

## **China Digital Silk Road And Indonesia Digital Transformation**

**Muhammad Abdurrohim**

Lecturer of International Relations, Satya Negara Indonesia University

Email: [abdurrohim.muham@gmail.com](mailto:abdurrohim.muham@gmail.com)

**Radita Gora Tayibnapis**

Lecturer of Information Science, University of Pembangunan Negara Nasional Veteran,  
Jakarta

Email: [Radita.Gora026@gmail.com](mailto:Radita.Gora026@gmail.com)

### *Abstract*

*The Belt and Road Initiative (BRI), the signature project of the Xi Jinping regime, has established a wide range of lofty goals. This policy would usher in a new chapter of Beijing integration into the global market system and expand Chinese influence. Under BRI policy, China's now-powerful digital companies and digital power actively sought a significant position in cyberspace under the policy banner of establishing a Digital Silk Road (DSR). Under this project, Beijing has multiple policy mechanisms to spread its digital power. Indonesia's enormous digital economy potential has become a significant target of this project. Using the qualitative method and analysing with neoclassical realist, this research will explain the Indonesian domestic factors concerning China's digital silk road. This research argues that the digital silk road in Indonesia has made more progress than other BRI projects because the DSR has integrated with the government, private sectors, and parliament's need for digital transformation. When the approval rating of domestic stakeholders is high, the success of the cooperation will be high too.*

**Keywords:** Digital Silk Road, China Foreign Policy, Domestic Politics, Indonesia Foreign Policy

### **Abstrak**

Program Belt and Road Initiative (BRI) menjadi salah satu program kunci yang dimiliki Xi Jinping yang melingkupi berbagai macam tujuan untuk membawa China dalam fase yang baru dalam intergrasinya terhadap pasar internasional dan memperbesar pengaruhnya. Sebagai negara yang pada hari ini memiliki kemampuan digital yang kuat, China berusaha menjadikan negara mereka sebagai kekuatan besar digital melalui kebijakan Digital Silk Road (DSR). Melalui kebijakan ini, China memiliki beberapa mekanisme kebijakan untuk menyebarkan pengaruh kekuatan digital mereka. Indonesia sebagai negara dengan potensi ekonomi digital yang sangat besar menjadi salah satu negara tujuan dari program ini. Dengan menggunakan metode kualitatif dan dianalisis dengan neoclassical realisme, penelitian ini akan menjelaskan faktor domestik di Indonesia terhadap program digital silk road milik China. Penelitian ini berargumen bahwa digital silk road memiliki kemajuan lebih bagus daripada

program BRI yang lain dikarenakan DSR telah berintegrasi dengan kebutuhan pemerintah, DPR, dan perusahaan privat akan transformasi digital. Ketika aktor domestik memiliki tingkat kepercayaan yang tinggi terhadap mitra kerjasama dari luar, maka kesuksesan kerjasama tersebut juga lebih bisa berjalan.

**Kata kunci:** Jalur Sutra Digital, Kebijakan Luar Negeri China, Politik Domestik, Kebijakan Luar Negeri Indonesia.

## **Introduction (TNR 12pt spasi 1,5)**

One of the principals defining features of this decade is the rise of Asia countries led by The People's Republic of China (PRC) and the reinterpretation of international order and norms that follow it. Since China is taking place in the international arena, there is always a question about Beijing's direction in the international order that is influenced by the nature of its domestic politics and the economic method they are conducted, and its intention to become a great power. As a rising power, China has to be responsible for the held international order that benefitted them to the point that makes Beijing became the secondary power only behind America. Would it want to alter or undermine the liberal international order that benefitted them, or would it settle for the status quo?(A. Johnston, 2003)

The dilemma followed by China's rise is consequential of the fifth-generation Chinese Communist Party (CCP) leadership under Xi Jinping. Beijing's foreign policy shifted from risk-averse vigilance under Hu Jintao into optimistic 'dreaming' of a better world where Beijing will have recovered its rightful place in the international system.(Ferdinand, 2016) From the second generation of CCP leaders under Deng Xiaoping to the fourth

generation under Hu Jintao, China needed to follow the international community or international order dictated to them by hegemonic power dominated by the West. Deng Xiaoping was a paramount leader of the CCP who reformed China to become what we see today, emphasizing the "hide and bide" approach to international order to avoid antagonizing China's position in the international community.(Keith, 2018) On the other hand, Xi Jinping tried to place China in the "center of the stage" in the international system. The distinguishing feature of Xi Jinping's foreign policy regarding its intention to gain a place for China is the One Belt, One Road (OBOR), which changed into Belt and Road Initiative (BRI) along the way.

Under Xi Jinping, China's foreign policy tried to put Beijing at the center of international community development for the upcoming decade or even century. With Belt and Road Initiative (BRI) is a mega project that will include 62,3% of the world population or 6.6 billion inhabitants as the project starting point in 2015.(Bruni, 2019) Because of the massive effect, BRI brings on the international community, the grand strategy of Xi Jinping's foreign policy has become the tipping point of discussion worldwide, whether in academia, among businessmen, or among

world leaders. According to China's white paper, BRI aims to promote the connectivity of [the] Asian, European, and African continents and their adjacent seas...[and] set up all-dimensional, multi-tiered, and composite connectivity networks.(National Development and Reform Commission (NDRC) et al., 2015)

Because of the vast impact that will emerge from the BRI project, Beijing's foreign policy under Xi Jinping has become widely debated by various academia and policymakers. Academics differ over whether China's foreign policy actions reflect a limited-goals or revisionist worldview.(A. I. Johnston, 2019) The debate surrounding the Belt and Road Initiative mainly focuses on the Silk Road Economic Belt, spreading across Central Asia and Europe, and the 21st Century Maritime Silk Road, running through Southeast Asia, Africa, and Europe. However, the third aspect - the Digital Silk Road or Information Silk Road, has little attention, whether from world leaders or academia.(Das, 2017) The development that follows of China Digital Silk Road (DSR) will affect how information is conducted in the digitalized world.

In today's modern world, how information is processed and conducted

significantly influences the power that masters it. DSR is determined effort is being made to build a global information network with China at its core.(Shen, 2018) In effect of this technological development policy, China is developing its sticky power through technological "packages" made up of satellite systems, communications networks, intelligent ports, e-commerce, and digital currency.<sup>1</sup> In the future digitalized world, this attempt will influence the international digital order dominated by the western idea of cyberspace. Fundamentally, this is an ongoing project to gradually establish an order more aligned with China's interests, initially at the regional and global levels.

The numerous digital and telecommunications infrastructure projects the PRC implements in BRI member states are called the "Digital Silk Road." New technology bundles China gives in DSR will give the government more authority as the global economy becomes increasingly digitalized, and the ability to capture personal data grows. The first is the development of the DSR, through which Beijing promotes and exports not only its technology firms, items, and guidelines but

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<sup>1</sup> For a discussion of sticky power, see Walter R. Mead, "America's Sticky Power," Foreign Policy, March/April 2004, 46–53.

also its development model, governance model, and a China-centric trade and financial system.(Hemmings, 2020) Beijing does this by investing in and financing communications infrastructure projects within recipient nations, including Indonesia.

The DSR project consists of four linked, technologically oriented projects.(Cheney, 2019) First, China invests in digital infrastructures abroad, such as data centers, fiber optic cables, and next-generation cellular networks. Second, it has a domestic emphasis on creating advance technologies crucial to the strength of the world's economy and military services. Third, the Digital Silk Road encourages e-commerce through virtual free trade zones because China understands how important economic interdependence is to its ability to exert influence abroad. Last but not least, for China to create its ideal international digital environment, digital diplomacy and governance, primarily through multilateral organizations, are essential. If we look at a vast area included in DSR, it will raise a question about the effect on the included country, especially Indonesia. As one of the recipients of BRI and DSR, Jakarta needs to pay attention to China's model that follows this cooperation.

DSR project often seeing as an attempt of China to expand its influence and amplify its authoritarian model. While the BRI is generally understood to be a foreign policy initiative led by China, it is crucial to view the DSR as both a foreign and domestically focused aspect of the initiative. Is it China or domestic audiences in the recipient country that heavily influences how DSR projects develop and influence their country, especially in Indonesia? As a project often seen as a method to promote illiberalism and authoritarianism, BRI and DSR projects in Indonesia need to identify the interplay between domestic actors in Indonesia and China's foreign policy, which is also influenced by domestic factors. Why domestic factors influence Indonesia's foreign policy toward China's digital silk road implementation in Indonesia, this research will focus on factors at the domestic level of Indonesia with China under the DSR project.

### **Theoretical Framework**

To identify the relations of domestic factors in both countries and their influence on foreign policy, this research will use a neoclassical realism as a theoretical approach. It is crucial to see foreign policy as a political contestation within domestic level and international

system. We can analyze international relations while considering how domestic and international politics are influence each other due to neoclassical realism approach.

Neoclassical realist emphasizes that threats and opportunities that arise in the international system, which determine each state's range of policy options, are the primary factors that regimes consider when developing their foreign policies.(Ripsman et al., 2016)The material capacity associated to domestic power that governments have to support the objectives of their foreign policies determines how states envision their foreign policies. Domestic politics "matters," not as the main reason for involvement but rather as a crucial factor in determining how it will be implemented.( steven e. Lobell et al., 2009)

Neoclassical realists fill in the gap between the second image (domestic level) and third image (international system) representations by asserting that, despite the fact that all countries are subject to certain universal forces from the international system, foreign policy behaviour can only be described by adding layers of unit-specific variables.(Rose, 1998) Even while top state leaders may

want to serve the national interest, t states' internal dynamics may limit their capacity to do so.( steven e. Lobell et al., 2009)

National conceptions, significantly established in a democracy by public consent under political leadership" is how national interests are defined.(Millar, 1978) This argument states that it is the responsibility of national leaders to consider the various individual, social, and sectional interests that exist within a nation and to incorporate them into a coherent set of policies that can be presented to both their domestic constituency and the rest of the world. According to this definition, the national interest is the culmination of individual and group interests, and it stands for what is in the best interests of society as a whole, including in cooperation with other nations or related to trade policy.

Trade policy or national security policy, according to writers like Peter Trubowitz, Helen Milner, Jack Snyder, and Michael Hiscox, is mostly the consequence of particular sectoral and/or sectional interests, pushing and hauling for particular gain.(Hiscox, 2002; Milner, 1988; Snyder, 1993; Trubowitz, 1998) As a result, distinct diplomatic, military, and economic policies reflect the capacity of limited, subnational coalitions to seize

state power and shape it in accordance with their particular interests.

To identify how domestic policy development in Indonesia, we need to categorize several actors that influence Indonesia's policy-making process. After the democratization process, at least three leading groups were involved in Indonesia's foreign-policy making process.(Mochamad Yani, 2009) They are the executive bureaucrat (President, Ministry of Foreign Affairs, Ministry of Defense/Army, Economic Ministries, National Parliament, Local Governments, Local Parliaments), the business community (Indonesian Chamber of Trade and Commerce/Kadin, Local Business Community), and other domestic actors (Ruling Party, other Political Parties, Press, Think Thank Institutions, Academia, Islamic Organizations. Article 5 of Indonesian Constitution Law Number 37/1999, which includes non-governmental organizations in its decision-making process for foreign policy, provides evidence of the transformation in Indonesia's foreign policy decision-making process, especially after the democratization and fall of Soeharto.<sup>2</sup>

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<sup>2</sup> The article says," The provisions referred to in paragraph (1) apply to all providers Foreign Relations, both government and non-government,"

To minimize the scope of research about digital silk road (DSR) in Indonesia, the author will focus on business or private sectors and bureaucrats. How these actors influence Indonesia's foreign policy regarding the DSR project in Indonesia will show the interplay of foreign policy between Jakarta and Beijing. Following Indonesia's wave of democratization, the parliament has a deciding influence on Indonesia's foreign policy as a representative of the people.(Alami, 2011) This pressure force is referencing law number 24 article 2/2000, which states that Indonesia must consult with its parliament before making an international agreement.<sup>3</sup>

On the other hand, literature that stated the influence of private sectors or businessmen in Indonesia on its foreign policy is still limited. Indonesian scholars argue that the contemporary Indonesian foreign policy elite is a triangle of business circles, the military establishment, and Islamic organization.(Novotný, 2007) However, Indonesian businessmen are not likely to be regarded as foreign policy elites. While lower-level bureaucrats may

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which refers to who can involve in Indonesia's foreign policy.

<sup>3</sup> Law number 24 paragraph 2 years 2000: The Minister gives political considerations and takes the steps required for embedding and validation of international agreement, in consultation with the House of Representatives People in matters that concern the public interest

be able to provide their opinions on specific issues, that does not necessarily mean they are in a position to make choices.(Wirajuda, 2014) Because DSR is a policy that mainly focuses on its implementation effect toward cyberspace, businessman or the private sector become essential due to cyberspace operations mainly managed by private.

### **Research Method**

This study focuses primarily on the qualitative research method that enables narrative descriptions of the interaction between the DSR issue and Indonesian domestic politics. To achieve the research goal, a qualitative approach was used with government documents about its cyberspace policy and organized configurative reports as the data. A methodology defined as qualitative research places a high priority on efforts to discover meaning and explore social and humanitarian concerns from the viewpoint of an individual or group of persons.(Creswell, 2009)

The method for data collecting involves obtaining information in the form of letters and words from reports and transcripts of official government documents, as well as from academic publications and websites.(Anderson,

2010; Bowen, Glenn, 2009) Reviewing and interpreting the data that have been gathered, organizing and categorizing them, and analyzing how they relate to variables from predetermined hypotheses are all steps in the data processing and analysis process.

### **Result and Discussion**

China's digital silk road objective

It is crucial to comprehend China's Digital Silk Road (DSR) plan to start analyzing it and developing its strategic policy responses. There is no publicly accessible thorough accounting of what the Chinese government regards as part of the DSR, as with the Belt and Road Initiative (BRI). The terms "information silk road" (*xinxi sichouzhilu*), "silk road online" (*wangshang sichouzhilu* or *hulian hutong zhi sichou zhilou*), and "digital silk road" have all been used interchangeably in policy documents over the years, with the latter term generally preferred as of about 2017, the year of the first BRI Forum in Beijing.(Erie & Streinz, 2021) The DSR, like the BRI, reveals a frenzy of discourse production that frequently obscures the actual workings of policy and reality on the ground.

The DSR is fueled by China's telecoms and e-commerce enterprises

going global. This type of globalization aims to establish digital infrastructures for developing nations and sees China as the heart of a new global digital economy. The DSR complements programs like the "Made in China 2025" plan, which seeks to advance China up the global value chain by generating "smart" manufacturing and which in 2020 secured a \$1.4 trillion boost.(Wübbeke et al., 2016) From this perspective, we can see that DSR projects are backboned by the domestic and private sector influence within China itself. Although the BRI is essentially a foreign policy initiative, it is helpful to understand it as a domestic effort by China to assert itself as the dominant technical force on the world scene to construct effective policy responses to the DSR part of the BRI.

Clayton Cheney states that the DSR consists of four major types of connected technology-focused programs after conducting extensive research and analysis of Chinese policies, official statements, academic publications, and media reports.(Cheney, 2019) First, physical infrastructure in the digital sphere, which China aims to take the lead in providing physical, and digital infrastructures, such as data centers for storing data, fiber optic cable cables for

data transmission over cyberspace, and next-generation cellular networks, or 5G technology. Chinese businesses, notably Huawei and ZTE, have inked deals to build fiber optic cable connections in nations all over the world.(Patrick, 2018) Asia's largest platform for cloud-based computing was created by Alibaba Cloud, which developed "Flying Apsaras Data Centers" (feitian shuju zhongxin)—cloud computing big data hubs—in seventeen regions of the world, including Malaysia, Indonesia, and Singapore.(Alibaba Cloud Press, 2018)

Second, digital commerce, the largest technology companies in China, are aware of the value of digital commerce and how crucial it is to the country's further ascent as an economic giant. Alibaba and Tencent have become China's most prominent companies expanding their power through e-commerce in Asia emerging markets like Indonesia. According to the Chinese government, it encourages "the development of e-commerce, supports the integration of the natural and digital economies, and works to optimize resource allocation and boost total factor productivity, which will spur innovation, change growth models, and alter economic structure.(Ministry of Foreign Affairs of the People's Republic

of China, 2018) Thus, establishing digital or e-commerce free trade zones and expanding the Chinese government's mobile payment app into international markets should be seen through the lens of the DSR.(Cheney, 2019)

Third, the development of advanced technology, which China has increased its attention and pursuit of producing future technologies which have significant strategic and economic applications. Three aspects have serious attention from Beijing in this sector: satellite navigation systems, AI (artificial intelligence), and quantum computing. However, China's efforts in creating advanced technologies are largely domestically focused, with Beijing's investment estimated to be \$209 billion.(Kennedy, 2017) When considering how to best design the initiative and strategically respond, these investments should be taken into account as part of the DSR because they will substantially impact the global balance of power driven by domestic factors.

Fourth, international norms in cyberspace and advanced technologies in an anarchical world where no other government has the authority to govern it, cyberspace become a contested sphere for China to establish its version of cyber

norm. One aspect most debatable by the government and academia around the world is Beijing's concept of cyber sovereignty.(Sarah McKune, 2018) China has a severe intention to shape cyberspace norms that, on paper, really benefitted their government and domestic economic models. The Chinese government stated that cyber sovereignty is the "Right [of individual nations] to determine their course for cyber growth, a model for cyber regulation, and cyberspace policies, as well as to participate equally in global cyberspace governance. No government shall aim to dominate the internet, meddle in the internal affairs of other nations, or engage in, condone, or promote online acts that endanger the national security of other nations."(Ministry of Foreign Affairs of the People's Republic of China, 2018) This statement emphasize Chinese government to fully control its own cyberspace.

Even non-democratic states must consider the demands of strong political actors, such as the military, economic elites, and even, occasionally, the public as a whole, if they wish to remain in power, despite the fact that democratic and non-democratic governments will differ in the way they interact with domestic actors.( steven e. Lobell et al., 2009) If we look

closely at the Chinese government sector in the focus of DSR, we can see that Beijing is working closely with domestic actors to develop this policy.

The growing demand of the market in domestic push the Chinese government to formulate foreign policy that will stimulate and expand Chinese power in the international system. This situation creates a relationship between the central government and private sectors in developing DSR and how it will be implemented in the recipient country, like Indonesia. Neoclassical realist argue that regime type is less important than relative state autonomy.( steven e. Lobell et al., 2009)

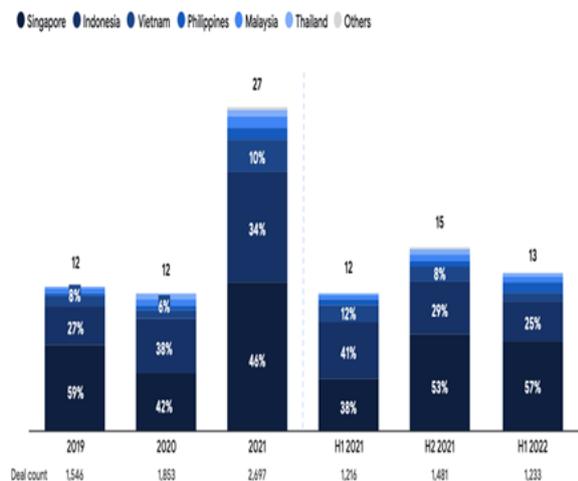
Similar to the BRI in general, there is no formal treaty enshrined in international law to bind participant nations to their adherence to the DSR. Instead, a complex web of non-binding soft law instruments, including Memoranda of Understandings (MOUs) and policy guidelines, guides how the DSR operates. These situations make the DSR project and cooperation, like in Indonesia, wrapped by several domestic actors, especially the private sector, the most influential factors determining how the DSR project is implemented in Indonesia. However, because of the policy-making

cycle in Indonesia that will include other actors outside bureaucrat, like economic interest group also become a determinant factor to be considered.

### Digital silk road in Indonesia

To expand the Chinese economy further, Beijing needs to invest more in the sectors that can catch growing demand in the future, like cyberspace, whether on its infrastructure or technology. The DSR project in Indonesia focuses on matters like promoting and developing 5G technology and purchasing and investing in the country's e-commerce and financial technology (fintech). A report from google stated that Indonesia, along with Singapore become the leading destination of private investment, especially in e-commerce sectors.(Google et al., 2022)

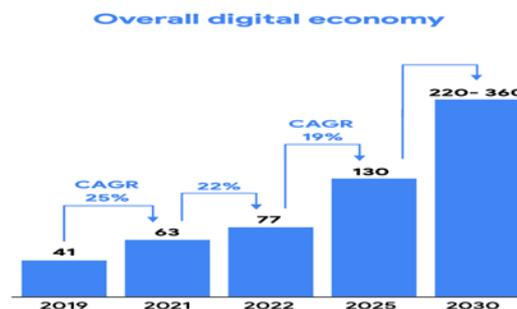
**Figure 1. Figure 2. Private Funding Value by country in SEA (\$B)**



Source: Google, TEMASEK, and Bain & Company 2022

In the same report, Indonesia with Vietnam stated that it would be the leading destination of investment related to the development of the digital economy. As the most significant population in the region, Indonesia has become a hotspot for developing digital infrastructure and economy, especially for China under the DSR project. This opportunity is reflected by Indonesia's digital economy, that in 2022 will grow to hit \$77 B in 2022.(Google et al., 2022)

**Figure 2. Indonesia's Growing Merchandise Value (GMV) in \$B**



Source: Google, TEMASEK, and Bain & Company 2022

Under the DSR project, China tried accelerating its cyberspace vision through Indonesia's growing demand. The increasing need of Indonesian people for reliable digital infrastructure and an e-commerce sector influenced China to invest heavily in Indonesian digital services. China's investment in Indonesia did not only focus on the government to government (G2G), government to business (G2B), and also business to business (B2B).

Under CAC (Cyberspace Administration of China) and BSSN (National Cyber and Crypto Agency), the government of Indonesia and China establish cyber cooperation. During China's foreign ministry visit to Indonesia, Wang Yi stated that Indonesia and China should work together to protect digital security and establish a community devoted to cyber security.(GT staff reporters, 2021) Both governments agree

to sign MoU regarding advancing cyberspace cooperation in Indonesia. Four issues become the main point of this cooperation.(Noer, 2016) The first sector is the communication and information technology strategy, which focuses on developing national infrastructure and raising awareness of cyber security for decision-making. The second is capacity building, which includes operations and methods for cyber risk management, extensive data analysis, information security, network security, digital forensics, and cyber-related challenges. Third, joint research on cyber defense and security, particularly in cryptography operation systems, cyber law, cyberterrorism, and counter-cyber intelligence. And the last is to conduct joint operations in cyber security is the following. This MoU becomes an opening phase to expand cyber cooperation, including various domestic actors in both countries under the DSR project. Even though the investment and cooperation in cyberspace are already developing in both countries, this MoU cemented China's commitment to further its cyberspace power in Indonesia, influenced by domestic private sectors.

Private sectors or businesses also become determinant factors to influence the development of DSR in Indonesia.

Huawei, as a leading business sector, especially in cyberspace infrastructure become one of the leading partners for the Indonesian government to support accelerating digital development in the country. Huawei and the Indonesian government are cooperating to build a training center for innovation in Jakarta to accelerate human resources in Indonesia's ICT (information communication technology) sector.(Kominfo, 2015) Huawei, as one of the dominant actors in China to build digital infrastructure, formulated tripartite cooperation between Huawei, BSSN, and IT Del, showing Huawei's commitment to constructing digital infrastructure in Indonesia as well as to developing digital human resources and transferring high technology.(Huawei, 2021)

Business sectors in Indonesia and China also built a relationship related to the DSR project's development in Indonesia. As one of the leading sectors in Indonesia's digital economy, E-commerce has become the primary sector heavily invested by the Chinese private sector. As one of China's most prominent digital companies, Alibaba has several investments in Indonesia, like Lazada, Tokopedia, and Bukalapak. Alibaba already acquired Lazada in 2016 with a \$1 M investment, Tokopedia who get

invested \$1,1 M in 2017, and Bukalapak through Ant Group also owns 17,4% of its asset.(Fernando, 2021) Another China digital economy giant, Tencent, also massively invested in Indonesia's cyberspace and digital sectors. Tencent invested in several Indonesia digital economy sectors, like Gojek (ride-hailing and food delivery), got, an investment of \$1,2 M; Traveloka (tourism) get to invest \$500 M and JD.ID (e-commerce).(Anggit, 2018)

If we look DSR project in Indonesia closely, there is a vast area of cooperation under this initiative. There are many aspects of the interplay between domestic and international, whether government to government (G2G), government to business (G2B), and business to business (B2B). This makes cooperation under DSR between Indonesia and China heavily influenced by domestic situations in both countries. DSR projects eventually create an interplay in the foreign policy-making process, especially in Indonesia. Because the domestic determinant factor influences the foreign-policy-making process, especially in Indonesia, parliament and the business sector have the power to decide the outcome of the DSR project in Indonesia. To describe this situation, two-level games are used to identify the relationship

between the foreign policy-making process and the domestic situation under DSR projects.

Neoclassical realist on Indonesian responds toward China DSR

Neoclassical realism sees international politics as an ongoing battle between nations for power and influence in a world of limited resources and ambiguity regarding one another's intents and capacities.(Frankel, 1996) As a nation whose domestic factors significantly influence how foreign policy is made, the government needs to think about how its foreign policy can be applied domestically. Indonesia's foreign policy is more likely to be domestically structured along a nationalist paradigm. According to the nationalist paradigm, government policies will reflect the relative size of the society's foreign-infiltrated sectors and exhibit signs of bureaucratic fragmentation.(Katzenstein, 1976) In Indonesia, society-centered networks make policies that are "rational" in the sense of mutual adjustment, muddling through and in the role they assign to private power. This situation is reflected by how the Indonesian government respond to China, especially during the implementation of the DSR projects in Indonesia.

Neoclassical realist believe in democratic states, interest group can lead in electoral success or can offer resources that can be utilised to either maintain power. (Ripsman, 2009). Democratic states like Indonesia, economic interest group play an important role to shape perception of Indonesia government, especially in digital cooperation issue. This situation influences Indonesian government foreign policy toward China DSR projects because the Indonesian government needed to satisfy domestic demand that provided at the international level.

Indonesia government over a year has a demand from the domestic to provide better telecommunication infrastructure. Indonesia legislative remind the government to accelerated the development of telecommunication infrastructure over the region.(Yati, 2022) Because the Indonesian government has to satisfy domestic demand, Jakarta need to cooperate with Beijing, especially under the DSR project that can provide the government all aspect of developing telecommunication infrastructure, whether for business interest or government interest itself

Neoclassical realist believe when the country encounters a low-threat international environment during stable

periods, domestic actors and interest groups will have the most influence over foreign policy.(Ripsman, 2009) To satisfy domestic interest, under RPJMN (National Government Medium-term Development Plans) as a president vision of development plan, digital transformation became one agenda the Indonesian government focused on. Digital transformation has become the main agenda of the government, including digital bureaucracy, financial technology (fintech), e-commerce, and the Internet of Things (IoT).(Bappenas, 2020) This Indonesia 5 years plan reflected Indonesia serious need in developing better telecommunication service over the region. The high demand for digitalization in government makes the cyber sector the top three cooperation that is least satisfactory between Indonesia and China.(Choiruzzad et al., 2022) If the president wants to be more than just a clerk with the ability to shape events, he or she must carefully manage and wield their power in domestic.(Neustadt, 1961)

Unlike infrastructure projects under BRI, with many concerns like lack of private sector involvement and acquisition of land (Damuri et al., 2019), DSR flourishes without serious issues. Distinguish it from BRI projects related that more related to mega projects like

roads, railways, and ports. DSR projects are more related to digital infrastructure that many Indonesians did not aware of. This makes the DSR project can be developed without any serious obstacles in Indonesia.<sup>4</sup> Furthermore, the involvement of the private sector in developing DSR makes this projects run smoothly. During the Asia parliamentary meeting, the Indonesian parliament expressed confidence in Indonesia's domestic. Indonesian parliament said that every country should support BRI.(Komisi 1, 2022) Domestic political groups competed to assess the level of threat that each competitor posed and whether that threat required cooperative or competitive policy responses.(S. E. Lobell, 2003)

In Indonesia National Mid-Term Development Plan (2020 - 2024), Indonesia is targeting three other unicorn start-ups to emerge.(Bappenas, 2020) This gives the private sector in Indonesia support from the government to search for investment from abroad to make it possible. Under the DSR project, the Chinese government and its private sectors provide investment to a country under BRI, which makes Indonesia's private

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<sup>4</sup> BRI project has serious obstacle like foreign worker issue, technology transfer, fiscal burden, and small or medium enterprise issue (See, for example, Damuri, Perkasa, Atje, Hirawan, Perceptions and Readiness of Indonesia Towards the Belt and Road Initiative, 2019

sector one of the biggest recipients of this project. The previous section shows that the Chinese private sector is already heavily invested in Indonesia's digital business sector. This situation creates a "win-set" for both countries where China's interest in DSR to expand China's interest makes progress and can accelerate the Indonesian government and domestic need for digital transformation.

Unlike other BRI projects in Indonesia that are relatively slow in progress because of domestic factors, the DSR project is relatively advanced. Created this situation is because the DSR project can be integrated with government plans and private sector needs and has low publicity, making parliament support the cooperation.

Because domestic factors like the private sector and parliament fully support this project, the Indonesian government can run the China DSR project more smoothly.<sup>5</sup> This research argues that the

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<sup>5</sup> See, for example, Kerja sama XL Axiata - Huawei Pertama di Indonesia, terapkan "Solusi AirPON" untuk Perluas jaringan XL HOME dan XL SATU Fiber., <https://www.xlaxiata.co.id/id/berita/kerjasama-xlaxiata-huawei>  
Kembangkan Bisnis, Solusi Sinergi Digital (WIFI) Gandeng Huawei Indonesia, <https://investor.id/market-and-corporate/296972/kembangkan-bisnis-solusi-sinergi-digital-wifi-gandeng-huawei-indonesia>

DPR Hadiri Pertemuan Parlemen se-Asia, Bahas Program 'Belt And Road Initiative,

digital silk road in Indonesia has made more progress than other BRI projects because the DSR has integrated with the government, private sectors, and parliament's need for digital transformation. When the approval rating of domestic stakeholders is high, the success of the cooperation will be high too. In cooperation with China, Indonesia can only effectively implement the project on the issue where major domestic factors have the same interest and do not substantially influence domestic social-political relations, like in the infrastructure project. As the country with high potential in the digital economy, Indonesia and China, whether at the government level or private sector level, both governments will accelerate cooperation in digital infrastructure and cyberspace policy.

As a society-centered state, to improve the cooperation between Indonesia and China, both governments need to consider the domestic issue that circulates in socio-political relations among the Indonesian people. The increasing cooperation between Indonesia and China was not followed by the

improvement of Indonesia's domestic perception toward China. This situation needs to be present to build a more sustainable and beneficial relationship in the future. Several concerns circulated among developing countries, not only Indonesia, that related to growing cooperation with China, for instance, the growing issue of Chinese workers and the effect of Chinese investment at the local level. This situation regularly happens because of the misunderstanding of communication between the Chinese firm and the local stakeholders. To eliminate the growing negative sentiments toward Chinese investment, Indonesia and China need to promote open dialogue among interest groups to tackle the negative issue that circulated Chinese investment. Transparency becoming a significant issue in the future to make cooperation between both states more smoothly.

### **Conclusion**

The Belt and Road Initiative, the signature project of the Xi Jinping regime, has established a wide range of lofty goals. This policy would usher in a new chapter of Beijing into the global market system and expand Chinese influence. Notably, DSR has developed to cemented Beijing digital power presence in cyberspace. Under this project, Beijing has multiple policy mechanisms to spread its digital

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<https://www.dpr.go.id/berita/detail/id/37176/t/D-PR+Hadiri+Pertemuan+Parlemen+se-Asia%2C+Bahas+Program+%E2%80%98Belt+And+Road+Initiative%E2%80%99>  
Jalur Sutra Modern Menghubungkan Masyarakat Global,  
<https://www.dpr.go.id/berita/detail/id/24977/t/javascript>

power objective. First, China tried to maximize its power regarding physical infrastructure in the digital sphere, and China aims to take the lead in providing physical and digital infrastructure. Second, Beijing is heavily investing in the digital economic sector that has potential growth in the future, like the e-commerce sector and digital payment. Third, the development of advanced technology, which China has increased its attention and pursuit of producing future technologies which have significant strategic and economic applications. And Finally, China tried to shape international cyber norms where no single authority governs cyberspace.

With 270 million people and stable increase of digital economy, shaping Jakarta digital environment will boost China digital power. Under the digital silk road, China tried to shape and influence its power through cyberspace to meet their ideal. Using neoclassical realist, the author analyzes the relationship between digital silk road projects in Indonesia. Indonesia's enormous potential in the digital economy and high demand for digital transformation in government makes China's DSR project accelerated with the Indonesian government. Under the DSR project, Beijing and Jakarta integrated their program to satisfy both governments

through cyberspace and digital transformation. The relationship under this project is not only built between government to government (G2G), Government to Business (G2B) but also between Business to Business (B2B). Because of the high demand for digital support, domestic actors in Indonesia fully embrace the DSR project in Indonesia. This research argues that the digital silk road in Indonesia has made more progress than other BRI projects because the DSR has integrated with the government, private sectors, and parliament's need for digital transformation. When the approval rating of domestic actors is high, the cooperation's success will also be high.

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