

# BAYU KRISNAMURTHI

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## Ronnie C. CHAN

Dr. Bayu, I now turn to Indonesia, which in some ways is the leader and representative of Asia and a sizeable economic bloc. The Terrestrial Belt and the Sea Road are quite different, in the sense that the Terrestrial Belt goes through very large countries, such as Kazakhstan, which are rather less developed, where the rule of law is not that strong, and hence a lot of infrastructure projects are needed. The private sector will not be that eager for that reason, hence some of the state-owned enterprises from China may have to be involved.

However, as is always the case, human civilisation develops around water, whether a sea, river or lake, and the Sea Road, which is the old Silk Road by sea, is stronger than it was in the old days. That is the area where there are a lot of people, which is highly developed and is wealthier in general, so the Belt and the Road are really two very different concepts.

How does Indonesia see the BRI? Are there opportunities? Are there dangers? What is your concern?

## Bayu KRISNAMURTHI

Thank you Ronnie and of course congratulations to Thierry and the WPC for this excellent conference. We need to see OBOR as an infrastructure development initiative at its core. Whether or not we use land or sea, this is the first such initiative of this scale, which is why 60 countries, including Indonesia, have already welcomed it. We are trying to develop our own, and in the Indonesia Development Plan we have already proposed USD 350 billion in infrastructure development over the next seven or eight years. About USD 200 billion of this is already under discussion with the BRI, and about USD 56 billion in investment is underway.

An initiative we call the Maritime Corridor Development is part of developing infrastructure within Indonesia. Therefore, we welcome these infrastructure developments. However, the question is whom this infrastructure serves, and I believe that BRI needs to serve the Sustainable Development Goals – poverty reduction, food security, energy security, employment creation and so on. I would like to underline food, energy and maybe water security. Many of the countries involved in BRI have big needs in these areas. We face climate change, and in Indonesia we also need to have disaster preparedness as a part of infrastructure development, as well as post-disaster rehabilitation in terms of earthquakes, tsunamis and so forth.

This makes Indonesia's approach to the BRI rather cautious, because many are asking China to open up their markets, but in our experience, please be careful, because China is such a big country. Putting it in context, Indonesia has the fourth largest population in the world. We import between two and three million tonnes of soybeans. China imports 60 million tonnes of soybeans, so you can imagine that if China uses the infrastructure to meet their needs, there might be no soybeans left for other countries such as Indonesia.

We totally understand the needs of the Chinese Government and people, and we do not blame them on that account, but that is the situation, and it is one point we need to understand about this initiative.

Secondly, regarding the process of development, you mentioned investment, and investment is related to loans, which is related to debt. That is one aspect. Malaysia is not only concerned about the investment, but also about the labour market as well as the product markets, because the investment also comes with a package, and that package is a product they will be using in the projects, along with the workers.

Another important point about BRI – and I am not against it, but just putting it in context – we need to have short- and long-term results from BRI. Why? Political decisions in our democratic country are short-term – it is a five-year process, with one year of a honeymoon and after that work, with the next two years already involving campaigning, so it is very

short. Therefore, we need to have a result so that the current or the next government will support the sustainability of the project, because infrastructure is long-term.

The last point I would like to share is that, if the BRI can be implemented by China and other countries, this will create a new multilateral setup, not only dealing with agreements, diplomacy or negotiation, but it will be bound by physical infrastructure, and that will create a different ballgame in terms of multilateralism.

**Ronnie C. CHAN**

Dr. Bayu, take for example the rail link Mr. Leung mentioned from Kaliningrad, all the way to the southern port in China, passing through Kazakhstan – obviously it benefits China. Whenever goods, capital and people pass through, it benefits China, but it also benefits Kazakhstan, because it links it to the seaport and also to the high-speed rail that goes both south and west. Would you consider that as mutually beneficial?

**Bayu KRISNAMURTHI**

We can see that as mutually beneficial, but size does matter. China is big compared to Malaysia, and certainly both will benefit, but the scale in terms of China and Malaysia will be different, so that is not easy to understand, especially in political decision-making.

**Ronnie C. CHAN**

Malaysia is an interesting case. I just held a seminar in Hong Kong on the IMBD, and the two Washington journalists who discovered that were the only two speakers. I suppose there are a lot of things behind the scenes that a lot of people do not want to touch, hence that might have forced Dr. Mahathir to back off from it, so it is more related to domestic corruption than geopolitically or geo-economically related.