

THE POLITICAL ECONOMY OF JAKARTA-BANDUNG HIGH-SPEED RAIL PROJECT IN 2015-2016

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Abstract

This undergraduate thesis is aimed on describe and analyze the political economy reasons of Indonesia's final decision on choosing China's proposal on the procurement of Jakarta-Bandung High-Speed Rail Project. On the 2008, Indonesian government initiated a procurement to build the High-Speed Rail (HSR). In the beginning of this project, Japan had an interest towards the procurement of the HSR in Indonesia. Japan had already done the feasibility report. Japan submitted their proposal after Indonesia officially open for foreign investment on this project. Lately, in the 2015, China also interested in this project and they submitted the proposal. The final decision of this project, the HSR project will be handled by China. This issue was quite prominent for bilateral relations between countries. This undergraduate thesis will try to seek the political economic reasons of Indonesia chose China's proposal instead of Japan's Proposal. This research found some factors and policy influencers in this issue, 1) Support and demands from domestic context such as from President of Indonesia, Joko Widodo and his government officials as the decision makers and also from society, 2) International context that leads into China's expertise on HSR and also OBOR initiatives as one of consideration to boost investment in Indonesia.

Keyword(s): *Indonesia High-Speed Rail, China, Japan, Contract Termination, Decision Making*

Introduction

Indonesian government initiated a wide-areas project which is known as the mass transportation project. This project has been called as High-Speed Rail Project (HSR). HSR Project was firstly planned in 2008 by the president of Indonesia, Susilo Bambang Yudhoyono. Unfortunately, this project has been suddenly postponed for few years. On the next administration under Joko Widodo, wants to

run this project for the second time (Associated Press, 2016). Unfortunately, this project has once been vacuumed due to some problems and issues during the initiation of this project.

The route of the HSR Project is divided into two phases. The first phase is the Jakarta-Bandung route which length around 150 km. The second phase after the first route is done, will be building Jakarta-Surabaya route which length around 700 km. This project has estimated the cost around US\$5-6 Billion for Jakarta-Bandung route and around US\$7 Billion for Jakarta-Surabaya route. This project is supposed to cost much money, s Indonesia's government consider to bids from other countries (Praditya, 2016).

The condition of Indonesia itself needs mass public transportation which in this case a high-speed train. In this case, Indonesia has the railroad system that spread around Java Island and several parts of Sumatra Island. However, the urgency of this project, according to chief presidency staff, Teten Masduki, on the official website of Kompas media, that the HSR project is one of the massive transportation projects in Indonesia (Akuntono, 2016)

In the HSR project, Indonesian government believes that the result of this project will give some positive impact towards Indonesia's economy. On the report of Wilmar Salim and Siwage Dharma Negara (Salim & Negara, 2016), they stated that,

"For Indonesia, it opens opportunities to accelerate its infrastructure development agenda, with the hope of boosting the slowing economy. It is important, though, that the project is properly managed and completed on time. It must also be seen to keep to all the required regulations that are in place to ensure safety, environmental standards, and good corporate governance."

By this statement, Indonesia will increase the capabilities of managing the development that in the future could promote the sustainability of the economic sector. They believe that HSR project also can improve better in the distribution aspect to booster the domestic economy. Beside of that, the mobility of people itself also become more comfortable, and faster. Beside of that, the mobility of people itself also become more natural, and also faster.

The beginning of this phenomenon between Indonesia, Japan, and China was started in September 2015. Japan already sent their engineer in 2008. By this situation, Japan was already interested in helping to develop Indonesia first HSR. The initiation of this program by JICA in Indonesia-Japan Expo 2008 (Japan Official Development Assistance - Indonesia, 2008). In this Expo, Indonesia and Japan shared each other's capabilities of both countries, especially on train development. Firstly, Indonesia's government received a proposal from Japan under the name of JICA (Japan International Cooperation Agency) in September 2015. Several days after Indonesia accepted the bid from JICA – Japan, China submitted the proposal to Indonesia by state-own companies of China, China Railways International. Co. Ltd. Indonesia faced problematic action toward these two countries proposal. Both Japan and China competed for each other to win the tender of Indonesia HSR Project through some mediation and cooperation with Indonesia.

On the last minute of the deadline acceptance of the proposal between these two countries, Indonesia preferred to choose China's proposal instead of choosing Japan's proposal. The occasion for signing the contract was held on Beijing along with several contracts between Indonesia and China (See **Appendix 5**). There were so many reactions towards this decision. In Indonesia, the people whom anti-China

movement was triggered after this decision published to the public. According to Sri Bintang Pamungkas in Indonesia Dicaplok China Seminar, he said that Indonesian would be banished by Chinese since long time ago. After President Joko Widodo initiates a Global Maritime Fulcrum especially on HSR Project is a way to build Chinese hegemony in Indonesia (Dinar, 2016).

Furthermore, this situation has created conflict between these two countries. Japan considered that Indonesia's government have not been professional to deal with this problem. Indonesia's government has terminated the contract towards Japan that took place in Indonesia-Japan Expo 2008 by JICA. Japanese Prime Minister, Shinzo Abe also stated his disappointment of Indonesia's government that prefer to choose China's proposal over Japan. Chief Cabinet Secretary, Yoshihide Suga, stated in Financial Times Online, they already took every way to win the tender of HSR Project, but at the last time of completion, the result is more disappointing to be accepted (Harding, Chilkoti, & Mitchell, 2015).

Method of Research

In any kind of phenomena that happens in this world, there is needed a system to reach out what they want and need. The system should contain a complete body that could maintain the inflow and outflow and give reaction to the result. Based on social sciences, this is called as a political system. Miriam Budiardjo (Budiardjo, 2008) said in his book that, *“Political system is similar to organism. It contains by some parts and components which depend to each other and give feedback.”* This statement means that political system is a system that contains whole process which determine which way to create power by involving other actors to create a harmonic relations inside.

The political system that the writer uses is David Easton’s political system. David Easton’s was branding his idea about political system. On his article on World Politics Journal, *An Approach to the Analysis of Political Systems*, he examined some possible actors that would be involved in the political system before it was released to the society. Those are political parties, interest groups, government and from voting (Easton, 1957).

According to David Easton, there are many elements that influence the capability of the involving actors on decision on political system. Easton created a cyclical process in order to make the process of political system clear. The main factor that influences the political system is environment. In this case, environment can generate inputs and outputs. Environment also can give some feedback towards the results. Inputs come from two factors; demands and supports. While outputs means the result of the decision making process which means policies. After the policies have been released it takes feedback towards the society. The graphic diagram is drawn below;

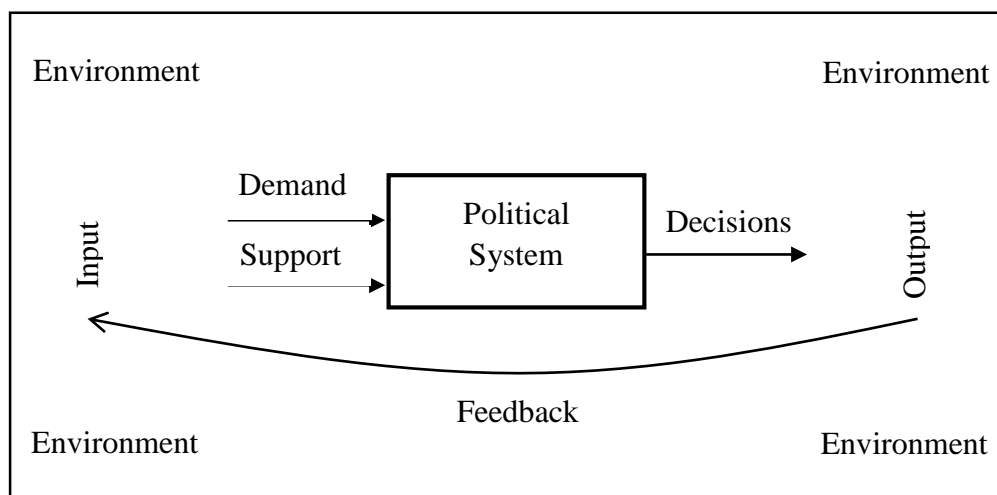


Diagram 1.1.1 David Easton Political System (*Easton, 1957*)

David Easton also argued political life is (Awami Politics, n.d.) “a system of behavior embedded in an environment to the influence of which the political system

itself is exposed and in turn reacts". Political system consists of several environment, such as social, economic, cultural, religious, and ideological conditions. In solid terminology, these environment of economy, ecological conditions and others material non-material variables demands natural and human resources.

In economic environment, same with other terms that give effect to political system, give some borders. The border that could change the possibility of shifting of power from the decision. The border also will come in different form, depends on the condition that influencing the political system variables of supports and demands (Awami Politics, n.d.).

Economic cannot be related as the political terms. On the other hand, the practice of economic could lead into political issues. According to David Fisher, there are some connections between economic and political terms. Many economic phenomena can be affected by political point of view as well as the political aspects sometimes needs economical supports (Fisher, 2016). For example, in terms of decision making, the decision makers should looked for the capacity and/or the opportunity on seeing through economic views. If there would be miscalculated the people will be suspicious and mislead with the government.

Based on the explanation above, the writer finds some correlation in the case of HSR Project on Indonesia. Some supports and demands come from the environment that would lead to outputs which are the decision on choosing China's proposal.

a. Demands

Indonesia needs the transportation system that would be increasing the people to mobilize faster. The demands of the transportation system are from the society. They need something sufficient to mobilize quickly. In this case, society believes that the train network should be upgraded. Train transportation system is one of the means to be used by the society to mobilize. Thus, the demands of High-Speed Train is high because the society wants it and they still have to travel for hours by using the regular train.

Despite the demands of society, the government also believe that current train network needs to be upgraded. Indonesia's current President, Joko Widodo and his official government officers believe that Indonesia is still left behind with other South East Asian countries in the case of advanced train networking. This project is initiated by Susilo Bambang Yudhoyono, but it was postponed. After that, current President, Joko Widodo continued the project of HSR. Thus, the government of Indonesia thinks some consideration of terms and agreements and decide to open some investment for the foreign country to win the project and acquisition the project.

b. Supports

Besides from the local demands of the procurement of HSR Project, some supports emerge from foreign countries that wanted to help Indonesia realizing that project. Those countries are Japan and China. As we know that Japan and China are the countries that already have advance high-speed train network and also actively win some tenders on procurement of HSR Project on many countries in Asia.

In 2008, Japan was initially interested in this project since the announcement declared by Susilo Bambang Yudhoyono era on the event of Japan Train Expo by JICA (Japan Official Development Assistance - Indonesia, 2008). Along the way, many experts and scientists came from Japan to Indonesia to do some research for preparing this project. They initiated some efforts such as checking the availabilities of terrain and location to put the place of HSR Project. Indeed, Japan was interested in this project (Japan Official Development Assistance - Indonesia, 2008)

China also publicly announced that support the HSR Project which initiated by Indonesia in the event of the bilateral meeting between Indonesia and China on March 26th, 2015. Xi Jinping officially announced that China would help and interested in that project (Harner, 2015). In the same year, China also held an event which introduces China's Bullet Train and other advance train networking system (Yang, 2015).

Both countries are known as countries of train-makers and have already proven their ability to build that advanced train network. They already made some efforts to help and have some interest in establishing and procurement of High advance HSR in Indonesia. Both countries also competed for each other to win this project by setting up some bids for Indonesia to choose (Harner, 2015). The offers from both countries are quite excellent for Indonesia. Japan's offer is about the availability of Japan's bullet train (*Shinkansen*) to be installed in Indonesia, but the costs would be expensive. While in China, they proposed advance HSR model which has already been used in several regions in China and other countries.

There is also some influencers that support the decision on this project that came from the governmental level. Both are local government and central government. The local government has the authority to establish and implement the policy that regulates any project or development that involved their legitimate region. In this case, the local government which allegedly support the decision are the region that bypasses this procurement project such as Jakarta, Karawang, and Bandung. The central government which consists of current President Joko Widodo and some head of ministries such as SOEs Ministry, Transportation Ministry and also head of SOEs of PT. KAI (Lubis, 2016)

The society of Indonesia also support the decisions of Indonesia choosing China over Japan. The Transportation Society of Indonesia (MTI) as a community which focuses on transportation development, one of the observer from (MTI), Darmaningtyas, expressed the gratitude of the procurement of Jakarta-Bandung HSR. The society needs sufficient trains to travel and do business since this project is located between two prominent cities in Java, the activity of railroad transportation modes should be sophisticated (SindoNEWS, 2015).

There are also some correlated data which stated that one of the influencers came from businesspersons especially from China which also supports this project. The role of businesspersons is to convince the central government to choose their proposal by using effective negotiation to bypass the political aspect that already done by the previous proposal. Meanwhile, with the local government, they will help through much bureaucracy for this

project to make it more straightforward contract on this project (Sambijantoro, 2016).

Current Condition of Indonesian Transportation System

Infrastructure is the main factor to support the development of the country. Basic infrastructure that society needs is transportation infrastructure. Well-Developed transportation infrastructure can accommodate the necessity of the society such as boost up the economy, socio-cultural activity, politics, and security. Transportation is one of the essential facility that should be provided by country to functionalize national development, mass mobilization, and national-scale distribution of goods (Indonesia Ministry of Transportation, 2008). Indonesia as the maritime country that spread along the Sabang to Merauke was acknowledged as the 4th biggest country in the world for the population rank (World Bank, 2017). According to that, Indonesia should provide a sufficient and efficient transportation system. The example of transportation facilities that should be developed, such as land transportation, water transportation (river, lake, and ocean), and air transportation.

Directorate General of Railway plans to developed national railway network will reach around 12.100 km from Sumatera to Papua. In some areas, there are some unused-rail sequences which spread in Java. Ministry of Transportation wants to reactivate this unused-rail sequences to revitalize the region and to increase the capabilities of a train. This reactivation still needs time to be developed, it is planned until 2030. The regions that under this project are Banten (95 km), West Java (432 km), Central Java (609 km), East Java (728 km), and Yogyakarta (199 km). The number of train sequences for passengers and goods also will be increased with the

detail of 2.805 locomotives and 27.960 coaches for passenger trains and also 1.995 locomotives and 39.655 wagons for goods trains (Gideon, 2015).

The necessity of Train as an effective transportation modes in Java

The usage of a train on using for mass public transportation is more efficient and effective. Using train as a tool to mobilize still becomes the favorite such as the ticket is cheap and reachable for everyone. A train is also quite fast and can carry more passengers than another transportation network. Imran Rasyid said that “If we compare one trip full-train with other mass transportation example buses, one trip train can reach amount 1,250 passengers, while one trip full-bus just around 40 passengers. It means that one trip of the passenger train is the same as 31 trip full-buses”. While on coal train with 60 wagons can distribute around 3.000 tons of coal. Compare with the capability of each truck which only can distribute 10 tons of coal. It means that one trip of coal train is the same as 300 trucks coal distribution (Gideon, 2015).

Based on what Imran Rasyid said, railway transportation modes have become more efficient to be used for Indonesia transportation system correctly in Java. Java as the densest island in Indonesia has a more dilemmatic way to develop rail-based transportation, although Java railroad system is way more advanced with other islands, it still needs to be upgraded. According to Statistics, in 2015 there are around 145.143.600 people that live in Java (Statistics Indonesia, 2017). Based on this data, the train could be the efficient transportation modes to be used for Javanese to mobilize and travel.

The condition in Java’s railroad is merely appropriate. The parameters of the condition are the ability of each train sequence can lift up the passenger and

the quality of services of the rail-based transportation modes. Based on Statistics in 2015, there are around 320.621.000 people consecutively use rail-based transportation modes (Statistics Indonesia, 2017). This amount can be even larger for the next years. In order to prevent the lack of effectiveness on using the train, Java needs an upgrade quality for trains. Java's train sequences quality can be derived they are too slow to pick up passengers efficiently. The regular train sequences with has speed around 100-120km/h, for traveling from first place to another place still need hours spend time. For example, the shortest route of a railroad in Java is Jakarta-Bandung which has 173 km length, and it needed time to arrive for three hours. While the longest route is Jakarta Surabaya around 725 km length needs time to arrive for nine hours. If could Java's railroad transportation modes have an upgrade quality in speed, and it will cut the estimated arrival time significantly.

Supports and Demands: Actors and Influencers in HSR Project

According to David Easton, there are many elements that influence the capability of the involving actors on decision of political system. He created a model to emphasize the process of political system on decision making. Environment become one of main issue that will needed in the "black box". Environment can generate the new inputs to be processed and also environment can give feedback of the outputs towards the result. The prominent factors is on the inputs which contain two necessities; demands and supports (Easton, 1957).

The demands and supports especially from domestic are the easiest way to be processed as inputs for the black box of decision making. Demands and supports originally can appears in any forms with anyone who want that issue should be

solved. In this issue, mostly supports and demands came from the domestic side come from the field condition, society and government officials. While on the supports and demands from international context from other countries influence factors, and cooperation projects between countries.

Support and Demands from Domestic Actors and Influencers

- **Joko Widodo and his government officials as decision makers**

The consideration of choosing Japan or China proposal of Jakarta-Bandung HSR Project also involve each president. Since this project was existed on two period with different person, Susilo Bambang Yudhoyono (2004-2014) and Joko Widodo (current president), there were two different person with different personalities and point of view.

The beginning of HSR project initially was in 2008 on Susilo Bambang Yudhoyono administration. Under Susilo Bambang Yudhoyono administration, the HSR project was cancelled under his command not long after Japan successfully done their feasibility report for this project. It was because political economic consideration of Susilo Bambang Yudhoyono. This statement of cancelation was revealed by Director of Transportation on Ministry of National Development Planning, Bambang Prihartono. According to him, the cancelation of this because the budget was not sufficient to fulfill the project and allocated in another projects. If this project still wanted to be approved, it will involve private government cooperation (KPS). By this statement, Susilo Bambang Yudhoyono was not risk taker, he wanted to allocate the national budget into other priority projects (Novalius, Lika-liku Kereta Cepat dari Jaman SBY ke Jokowi, 2016).

While on Joko Widodo administration, the HSR project was accepted and until two prominent countries bring their proposal to take influence in this project. Joko Widodo was acknowledged as a leader always seeks for opportunity and has attention to serve his people. Joko Widodo reconsidered with the economic condition through the National Midterm Development Plan (RPJMN) 2015-2019 which projected the economic growth of Indonesia should increase 5-6%. Joko Widodo also had a vision that Indonesia should have a sophisticated train which can travel up to 200km/h (Hidayat, 2017). Indonesia also left behind on railroad transportation with another country that already have advance railroad networking system (Akhir, 2016).

The dilemma of Joko Widodo administration in this project was to choose between China or Japan HSR proposal. In this case Joko Widodo is not alone. He has several persons that he trust as his advisors. Those are Minister of State-owned Enterprises, Rini Soemarno, and Megawati Soekarnoputri as leader of Joko Widodo political party (Lubis, 2016).

The main role of Rini Soemarno as the Minister of State-owned Enterprises in this project were signing three of 7 Memorandum of Understanding (MoU) between China and Indonesia in Beijing 2015. These 7 MoU are:

- a. MoU of Industrial and Infrastructure Development Cooperation between Minister of SOEs of Indonesia and National Commission Development and Reform of PRC
- b. MoU between Ministry of SOEs and National Commission on Development and Reform of PRC for Jakarta-Bandung HSR Project

c. MoU of Cooperation between Ministry of SOEs and China Development Bank Corporation (CDBC)

Those three MoU were being signed by Rini Soemarno have relations to each other. The HSR project was one of the Infrastructure Development Cooperation program with China and it required loan from China Development Bank. In this case Rini Soemarmo has ordered by Jokowi to sign the MoU.

According to Uni Lubis article, the relations between Joko Widodo, Rini Soemarmo, and Megawati Soekarnoputri can be traced on their track record on political party, PDI-P. Megawati Soekarnoputri is a chairman of PDI-P, this political party supported Joko Widodo on General Election 2014 as the New President of Indonesia. Joko Widodo and Megawati relations can be traced in several occasion which both of them are involved (Lubis, 2016). According to Fabian Januarius and Ihsanuddin article on Kompas.com, current relations of Megawati can be acknowledge as “supervisor” of Joko Widodo. In several special occasions, such as ministers inauguration, press conference even the important decision, Megawati always attend and appeared as a “part” of government (Kuwado & Ihsanuddin, 2016).

From government officials, there are also some supportive form in procurement of Jakarta-Bandung HSR Project. Some government officials opened their statement on HSR Project. The Transportation Director on Ministry National Development Planning/Bappenas, Bambang Prihartono, said that the HSR should increase economic national growth into 5-6% according to National Midterm Development Plan (RPJMN) (2015-2019). Teten

Masduki, as a chief presidency staff, said that HSR project is one of the important and massive transportation projects in Indonesia. HSR was claimed to boost up Indonesia economic growth, and open new lines to another country and also will create new economic region (Akuntono, 2016).

- **Society as Policy Influencers**

Policy influencers was not only from someone who has political background, they may appears in every background, such as economy, social, or even culture. In Jakarta-Bandung HSR project, there are some group of people who influence the policy-makers that involve in this project, such as businessperson.

The businessperson in this case would be reach a prominent role on influencing the decision makers. There are three steps that Indonesia use to attract Chinese businesspersons. Firstly, there should be a clear investment parameters that sets up the Chinese investors that have business in Indonesia. Secondly, the local Indonesian leaders should take a part of the negotiations. The reason is the Chinese businessperson always negotiate first with local government in China in order to have strong relations between others. Lastly, Indonesia have to keep maintaining every agreements that already sets up, in order to prevent Chinese businessperson to leave with nothing (Sambijantoro, 2016).

Partially, two out of three fronts to attract Chinese investors and businessperson for Jakarta-Bandung HSR Project were successful. The first and third steps were implemented before this project was initiated. There is no data that told about the occasions between businessperson and local

government were discussing the future project of HSR. On the other hand, step one has been done by between Indonesia government that stated in President Decree No.107/2015. This project was needed to build fast in order to raise up the economic growth into 5-6%. Step two was already done when Indonesia commit to done all the prominent cooperation programs and projects with China such as Jatiluhur Dam, and Cisumdawu Highways.

By this two steps, China investors and businessperson already set a program as the follow-up for Jakarta-Bandung HSR Project. The program was called as “China High-Speed Rail Exhibition”. This exhibition proposed to introduce China as the new leading countries as train-makers especially HSR. They brought several model of trains one of any was CRH380 (Murdaningsih, 2015).

Further follow-ups on role of businessperson China in Jakarta-Bandung HSR Projects were the establishment of JVC between Indonesia and China, called as PT.KCIC. This company includes several SOEs from Indonesia and MNCs from China especially on railroad companies (Jati, 2015). Instead of PT. KCIC, the businessperson and Ministry of SOEs submit a proposal to CDB to distribute the loan for this project (Djumena, 2018).

The HSR was initially to help the society to mobilize easily. The Transportation Society of Indonesia (MTI), as a community which focusing on transportation development, one of observer from (MTI), Darmaningtyas, expressed the gratitude of the procurement of Jakarta-Bandung HSR. The society needs sufficient trains to travel and do business since this project is

located between two prominent cities in Java, the activity of railroad transportation modes should be sophisticated (SindoNEWS, 2015).

Support and Demands from International Context

- **China's OBOR initiatives as Investment Consideration**

The international context also become one of the source of demands and supports. International context means all the international opinion and condition should be recognized as an inputs. In this part will analyze the factors that lead into Indonesia decision of China's HSR Proposal.

The most prominent data appointed that the HSR Project in Indonesia has a link mostly from the initiative from both leaders from Indonesia and China which have pretty similar to each other. China is focusing on its initiative on 21st Century Maritime Silk Road and One Belt One Road (OBOR) policy. While Indonesia is implementing the Global Maritime Fulcrum. As already explain that this two initiative programs was created to strengthen trade, investment, and economic development (Cai, 2017).

21st Century Maritime Silk Road and OBOR policy was created by vision of Xi Jinping on created one benevolent project to help nearest country to increase their capacity especially on trade, investment and economic development. China was trying to help those countries with giving them loan through CDB and also have investment program especially on infrastructure and transportation (Cai, 2017).

Indonesia had become the member of OBOR since the beginning of establishment of this initiative. Thomas Lembong as Chairman of Indonesian

Investment Coordinating Board (BKPM) is referring that Indonesia should offer projects which could gain benefits from investment especially on regions that still need improvements. In RPJMN 2015-2019, Indonesia should have expected to need US\$359 Billion of foreign investment. By this amount, Indonesia can only afford for 63 percent (Devonshire-Ellis, 2017).

Indonesia has many projects that could merge in this initiative. According to Indonesian Chamber of Commerce and Industry Deputy Chair, Shinta Widjaja Kamdani said that (Devonshire-Ellis, 2017), “We have toll roads, sea ports, airports and power plant projects that are in line with the OBOR program. The government must find a way to offer these projects with enticing investment scheme. There should be a clear road map on how we want to join. Indonesia needs to offer a conscientious concession for mutual benefits.” So far Indonesia receives US\$5 Billion to US\$6 Billion infrastructure investment. This investment refers to Jakarta-Bandung HSR Project (Devonshire-Ellis, 2017).

Several years before, the quantity of China’s projects and investments realization in Indonesia were relatively small. In Indonesian Investment Coordinating Board Report January-June 2014, China investment realization was US\$231,12 Million and 128 cooperation projects. Later it was increased when Indonesia joined 21st Maritime Silk Road initiation forum.

Luhut Binsar Panjaitan as Coordinating Minister of Maritime Affairs confirmed that OBOR will boost the infrastructure with sustainable development of Indonesia. Based on statement from Luhut Binsar Panjaitan

and Shinta Widjaja Kamdani, after Indonesia join the OBOR Summit in Beijing, the quantity of China's investment is increased significantly. Indonesian Investment Coordinating Board Report 2017, the China investment realization became US\$2 Billion and 1.243 cooperation projects. It means that after Indonesia accepted China's proposal of HSR project which become part of OBOR initiative, it could lead more investments that come from China in the future.

Technically, on the maps of 21st Century Maritime Silk Road, there is no visible eyesight for Jakarta-Bandung HSR project. However, Indonesia become part of China's Maritime Silk Road by building several infrastructure such as energy and electricity, and also ports and harbors. For HSR project was put in the maps of countries with has HSR Projects with Laos and Thailand (Cai, 2017).

By implementing OBOR, the HSR project become one of bargaining point of China in order to invest on transportation and another sectors in Indonesia. This project worth of USD\$5,5 Billion with no warranty and no use of National Budget of Indonesia (Praditya, 2016).

Conclusion

All of the factors and another influencers create political system which lead on decision making for this project. The factors that Indonesia need new HSR as transportation mode which more efficient and can help people to mobilize easily. The criteria of HSR that would fulfill the requirements should be cheaper, and the contract should not include national budget and have not any guarantee for

Indonesia government. Final decision of Indonesia for HSR project was choosing China's proposal which suitable on Indonesia's requirements.

The involvement OBOR initiative become one of influencing factors of choosing China's proposal. Indonesia was seeking more benefits on this initiatives. Indonesia needs more investments for development on every sectors such as on transportation, energy, and other infrastructures. By joining the 21st Maritime Silk Road Forum, Indonesia would have all the benefits that provided by China.

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