



**THE NICKEL DOWNSTREAM POLICIES OF INDONESIA
AND ECONOMIC DIPLOMACY TO CHINA**

UNDERGRADUATE THESIS

Submitted As One of The Requirements to Obtain

Sarjana Sosial

By

Priscilla Rosalia Fahik

016202000061

Faculty of Humanities

International Relations Study program

Cikarang

May 2023

TURNITIN SIMILARITY CHECK

Thesis Priscilla Rosalia Fahik 016202000061

ORIGINALITY REPORT

11%

SIMILARITY INDEX

10%

INTERNET SOURCES

4%

PUBLICATIONS

2%

STUDENT PAPERS

PRIMARY SOURCES

1	repository.president.ac.id Internet Source	2%
2	cwts.ugm.ac.id Internet Source	1%
3	repository.up.ac.za Internet Source	<1%
4	jurnal.umt.ac.id Internet Source	<1%
5	core.ac.uk Internet Source	<1%
6	moam.info Internet Source	<1%
7	www.scribd.com Internet Source	<1%
8	"China and the World in a Changing Context", Springer Science and Business Media LLC, 2022 Publication	<1%

GPTZERO SCORE CHECK

**Your text is likely to be
written entirely by a
human**

There is a **0%** probability this text was entirely written by
AI



The nature of AI-generated content is changing constantly. As such, these results should not be used to punish students. While we build more robust models for GPTZero, we recommend that educators take these results as one of many pieces in a holistic assessment of student work. See our [FAQ](#) for more information.

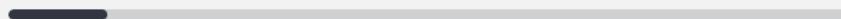
GPTZero Model Version: **2023-06-19**

THE NICKEL DOWNSTREAM POLICIES OF INDONESIA AND ECONOMIC DIPLOMACY TO CHINA
UNDERGRADUATE THESIS Submitted As One of The Requirements to Obtain Sarjana Sosial By
Priscilla Rosalia Fahik 016202000061 Faculty of Humanities International Relations Study
program Cikarang May 2023 / PANEL OF EXAMINERS' APPROVAL SHEET The Panel of Examiners
declared that this thesis entitled "The Nickel Downstream Policies of Indonesia and Economic
Diplomacy to China" that was submitted By Priscilla Rosalia Fahik majoring in International
Relations from the Faculty of Humanities has been assessed and approved to have passed the
Oral Examination on June 21st, 2023.

Chair - Panel of Examiner Muhammad Farid, S.S., M.P.A Examiner II Raki M. Baskoro, S.Sos., MA
Thesis Adviser Anggara Rahayno, S.I.P., M.P.S is THESIS ADVISER RECOMMENDATION LETTER
This Thesis entitled "The Nickel Downstream Policies of Indonesia and Economic Diplomacy to

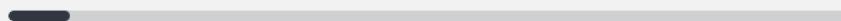
Stats

Average Perplexity Score: 117.533



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

Burstiness Score: 72.019



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: 290

© 2022-2023 GPTZero

ABSTRACT

Priscilla Rosalia Fahik

International Relations 2020, President University

Thesis Title: The Nickel Downstream Policies of Indonesia and Economic Diplomacy to China

Thesis Advisor: Anggara Raharyo, S.I.P., M.P.S

As a developing country with abundant mineral wealth, Indonesia is pushing for a nickel downstream industry policy as a strategic policy to boost the national economy. To encourage the downstream of the nickel industry, the government controls exports of raw materials or nickel ore and encourages the construction of smelters or nickel processing industries. This research focuses on the implementation of nickel downstream policies to produce high-added-value products and their impact on Indonesia's economic diplomacy toward China. This study aims to determine the implementation of downstream nickel industry policies and their implications for Indonesia's economic diplomacy towards China in the investment and trade sectors. This study uses qualitative methods and focuses on the theory of economic diplomacy according to Kishan S. Rana, which is described in 4 phases: Economic Salesmanship, Economic Networking, Image Building/Nation Branding, and Management Regulation & Resources. In this study, it was found that in the implementation of the Nickel Industry Downstream Policy which was marked by the enactment of the Mineral and Coal Law No. 4 of 2009 in 2014 and its changes in Law No. 3 of 2020 which has been in force since 2020, has had an impact on Indonesia's Economic Diplomacy towards China, where this can be seen from: 1. In every business forum and promotional investment conducted with China, Indonesia is no longer focused on investing in the mining sector but is more focused on investing in smelter construction to produce processed nickel products that have a higher added value, 2. Indonesia no longer relies on exports of nickel ore to add to the country's economy but exports of products with high added value added (Ferronickel, Nickel Pig Iron, Nickel Matte) which is characterized by a ban on exports of raw materials since 2014 and continued in 2020, 3. The Nickel Downstream policy has caused a shift in government priorities which previously only prioritized the nickel industry for stainless steel products and then began to focus on developing the EV battery industry to make Indonesia a global supply chain of EV batteries, 4. The increasing strategy of Indonesia's Economic Diplomacy towards China through various kinds of investment & trade promotions and the increasing number of multi-actor roles through special cluster units formed.

Keywords: Nickel Downstream, Economic Diplomacy, Indonesia-China Economic Cooperation, Smelter, China Investment, Indonesia Export

ABSTRAK

Sebagai negara berkembang dengan kekayaan mineral melimpah, Indonesia mendorong kebijakan hilirisasi industri nikel sebagai kebijakan strategis untuk mendorong perekonomian nasional. Untuk mendorong hilirisasi industri nikel, pemerintah mengendalikan ekspor barang mentah dan mendorong pembangunan smelter atau industri pengolahan nikel. Penelitian ini berfokus pada implementasi kebijakan hilirisasi nikel untuk menghasilkan produk bernilai tambah tinggi dan dampaknya terhadap diplomasi ekonomi Indonesia terhadap China. Penelitian ini bertujuan untuk mengetahui implementasi kebijakan hilirisasi industri nikel dan implikasinya terhadap diplomasi ekonomi Indonesia terhadap China di sektor investasi dan perdagangan. Penelitian ini menggunakan metode kualitatif dan berfokus pada teori Diplomasi Ekonomi menurut Kishan S. Rana, yang dijabarkan dalam 4 fase: Economic Salesmanship, Economic Networking, Image Building/Nation Branding, dan Management Regulation & resources. Dalam penelitian ini ditemukan bahwa dalam implementasi kebijakan hilirisasi Industri Nikel yang ditandai dengan pemberlakuan Undang-undang Mineral dan Batu Bara No. 4 Tahun 2009 pada tahun 2014 dan perubahannya dalam Undang-undang No. 3 Tahun 2020 yang diberlakukan sejak tahun 2020, ternyata memberikan pengaruh dalam Diplomasi Ekonomi Indonesia terhadap China, di mana hal ini dapat dilihat dari: 1. Dalam setiap forum bisnis dan investasi promosi yang dilakukan dengan China, Indonesia tidak lagi berfokus pada investasi dalam sektor pertambangan tetapi lebih berfokus pada investasi pembangunan smelter dan industri pengolahan nikel untuk menghasilkan produk olahan nikel yang memiliki nilai tambah lebih tinggi, 2. Indonesia tidak lagi mengandalkan ekspor bijih nikel untuk menambah perekonomian negara tetapi ekspor produk bernilai tambah tinggi (ferronikel, nikel pig iron, nickel matte) yang ditandai dengan pelarangan ekspor barang mentah, 3. Hilirisasi nikel menyebabkan adanya pergeseran prioritas pemerintah yang sebelumnya hanya memprioritaskan industri nikel untuk produk stainless steel kemudian mulai berfokus pada pengembangan Industri EV baterai untuk menjadikan Indonesia sebagai global supply chain of EV baterai 4. Semakin meningkatnya strategi Diplomasi Ekonomi Indonesia terhadap China lewat berbagai macam promosi investasi & perdagangan serta semakin banyak peran multi aktor melalui satuan gugus khusus yang dibentuk oleh pemerintah.

Keywords: Hilirisasi Nikel, Diplomasi Ekonomi, Kerja Sama Ekonomi Indonesia-China, Smelter, Investasi China, Ekspor Indonesia

TABLE OF CONTENTS

PANEL OF EXAMINERS' APPROVAL SHEET	i
THESIS ADVISER RECOMMENDATION LETTER	ii
STATEMENT OF ORIGINALITY	iii
SCIENTIFIC PUBLICATION APPROVAL FOR ACADEMIC INTEREST	iv
ADVISOR APPROVAL FOR PUBLICATION	v
TURNITIN SIMILARITY CHECK.....	vi
GPTZERO SCORE CHECK.....	vii
ABSTRACT.....	viii
ACKNOWLEDGEMENT.....	x
TABLE OF CONTENTS	xii
CHAPTER I INTRODUCTION	1
1.1 Background of the Study	1
1.2 Literature Review	3
1.3 Problem Identification	6
1.4 Research Question	9
1.5 Research Objective and Significance	9
1.6 Theoretical Framework.....	9
1.7 Research Methodology	12
1.8 Scope and Limitation of the Study	13
1.9 Research/Thesis Structure	14
CHAPTER II IMPLEMENTATION OF THE NICKEL DOWNSTREAM POLICY AND INDONESIA-CHINA ECONOMIC COOPERATION.....	15
2.1 Implementation of Nickel Downstream Industry in Indonesia.....	15

2.2 Development of Economic Cooperation between Indonesia and China ..	25
CHAPTER III ANALYSIS OF THE IMPLICATIONS OF IMPLEMENTING THE NICKEL INDUSTRY DOWNSTREAM ON THE INDONESIA-CHINA ECONOMIC DIPLOMACY	32
3.1 Development of the Nickel Downstream Industry in Indonesia	32
3.1.1 Downstream Nickel Industry in Indonesia and Its Prospect	32
3.1.2 Indonesia's Interests in the Downstream Nickel Industry	34
3.2 Indonesia's Economy Diplomacy Towards China	36
3.2.1 Indonesia's Investment Promotion Toward China Before The Implementation of Nickel Downstream Policy.	36
3.2.2 Indonesia's Investment Promotion Toward China after The Implementation of Nickel Downstream Policy	38
3.2.3 Development of Chinese Smelter Construction Investment in Indonesia	45
3.2.4 The Impact of Indonesia's Economic Diplomacy Toward Indonesia Export of Nickel	50
3.3 The Implementation of Before-After Nickel Downstream Policy in Economic Diplomacy Framework.	51
CHAPTER IV CONCLUSION	54
BIBLIOGRAPHY	57