

CHAPTER IV

SUPPORTS AND DEMANDS FROM ACTORS AND POLITICAL INFLUENCERS IN HIGH-SPEED RAIL PROJECT

As already mention that in 2014, Indonesia decided to put a contract with China to help Indonesia makes HSR Project phase 1. This chapter analyze the reason of Indonesia choose China proposal instead of Japan proposal by using Political System Theory by David Easton. Political economic background become one of tools to analyze the support and demands for HSR project. The decision-makers and policy influencers in this phenomenon become the issue on how they accepted the China proposal by delivering the international context of choosing China's proposal.

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.

A. Support and Demands from Domestic Actors and Influencers

1. President of Indonesia Joko Widodo 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).

2. Joko Widodo's Government Officials as Political Influencers

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 Soemarno has ordered by Joko Widodo to sign the MoU in China.

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).

3. Society Role on Influencing the Decision Makers

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).

In chapter 2, there two some factors that leading into an urgency of Indonesia accepting the new railroad transportation modes in Java, especially HSR. First, based on the condition of several lines of railroad in Java are in inappropriate condition which should be upgraded the single-rail track into double-rail track. (PT. Kereta Api Indonesia (Persero), 2016). Second, the needs of new fast train, some routes that currently happen still need more than hours to spend. 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. Third, the reason of choosing Jakarta and Bandung as the route of new HSR is to build up surrounding areas Jakarta and Bandung. This routes pass several peripheral cities such as Bekasi, Cikarang, and Karawang that will predict in future these region will boost the economy up (Novalius, Pilih Mana, Kereta Cepat Jakarta-Bandung atau Jakarta-Surabaya?, 2017). Related into first point, last condition of three main lines of railroad transportation (North Lines, Bandung Line, South Line) was overloaded, the capacity of lines were not sufficient to handle all the routes anymore (Supriyanto, 2017).

Based on four field conditions above, it really recommended a new type of train that would give beneficial for the society. The HSR was initially to help the society to mobilize easily. The Transportation Society of Indonesia (MTI), as one of prominent community which focusing on transportation development and also spread around Indonesia and has strong relations with some government organization such as Ministry of Transportation, BAPPENAS, and PT. Jasa Marga. 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).

B. Support and Demands from International Context

1. China Capacity on Creating High-Speed Rail

The development of railroad transportation based in China also had a long journey. The early establishment of a railroad in China was on late of Qing Dynasty, 1875 which happened the procurement of their first railroad route on the downtown of Shanghai to Wusong District which a short route on 20 km length. The first railroad was also influenced by British engineers and use of steam locomotive that they brought from their country. Unfortunately, there were some controversies along the establishment the first route, the government did not allow the procurement of this route, and two years later it was demolished (Elleman & Kotkin, 2015).

In the beginning 21st century, the railroad assets of China was growing rapidly. Total new tracks which counted in 1995 was increased around 187% which previously around 21.800 km length into 62.615 km length. On those periods there was continuity that had done by China SOEs, China Railways, on railroad development. Some railroad networks were built by joint ventures several companies and with regional railway services. Those efforts consisted of 8.000 km of a railroad. The characteristic of each region of train tracks was different. The double-track railroad was roughly about 17.000 km. Railroad connection which suitable for electricity around 9.700 km and diesel train track was able for 24.749 km (Zhongyong, 1997). The ground services and train services also upgraded. The people of China was enthusiast with the services which in line with the amount of passenger who used railroad transportation. There were counted in 1995 which 1,22 Billion of people were traveling around China with railroad transportation. The Freight trains also

significantly improved which around 1,59 Billion of tons goods were distributed around China.

At the beginning of 2007, China tried to implement their HSR with their capabilities on their technology. HSR in China has still used the idea of developing railroad modes which based on mobilizing the population, distributing natural resources, protecting national defense, maintaining the economic condition in every regions and provinces and also preserving the natural resources. Chinese government realizes these reasons of establishing HSRs are important to be preserved for maintaining the needs of China mainland (Wu, Liang, & Wu, 2016).

China's capacity on creating HSR was increased significantly from the beginning of 21st century until today. As the most populous country, China believes that they need transportation modes that will give to the people to mobilize easily and efficiently. Before the 21st century the capabilities of China on creating HSR was still low. Previously, they were influenced by foreign countries such as Great Britain, Belgium, France, Germany, and Russia (Elleman & Kotkin, 2015).

China railroad network was developed in many regions. Since 2008, around 66.000 km of railroad network and connecting all cities from a region in China. Chinese railroad network was built in the most densely populated area such as Eastern China and Central Asia. Chinese railroad uses the standard gauge and several areas using a narrow gauge. The standard gauge was set since the colonial era. While the narrow gauge was used for the new era of HSR (Wu, Liang, & Wu, 2016). Chinese HSRs are slightly different from the other type of HSR. According to Sone Satoru in his writing, Chinese HSRs inspired with current HSR model such as from French TGV, German ICE-1, Italian ETR500, or even Japanese *Shinkansen* N-700. Chinese HSRs also use different material and technologies to support its body part, speed, and safety. Chinese CRH380 and another model can run at various

speed with the range around 200 km/h to 350 km/h, depend on the length and curve of railroad (Satoru, 2015).

The State Council had been put HSR on the agenda of Mid-long Term Railway Network Plan in 2005. The purpose of this agenda was to connect the mostly dense cities in China mainland and also to spread out the HSR network grid length to 100.000 km (Wu, Liang, & Wu, 2016). It is also linking some area in Coastal Area in Eastern China to travel to Central or even to Western China easily (Morgan Stanley Researchers, 2011). Later, State Council extended network grid length to 120.000 km in 2008. The Mid-long Term Railway Network Plan should be completed until 2020. This project was projected will worth 400 Billion Yuan (Wu, Liang, & Wu, 2016).

The Chinese government is also reconsidering to export the HSR abroad. After ratifying the Mid-long Term Railway Network Plan which is the domestic approach that until 2012, Chinese HSR track was reaching 17.000 km that operating in all regions in China (See **Appendix 1**) (Wu, Liang, & Wu, 2016). The Chinese government sees that HSR can be the crucial prospect in the current global transportation market. Many developing countries are developing their country by building railroad transportation modes (Morgan Stanley Researchers, 2011).

The People Republic of China has their underlying agenda that would bring HSR internationally (Kerr, 2017). New Chinese foreign and economic policy aspect that created by Xi Jinping called as One Belt, One Road (OBOR). These ambition of Xi Jinping for the purpose to build massive infrastructure that could bring China to connect with other the world under China authority. This idea is remaining known as China's Belt and Road Initiative that makes China could linking their important cities to form as one belt and road easily (Cai, 2017).

The current progress that has been done by Chinese government about the existence of OBOR is the establishment of OBOR map which is divided into two part

of routes. First is about Silk Road Economic Belt which is taken of several routes in the land. Second is about the Maritime Silk Route routes which collaborating with other countries harbor (Aris, 2016).

The OBOR route involved several both Asian and European countries such as India, Kyrgyzstan, Pakistan, Iran, Turkey, Russia, Germany, Netherland and Great Britain. Those countries are involved in Land Silk Road. While in Maritime Silk Road also involved several cities such as Vietnam, Malaysia, Philippines, Indonesia, India, Sri Lanka, Pakistan, Maldives, Seychelles, Kenya, Somalia, Djibouti, Turkey, and Italy (See **Appendix 2**) (British-China Business Council, 2015).

The OBOR initiative becomes a new prospect for China to bring their HSR worldwide. It also becomes the main issue of China on preserving the neighbor countries. According to Peter Cai's report, Xi Jinping said in his speech on Peripheral Diplomacy Work Conference (Cai, 2017).

“Maintaining stability in China’s neighbourhood is the key objective of peripheral diplomacy. We must encourage and participate in the process of regional economic integration, speed up the process of building up infrastructure and connectivity. We must build the Silk Road Economic Belt and 21st Century Maritime Silk Road, creating a new regional economic order.”

This statement means that Xi Jinping firmly believes that the OBOR initiative (Silk Road Economic Belt and Maritime Silk Road) (See **Appendix 4**). The significant factor of this initiative would create a sustainable economic condition, especially in Asia. The Chinese HSR Diplomacy would become a great tool in this initiative project. OBOR project will mostly build by railroad train track (Aris, 2016).

The development of Chinese HSR was established on late 2007. China's capacity on creating HSR after 2008

was shown best efforts by develop the HSR in very short time. In 2012, China had reached 17.000 km of HSR route line. Their national plan was become one of the factor to boost up the development of HSR in every provinces.

When Indonesia wanted to open for investment in HSR procurement, China was already sustained on their HSR. China's bargaining position was interesting for Indonesia. The terms mostly match and fulfill Indonesia's terms and agreements on HSR project which very beneficial for Indonesia, such as full investment, the proposal is cheaper with US\$5,5 Billion, also no government expenditure involved (Praditya, Perbedaan Proposal Proyek Kereta Cepat China dan Jepang, 2016).

2. Japan Capacity on Creating High-Speed Rail

Japan has a long story on developing their railroad network. Their first phase of railway track was influenced by the British as the after-Shogun era. In order to fulfill advance technology of modernization that was called Meiji Restoration, Japan officially invited some skilled foreigner to accomplish the restoration. British merchants introduced their steam locomotive to Japan's authorities in 1868. Years after the introduction of the steam locomotive, British also handled the first route Tokyo to Yokohama via Shimbashi in 1869. The model of the train which also came from Britain and used of steam engine locomotive (Aoki, 1994). After that, the development of railroad network was continuing until the end of 19th century by adding some routes along the first route.

Previously, in 1900s Japan has their SOE called as Japan Imperial Railway. This SOE controlled and managed all the assets that had been ran across the country. Japan Imperial Railway's assets later became nationalize sectors. On the phase 2, the name of Japan's railway SOE was changed into Japan National Railways (JNR) with owning assets around 21.000 km of routes, and around 5.500 km of routes was owned by private companies (Smith, 1998). In 1987, JNR was privatized and change its

name to Japan Railways Group (JR Group). JR Group was separated into two division, passenger, and freight. The freight division called JR Freight. There are six companies that become part of JR Group that independently serve passenger train. Those companies are JR Hokkaido, JR Shikoku, JR Kyushu, JR East, JR West, and JR Central. JR East, JR West, and JR Central are actively run the railroad transportation in center of Japan but separate in three regions of Honshu Island (Terada, 2001).

Japan's High-Speed Rail connection which called *Shinkansen* (means Bullet train) was initiated in Japan in 1964. Their first route was called as Tokaido *Shinkansen* which started constructing in 1959. It served route from Tokyo to Shin-Osaka. Japan's *Shinkansen* is also known as the pioneer of HSR in the world and followed by France which developing TGV and German which named their HSR is ICE (Wakuda, 1997).

The first establishment of the first route of *Shinkansen* was full of consideration with several actors. Those considerations such as the cost and the piece of technology that will be used and compatible with the speed limit of *Shinkansen*. Since it would be projected like a bullet train which will reach 250km/h its maximum speed, *Shinkansen* would need unique development for present and in the future. The debate which discussed to tackle some problem that existed on the construction site was the type of rail, technology, signal and the additional existing rail (Wakuda, 1997). The existing rail which already settled was considered as standard-gauge rail will be building a separate gauge between standard-gauge and narrow-gauge. The separation between standard-gauge and narrow-gauge was based on ideas of former President of JNR. He thought that the separation between gauges was essential. The improvement that happened in Japan was affected by the international standard gauge. It led to further establishment of Japanese railway went internationally (Wakuda, 1997). The other aspect which

considered as such as the development. The technology was named as Electric Multiple Units (EMUs), is an energy power that will help the train that will reach its high speed (Wu S. , 2015).

The cost of *Shinkansen* Project was not cheap. The first procurement of *Shinkansen* was only two trains which serve Tokaido route. Nowadays, the highest price of the new projects of *Shinkansen* in other country are estimated around US\$10-17 Billion (Gray, 2017). If we calculated today's price with the first establishment of *Shinkansen*, it would reach much money that partly taken a loan from International Bank for Reconstruction and Development (IBRD).

On the new phase of the establishment there was an idea to connect all the four main islands; Kyushu, Shikoku, Honshu, and Hokkaido. Further extension of railroad was built years after early establishment of Tokaido *Shinkansen* route. In 1975, Japan planned to extend the existing route of Tokaido with another route to Hakata in Fukuoka. The name for the route is Sanyo *Shinkansen*. The distance of this route is around 600km. The speed limit had been set into 260 km/h. Sanyo route was able to arrive from Shin-Osaka to Hakata in 3 hours 30 minutes at maximum. There are so many tunnels that should be built for efficiency the route itself. One of the tunnels that pass under the strait Honshu and Kyushu, New Kanmon Tunnel, which has around 18 km length. Since Sanyo *Shinkansen* was reached until Kyushu Island, this route was handled by JR West Group (Wakuda, 1997). The next step of generation of *Shinkansen* emerges with some updates and expansions in the modern era. There were additional routes and extension of the route that established around 1992 until 2011. The late of the 20th century was built the two additional routes called Akita *Shinkansen* and Yamagata *Shinkansen*. Both are converted line from the main line of *Shinkansen* route. Japanese *Shinkansen* also provided a technology that really responsive to disaster. Since geographically, Japan is

always hit by natural disaster, such as earthquake and even tsunami. They also provide it in every station of *Shinkansen* (Nippon Communications Foundation, 2016).

In 2014 was marked as the 50th years birth of *Shinkansen* from 1964. Recently there are in total 11 routes of *Shinkansen* that already served Japanese passenger. The government and from JR Group announced some future project of extension current *Shinkansen* route such as Kyushu *Shinkansen* would be extended to Nagasaki in 2022, Hokuriku *Shinkansen* will be available from Kanazawa to Tsuruga and also Hokkaido *Shinkansen* will arrive in Sapporo. Further development technology of *Shinkansen* will be procured (See **Appendix 3**). The speed limit and safety of each *Shinkansen* will be updated. The current speed limit of *Shinkansen* was broken into a record with 320km/h held by Tohoku *Shinkansen* in 2013. In the future, the speed limit of *Shinkansen* will be increased and reached around 505km/h held by Linear Chuo *Shinkansen* in 2027 (Nippon Communications Foundation, 2014).

Besides Japan develops their railroad internally, Japan also develops some of the railroad transportation internationally. Japan plans to export their ideas, technology, and their capabilities on building HSR. They argue that their HSR is compatible with every condition, efficient in timing and never late with the schedule, and also *Shinkansen* is claimed as the most secure HSR in the world. It has been proven for 50 years that there is none of the accident that involved any *Shinkansen* in Japan.

Japan was starting to export their railroad sector through “HSR Diplomacy” before the 2010s. Japan wants to expand their HSR market, especially in South Asia and Southeast Asia region. There are several countries that already become a target for HSR prospect. Those countries are India, Indonesia, Malaysia, Singapore, The Philippines, Thailand, Laos, Myanmar and Vietnam (Nippon Communications Foundation, 2016).

Three factors recognized become Japanese priority; open donation, aid, and Joint Venture Company (JVC). First, Japan's HSR Company which focuses on an operator, JR East, was donating some trains to several countries in Southeast Asia. Those countries need donation on trains to increase their capacity to mobilize the passengers. Second, Japan gives aid for those countries which willing to build their HSR network. Japan gives money-aid to the country's railroad authority to build facilities such as rail-route, trains, train stations, and signal system. The last is joint venture agreement. Japan railroad company with other country company gain agreement on a joint venture for HSR projects. For example, Japan with Malaysian-Singaporean railroad companies agrees on a joint venture on Malaysia-Singapore HSR project. They collaborate each other to make good quality of HSR (Wu S. , 2015).

In 2015, there was two prominent agenda of Japan HSR diplomacy. Japan agreed as a joint venture project and give aid of HSR in India. Japan-India HSR project handled the route that linking India's largest city of Mumbai with Ahmedabad. The project worth of 980 billion rupees and half of the money was covered as loan from Japan (Nippon Communications Foundation, 2016). On the other hand, Japan was humiliated by China on Indonesia HSR project. Indonesia decided to choose China as its contractor of Jakarta-Bandung HSR project (Wu S. , 2015).

Based on paragraphs above, Japan has good capacity to create HSR or *Shinkansen*. Japan is recognized as the pioneer on HSR. Their *Shinkansen* is called as a breakthrough on railway development in 1960s. The establishment of *Shinkansen* was considered very fast since Japan has vision to link four main islands after introduced their vision of linking the four main islands with *Shinkansen*. The using of advanced technology for

Shinkansen was already implemented since the first establishment with the average speed from 260km/h.

In the beginning of the establishment Jakarta-Bandung HSR Project, Japanese had submitted their Feasibility Report of this project in 2011. However, in Susilo Bambang Yudhoyono administration thought the other sectors was still need money of investment. Later, the HSR project initiation was postponed. After Joko Widodo elected as new president, he re-opened for investment for this program. Japan sent their proposal for this project cooperation. However, the proposal was rejected. The reasons are, first, Japan proposal was expensive although the offers was Japanese *Shinkansen*, second, in proposal still the national budget still involved with guarantee (Praditya, Perbedaan Proposal Proyek Kereta Cepat China dan Jepang, 2016).

3. 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.

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, Perbedaan Proposal Proyek Kereta Cepat China dan Jepang, 2016).