

Nickel Downstream and Indonesia's Economic Diplomacy towards China

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ABSTRAK

Indonesia, sebuah negara berkembang yang kaya akan sumber daya mineral, tengah mengejar kebijakan strategis industri hilir nikel untuk meningkatkan perekonomiannya. Hal ini melibatkan pengendalian ekspor bijih nikel dan promosi pendirian pabrik peleburan untuk pengolahan. Penelitian ini mengkaji implementasi kebijakan tersebut dan dampaknya pada hubungan ekonomi Indonesia dengan China. Studi ini menggunakan metode kualitatif dan menerapkan fase-fase diplomasi ekonomi oleh Kishan S. Rana: Salesmanship Ekonomi, Jaringan Ekonomi, Pembangunan Citra / Pencitraan Bangsa, dan Regulasi Manajemen & Sumber Daya. Pemberlakuan Undang-Undang Mineral dan Batubara pada tahun 2014 dan 2020 telah mempengaruhi diplomasi ekonomi Indonesia dengan China. Temuan utama mencakup pergeseran fokus investasi dari pertambangan ke peleburan, ekspor produk nikel bernilai tambah lebih tinggi, prioritas pengembangan industri baterai kendaraan listrik, dan intensifikasi upaya diplomasi ekonomi melalui promosi investasi dan perdagangan. Unit kluster khusus berperan penting dalam strategi ini.

Keywords: Hilir Nikel, Kerjasama Ekonomi Indonesia-China, Pabrik Peleburan, Investasi China, Pengeksportan Indonesia

ABSTRACT

Indonesia, a developing country rich in mineral resources, is pursuing a strategic nickel downstream industry policy to enhance its economy. This involves controlling nickel ore exports and promoting the establishment of smelters for processing. The research examines the implementation of this policy and its impact on Indonesia's economic relations with China. The study employs qualitative methods and applies Kishan S. Rana's economic diplomacy phases: Economic Salesmanship, Economic Networking, Image Building/Nation Branding, and Management Regulation & Resources. The enactment of Mineral and Coal Laws in 2014 and 2020 has influenced Indonesia's economic diplomacy with China. Key findings include Indonesia's shift from mining to smelter investment focus, exporting higher value-added nickel products, prioritizing EV battery industry development, and intensifying economic diplomacy efforts through investment and trade promotions. Special cluster units are playing an increasing role in this strategy.

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

INTRODUCTION

Downstream is a strategy that the government generally carries out to increase the added value of commodities, especially in natural resources owned by a country, so that goods exported are no longer in the form of raw materials but semi-finished goods or finished goods which have much higher selling value (Fitriyani, 2022). Undeniably, downstream is the primary key to increasing the nation's competitiveness and a strategic policy for governments everywhere, especially developing countries, to make their country a developed country in terms of economic trade.

The paramount urgency for the downstream is to increase the added value of commodities. However, it is also necessary to note that downstream is carried out to (1) Strengthen the industrial structure through increased investment or expansion to meet domestic needs, substitute imported raw materials, and fill the export market, (2) Increase domestic opportunities by providing new jobs and increasing labor absorption, (3) Regarding economic cooperation, downstream can attract foreign investors into the country and generate extensive foreign exchange from exports (KEMENPRIN, 2022). The Indonesian government is transforming the management of raw material commodities owned by the state to become a competitive advantage based on science and technology (Ministry of Industry, 2013). As a concrete action on the constitution mandate, the government issued a strategic policy, namely the nickel downstream industry, by strictly prohibiting the export of mining raw materials.

The government's high commitment to downstream the nickel industry is due to the increasing need for nickel supplies by the world, especially as a raw material for making electric vehicle (EV) batteries to support the growth of the energy transition and lower emission targets (Ministry of Industry Indonesia, 2019). Seeing this as an opportunity, the government accelerates and strictly enforces the export ban on raw nickel materials and focuses on building smelters to process nickel ore domestically so that it becomes a product with added value and a high selling price.

Even though the downstream of the nickel industry has a good purpose, its implementation has caused many different responses or reactions from each country, which is very dependent on Indonesian nickel. This reaction, among others, came from the European Union, which was very cons and opposed to the policy of downstream the nickel industry by stopping the export of nickel ore or raw materials (Sugianto, 2023). European Union filed a lawsuit to the WTO, arguing that this policy had been carried out unfairly and had caused losses to EU producers who needed Nickel from Indonesia. In contrast to the European Union, this became a stimulus for China to formulate a new strategy. China is using this as an opportunity to increase economic cooperation through investment in the construction of smelters in Indonesia and the nickel trade. China is even listed as Indonesia's largest investor and importer country for nickel ore production (Pandyaswargo, Wibowo, Maghfiroh, Rezqita, & Onoda, 2021).

Previous studies have only explained what kind of impact the downstream nickel industry in Indonesia has. The positive effects include an increase in foreign investment in Indonesia. As for the negative impact, previous studies have focused more on decreasing state income due to the cessation of exports of raw materials and the unpreparedness of Indonesia's nickel downstream industry. Most of the research focuses on the significance of the downstream nickel industry from the results or impacts directly obtained by the state. However, within the scope of international relations, previous studies have not discussed how industrial downstream policies can become the main instrument that drives Economic Diplomacy between Indonesia and specific countries to enhance

bilateral economic cooperation. Referring to this, the focus of this research is to examine how the nickel downstream policy influences Indonesia's Economic Diplomacy bilaterally.

This study use the concept of economic diplomacy put forward by Kishan Rana (2004) argues that Economic Diplomacy is the process through which countries tackle the outside world to maximize their national gain in all fields of activity, including trade, investment, and other forms of economically beneficial exchanges, where they enjoy comparative advantages; it has bilateral, regional, and multilateral dimensions, each of which is important. From Rana's explanation, a country's economic diplomacy conceptually aims to maximize its role in the international environment through trade and investment activities to benefit the country.

Rana (2004) also argues that Economic Diplomacy is the process through which countries tackle the outside world to maximize their national gain in all fields of activity, including trade, investment, and other forms of economically beneficial exchanges, where they enjoy comparative advantages; it has bilateral, regional, and multilateral dimensions, each of which is important. From Rana's explanation, a country's economic diplomacy conceptually aims to maximize its role in the international environment through trade and investment activities to benefit the country. Rana (2007) divides the concept of economic diplomacy of developing countries into four stages to maximize their national advantage and focus on trade and investment. The four stages that can be carried out including:

1. **Economic Salesmanship**, where the state, through the Ministry of foreign affairs, carries out several promotions, both trade and investment abroad, to improve the country's economy.
2. **Economic networking**. In this stage of the diplomacy strategy, the state's efforts to promote investment and trade have involved multi-actor collaboration, both government and non-government institutions. Non-governmental actors who can be involved in this partnership include companies, industry bodies, chambers of commerce, think tanks, and business schools.
3. **Image Building/Promotion**. At this stage, efforts are being made to promote the image and reputation of the country by involving public and private partnerships.
4. **Regulation Management and Resources**. This stage is related to regulatory arrangements in multi-actor cooperation, both government and business, at the level of bilateral, regional, and multilateral cooperation. These agreements can change to free trade agreements, negotiations, and agreements in specific cooperation forums to reduce trade barriers and investment in economic cooperation and simultaneously as a strategy to optimize profits and benefits from economic cooperation.

METHOD

The methodology used in this research is the qualitative method, focusing on implementing the downstream nickel industry policy and its implications for Economic Diplomacy between Indonesia and China regarding trade and foreign investment. The data used is secondary data originating from research data sources from the internet based on research topics, data and reports from official websites of government agencies and related ministries, and national and international webinars related to the downstream nickel industry and Indonesian economic cooperation with China, as well as national and international news related to the downstream potential of the nickel industry and the development of cooperation between Indonesia and China in the trade sector. In addition, other data to support this research comes from the results of webinars and media interviews with government figures and stakeholders relevant to the topic of the nickel industry downstream about the economic

cooperation concerned to see how the urgency of this downstream nickel policy, the role of the government and related actors others to encourage the optimization of nickel downstream, and also to find out the implications of the nickel downstream policy before and after its implementation on the value of trade and foreign investment coming into Indonesia.

RESULT

The development of rapid economic cooperation and diplomacy between Indonesia and China at this time cannot be separated from the past diplomatic history of the two countries. Indonesia and China have started diplomatic relations since 1950. The traditional friendship shared by the two countries has a long history, departing from almost the same bitter past and the same desire to maintain peace and promote the economy is an essential historical foundation for efforts to improve friendly, harmonious, and trusting cooperation between China and Indonesia (Liji, 2012).

Under President Joko Widodo's Presidency, the strategic partnership between the two countries can be seen from the political commitment of the two countries leaders to establish an equal relationship in a comprehensive and mutually respectful partnership, increasing trade value and investment activities (Oratmangun, 2020). The success of the economic cooperation between the two countries (Indonesia-China) in the BRI China strategy can be seen from the construction of various strategic infrastructures such as the Jakarta-Bandung fast train project, the digital technology development center on Bali Turtle Island, the Karawang Industrial area, and the Morowali industrial area.

Economic diplomacy is the main priority of diplomatic missions abroad to implement Indonesia's policy priorities to achieve national interests in the economic field. The economic diplomacy promoted by the Indonesian government relates to managing Indonesia's foreign relations in the economic field, including export-import activities, foreign loans, aid, and international trade and investment.

In the context of the Indonesia-China bilateral relations, the policy towards Nickel Downstream Industry in Indonesia is an effort to increase economic cooperation between the two countries, especially in investment and trade. The intended economic diplomacy includes investment promotion activities and business/trade promotion to attract foreign investors from China in building a nickel processing industry and increasing exports of nickel-processed products to China as an importing country.

One of China's fastest-growing manufacturing industries is the stainless-steel industry. The accelerated growth of the stainless-steel industry in China certainly significantly affects the demand for supplies of processed raw materials to support the industry. One of leading China urgently needs to keep its industrial operations is nickel. The need for nickel is high, and the capacity for nickel mineral resources, which is very little owned by the state, makes China always try to import nickel mining products or raw materials, one of which is from Indonesia (Merwin, 2022).

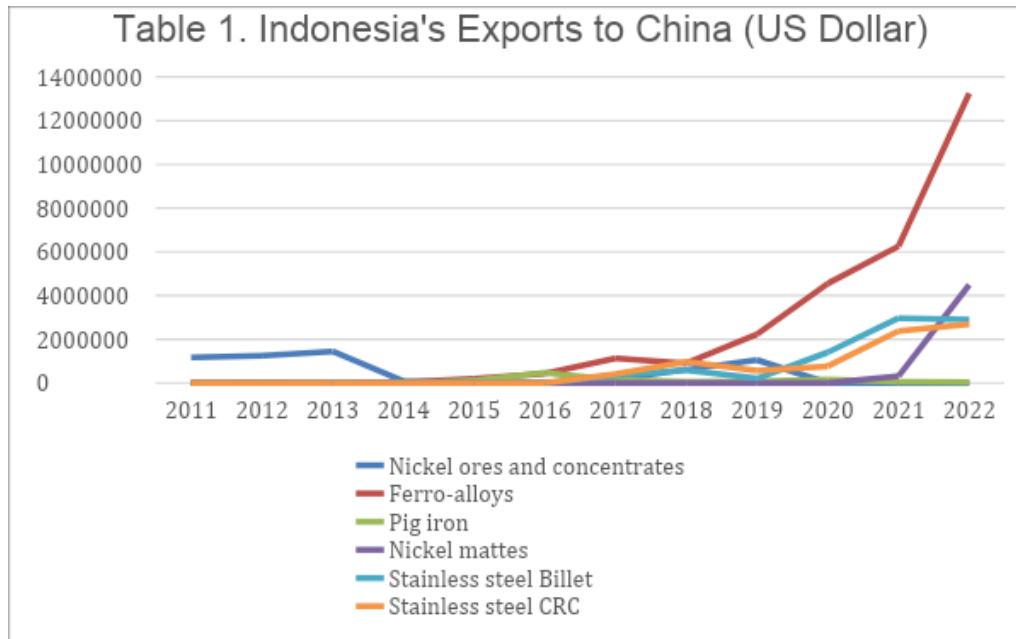
Indonesia takes advantage of this natural wealth by carrying out various kinds of massive nickel mining activities to be sold and exported to other countries. Most of Indonesia's nickel commodity potential for export is nickel ore, which tends to have a lower selling price than finished nickel processed goods. During the last few years before the enactment of the Mineral and Coal Law, Indonesia only depended on exporting raw mining materials without prior processing or refining into products with high added value (Haryadi & Yunianto, 2016).

With the potential for mutual benefits for the two countries, where Indonesia has large nickel reserves and China with its high industrial demand for nickel processing, the two countries tend to carry out significant export-import trade yearly. China and Indonesia actively carry out nickel export and import activities to meet their national needs. Indonesia fulfills its national economic needs through mining activities and exports of mining goods to support state revenues. In contrast, China achieves its national interests by importing nickel to support its domestic industry. China's need for nickel to meet the stainless-steel industry continues to increase; this can be seen from the activity of nickel imports, which continues to grow from year to year.

When the downstream of the nickel industry was implemented, Indonesia and China, as nickel export-import trade partners, experienced a significant impact. Even though the downstream goal is to create high-added value to nickel processing products, Indonesia also suffers losses to state revenues from nickel ore exports in the short term. It does not derive income from exporting raw materials. In addition, China itself, as the largest nickel importer from Indonesia, experienced a tremendous impact, where China experienced a shortage or crisis of nickel-processed raw materials.

Based on the Ministry of Trade data 2016, Indonesia contributes around 60% of China's nickel needs to support its industry. Therefore, since the ban on the export of raw nickel ore, China has suspended operations in almost all of its main areas, especially stainless steel and Nickel Chromium factories in Central China and smelters in East China Province, due to limitations in raw materials for nickel processing. China has finally partnered with other countries as producers to import nickel ore to overcome the scarcity of raw nickel materials. Some sources say that China is trying to find nickel supplies in the West African region to meet the shortage of nickel for its industrial needs. However, the West African area cannot meet China's nickel needs because the potential for nickel is small and limited (Pigato & Tang, 2015). Apart from that, China is also trying to fulfill its nickel needs by importing more nickel from the Philippines, a country with relatively large nickel reserves. However, this dependence created an imbalance between the high demand for raw materials and the limited availability of nickel as a raw material (Muas, 2019).

To overcome this crisis, the Chinese government strategized to meet domestic nickel supplies to smooth industrial production. The Chinese government then invested in smelters in Indonesia, namely in the Maluku, Kalimantan, and Sulawesi regions, with the most extensive nickel reserves in Indonesia. In addition to the increase in investment, Indonesia's exports of nickel-processed products to China have also increased rapidly. The economic growth rate from the implementation of downstream nickel industry policies in Indonesia has continued to grow even during the pandemic; when the government was aggressively banning the export of nickel materials from encouraging downstream production, Indonesia's economy managed to increase by 19% and is predicted to experience a significant increase in the following years due to the development of China's electric car industry (Kompas.com, 2021).



Sources: Processed from trade-map (2011- 2022)

The data from table 1 represents the realization of exports of nickel and its processed products before and after the enactment of the Mineral and Coal Law in 2014 and 2020. Before the enactment of the Mineral and Coal Law to encourage downstream of the nickel industry in 2014, only nickel ore was the only export product to China. And if you look at the values on the graph, the average range of nickel ore exports obtained is only US\$2 million. After the enactment of the Mineral and Coal Law in 2014, nickel ore exports began to stop, so the state suffered losses due to no income from the export value of nickel ore, which was the last priority. Then it experienced relaxation so that in 2017-2019 Indonesia again exported nickel ore. After that, in 2020, there was a change in the Mineral and Coal Law (Law No. 3 of 2020). The government strictly prohibits exports of raw materials starting from nickel commodities which took effect on January 1st, 2020, and focuses on exports of nickel-processed products.

Since implementing the downstream nickel industry policy after 2014, many processed nickel products such as Fero Nickel, Nickel Pig Iron, Nickel Mattes, Stainless Steel Billets, and Stainless-Steel CRC have had higher selling prices. For each of these nickel-processed products, if seen from the graph above, it is clear that there is always an increase every year. Ferronickel in 2014 only received a profit of 8.2209 dollars, while in 2022, income from Ferronickel exports amounted to 13,248,503 dollars. Nickel Pig Iron from the export value of 2014 in 2022 total exports will reach 44,309 dollars. Nickel Mattes, which were not previously exported, will only begin exporting in 2021 with a total export of 311,454 dollars and increased in 2022 to 4,488,637 dollars. Stainless steel billets which started to be consistently exported in 2016 with a total of only 3,182 dollars in 2022 increased to 2,910,478 dollars. As well as Stainless Steels Cold Roll Coil (CRC), whose export value in 2014 was only 1,474, it will increase in 2022 with total exports of 2,679,499 dollars (Trade Map, 2011-2022).

DISCUSSION

Based on the above data, it is known that there has been a very significant increase in the export value of processed nickel products from the downstream nickel industry. The increase in

exports of nickel products was inseparable from Indonesia's economic diplomacy, which then succeeded in attracting foreign investors, especially from China, to establish some nickel processing smelter, which produced a variety of nickel-processed products and had relatively higher sales. Based on data on the development of the export value of Indonesian nickel products, it is known that economic diplomacy through investment promotion to encourage the downstream nickel industry in Indonesia greatly influences investment from smelter construction and increases the export value of processed nickel products.

Economic Salesmanship

Economic Salesmanship is the primary stage or the first strategy in economic diplomacy. Economic salesmanship activities to improve strategic policies for the downstream nickel industry in Indonesia receive special attention and are the responsibility of certain government agencies in Indonesia. In practice, salesmanship activities aim to promote superior products or commodities and investment potential for foreign companies in Indonesia.

According to Kishan Rana, economic salesmanship is a stage in which the state uses its official agents (diplomats or ambassadors) to promote trade and direct investment abroad. The active role of salesmanship activities in Indonesia's economic diplomacy was emphasized by President Joko Widodo, who stated the role of Indonesian diplomats as salespersons in promoting Indonesia. Furthermore, the foreign minister in his remarks, stated that the diplomats cannot work alone. Diplomacy is not only the responsibility of diplomats but the role of all levels of society to participate and contribute. AB Susanto (2021) stated that the stakeholders responsible for economic diplomacy include ministerial institutions (Ministry of Foreign Affairs, Ministry of Trade, Ministry of Industry, Ministry of Finance, Ministry of Investment/*BKPM*), embassies and consulates, as well as non-governmental organizations such as the Chamber of Commerce and Industry (*KADIN*).

Before the implementation of the Nickel Industry downstream, the Indonesian government carried out a number of economic diplomacies through the Business Forum which was directly sponsored by the Indonesian Embassy in China, and direct Economic Cooperation between the Government of Indonesia and China in Indonesia - China Energy Forum program as the annual program of the two countries. In the implementation of the two programs, it can be seen clearly that the Government is the focal point to promote investment prospects in the nickel mining sector to potential Chinese investors. This Economic Salesmanship can be seen in the role of the Government of Indonesia through the Indonesian Embassy in Beijing in collaboration with the Investment Coordinating Board (at that time not yet a Ministry Institution), the Indonesian Chamber of Commerce, and several local companies in holding investment forums at Indonesia Week 2009 activities to offer or promote projects in the mining sector, one of them in Nickel sector. In this activity, the government continues to try to convince potential investors by disclosing the future roadmap for Indonesian mining through plans to ban exports of raw minerals in the future to encourage Chinese investors to invest in mining, smelters, and refineries.

While after the implementation of the downstream policy, Indonesia's Economic Diplomacy in promoting investment potential in the downstream sector of the nickel industry in Indonesia, the Republic of Indonesia's embassy in Beijing in cooperation with the central government in the country, conducts various activities such as working visits, conducting business forums, and participating in exhibitions or exports. All the activities are sponsored mainly by the Indonesia Embassy in China as the Indonesia representative abroad and remain collaborate with the Indonesia national governments, and so on (KBRI Beijing , 2016; KBRI Beijing, 2019; KBRI Beijing, 2021).

The activities in promoting the nickel industry investments include the Trade and Investment Forum on Energy Mineral and Infrastructure in Chongqing, People's Republic of China; the Indonesia Business Forum Meeting of Mineral Enterprises in Crowne Plaza Beijing Sun Palace, Beijing, China; Investment and Trade business meeting at the Hotel Marriot North East Beijing; The 5th Indonesia-China Energy Forum (ICEF V); Working Visit of the Deputy chairman of the People's Representative Council of the Republic of Indonesia to China-Exploring National Electric Vehicle Cooperation, The 11th China-ASEAN Mining Cooperation Forum & Exhibition 2021 in Nanning City, Guangxi Province, China; Visit of the Indonesian Ambassador to the Head Office of Contemporary Amperex Technology CO.LTD. (CATL).

Economic Networking

Before the implementation of the Nickel Downstream Policy, Economic Networking to increase investment in the nickel mining sector in Indonesia, it can be seen clearly that in every business forum that is carried out, the Government does not act alone, there will be active involvement with non-governmental organizations, especially businesspeople, to enhance cooperation in the nickel mining sector by the two countries in Indonesia. In the two business forums that were held at the Indonesia Week and Indonesia-China Mineral Forum events, the Government was not present alone but there was active involvement from entrepreneurs or businesspeople in every business forum held. In the investment forum at the Indonesia Week event, the government involved *KADIN* and *BKPM* to work together to promote prospects for nickel mining in Indonesia to potential investors. Apart from that, in the series of Indonesia-China Mineral Forum activities, the government also invited businesspeople to identify opportunities for cooperation and investment in the mining sector between the two countries (Indonesia-China) (China Daily, 2009).

In addition, Economic Networking in Indonesia's economic diplomacy prior to the enactment of the nickel industry downstream policy can also be seen from the Business to Businesspeople relationship to establish cooperation in nickel mineral mining activities through the signing of an MoU in several areas of cooperation in the nickel mining sector, namely: 1). Jinchuan Group Ltd investment of US\$ 2 billion for the construction of a Nickel Factory in Sulawesi Southeast, 2) Construction of a power plant and exploitation of nickel worth US\$700 million between PT Bumi Makmur and Hanking Industrial Group, 3) Cooperation of Nickel Processing/exploitation on Seram Island between PT Indonesia Mitra Jaya and Super Power International Holding Ltd (Antara News, 2010).

While Economic Networking after the implementation of the Nickel Downstream Policy to encourage China's investment in the Nickel Industry in Indonesia could be seen through Indonesia's involvement in business matching activities in every business forum not only conducted by Indonesia itself but also conducted by China government in which bilaterally and multilaterally. Involvement in multilateral business events conducted by China is undoubtedly an opportunity to promote superior products and investments in Indonesia to buyers and entrepreneurs. This is possible because involvement in business forums and multilateral economic cooperation activities is not only attended by the government but also non-governmental bodies and domestic institutions such as *KADIN* and nickel industry companies that have been operating in Indonesia, such as Antam, IMIP, IWIP, Virtue Dragon, Weda Bay, and so on (KBRI Beijing , Laporan Tahunan KBRI Beijing tahun 2015, 2016).

In every business forum held by Indonesia and China, apart from official government-to-government meetings between the two countries, these events are followed by business-to-business meetings through Business Matching activities. Business Matching is a business meeting between businesspeople or distributors and potential investors or partners, followed

by business matching activities involving more Nickel Industry business players in Indonesia and potential investors from China (KBRI Beijing , Laporan Tahunan KBRI Beijing tahun 2015, 2016).

This Business Matching activity was carried out in several business forums, including the Business of Mineral Enterprises forum at the Crowne Plaza Beijing Sun Palace. In the forum, approximately 200 entrepreneurs and related stakeholders attended, a business meeting was held between Indonesian and Chinese businesspeople engaged in the smelter industry and aimed at exchanging information between the two parties related to the construction of smelters and the potential development of nickel in Indonesia.

In addition, during the Trade and Investment Forum on Energy Mineral and Infrastructure in Chongqing, the People's Republic of China, on 28 April 2014, a one-on-one meeting (business matching) activity was also held, which aimed to provide opportunities for Chinese entrepreneurs to follow up on investment opportunities in the mineral sector, coal, and infrastructure. In addition, in this business matching, Chinese investors can also state the licensing mechanism and investment opportunities in the mineral, coal, and infrastructure sectors.

This Business Matching is an effort to involve the role of non-governmental or private institutions to increase networking among business actors in the nickel industry, which has implications for the development of investment in Indonesia. Nickel industry businesspeople, especially foreign investors, especially Chinese companies that previously operated in Indonesian nickel smelters, were also present in this business forum to fill in sharing sessions which aim to provide experience and best practices while operating in Indonesia. This effort will convince business people and potential foreign investors further that potential investors will immediately receive information from the government and fellow business partners.

Image Building/Promotion

Image building is an important element in economic activity to promote a country's excellence or good image. Indonesia's strategy Image building before the enactment of the downstream nickel policy can be seen from a number of activities carried out where every business forum conducted by the Indonesian government always raises the prospect of adequate and guaranteed nickel mining in the future for potential investors. In addition, even though the implementation of downstream nickel industry in Indonesia has not yet been implemented, in several business forums or investments carried out by the two countries, the Indonesian government continues to introduce an overview of Indonesia's policies in the mining sector that in future Indonesia will ban exports of raw nickel and focus on the nickel processing industry into finished or semi-finished goods. So that in this way, it can encourage the interest of potential investors from China to be interested in investing in Indonesia, this is as emphasized by. Because the downstream policy was still in the planning stage and at that time there were still very few nickel industry companies operating. The government only generally introduces the concept of strategic policies for the nickel industry going forward without intensively conducting sharing sessions and best practices from every nickel company already operating in Indonesia. The government's focus at that time was only to bring in more Chinese investors in the nickel processing industry, be it in mining, refining, or refining.

However, after the implementation of the nickel downstream policy, Indonesia's focus gradually changed where Indonesia through the legitimacy of the government and related stakeholders in the form of introducing Indonesia as a player in the Nickel Value Chain. Indonesia consistently implemented the implementation of nickel downstream policies by prohibiting the export of raw nickel goods to countries including China and focusing on empowering & operating the nickel

industry to process nickel into semi-finished products or finished products domestically. Indonesia's strategy for building an image can be seen through every business forum and working visit of the Indonesian government to China in promoting sustainability and Indonesia's readiness in Nickel Industry operation through the particular forum between business people (KBRI Beijing , 2016; KBRI Beijing, 2019; Kementerian ESDM, 2014).

One of Indonesia's strategies for image-building activities in encouraging the nickel downstream industry and attracting more China Investment in Indonesia are carried out through the business forum meeting of mineral enterprises conducted by the Indonesian government in China. In this business forum, the government presents nickel processing industry investors currently operating in Indonesia to fill in a special session: opportunities, challenges, and experiences.

The nickel industry investors or companies presented were Chinese primarily companies operating in Indonesia. The aim is to provide experience or best practices while operating in Indonesia. Image building/image promotion activities are carried out in the form of sharing sessions or honest reviews conducted directly by Chinese companies, one of which is the Indonesia Business Forum Meeting of Mineral Enterprises, where the government presents Fuhai Group Investment and PT Indonesia Morowali Industrial Park who convey their activities in the industry Indonesian mining, Indonesia's promising market potential in ASEAN, access to natural resources (adequate nickel commodity) to support industrial activities, which is promising in Indonesia. However, apart from Indonesia's potential, foreign investors also often provide input to the Indonesian government to continue to improve and reform regulatory management, such as certainty of government regulations and availability of infrastructure.

Image-building activities are also carried out through Enterprises Promotion Center sessions in every business forum by presenting nickel processing business/industry actors to promote full support for increasing domestic processing and the great potential for investment in Indonesia's mineral (nickel) industry. So that in this business, entrepreneurs tend to open up opportunities for potential investors to invest/in joint ventures in developing the nickel processing industry. In addition, in a broader context in terms of trade, after the nickel downstream industry, Indonesia's focus is to make itself the largest exporter of stainless steel in the world, so that based on statistical data, after the nickel downstream industry, especially after 2020, Indonesia has consistently stopped ore exports raw nickel and focuses on exports of nickel processed products which have high added value.

Regulation Management and Resources

Before the enactment of the downstream Nickel Industry, Indonesia's legal basis for conducting Mining Business in the nickel industry was the Mineral and Coal Law number 11 of 1967, in which there was no regulation regarding Industrial downstream for mineral and coal commodities to be processed into finished or semi-finished goods that have high added value (PUSHEP, 2020). So that this affects Indonesia's economic diplomacy activities, where in the two business forums conducted by Indonesia and China at the Indonesia Week event in Chongqing People's Republic of China on April 28, 2014, and the 4th Indonesia - China Energy Forum on October 25, 2010, at China Hall, Pudong Shangri-La Hotel-Shanghai China, Indonesia still prioritizes investment in the mining sector even though Indonesia also has a future roadmap to focus on the high value-added nickel processing industry. In addition to promotional investments that are still being made to attract investors in the mining sector, Indonesia was also still relying on and legalizing the export of raw nickel ore to importing countries, especially China, which has a high demand for nickel in its domestic stainless-steel industry.

Whereas after the enactment of the downstream nickel policy regulated in the mineral and coal law number 4 of 2009 which was later refined by law number 3 of 2020, Indonesia no longer prioritizes the mining sector for the development of the nickel industry. From several promotional investment activities carried out by the Indonesian government and related stakeholders from 2014 - 2022, Indonesia has focused more on managing nickel products into semi-finished goods and finished goods through smelting activities, so this has influenced Indonesia's investment promotion activities which prioritize more on smelter development and nickel processing industry. Besides that, the implementation of the downstream nickel industry which was implemented after the amendment to the Minerba Law number 3 of 2020 also affected the government's priority to make Indonesia not only a producer of stainless steel but a fully integrated for EV and EV battery production.

In addition, to develop the EV battery supply chain, the Indonesian government formed a special group, namely the Indonesia Battery Corporation (IBC) consisting of PT Aneka Tambang, Inalum, PERTAMINA, and PLN to realize Indonesia as a global electric vehicle battery producer that is holding by the BUMN Ministry (Indonesia Battery Corp, n.d.). In cooperation with partners, PT IBC itself has carried out investment/joint venture cooperation with the Chinese company PT Ningbo Contemporary Brunp Lygent Co.Ltd. (CBL) with LG Energy Solution from Korea for the development of an integrated electric vehicle battery ecosystem from upstream to downstream.

CONCLUSION

The Nickel Downstream Policy's implementation has had a significant impact on Indonesia's economic diplomacy model, which can be studied through the economic diplomacy carried out by Indonesia before and after the implementation of the downstream nickel industry through the promotion of Indonesian investment and trade. The economic salesmanship was demonstrated in the government's position as an authorized organization pursuing economic diplomacy overseas. The role of the Indonesian government, particularly diplomats at the Indonesian Embassy in Beijing, may be viewed in terms of investment promotion and business conferences. Based on the practice of economic diplomacy in the nickel mining and industry sector prior to and after the implementation of the nickel Downstream Policy, the government took an active role in promoting investment collaboration with the National Government of Indonesia in both time periods.

The economic networking was observed in investment promotion through business matching, which includes more stakeholders in non-government industrial enterprises aiming to enhance networking among businesspeople in order to attract more investors. Based on economic diplomacy practice, the government already employed non-governmental players, particularly business people, in advocating investment in the nickel sector before and after the adoption of Nickel Downstream. Meanwhile, image building may be observed in efforts connected to fostering excellence or the positive image of a country. Prior to the adoption of the Nickel Downstream Policy, the government focused more on maintaining the prospects for investment in the nickel mining industry due to Indonesia's significant nickel deposits. Whereas, following the implementation of the downstream nickel policy, Indonesia's economic diplomacy strategy began to develop, the government not only reassured potential investors of Indonesia's high nickel reserves, but the government also involved businesspeople, particularly Chinese investors who had previously operated in Indonesia, in sharing practical experience and best practices related to challenges, advantages, and investment opportunities in Indonesia.

Management Regulation and Resources are evident in the establishment of legal frameworks that serve as policy benchmarks to stimulate Indonesia's downstream nickel industry. Economic diplomacy, which involves various stakeholders, necessitates regulatory initiatives at bilateral,

regional, and global levels. These encompass negotiations for free trade zones, energy access pacts, and regional diplomacy through emerging alliances. In the pre-downstream nickel era, Indonesia's economic diplomacy was guided by the 1967 Mineral and Coal Law. Absent export restrictions on raw materials, the focus was on prioritizing the nickel mining sector, allowing foreign entities to exploit Indonesian minerals. No new consortium was formed to enhance nickel investment and trade.

Following the enactment of the 2014 and 2020 Mineral and Coal Acts that regulated the downstream nickel industry, Indonesia's economic diplomacy intensified. Stringent bans on raw material exports marked this phase. These export bans compelled Indonesia to encourage investments not solely in mining but also in nickel processing for stainless steel goods and EV batteries. To optimize economic diplomacy, the government established the Indonesia Battery Corp (IBC), a specialized entity aimed at realizing Indonesia's potential as a global electric vehicle battery manufacturer.

In essence, the dimension of Management Regulation and Resources is illuminated through the creation of legal frameworks to incentivize Indonesia's downstream nickel sector. Economic diplomacy's realm encompasses diverse regulatory endeavors, including the formulation of trade agreements and alliances. Pre-policy implementation, Indonesia focused on mining, while the post-policy era saw heightened diplomacy efforts, strengthened by export prohibitions and the inception of the IBC to enhance Indonesia's position in the global EV battery market.

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