

The Influence of China's One Belt One Road (OBOR) Initiative on National Economic Resilience (Case Study of Natuna Island)

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Abstract

The One Belt One Road (OBOR) initiative combines the 21st-century Silk Road and Maritime Economic Belt. OBOR expects to improve relations between China and neighboring countries to improve economic relations, infrastructure, and connectivity. Through OBOR, Indonesia has not only benefited but also faced various challenges. This study aims to examine and analyze the challenges of the OBOR project faced by Indonesia, especially in the Natuna Islands. This research uses qualitative research with a descriptive analysis method. The findings show various challenges Indonesia faces in the economy, infrastructure investment, and defense and security. Therefore, researchers consider that this study needs to be continued with further research related to the strategy and explore the Silk Road Economic Belt and Maritime OBOR in the Natuna Islands, Indonesia.

Keywords: Economy, Infrastructure investment, Defense and security, One Belt One Road (OBOR), Natuna Island.

Introduction

Chinese President Xi Jinping launched a series of ambitious economic policies, one of which is the Belt and Road Initiative (BRI) or One Belt and One Road (OBOR), in 2013. The BRI aims to connect the Eurasian economy with infrastructure, trade, and investment and has attracted international attention. OBOR consists of two main components, the Silk Road Economic Belt and the 21st Century Maritime Silk Road. The Silk Road Economic Belt is a land route that aims to connect China's lagging western provinces with Europe via Central Asia. On the other hand, the 21st Century Maritime Silk Road is a sea route that aims to connect China's prosperous coastal provinces with Southeast Asia to Africa through ports and railroads. By connecting China with various parts of the world, Xi Jinping envisions a modern-day silk road that would promote China's interests.

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China's One Belt and One Road (OBOR) Initiative is the most ambitious and comprehensive economic development project in history. It is also at the heart of China's grand geopolitical strategy for the 21st century. The OBOR aims to connect China and Europe through a network of high-speed rail lines, transmission lines, ports, pipelines, and fiber-optic communication lines as part of a larger infrastructure project. This project also aims to stimulate growth in various developing countries, providing China with new maritime trade corridors and modern modes of transportation while offering less developed western and northern regions access to new markets, thereby accelerating economic growth.

According to Jiang (2020), the OBOR initiative offered by China has significant strategic and economic benefits not only for China but also for Europe, Asia, and Africa, which are experiencing economic difficulties. This initiative has the potential to improve the economic situation of these regions while simultaneously offering China an opportunity to establish itself as a dominant economic power in the world. With the potential to benefit multiple countries, the OBOR initiative is a remarkable effort toward economic cooperation and development that could profoundly impact the world's economic landscape.

The One Belt One Road (OBOR) Initiative combines the 21st Century Silk Road and Maritime Economic Belt to improve economic ties, connectivity, partnership, and security between China and neighboring countries. The initiative covers the regions of Central Asia, Eastern Europe, the Middle East, Russia, South Asia, and Southeast Asia and involves 65 countries (Chin H and He W, 2016). OBOR focuses on investment in infrastructure, building materials, railways, iron and steel, and communication information (Afzaal, 2019), intending to promote Asia as a world industrial chain between regions (Michael D. Swaine, 2015).

The OBOR project is a massive undertaking. It crosses three continents, namely Asia, Europe, and Africa, and encompasses 75% of energy resources and a target population of 4.4 billion in 67 countries, representing 63% of the global population (Raphael Ziro, 2016). China's spending on OBOR is expected to reach \$100 billion per year (Penelope, 2017), and the initiative emphasizes China's leading role as a significant trade network in global affairs (Wo-lap, 2016).

To support OBOR, China has established several financial authorities, such as the Asian Infrastructure Development Bank (AIIB) and the Silk Road Fund, which have provided funding for projects along the OBOR. Additionally, one of the initiative's priorities is to increase investment in infrastructure development, including telecommunications, airports, roads, railroads, ports, energy pipelines, and fiber optic lines.

OBOR is an unprecedented effort toward regional economic cooperation and development that has the potential to create significant economic benefits for China and other participating countries.

The One Belt One Road (OBOR) initiative has five main collaborations: increasing connectivity, promoting coordinated development, expanding infrastructure connectivity, increasing financial support and promoting trade without barriers, and deepening ties between countries. Regarding policy coordination, countries along the OBOR/BRI path work together to build infrastructure and effectively cooperate in various fields. This collaboration aims to overcome differences in political and cultural systems between OBOR/BRI countries. OBOR/BRI cooperation also involves finance, which is a significant determinant for promoting equality in monetary policy, investment between countries in routes, foreign exchange in trade, monitoring financial risks, and increasing risk management capabilities through regional planning. The initiative also aims to remove barriers to investment and trade, reduce investment and trade costs, promote economic integration, and create free trade zones between countries (Huang, 2017).

China's issuance of the Belt and Road Initiative (BRI) policy was prompted by various domestic factors. One is the need to overcome political turmoil, particularly in the Xinjiang region, by providing guarantees for economic development. Furthermore, the issue of energy security was also a significant consideration, as there is a surge in domestic oil demand. The BRI enables China to secure and increase its energy imports from Central Asian countries while reducing the impact of supply cuts from the Middle East, Africa, or Russia. Additionally, Beijing sought to guarantee export markets and diversify its transportation network, which is another factor behind introducing the BRI policy.

The OBOR initiative presents both opportunities and challenges for Indonesia. One of the challenges is managing the flow of goods and labor from China into Indonesia. The maritime silk route map shows that several areas in Indonesia are traversed by OBOR points, which could impact Indonesia's maritime defense and security, including its sovereignty over the Natuna Islands Region, Indonesian archipelagic shipping lanes as the Malacca Straits, and security dynamics in the South China Sea. These challenges will be analyzed in the context of defense, security, economy, and infrastructure investment. (Buckley, 2020; Wibawati et al., 2018; Sweet, 2022; Verma, Kadyan, & Gupta, 2022)

This study adopts a qualitative approach to understand the phenomena experienced by the subject, including perception,

behavior, motivation, and overall action in the form of words or language (Miles, M.B.; Huberman, A.M.; Sadana, 2015). A descriptive analysis research design approach accurately describes individuals, groups, or specific circumstances related to existing and occurring symptoms. The research will analyze the challenges of OBOR initiatives for Indonesia, especially in the Natuna Islands, in the context of defense, security, economy, and infrastructure investment. The Natuna Islands are a significant area for Indonesia, being the outermost point with borders with many countries, and are passed by international routes. The Natuna Islands Sea also contains enormous natural resources, such as oil and natural gas, with defense, economic, and investment values for Indonesia. The data analysis technique that will be carried out in this study is through interactive analysis proposed by John W. Creswell and J. David Creswell. The stages in data analysis proposed by Creswell, namely processing data, reading all data, analyzing data in detail, connecting descriptions, and interpreting descriptions (Creswell & Creswell, 2018).

Results

Asia Pacific Trade Strategic Value

The Asia Pacific region is strategically vital in international trade due to its unique combination of Asia's economic rise, globalization, and consumer-driven growth. That has resulted in economic prosperity and a relatively stable balance of economic power in the region (East-West Centre, 2007). There are three main reasons why the Asia Pacific region is beautiful and strategic for international trade.

Figure 1 Asia Pacific Trade Map



Source: (Elisa Putri Ayuningtyas, 2016)

For several reasons, the Asia Pacific region is beautiful and strategic for international trade. First, it is strategically located as a trade route. The main sea shipping trade route across the Asia Pacific stretches from the Persian Gulf in the west to Western Europe, then continues eastward to East Asia and the United States, as indicated by the thick blue line on the trade route map in Figure 1. The Asia Pacific also has critical shipping lanes, including the South China Sea and the East China Sea. The region has several choke points marked with yellow circles on the map, such as the Malacca Strait, Lombok Strait, SLOCs (Sea Lines of Communication) in the Spratly Islands, Northeast Asia Sea, and SLOCs in the southwest Pacific. These choke points are potential areas of disruption that could affect international trade in the Asia Pacific region (East West Centre, 2007). Second, the countries in the Asia Pacific region have played a significant role in global economic growth. In 2019, these countries contributed almost two-fifths of the world's economic growth, more than twice the combined contribution of all other developing regions. Furthermore, the region is rich in natural resources, including agricultural products, minerals, and energy, which provides a strong foundation for economic development. Third, Asia Pacific is home to a large population, accounting for 50-60% of the world population, with a recorded 2.279 billion people in 2019, according to the World Bank (2019).

The Asia Development Bank's report on February 9, 2022, entitled "Asia Economic Integration Report 2022," highlighted that trade among the economies in the Asia Pacific region rose to a three-decade high, which helped bolster the region's economic resilience amidst the COVID-19 pandemic despite mobility restrictions and supply chain disruptions that hampered global trade. The report stated that strong intraregional trade, global demand, and China's earlier economic recovery supported the region's economic resilience. In the first three quarters of 2021, Asia Pacific trade increased by 29.6 percent. During the same period, trade in the region rebounded by 31.2 percent, following a contraction of 3.1 percent in 2020, as reported by Antara News in 2022.

Furthermore, the Regional Comprehensive Economic Partnership (RCEP) free trade agreement, recently launched to further encourage cross-border trade and investment, holds great potential to advance regional trade and economic integration. RCEP has the potential to pave the way for a sustainable recovery from the pandemic and contribute to the overall economic resilience of the Asia Pacific region.

The Asia Development Bank's report on Asia Economic Integration Report 2022 states that integration between economies in the Asia Pacific region is deepening in various fields, including the latest

technology and digital connectivity, environmental cooperation, trade relations, investment, and participation in the logistics chain. This report further emphasizes the importance of regional cooperation to advance economic integration and ensure sustainable recovery from the pandemic and highlights measures such as the recently launched Regional Comprehensive Economic Partnership (RCEP) free trade agreement that could further encourage cross-border trade and investment.

The Asia Pacific region is characterized by three major economic powers, namely the United States, China, and Japan, which play significant roles in the dynamics of the international political economy. The United States currently holds the top position in the world for GDP, followed by China in third and Japan in fifth. Along with the three major powers, several ASEAN countries have emerged as economic drivers in the region.

OBOR as China's National Interest

China's Belt and Road Initiative (BRI) policy was motivated by China's national interest in securing alternative energy supplies from Central Asia and finding alternative routes for its energy imports from its traditional partners in the Middle East, Africa, and Russia. With a GDP of US\$11.19 trillion in 2016, China is the second-largest economy in the world. Since the Deng Xiaoping era, its economic transformation has enabled China to surpass Japan's GDP. Some analysts predict China will soon surpass the US as the world's largest economy. However, the rapid economic growth has also increased China's energy needs to power its industrial sector. Domestic oil production in China can only meet 4.5% of its consumption, which ranks second after the United States. In 2010, China's oil demand reached 340 million tons, while its domestic production could only provide 195 million tons, resulting in a deficit that needed to be met by importing from other countries (Primadiana,2010)

China's BRI policy aims to provide alternative energy sources and routes for China's energy imports. China has been importing energy primarily from the Middle East and Sub-Saharan Africa. However, due to political instability and maritime piracy in those regions, China seeks to reduce its dependence on them. As a result, China tripled its energy imports from Russia in the early 2000s, raising concerns about energy dependence on Russia. Kazakhstan and Turkmenistan are two Central Asian countries rich in energy sources that can potentially supply China's energy needs. BRI projects allow China to seek alternative energy sources and reduce the potential impact if there is a disruption in supply from its old partners in the Middle East, Africa, and Russia (Camilla Brugier, 2014).

The BRI policy not only aims to find alternative energy sources but also to maintain the energy supply from China's old partner, the Middle East. To achieve this, China has established closer ties with several countries, including Pakistan. Various infrastructure projects such as highways, rail lines, and gas pipelines demonstrate this close cooperation with Pakistan. Additionally, China has been given control and operational management of the port of Gwadar in the Arabian Ocean by Pakistan, offering access to the Persian Gulf and the rest of the Middle East region. The port of Gwadar is a part of the China-Pakistan Economic Corridor, where China signed an investment agreement of US\$48 billion in April 2015. This development has quickly helped China replace the US as a potential partner of Pakistan. (Allan Gudetti, 2015)

Bagi China considers Pakistan as a strategic ally against India-US and India-Japan alliances. Pakistan's location between China and the Middle East makes it an ideal partner for establishing closer ties with several regional countries. Through the China-Pakistan Economic Corridor (CPEC), China has invested heavily in infrastructure projects such as highways, rail lines, and gas pipelines, as well as gained operational control of the port of Gwadar in the Arabian Ocean, providing access to the Persian Gulf and the rest of the Middle East region. The CPEC is a part of China's Belt and Road Initiative (BRI) and has been funded with an investment of US\$48 billion.

The link between China and the Middle East via Pakistan provides a safer and faster way to channel resources such as oil and gas from the Middle East to China and merchandise from China to the Middle East and Europe. The pipeline through Pakistan serves a similar purpose to the one running through Myanmar, allowing China a new route for energy imports from the Middle East without going through the Malacca Straits and the South China Sea. This pipeline and land transportation route through Pakistan shorten the distance and travel time compared to the old route through the sea in the Malacca Strait. Around 85% of Chinese imports pass through the Malacca Strait, and 80% are energy imports.

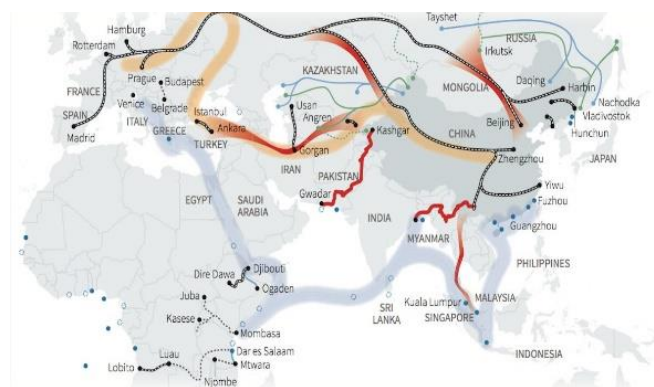
Apart from Pakistan, Iran offers a conduit to facilitate China's reach to the Middle East and Europe through land and sea connections. Xi Jinping was the first world leader to visit Tehran in January 2016 after lifting international sanctions against Iran to strengthen economic and political relations between the two countries.

OBOR Initiative's Economic Impact and Infrastructure Investment

The rapid economic growth that China experienced along the Old Silk Road played a significant role in its development into a world superpower. Recognizing this, President Xi Jinping of the People's

Republic of China launched the "Belt and Road Initiative" (BRI) or "One Belt One Road" (OBOR) strategy during his official visit to Kazakhstan in September 2014, intending to revitalize the Silk Road and promote bilateral and multilateral economic development. The OBOR initiative aims to connect and develop infrastructure linking Central Asia and Europe, as well as covering Southeast Asia, with the Southeast Asian Nations (ASEAN) serving as a hub connecting ASEAN members and countries outside the region (Punyaratabandhu & Swaspitchayaskun, 2018).

Figure 2 OBOR Road's Map



Source: (Insider, 2020)

Cheng (2016) provides a summary of the potential underlying goals of China's OBOR initiative, which include the following:

1. To expand into global markets by accessing emerging economies and markets
2. To secure natural resource supplies by making direct investments
3. To promote the internationalization of the Renminbi (RMB) by using it as a share of foreign exchange reserves
4. To strengthen diplomatic relationships with partner countries
5. To counter the economic components of the United States' strategic "Pivot to Asia" policy, which includes the Trans-Pacific Partnership (TPP) free trade agreement that excludes China

Despite its focus on connectivity through the Belt and Road Initiative, China is already one of the largest trading partners for most countries worldwide. Indonesia, the largest archipelagic country, possesses enormous marine economic potential, which could serve as a source of prosperity for its people. This potential includes biotechnology, marine tourism, the shipping and petroleum industries, deep-sea waters, and marine minerals. (Chen, 2014)

In the first half of 2015, China's gross exports and imports with Belt and Road countries reached US\$485.4 billion, accounting for 26% of the gross value of foreign trade. Furthermore, China's foreign direct investment in 48 OBOR countries was US\$7.05 billion, equivalent to 15.3% of the total investment, increasing by 22% YoY. It is estimated that China's trade value with OBOR countries reached US\$953 billion in 2016, accounting for 25.7% of China's total trade. Additionally, China has signed Memorandums of Understanding with countries such as Pakistan, Malaysia, Philippines, Bangladesh, Russia, Kazakhstan, Saudi Arabia, Serbia, and Ethiopia, with a total value of around US\$274 billion. Foreign trade has been a crucial factor in China's rapid economic growth over the last three decades, and oil has been an integral part of it. Zhang (2011) reported that in 1995, China depended on the Middle East and Southeast Asia, especially Indonesia (which accounted for nearly a third of China's total imports), for 82% of its crude oil imports.

Indonesia's strategic political and economic territorial location and its natural resources potential provide the country with numerous benefits. Locating on the equator between Asia and Australia, Indonesia is a direct link between developed economies. Additionally, Indonesia's location between the Pacific and Indian Oceans makes it a connecting area between East and Southeast Asia and South Asia countries. Furthermore, Indonesia hosts several strategic straits for global maritime traffic, such as the Malacca Strait, Sunda Strait, Lombok Strait, and Makassar Strait. These straits are crucial for international trade as they facilitate the movement of goods between different regions (Chen, 2014).

From a Chinese perspective, the "official ideology behind OBOR" is peaceful development aimed at sponsoring infrastructure investment, facilitating economic development, promoting cooperation, and minimizing conflict (Wong, Erebus, Lau Kin Chi, Sit Tsui, 2017). While economists generally welcome plans for large-scale investment in sea and land transportation, they are also concerned about the possibility of increasing differences in economic development between maritime countries and other ASEAN countries. According to a report by the Sino-British Business Council (China British Business Council), the land routes along the Northern Silk Road are several days shorter and cheaper than sea or air routes (Chen et al., 2018).

Khor (2021) argues that although ASEAN is one of the fastest-growing regions in the world, it also needs to be more invested in infrastructure. As an ASEAN country, Indonesia has received investment for infrastructure development from the BRI project. Suboptimal spending on infrastructure and other types of public investment hinders regional economic ambitions in the transition to

the 'new economy.' The State (2020) admits that a concrete assessment of the benefits of BRI projects in Indonesia is impossible. However, they observe new types of investment which can change the trend, structure, and performance of Indonesia's industry. For instance, due to the efforts of the Jokowi administration to attract Chinese FDI, a new wave of investment into the manufacturing sector (especially in electronics and mineral processing) has occurred. If these changes lead to structural improvements in product quality, industrial upgrading, technology transfer, and exports, then Chinese investment has brought promising benefits to Indonesia. Furthermore, China's capital is shifting to areas outside Java's principal economic center. Indonesia's economic planners promote balanced development in the outer islands, which have long suffered from poor infrastructure and low economic activity (Liu et al., 2021).

The easy flow of products and workers from China to Indonesia is a challenge that Indonesia must face due to the presence of OBOR in the economic field (Wei, 2016). That poses a challenge to Indonesia's domestic and global competitiveness. The issue of high inter-island logistics costs in Indonesia remains a barrier to Indonesian products competing in the international market with cheaper foreign products with lower logistics costs. Indonesian products cannot compete with imported goods even within the country due to the higher shipping cost between Indonesian islands. That has threatened Indonesia's economic sovereignty, especially with the influx of imported goods at lower prices but of higher quality (Tai-Wei Lim, 2016).

Indonesia faces the challenge of the ease with which Chinese workers enter the country due to the favorable working conditions offered by China. Infrastructure development in Indonesia financed by China requires projects to be designed, implemented, and built using China's technology, materials, and human resources. Turnkey Project Management is a Chinese investment model that includes everything from top management to financing through the Preferential Buyer's Credit system, materials and machinery, expertise, and even methods and millions of legal and illegal workers imported from China. These investment requirements will undoubtedly affect the absorption of Indonesian workers. This problem will increase Indonesia's level of concern because the country will not be able to compete with Chinese foreign workers (Wibawati et al., 2018).

The Influence of Defense and Security of the Maritime OBOR Line on Natuna Island

Although Indonesia is an archipelagic country, it predominantly uses the concept of the Region in its foreign policy and defense. Susanto (2015) (Effendi, 2019) mapped the evolution of Indonesia's maritime strategy into three stages:

The Shift from Indonesia Konsepsi Raya to Indonesia Nusantara

The Development of the Nusantara Document into the Nusantara Vision (Wawasan Nusantara)

Maritime Reorientation

The first and second stages still reflect a land-based perspective, which Susanto calls "territorialized maritime." The third stage marks an effort to reverse the land-based perspective or "maritimization of the region." The maritime sector plays a vital role in the global economy, with 90%-95% of merchandise transported by sea, including raw materials, finished goods, foodstuffs, and oil and gas. This trend results from globalization, which has expanded sea lanes for trade and transport. Given these circumstances, maritime defense and security must be prioritized. Indonesia's maritime defense and security face challenges due to several OBOR-related factors, such as territorial ownership of the Natuna Islands, the Malacca Straits, and security dynamics in the South China Sea. The Natuna Islands contain abundant natural resources, including quartz sand, natural gas, and petroleum. Additionally, over one million tonnes of marine fish are harvested annually in the waters surrounding the Natuna Islands, but only 36% of the resource is utilized. The D-Alpha gas field, located 225 kilometers north of Natuna Island in the EEZ, has a total reserve of 222 trillion cubic feet.

The South China Sea covers a vast area that includes the waters and land of the archipelago of two large islands, namely the Spratlys and Paracels, as well as the banks of the Macclesfield River and the Scarborough Reef. China has claimed this entire area, which stretches from Singapore, starting from the Malacca Strait to the Taiwan Strait. Due to the history of successive occupation by the traditional rulers of nearby countries, several nations, including China, Taiwan, Vietnam, the Philippines, and Brunei Darussalam, are involved in confrontational claims over part or all of the territorial waters. Even Indonesia, a non-claimant state, became involved after China's absolute claim to the waters of the South China Sea emerged in 2012. The South China Sea is an important area for maritime trade, and its territorial disputes could affect regional stability and global trade.

The South China Sea has significant potential wealth, particularly regarding natural resources (SDA), including minerals, oil, and natural gas. The Paracels and the Spratlys, in particular, are believed to have substantial reserves of these resources. China has been actively exploring the Region, and its government is optimistic about the potential of the natural resources there. According to the American Energy Information Administration (EIA), China estimates 213 billion barrels of oil reserves in the Region, or about ten times the national

reserves of the United States. US scientists estimate that around 28 billion barrels of oil are in the South China Sea region. Natural gas is the largest resource reserve, estimated at around 900 trillion cubic feet, equivalent to the oil reserves owned by Qatar. Indonesia is also involved because the Natuna Islands, part of the Riau Archipelago, are located in the South China Sea.

The Natuna Sea has shown potential for exploring oil and natural gas reserves. The Special Task Force for Upstream Oil and Gas Business Activities (SKK Migas) has reported that Harbor Energy (formerly Premiere Oil) will continue developing the Tuna Block, an oil and gas working area in the Natuna Sea next to the Vietnam border. The water depth of this area is around 110 meters. Harbor Energy has already carried out 2D and 3D seismic acquisition activities and has drilled four exploratory wells, namely Gajah Laut Utara-1 and Belut Laut-1 in 2011 and Kuda Laut-1 and Singa Laut-1 in 2014. All exploration commitments have been fulfilled, and the discovery of hydrocarbons in the Kuda Laut-1 and Singa Laut-1 wells, which are structurally adjacent, has been named the Tuna field. The field has a resource of 104 mmbob (2P) with a high condensate content dominated by gas and a CO₂ content of less than 2 percent.

The Tuna Block, situated in the Natuna Sea, is a significant oil and gas working area where a considerable amount of oil and natural gas has been discovered. The Special Task Force for Upstream Oil and Gas Business Activities (SKK Migas) has reported that Harbor Energy, formerly Premier Oil, will continue developing this block. The Tuna Block is located in the Natuna Sea, next to the Vietnam border, with a water depth of about 110 meters. Harbor Energy has conducted 2D and 3D seismic acquisition activities and drilled four exploratory wells, namely Gajah Laut Utara-1 and Beel Laut-1 in 2011 and Kuda Laut-1 and Singa Laut-1 in 2014, thereby fulfilling all exploration commitments. The discovery of hydrocarbons in the Kuda Laut-1 and Singa Laut-1 wells, which are structurally adjacent, was named the Tuna field, with a resource of 104 mmbob (2P) dominated by gas with high condensate content and CO₂ content of less than 2 percent.

The Tuna Block is moving closer to completing its exploration phase. It will then submit a Plan of Development (POD), which will contribute to increasing oil and gas production in Indonesia. Harbor Energy manages the Tuna Block with partners, including Zarubezhneft through its subsidiary ZN Asia Ltd, which has acquired 50 percent of Harbor Energy's Interest Participation (PI) in the Production Sharing Contract (KBH) of the Tuna Block, Natuna Islands. The Tuna Block has two oil and gas fields: Singa Laut and Kuda Laut. In March 2017, Harbor Energy acquired 65% of management rights in the block from the Indonesian government.

Figure 3 Map of Oil and Gas Locations in the Natuna Sea



Source: (Harbour Energy, 2022)

Its strategic location near the South China Sea makes the Natuna Islands area not only Indonesia's outer gate but also one of the bumper zones for neighboring countries such as China and Vietnam, as well as the Philippines and Brunei. Maintaining peace in Southeast Asia is constrained by the China-South Korea territorial dispute close to the region.

Figure 4 Natuna Map of Indonesia



Source: (Asia Time, 2021)

The ALKI-I (Alur Laut Kepulauan Indonesia-I) or the Indonesian Archipelagic Sea Lanes I plays a significant role in the region's maritime history, particularly in the maritime silk route. The Malacca Strait, which connects the Indian Ocean to the South China Sea and the Pacific Ocean via the Malacca Strait, is an essential part of this sea

route. The Malacca and Singapore Straits provide the most direct sea route linking the Persian Gulf to East Asia or the West Pacific. The Malacca Strait is a strategic chokepoint in the Indian Ocean region due to the high volume of shipping traffic, which sees over 70,000 ships pass through each year. Indonesia's position in international shipping and trade routes is incredibly vital due to the strategic location of these four chokepoints.

The One Belt One Road (OBOR) initiative focuses on the maritime sector. The Maritime Silk Road is an example of China's approach to projecting its influence through maritime means. This ambition is supported by China's significant increase in military spending, which rose 8.1% in 2018 to approximately \$174.6 billion. China's military spending is expected to be directed towards developing its maritime defense forces, as demonstrated by establishing its first holding company for shipping operations in the Natuna route in Indonesia. This increased activity in the area could pose a defense challenge for Indonesia's interests.

The Role of the United States in Dealing with the OBOR

The US has had a policy of "engaging" and "hedging" towards China for 25 years. This approach aims to balance cooperation and tension to control China's rise. The "engaging" policy is designed to make China a "responsible stakeholder" and willing to comply with the game rules set by the Western world order that took effect after World War II. At the same time, the US developed a "hedging" policy to consolidate its position in the Western Pacific through a network of alliances and partnerships, with the expectation that China's declared rise to peace would challenge US dominance in East Asia.

Changes in US policy towards China began when China's economic and political power began to transcend the boundaries of China and its neighbors. After the Cold War, the US began maintaining a network of military alliances in the North Pacific, indicating that US attention would return to East Asia. After the 1989 Tiananmen incident, political US foreign affairs were focused on China rather than on the countries of the former Soviet Union (Alain Guidetti, 2015).

The US-India nuclear agreement in 2006 represented a significant shift in the US position in the Indo-Asia-Pacific region. It was seen as a new partnership between the two countries. This agreement was part of a more significant trend of adjusting US policy towards China's rise, which began after the 2008 financial crisis when China became the world's second-largest economy in 2010. In 2011, the Obama administration declared a "Pivot to Asia" policy, which emphasized the Asia-Pacific region's importance and the need to bring China closer. It also aimed to reduce China's economic and political influence and

stem its military expansion. The US "rebalancing" policy had two main pillars: the Trans-Pacific Partnership (TPP) and repositioning the US as the leading military actor and center of a network for expanding military alliances and partnerships in the Asia Pacific region. The TPP aimed to create a new trading bloc with high standards for Asia Pacific trade without involving China. The US strategy demonstrates an increased focus on China's rise and a desire to respond. (Alain Guidetti, 2015).

The United States desires to maintain its status quo of "Pax Americana" and its supremacy over the Asia Pacific region in a zero-sum contest over regional dominance. However, China's growing military capabilities are challenging US expectations in the region. Beijing has been expanding its non-military sea equipment to support its territorial claims in the China Sea. Additionally, China has developed anti-ship ballistic missiles, which makes US intervention in the region, especially Taiwan, dangerous and costly. According to US military analysts, China's actions have reduced the effectiveness of "Pax Americana" in East Asia. While China's military budget in 2015 was US\$146 billion, only a quarter of the US military budget, it surpasses the combined military budgets of Japan, India, and South Korea (Alain Guidetti, 2015).

US Secretary of Defense Ashton Carter cautioned China during his trip to East Asia. He reassured American allies and partners that the US would not surrender its regional dominance. Carter's remarks were aimed at China's growing military capabilities and territorial ambitions in the South China Sea, which have caused concerns about US security interests in the region. Carter emphasized the importance of maintaining stability and security in the Asia-Pacific region, stating that the US is committed to upholding its role as a security guarantor. He also pledged to continue US engagement in the region through the use of advanced technology and diplomatic efforts to strengthen partnerships and alliances:

"There should be no mistake: the United States will fly, sail, and operate wherever international law allows, as we do all around the world (...) The US will remain the principal security power in the Asia-Pacific for decades to come." (Chris Whitlock, 2015).

The Washington establishment perceives the New Silk Road policy, along with its financial institutions like the Asian Infrastructure Investment Bank (AIIB), as a possible threat to the existing international order. This concern arises for several reasons:

1. They argue that the AIIB will duplicate the current network of financial institutions, namely the World Bank and the Asian

Development Bank, thereby undermining international governance standards.

2. It is feared that the establishment of the AIIB will weaken the US dollar-based international system by promoting the Chinese currency, Yuan/Renminbi, as a global trading asset.

3. The creation of this institution may result in a counter-financial system that could marginalize the international order from global governance.

The US Council on Foreign Relations (CFR) has called for a new "grand strategy" against China focused on counterbalancing its rise rather than augmenting its strength. This strategy aims to limit the harm from China's geoeconomic and military might to US national interests in Asia and globally. At the same time, the US and its allies maintain economic and diplomatic interactions with China. The CFR report recommends several steps to achieve this, including revitalizing the US economy, strengthening the US military, expanding the Asian trading network through the Trans-Pacific Partnership (TPP), creating a technology-control regime, implementing cyber policies, promoting Indo-Pacific partnerships, and strengthening high-level diplomacy with Beijing.

The report recommends increasing the US military budget, vigorously promoting the US naval and air presence in the South China Sea and East China Sea, and significantly maintaining the nuclear balance between the US and China as China increases its capabilities. The report recognizes that these measures could be costly and challenging to implement but argues that they are necessary to ensure US security and prosperity in the face of China's rise. (R. D. Blackwill & Ashley J.T, 2015).

The debate over how the US should respond to China's rise is not limited to those calling for a more confrontational approach. Supporters of engagement policies argue that China's New Silk Road initiative presents an opportunity for Washington rather than just a challenge. They contend that containment policies will only be effective if China's enormous manufacturing capacity, domestic market, and foreign exchange reserves allow it to create its power center. Furthermore, despite US opposition, several countries have refused to support containment policies, as demonstrated by their decision to join the AIIB. For advocates of engagement policies, it is not prudent for US politicians to continue to try to stem China's rising power (W. C. Shuaihua, 2015)

The ascendance of China and other world powers, such as India and Brazil, cannot be halted. President Obama's 2015 State of the Union Address and congressional debates on trade revealed the United States incapacity to provide a global vision by asserting that American

policymakers must ensure that the US, not China, establishes global economic regulations.

CONCLUSION

The OBOR/BRI initiative reflects China's growing influence and position as a powerful country in the Asian region and cannot be separated from the dynamics of power relations. While the initiative aims to maintain domestic stability and create peace in the region, it also demonstrates China's increasing global influence. The cooperation established between China and Indonesia through the OBOR/BRI initiative has had positive effects but has also brought challenges, particularly in defense security. Indonesia must consider the defense economy and conduct further research on strategies and in-depth studies related to the Silk Road Economic Belt and Maritime OBOR routes, especially in the Natuna Sea.

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