neverending blessings, hope, and love have been my guiding light throughout this journey. I am forever indebted to Him, and I thank God for everything.

I would also like to extend my sincerest appreciation to my parents, who have been my constant source of support and inspiration. My father's dedication and hard work have always motivated me to do better, while my mother's love and care have nourished me both physically and emotionally. Their unwavering presence in my life is invaluable, and I love them deeply.

I am also grateful to my sister, Joy Agnes Priscilla Taressy, and younger brother, Faith Greatfull Samuel Taressy, for their love and encouragement. Their presence in my life has been a source of joy and comfort, and I am grateful for their unwavering support.

I would also like to express my sincere gratitude to my thesis advisors, Ms. Isyana Adriani and Mr. Harryanto Aryodiguno, for their guidance, support, and encouragement throughout the thesis writing process. Their patient guidance and valuable advice have contributed to my growth as a student.

I would also like to express my gratitude to all the International Relations lecturers of President University for sharing their knowledge and experience with me.

I am fortunate to have a group of amazing friends who have been with me throughout this journey. I would like to extend my deepest appreciation to my best friends and close friends, FHAIF (Febriena, Adelia, Ivo, Felia), Gratia Imanuella Corputty, Debora Silalahi, Inova Collins, Cindy Theresya, Angelika Julian, Jessica Florencia, Naletha Pangemanan, Tryanto Panigoro, Samuel Mamanua, Glory Lintang, Lisa Gustavina, Cynthia Gunawan, and Cornelia Audrey. Their unwavering support and companionship have been invaluable to me, and I am grateful for each one of them.

I would also like to acknowledge my online best friends, who have been a constant source of strength and support in my life. Although I cannot mention each one of them individually, their presence in my life has been an immense comfort during my

darkest times. Their endless support and guidance have helped me navigate through life's challenges, and I am forever grateful for their presence in my life.

Lastly, I would like to thank my friends from the International Relations 2016 cohort and everyone else who has supported me in any way. I hope that this thesis will be useful for me and others. Thank you.

TABLE OF CONTENTS

THESIS ADVISER RECOMMENDATION LETTER
DECLARATION OF ORIGINALITYii
Table of Contentsiii
PANEL OF EXAMINERSv
ABSTRACTvi
ABSTRAKvii
ACKNOWLEDGEMENTSviii
List of Tablesx
List of Figures xi
List of Graphicsxiii
CHAPTER I: INTRODUCTION1
I.1 BACKGROUND1
I.2 PROBLEM IDENTIFICATION6
I.3 STATEMENT OF THE PROBLEM
I.4 RESEARCH OBJECTIVES9
I.5 SIGNIFICANCE OF THE STUDY9
I.6 THEORETICAL FRAMEWORK9
I.6.1 Soft Power
I.6.2 Foreign Investment
I.7 SCOPE AND LIMITATIONS OF THE STUDY
I.8 RESEARCH METHODOLOGY
I.8.1 QUALITATIVE APPROACH
I.8.2 CASE STUDY

I.8.3 DATA COLLECTION	13
I.9 DEFINITION OF TERMS	14
I.10 THESIS STRUCTURE	15
CHAPTER II: LITERATURE REVIEW	17
CHAPTER III: CHINA'S BELT AND ROAD INITIATIVE INVESTMENT PROJECTS IN INDO	NESIA 29
III.1 The Belt and Road Initiative	30
III.1.1 The China-Pakistan Economic Corridor (CPEC)	30
III.1.2 The China-Mongolia-Russia Economic Corridor (CMREC)	32
III.2 BRI Investments in Indonesia	35
III.3 Differences in the Fast Train Offerings of Japan and China	42
III.4 Indonesia Chooses China's CRH-380A Technology for the Jakarta-Bandung Train Project	
III.5 Indonesia's Challenges Following the Selection of China as Partner in the J Bandung High-Speed Rail Project	
III.6 Indonesia's National Interest in China's Belt and Road Initiative	49
III.7 China's National Interest in the Belt and Road Initiative	50
CHAPTER IV: CHINA'S BRI INVESTMENT IN INDONESIA: A SOFT POWER STRATEGY F	OR
ECONOMIC ASSISTANCE	54
IV. 1 Diplomatic Engagement and Economic Cooperation	55
IV. 1.1 Cooperation between Indonesia and China within the framework of the Road Initiative (BRI)	
IV. 1.2 Socio-Cultural Cooperation	58
IV. 1.2.1 Tourism	58
IV. 1.2.2 Labor	59
IV. 1.2.3 Educational Exchange	60

	IV. 1.2.4 Cultural Exchange	61
	IV. 1.2.5 Connectivity, Regional Integration, and Job Creation in the Jakarta-Bandu	ıng
	High-Speed Train Project	63
	IV. 2 Economic Impacts	66
	IV. 2.1 Infrastructure Development	66
	IV. 2.2 Trade	73
	IV. 3 BRI as a Loan-based Economic Framework	76
	IV. 3.1 Alliance	77
	IV. 3.2 Recipient Regime Type	80
	IV. 3.3 Level of Development of Recipient Countries	83
	IV. 4 Public Perception: Indonesian Perceptions on Chinese BRI Investment	87
	IV. 5 Challenges in The Indonesia-China Cooperation	91
	IV. 6 Fostering Intercultural Understanding within the BRI	95
	IV. 6.1 Indonesia's Strategy to Deal with Economic Threats	99
CHA	PTER V: CONCLUSION	L 01
REFE	RENCES 1	103

LIST OF TABLES

Chapter III

Table 3.1 PSBI: Shareholder and Capital Composition	43
Table 3.2 Capital Structure of KCIC Approved by the Minister of Law and	
Human Rights of the Republic of Indonesia on February 19, 2016 (No. AHU-	
022202.AH.01)	44
Table 3.3 Realization of Investment and Extent of Cooperation between	
Japan and Indonesia in the Years 2008-2016. This table provides an overview	
of the levels of investment and collaboration between the two countries	45
Table 3.4 China-Indonesia Investment and Cooperation (2008-2016). This	
table highlights China's role in Indonesia's economic development through	
investment and collaboration	46
Chapter IV	
Table 4.1 Trade Balance between Indonesia and China from 2013 to 2017 (ir	າ thousands of
USD)	84
Table 4.2 Trade balance of Indonesia for the period from 2014 to 2018, record	ded in millions
of USD	85
Table 4.3 The data provided represent Indonesia's trade balance with China	ı from 2015 to
2020, recorded in millions of USD	Q.S.

LIST OF FIGURES

Chapter III

Figure 3.1 Roadmap of the BRI Corridor in the China-Pakistan region	33
Figure 3.2 BRI investments include a hydropower plant in Karot, a wind power	
plant in Jhimpir, two nuclear power plants near Karachi, and a large coal-fired	
power plant in Qasim	34
Figure 3.3 Trilateral Meeting of the Chinese, Russian, and Mongolian Presidents	
in Dushanbe, Tajikistan on September 11, 2014	35
Figure 3.4 Trilateral Meeting in Ufa: Discussion of the Cooperation Corridor by	
the Presidents of China, Russia, and Mongolia	36
Figure 3.5 Roadmap of the Economic Corridor in the China-Mongolia-Russia Region.	37
Figure 3.6 Memorandum of Understanding (MOU) between the Government	
of the Republic of Indonesia and the People's Republic of China regarding	
Strengthening Maritime Cooperation	38
Figure 3.7 Memorandum of Understanding (MOU) signed by the Government	
of the Republic of Indonesia and the People's Republic of China regarding the	
strengthening of maritime cooperation between the two nations	38
Figure 3.8 Investment in the Kuala Tanjung Port in North Sumatera	39
Figure 3.9 Investment in the Bitung Port in North Sulawesi	40
Figure 3.10 Arrival of Chinese High-Speed Train in Indonesia	41
Figure 3.11 A portrait of the newly arrived Indonesian fast train from China,	
taken at the Jakarta International Railway Station. This image serves as an	
example of Indonesia's growing infrastructure and transportation development	
	42
Figure 3.12 The Future of Transportation: Jakarta-Bandung High-Speed Rail Map	43
Figure 3.13 A comparison of the Chinese high-speed train CRH380A (left) and	
the Japanese Shinkansen E5 (right). This image highlights the differences in	
design and technology between the two train models	44

Figure 3.14 During the inspection, he announced that the high-speed rail
project has reached 88.8 percent of the construction target, and the Jakarta-
Bandung high-speed train is expected to start operating in June 202349
Figure 3.15 Successful Test Run of Jakarta-Bandung HSR (Nov 16, 2022). This
marks a significant milestone towards the official launch in June 202350
Chapter IV
Figure 4.1 This image displays China's debt development balance to
Indonesia between 2011-201859
Figure 4.2 Indonesia's Infrastructure Projects

LIST OF GRAPHICS

Chapter III

Graphic 3. 1 China-Japan Military Budget Comparison (1978-2018). This table highlights
differences in military spending between the two countries, with China allocating a larger
budget than Japan, indicating its investments in both the economy and national defense 48
Chapter IV
Graphic 4. 1 Gross National Income of Indonesia (2006-2016)
Graphic 4. 2 Indonesia's Infrastructure Budget since 2008-2019