

Research Article

The Impact Of China's Belt And Road Initiative On Indonesia's Export To China

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Abstract

This study examines the difference between Indonesia's export to China before and after Indonesia's engagements with the Belt and Road Initiative (BRI). It compares Indonesia's export to China between 2007-2013 and 2014-2020 to assess the change. This research uses a comparative and descriptive quantitative approach. The authors use the Kolmogorov-Smirnov Normality test and the Paired T test. Based on the Paired T Test calculation, it demonstrates that there is a difference between Indonesia's export to China before and after the BRI project, in that Indonesia's export to China increased after its engagements with BRI. In conclusion, the BRI positively impacts Indonesia's export to China.

Keywords: Export, Indonesia, China, BRI

Introduction

Belt and Road Initiative (BRI), a project first announced by China in 2013, is an ambitious program to connect Asia with Africa and Europe via land and maritime networks along six corridors with the aim of improving regional integration, increasing trade, and stimulating economic growth (EBRD, 2020). The countries involved are partnering through infrastructure, transportation, and energy projects such as shipping lines, railroads, and airports. Based on the Chinese government's statement quoted from The European Bank for Reconstruction and Development website, BRI is expected to improve road connections and transport infrastructure, which would facilitate the creation of an economic belt – a trans-continental passage that links China with South East Asia, South Asia, Central Asia, Russia, and Europe by land (EBRD, 2020). Through BRI, China plans to build massive amounts of infrastructure, connecting around 100 countries in Asia, Africa, Europe, and Oceania through trade (Ma, 2019). As of October 2019, 138 countries have become part of the projects. The example of the projects are plans to create pipelines and a port in Pakistan, plans to create bridges and railways leading up to Russia in Bangladesh. All the projects are to create a "Modern Silk Road" (CSIS, 2020). The creation of this economic belt, in turn, is expected to project an image that China is an emerging economic and political giant. As the economic belt includes the construction of multiple routes from Asia to Europe and aims to establish various regional economic and commercial links, the BRI may have significant influence on the operation of international firms and economy in the future (Kulaksiz, 2019). China's New Silk Road is expected to expand and internationalize the renminbi (RMB), both in the real economies of BRI host countries and in the London offshore financial market (Phillips, 2017).

Western countries, especially European Union countries such as Italy, Greece, France, and Germany have exhibited significant reactions against the BRI, in which BRI is frequently interpreted as confirming China's intention to dominate the global trade network (Donato, 2020). France and Germany argue that BRI is reflective of China's strategy to increase its political gain and increase global power (Donato, 2020). In the majority of BRI deals, China lends money to other countries to build essential infrastructure such as railroads, shipping lanes and other businesses (Ma, 2019). However, by giving these loans, China is purposely creating debt-trap diplomacy, a strategy of extracting political concessions out of the country unable to repay its debt (Ma, 2019). Since the inner workings of the BRI are also covered in secrecy, the original intention of BRI has also become a subject of suspicion (Ma, 2019).

Despite the West's cautious approach to BRI, Indonesia appears to be increasingly engaged with China's BRI initiatives. This engagement has brought challenges as well as new opportunities for Indonesia. On the one hand, the BRI provides opportunities for Indonesia to expand its exports to China. This is possible since China is dependent on goods from Indonesia to meet its domestic needs, as indicated by the volume of goods that it imports from Indonesia. As indicated by the data from Trading Economics website, in 2019 Indonesia exported mineral fuels, oils, and distillation products at a value of \$8.28B to China (ECONOMICS, 2018). On the other hand, if Indonesia fails to formulate correct policies to respond to BRI, Indonesia can be placed in a disadvantageous position relative to China. Indonesia is particularly vulnerable because it is dependent on China as its main export destination, accounting for more than 15 percent of its total non-oil and gas exports (Herman, 2020).

Considering the impacts that BRI may have on Indonesia's exports to China, this research seeks to assess whether Indonesia's engagement with BRI affects its exports. The authors have identified the impact of China's BRI based on Indonesia's export to China. This is achieved by examining the difference between Indonesia's export to China before and after BRI. Indonesia's export to China between 2007 and 2013 is selected as the seven years period preceding the BRI. Meanwhile, the export data between 2014 and 2020 is treated as the seven years period succeeding Indonesia's initial engagement with BRI. This research performs a statistical calculation to examine whether there is a difference between Indonesia's export to China before and after BRI, and whether the difference has a positive or negative value. A positive value shows that BRI has a positive impact on Indonesia's export to China. Contrarily, a negative value shows that BRI has a negative impact on Indonesia's export to China. This research is valuable because it will allow Indonesia to evaluate whether its engagement with BRI is beneficial, particularly regarding its exports. This research, in turn, can provide researchers and policymakers with reference materials to formulate strategies that maximize Indonesia's benefits in its engagements with BRI.

This article is structured as follows. First, it will briefly explain China-Indonesia economic relationships, with a particular reference to Indonesia's engagement with China's BRI. Second, it will discuss literature reviews that mention the novelty of this research. Third, it will mention the Method Data Sources used in this research, which is a comparative and descriptive quantitative approach. Fourth, after the data is processed, the results of the research will be displayed. And fifth, the conclusion of this research and recommendations for further research will be elaborated.

¹Corridors are areas of focus that help ensure investment would be channeled to where it will have the greatest impact on national and regional economies. The six corridors are: China-Pakistan, New Eurasia Land Bridge, China-Mongolia-Russia, China-Indochina Peninsula, Bangladesh-China-India-Myanmar, and China-Central Asia-West Asia (Standard Chartered, 2019).

The Development of Indonesia-China Trade Relations

Immediately after its independence, Indonesia and China developed close relationships. At the beginning of Indonesia's independence as a country that adheres to a free and active foreign policy, Indonesia collaborated with the Chinese government through Soekarno's policy, which was officially established on June 9th, 1950. At the time, Indonesia officially maintains diplomatic relations with China, and Indonesia is the first Southeast Asian country to establish official diplomatic relations with China (Sasongko, 2009). Furthermore, Indonesia and China established trade cooperation relations for the first time through the signing of a trade agreement in Beijing for the first time in November 1953 (Sinaga, 2010).

Indonesia-China diplomatic relations, nevertheless, have experienced fluctuating dynamics. This was indicated by changes in Indonesia's attitude towards China. During the reign of President Soekarno, Indonesia established close bilateral relations with China through the signing of a friendly agreement in 1961. Meanwhile, diplomatic relations between the two countries experienced a setback during President Soeharto's leadership as a result of the spread of communist issues in 1967, which led to the freezing of Indonesia-China relations. The normalization of the relationship was carried out in 1990, which was driven by the presence of economic factors and the economic crisis in Indonesia (Freindensan, 2017). In the eras of subsequent Indonesian leaders, from President Habibie, Abdurrahman Wahid, Megawati, Susilo Bambang Yudhoyono, to Joko Widodo's era, the diplomatic relations between the two continued to increase through the economic sector (Utami, 2015). Thus, it can be seen that even though Indonesia and China had experienced a troubled past, Indonesia and China were still able to maintain their cooperation.

In the era of President Joko Widodo, the cooperative relationship between Indonesia and China has strengthened significantly. The main focus of the infrastructure development project launched by President Joko Widodo encourages Indonesia to further strengthen its cooperation with China (Soviyaningsih, 2019). For Indonesia, China currently has a strategic value as a cooperation partner and as a country whose bilateral relations must be further improved since China promoted its BRI project, with its main focus on building infrastructure both on land and sea to smooth out trade routes especially in Asian countries, the relation between Indonesia and China is getting closer (Chatzky & McBride, 2020). Indonesia is aggressively building infrastructure as evidenced by the infrastructure spending budget reaching IDR 420 trillion. This figure, though increased 157% from 2014, which was only IDR 163 trillion, still requires external funding (Pramesti, 2019). Assurances from China, though in the form of loans that stood at US\$17.75 billion in 2019, greatly assists the administration of infrastructure development in Indonesia (Rakhmat, 2020). On the other hand, Indonesia, with adequate natural resources and a sizable GDP among other ASEAN countries, is also an appealing target for China to invest in (Damuri, Perkasa, Atje, & Hirawan, 2019).

Based on the Director of Government Support Management and Infrastructure Financing (DJPPR), Ministry of Finance, Indonesia is an easy target for the BRI policy because the infrastructure projects that are currently being carried out by Indonesia require funding that cannot be met by Indonesia's existing budget (Kusuma, 2020). Currently, many loan funds from China are used to build infrastructure in Indonesia (Cahyani, 2019). The BRI policy has positive and negative impacts towards Indonesia, so it has been raising controversies regarding Indonesia's engagement with BRI. Parties who agree with Indonesia's involvement in the BRI project base their views on the positive impact of the BRI on domestic development, especially physical infrastructure in various fields, which can be realized with financial assistance through grants and loans in the form of debt (Noviyanti, 2021). In addition, the BRI can also encourage economic growth from the development activities undertaken (Dutta, 2017). Parties who oppose the BRI base their reasoning on which Indonesia will experience debt dependence on China, which will make it difficult for Indonesia to pay it off in the short term (Makki, 2018). The next section will delve deeper into the debate regarding the value of Indonesia's engagement with China by reviewing scholarly debate about Indonesia-China's trade balance.

Indonesia's Export to China

There has been a trade balance issue between Indonesia and China in the form of a persistent trade deficit. Based on the 2018 Indonesian Ministry of Trade report, Indonesia's Balance of Trade was reported as experiencing a deficit. The trade balance deficit is caused by Indonesia's high import compared to its export value. Non-oil and gas exports have played an increasingly significant role in Indonesia's total exports and imports with China (Amelia & Meydianawathi, 2013). Based on the data from the Indonesian Ministry of Trade, in 2017, Indonesia's non-oil exports and imports with China are larger than oil and gas. Commodities included in non-oil and gas exports and imports are textiles and textile products, rubber and rubber products, palm oil, footwear, automotive, shrimp, cocoa, and coffee. Table 1 shows the data for Indonesia's trade balance from 2013 until 2017. The data shows Indonesia's exports to China fluctuating each year. In 2013, it reached around US\$52 thousand, then in 2014 decreased to about US\$48 thousand, in 2015 plummeted until US\$44 thousand, later in 2016 increased to \$47 thousand and finally, in 2017, rose to US\$58 thousand. On a five year average, exports are at around US\$19.025.551,6.

Table 1. Indonesia's Trade Balance with China for the Period 2013-2017 (US\$ thousand)

	2013	2014	2015	2016	2017
Total Trade	52,450,952.0	48,230,279.9	44,457,320.9	47,591,294.3	58,849,923.5
Oil and Gas	1,598,916.5	1,309,636.8	1,971,828.0	1,783,705.7	1,988,304.4
Non-Oil and Gas	50,852,035.5	46,920,643.2	42,485,492.9	45,807,588.7	56,861,619.2
Total Export	22,601,487.2	17,605,944.5	15,046,433.8	16,790,801.3	23,083,091.2
Oil and Gas	1,319,904.4	1,146,855.3	1,785,748.8	1,672,752.5	1,733,417.2
Non-Oil and Gas	21,281,582.8	16,459,089.2	13,260,684.9	15,118,048.8	21,349,674.0
Total Import	29,849,464.8	30,624,335.5	29,410,887.1	30,800,493.1	35,766,832.3
Oil and Gas	279,012.1	162,781.5	186,079.2	110,953.9	254,887.2
Non-Oil and Gas	29,570,452.7	30,461,554.0	29,224,807.9	30,689,539.9	35,511,945.2
Balance Sheet Trade	(7,247,977.5)	(13,018,391.0)	(14,364,453.4)	(14,009,691.8)	(12,683,741.1)
Oil and Gas	1,040,892.3	984,073.8	1,599,669.6	1,561,799.4	1,478,530.0
Non-Oil and Gas	(8,288,869.8)	(14,002,464.9)	(15,964,123.0)	(15,571,491.2)	(14,162,271.2)

Source: The Ministry of Trade of Indonesia, 2017

China has always been in the first rank of the largest importing countries to Indonesia, followed by Japan and Thailand (Situmorang, 2019). Mobile phone and computer products are the two biggest products that Indonesia imports from China (Ariyanti, 2016). The import of these goods is difficult to reduce considering that the products are popular among Indonesian consumers (Ariyanti, 2016). China is able to offer very cheap prices for its products so that they can compete in the global market (Ariyanti, 2016). This condition is different from Indonesian products, which are more expensive due to the long distribution system. China's selling price can be cheaper because production is conducted on a large scale. Sales or distribution is channeled directly to large buyers, thus prices can be cheaper (Ariyanti, 2016). Indonesia's total trade balance may deteriorate because infrastructure development has boosted imports of raw materials and capital goods (Adharsyah, 2019).

Table 2. Trade Balance of several countries Period 2006-2008 (US\$ Million)

Countries Export Import Balance	Trade Balance of Several Countries (Million US \$)								
	Export			Import			Balance of trade		
	2008	2007	2006	2008	2007	2006	2008	2007	2006
The United States of America	1 301 110,00	1 162 980,00	1 038 270,00	2 169 490,00	2 020 400,00	1 918 080,00	-	-	-
Saudi Arabia	313 427,00	233 300,00	211 306,00	115 133,00	90 215,00	69 800,00	198 294,00	143 086,00	141 506,00
Australia	186 965,00	141 122,0 0	123 316,00	200 273,00	165 364,00	139 279,00	-13 308,00	-24 241,00	-15 963,00
Bangladesh	11 777,00	10 233,00	9 103,00	22 473,00	17 263,00	14 964,00	-10 695,00	-7 030,00	-5 861,00
Netherlands	541 398,00	476 787,00	399 635,00	495 043,00	421 084,00	358 510 ,00	46 355,00	55 703,00	41 125,00
Belgium	471 932,00	431 118,00	366 758,00	466 437,00	412 012,00	351 575,00	5 494,00	19 106,00	15 184,00
Brazil	197 942,00	160 649,00	137 807,00	182 377,00	126 645,00	95 838,00	15 565,00	34 004,00	41 969,00
China	1 428 66 0,00	1 217 815,00	969 380,00	1 131 620,00	956 233,00	791 797,00	297 040,00	261 582,00	177 583,00

Source Url: <https://www.bps.go.id/indikator/8/336/3/neraca-perdagangan-beberapa-negara.html>

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Source: The Ministry of Trade of Indonesia, 2008

The table above shows Indonesia's trade balance with several countries for the period of 2006-2008. In that period of time, Indonesia's export and import experienced fluctuation. For the export activity, China is Indonesia's main export destination country in 2007 and 2008. The United States became Indonesia's second main export destination country in the year 2006. Meanwhile, for the period of 2006 to 2008, Indonesia imported the most products from the United States followed by China. When calculating the difference between export and import activities, trade between Indonesia and China produced the biggest surplus for Indonesia during the period between 2006 and 2008. It indicates that trade cooperation between Indonesia and China in that period of time resulted in a positive impact for Indonesia's economy.

Table 3. Trade Balance of several countries Period 2009-2011 (US\$ Million)

Source: The Ministry of Trade of Indonesia, 2011

Countries Export Import Balance	Trade Balance of Several Countries (Million US \$)								
	Export			Import			Balance of trade		
	2011	2010	2009	2011	2010	2009	2011	2010	2009
The United States of America	1 480 290,00	1 278 490,00	1 056 750,00	2 265 890,00	1 969 180,00	1 605 300,00	-	-	-548 550,00
Saudi Arabia	364 699,00	251 147,00	192 296,00	131 587,00	106 864,00	95 544,00	233 112,00	144 283,00	96 752,00
Australia	271 733,00	212 337,00	153 884,00	234 357,00	193 201,00	165 470,00	37 376,00	19 136,00	-11 587,00
Bangladesh	19 807,00	14 195,00	12 443,00	33 978,00	26 071,00	20 631,00	-	-	-8 188,00
Netherlands	569 513,00	492 742,00	431 839,00	507 759,00	440 024,00	382 268,00	14 171,00	11 877,00	49 571,00
Belgium	475 981,00	407 055,00	371 397,00	466 833,00	391 333,00	354 666,00	9 148,00	15 721,00	16 731,00
Brazil	256 040,00	201 915,00	152 995,00	236 946,00	191 537,00	133 673,00	19 094,00	10 378,00	19 322,00
China	1 899 180,00	1 578 270,00	1 201 790,00	1 742 850,00	1 396 200,00	1 004 170,00	156 330,00	182 070,00	197 620,00

Source Url: <https://www.bps.go.id/indikator/8/336/2/neraca-perdagangan-beberapa-negara.html>

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The table above shows Indonesia's trade balance with several countries for the 2009-2011 period. In that period of time, Indonesia's export and import experienced significant fluctuation. For the export activity, China is Indonesia's main export destination country for the 2009-2011 period followed by the United States. Otherwise, for the 2006-2008 period, Indonesia imported the most products from the United States followed by China. Meanwhile, in the year 2011, Indonesia obtained the biggest trade surplus from Saudi Arabia. Again, the balance of trade for the 2009-2011 period repeats the history of Indonesia's trade balance for the 2006-2008 period, in which trade between Indonesia and China obtained the biggest surplus for Indonesia. It indicates that the trade cooperation between Indonesia and China for the 2006-2011 period generated a positive impact for Indonesia's economy.

Table 4. Trade Balance of several countries Period 2012-2014 (US\$ Million)
Source: The Ministry of Trade of Indonesia, 2014

Countries	Trade Balance of Several Countries (Million US \$)								
	Export			Import			Balance of trade		
	2014	2013	2012	2014	2013	2012	2014	2013	2012
The United States of America	1 623 410,00	1 579 050,00	1 545 710,00	2 410 440,00	2 329 060,00	2 336 520,00	-	-	-
Saudi Arabia	-	375 934,00	388 400,00	-	163 902,00	155 592,00	-	212 032,00	232 808,00
Australia	241 160,00	252 981,00	256 675,00	227 626,00	232 595,00	250 560,00	13 534,00	20 385,00	6 115,00
Bangladesh	-	27 033,00	25 113,00	-	33 576,00	34 133,00	-	-6 543,00	-9 020,00
Netherlands	-	567 674,00	554 699,00	-	507 478,00	501 163,00	-	60 196,00	53 536,00
Belgium	-	467 831,00	446 637,00	-	451 921,00	439 492,00	-	15 910,00	7 145,00
Brazil	225 102,00	242 179,00	242 580,00	237 531,00	244 677,00	228 377,00	-12 429,00	-2 498,00	14 203,00
China	-	2 210 250,00	2 048 940,00	-	1 950 380,00	1 817 780,00	-	259 870,00	231 160,00

Source Url: <https://www.bps.go.id/indikator/8/336/1/neraca-perdagangan-beberapa-negara.html>
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The table above shows Indonesia's trade balance with several countries for the 2012-2014 period. Again, for that period of time, Indonesia's export and import experienced significant fluctuation. For the export activity, China is Indonesia's main export destination country for the 2012 and 2013 period, followed by the United States. That pattern is the same as what happened since 2006. On the other hand, for the 2012 and 2013 period, Indonesia imported the most products from the United States, followed by China. It was inversely proportional to what happened two years ago when Indonesia imported the most products from China. When calculating the difference between Indonesia's export and import activity, repeatedly, Indonesia got the biggest surplus from China. When things are occurring yearly, that is proof that trade cooperation between Indonesia and China creates a big profit for Indonesia.

When the data from the Indonesian Ministry of Trade did not show information about Indonesia's trade balance with China in the year 2014, the authors obtained other data from the Central Bureau of Statistics (Badan Pusat Statistik). Based on the data from the official page of the Central Bureau of Statistics, it can be understood that in the year 2014, China no longer became Indonesia's main or second main export destination country, but the third. China was Indonesia's third largest export destination after Japan and the United States. It is the opposite with what happened during the 2006-2013 period, when China always dominated by occupying the first or the second position. For the import activity, in the year 2014, Indonesia imported the most products from China. Instead of experiencing a surplus, the activities of trade between Indonesia and China in the year 2014 experienced a deficit. Indonesia imports more goods than it exports to China.

Table 5. The Growth of Indonesia Foreign Trade with Some Main Countries Period 2013-2014 (US\$ Million)
Source: Badan Pusat Statistik (BPS), 2014

Country of Destination	2013		2014		Change (%)	
	Export (FOB)	Import (CIF)	Export (FOB)	Import (CIF)	Export	Import
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Asia						
1. Japan	27 086,3	19 284,3	23 117,5	17 007,6	-14,65	-11,81
2. Singapore	16 686,3	25 581,8	16 728,3	25 185,7	0,25	-1,55
3. Rep. of Korea	11 422,5	11 592,6	10 601,1	11 847,4	-7,19	2,20
4. India	13 031,3	3 964,0	12 249,0	3 952,1	-6,00	-0,30
5. China	22 601,5	29 849,5	17 605,9	30 624,3	-22,10	2,60
6. Malaysia	10 666,6	13 322,5	9 730,0	10 885,4	-8,78	-18,52
Europe						
1. Germany	2 883,4	4 426,3	2 821,6	4 091,2	-2,14	-7,52
2. The Netherlands	4 106,0	1 033,8	3 984,6	908,3	-2,96	-12,14
3. United Kingdom	1 634,8	1 081,9	1 658,6	894,8	1,46	-17,29
4. Italy	2 128,6	1 695,5	2 286,9	1 722,9	7,44	1,62
5. Spain	1 810,4	545,2	1 937,6	517,1	7,03	-5,15
America						
1. USA	15 691,7	9 065,7	16 530,1	8 170,1	5,34	-9,88
2. Canada	782,3	2 067,5	755,0	1 860,2	-3,49	-10,03
Australia & Oceania						
1. Australia	4 370,5	5 038,2	4 948,4	5 647,5	13,22	12,09
2. New Zealand	469,5	806	481,4	836,0	2,53	3,72

Included to bounded zone

On the other hand, 2014 was the first enactment of the Belt and Road Initiative (BRI) by China, with Indonesia being one of its participating countries. What happened during the initial enactment of the Belt and Road Initiative can be used as a reflection of the early impacts of the Belt and Road Initiative to Indonesia's economy. Further study and analysis is needed on what happened to Indonesia's trade cooperation with China in the following periods, after the Belt and Road Initiative was implemented.

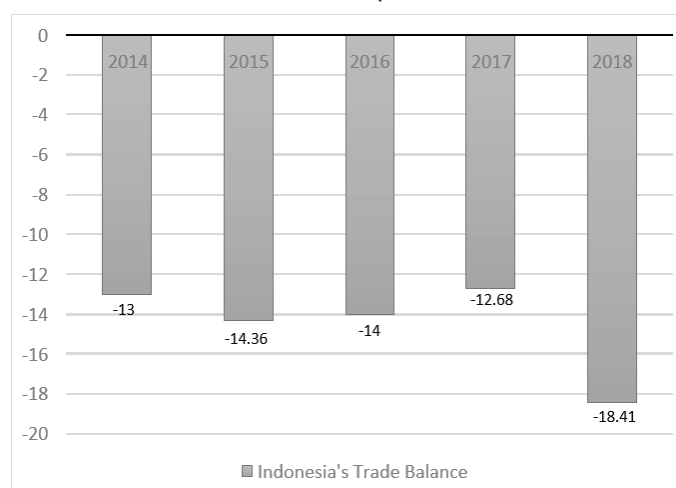


Figure 1. Indonesia's Trade Balance Period 2014-2018 (US\$ Million)
Source: The Ministry of Trade of Indonesia, 2018

Based on the figure above, Indonesia-China balance of trade for the 2014-2018 period shows a fluctuating minus, with 2018 being the most severe, reaching minus 18,41%. However, from the period of 2015 until 2020, Indonesia-China balance of trade shows an average minus of 5,85%. The following table shows the data regarding Indonesia-China balance of trade in the 2015-2020 period:

Table 6. Indonesia's Trade Balance with China for the Period 2015-2020 (US\$ Million)
Source: The Ministry of Trade of Indonesia, 2020

Description	2015	2016	2017	2018	2019	Trend(%) 15-19	2019	2020	Change. (%) 2019
TOTAL TRADE	44,457,320.9	47,591,263.5	58,849,923.5	72,670,066.4	72,892,507.8	15.17	52,471,340.0	50,270,111.7	-4.20
OIL AND GAS	1,971,828.0	1,783,674.9	1,988,304.4	3,010,801.2	2,397,166.3	9.57	1,691,033.7	1,610,148.8	-4.78
NON-OIL AND GAS	42,485,492.9	45,807,588.7	56,861,619.2	69,659,265.2	70,495,341.5	15.40	50,780,306.3	48,659,962.9	-4.18
EXPORT	15,046,433.8	16,790,801.3	23,083,091.2	27,132,234.1	27,961,887.1	18.76	19,866,813.6	21,809,080.1	9.78
OIL AND GAS	1,785,748.8	1,672,752.5	1,733,417.2	2,724,143.7	2,067,543.8	8.12	1,455,117.9	1,371,980.7	-5.71
NON-OIL AND GAS	13,260,684.9	15,118,048.8	21,349,674.0	24,408,090.4	25,894,343.3	19.93	18,411,695.7	20,437,099.4	11.00
IMPOR	29,410,887.1	30,800,462.3	35,766,832.3	45,537,832.3	44,930,620.7	13.18	32,604,526.4	28,461,031.6	-12.71
OIL AND GAS	186,079.2	110,922.3	254,887.2	286,657.5	329,622.5	23.28	235,915.8	238,168.1	0.95
NON-OIL AND GAS	29,224,807.9	30,689,539.9	35,511,945.2	45,251,174.8	44,600,998.2	13.13	32,368,610.6	28,222,863.6	-12.81
BALANCE	-	-	-	-	-	-	-	-	-
SHEET TRADE	14,364,453.4	-14,009,661.0	12,683,741.1	18,405,598.2	16,968,733.6	-6.25	12,737,712.8	-6,651,951.6	47.78
OIL AND GAS	1,599,669.6	1,561,830.2	1,478,530.0	2,437,486.2	1,737,921.3	6.30	1,219,202.1	1,133,812.6	-7.00
NON-OIL AND GAS	-	-	-	-	-	-	-	-	-
GAS	15,964,123.0	-15,571,491.2	14,162,271.2	20,843,084.3	18,706,654.9	-6.28	13,956,914.9	-7,785,764.2	44.22

The table above shows data on imports and exports of Indonesia's Trade Balance with China for the period 2015-2020. Based on the data, the total exports of Indonesia to China in a five-year period, 2015 – 2020, indicates an increase every year. However, it turns out to be in line with the increasing imports in the years after the implementation of BRI.

Based on the data from the Central Bureau of Statistics (BPS) and Indonesia's Ministry of Trade website for the 2006-2020 period, it can be concluded that there is a difference in Indonesia's export rate to China. The difference leads to a positive direction where there is an increment to Indonesia's export from year to year. The difference is more visible after 2013, when China proposed the Belt and Road Initiative (BRI). Indonesia's export to China increased by the time BRI was launched by China, and Indonesia decided to get involved in the BRI. The objective of this research is to examine the impact of China's BRI on Indonesia's export to China.

Previous studies about China's Belt and Road Initiative have been carried out by several other researchers and institutions. For example, research on the reasons for China to issue the BRI policy, which was carried out by Christopher (2016). In answering the formulation of the research problem, Christopher used two International Relation perspectives, namely realism and liberalism. Using the realism view, he explained three basic assumptions. First, China pursues BRI strategies when the national service can support development in the China's region and it has interest in maintaining its energy sources through cooperation with South Asian countries such as Pakistan and Sri Lanka. Second, the expansion of influence in the South Asian region through infrastructure development limits India's influence in the region. This is achieved by building Sino-Pakistani relations so as to allow Pakistan to be in a position under China's security blanket. Third, China's Asia Infrastructure Investment Bank (AIIB) and Silk Road Fund (SRF) challenges the regional and global order according to the distribution of voting rights in AIIB and other financial institutions. Meanwhile, through the perspective of liberalism, three assumptions are obtained. First, China wants to rebuild its economy by strengthening economic relations between the rich eastern provinces and the underdeveloped western parts and their neighboring countries. Second, BRI is used as a tool to increase economic integration with infrastructure development in the region. Third, BRI financing through AIIB and SRF only tries to complement the international system by encouraging reforms in these institutions (Christoper, 2016).

Another research was conducted by Papatheologou (2019) with the title "The Impact of the Belt and Road Initiative in South and Southeast Asia". The focus of this research is about the impact of the BRI in the South and Southeast Asian Region from sub-regional perspectives. The results show that in Southeast Asia, the initiative

improves infrastructure and supports industrial development. The BRI also includes projects of developing rail networks to deliver technology and services regionally. This initiative has already seen achievements through railway constructions in Malaysia, Thailand, Laos, and Indonesia. For ASEAN member states, the initiative addresses an infrastructure deficit and industrial development. While the formation of the ASEAN Economic Community in 2015 is bringing Southeast Asian economies together as a single market and production base, the Belt and Road Initiative offers further integration by developing physical infrastructure and a robust trade regime. The Belt and Road Initiative brings mutual benefits for China and Southeast Asia. Even the top leaders from most of the ASEAN member states have attended to applaud Chinese investments in Southeast Asia during the Second Belt and Road Forum held in Beijing on April 2019 (Papatheologou, 2019).

Another research was conducted by Yonemoto (2020) by the title "The Belt and Road Initiative and Overseas Chinese in Southeast Asia". This research is about the relationship between China and Southeast Asia, which is inseparable from the large number of Chinese living in Southeast Asia. The Chinese people act as a bridge that spread Chinese culture, build trust and disambiguation between countries, as well as economic and trade cooperation. That is the progress made by China and Southeast Asia as a part of China's Belt and Road construction (Zhang & Weiwei, 2018). In Indonesia, the construction of Belt and Road improves Indonesia-China relations. Overseas Chinese in Indonesia also took a big role in the relationship between the two countries. In 2016, a meeting and seminar was held with the title "One Income, Indonesia Revenue". This seminar discussed the investment initiatives of BRI. For China, it is important to play an active role and build good relations with Indonesia considering that at least 70% of private companies in Indonesia are Chinese companies (Yonemoto, 2020).

The similarities between this study and the previous studies are the analysis on and the reasons why China is so powerful in dominating global politics and economy, the reasons for China to issue a Belt and Road Initiative policy, the implementation of the Belt and Road Initiative, and the impact of the Belt and Road Initiative for China and other countries that are partners of China in the Belt and Road Initiative. However, the fundamental differences between this study and the previous studies lie in the main focus of this study, which is to examine the impact of the BRI to Indonesia's export to China. The difference of this study is that the researchers analyze the Belt and Road Initiative's impact to Indonesia's export to China by comparing Indonesia's total export seven years before and seven years after the BRI had been enforced. After comparing the total export, the authors analyze whether after the Belt and Road Initiative was enforced, Indonesia's export to China increased or vice versa. The increment in the number of Indonesia's exports to China in the years after the Belt and Road Initiative was enforced indicates that the Belt and Road Initiative gives a positive impact on Indonesia's export to China.

Methods and Data Sources

This research uses a comparative and descriptive quantitative approach. The Indonesian export data to China for the seven-year period before BRI (2007-2013) and seven years after BRI (2014-2020) are collected through literature review from official websites such as the Central Bureau of Statistics (BPS) and the Indonesian Ministry of Trade. The authors use the Kolmogorov-Smirnov Normality test and the Paired T test. After that, the authors describe the impact of BRI on Indonesia's export to China.

Kolmogorov-Smirnov Normality test

The Kolmogorov-Smirnov Normality test is used to determine whether the analyzed data is normally distributed or not. The result of this test is important to determine which of the following tests is required. If the data is normally distributed, the authors have to use the Wilcoxon-test. In contrast, if the data is abnormally distributed, the authors have to use the Paired T test. In addition, the authors also test for data normality using SPSS. From SPSS' calculation, if the significance value (Asymp.Sig) is more than 0,05, it means that the data is

normally distributed. Contrarily, if the significance value (Asymp.Sig) is less than 0,05, it means that the data is abnormally distributed.

Paired T test

The Paired T test is a parametric difference test on two paired data from the same subject. The data that can be examined using the Paired T test is normally distributed data. This test will compare whether there is a difference between the paired data. In this study, two paired data from the same subject means Indonesia's export before and after the existence of China's Belt and Road Initiative. The objective of using this test is to examine whether there is a difference between Indonesia's export to China before and after the existence of BRI, so that authors can analyze BRI's impact on Indonesia's export to China. In this study, authors tested the Paired T test using SPSS. From SPSS' calculation, if the Sig. (2-tailed) is more than 0.05, it means that there is no difference between before and after BRI. Contrarily, if the Sig. (2-tailed) is less than 0.05, it means that there is a difference between before and after BRI.

Descriptive

After collecting and calculating the data, the authors further describe BRI's impact on Indonesia's export to China. The authors also connected the result of this study with current relations between Indonesia and China. The objective of this descriptive method is to deepen the understanding of any differences on Indonesia's export to China before and after BRI.

Results

To calculate the data distribution, the authors use the SPSS system through Kolmogorov-Smirnov Test. This is the result of the calculation:

Table 7. One-Sample Kolmogorov-Smirnov Test Result
 Source: Processed by the Authors, 2020

		Understandardized Residual
N		7
Normal Parameters*	Mean	.0000000
	Std. Deviation	6.55310854E6
Most Extreme Differences	Absolute	.223
	Positive	.187
	Negative	-.223
Kolmogorov-Smirnov Z		.590
Asymp. Sig. (2-tailed)		.877

Based on the output table from Kolmogorov-Smirnov Test calculation, it is known that the Asymp. Sig. (2-tailed) significance value is 0,877, which means that it is more than 0,05. So, in accordance with the basis of decision-making in the Kolmogorov-Smirnov Test, it can be concluded that the data is normally distributed. To examine the difference between Indonesia's export before and after the existence of BRI, the authors used the Paired T Test in order to analyze BRI's impact on Indonesia's export to China. This is the result of SPSS calculation:

Paired Samples Statistics

Table 8. Paired Samples Statistics Result
 Source: Processed by the Authors, 2020

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Before BRI	1.6550E6	7	4.03477E5	1.52500E5
	After BRI	1.8834E7	7	9.58873E6	3.62420E6

Paired Samples Correlations

Table 9. Paired Samples Correlations Result
Source: Processed by the Authors, 2020

	N	Correlation	Sig.
Pair 1 Before BRI & After BRI	7	.731	.062

Paired Samples Test

Table 10. Paired Samples Test Result
Source: Processed by the Authors, 2020

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1 Before BRI – After BRI	- 1.717E7	9.298036E6	3.51494Ee6	-2.57787E7	-8.58019E6	-4.888	6	.003

Based on the output table from the Paired T test calculation, the authors show a summary of the descriptive statistics of before and after BRI. The value of before the Belt and Road Initiative obtained an average outcome or Mean of 1,6550E6, whereas the value for after the BRI is 1,8834E7. The average value of Indonesia's export before BRI is 1,6550E6 < 1,8834E7, which means that descriptively there is a difference between the average value of Indonesia's export before and after BRI. Furthermore, to prove whether the difference is significant or not, the authors need to interpret the results of the paired sample t test found in the output table "Paired Samples Test". Based on the output above, it is known that the Sig. (2-tailed) significance value is 0,003, which means that it is less than 0,05. So, in accordance with the basis of decision making in the Paired T test, it can be concluded that there is a difference between Indonesia's export to China before and after the existence of BRI. Besides that, because the outcomes of the period after BRI is higher than before BRI, it can be concluded that the existence of BRI creates a good impact for Indonesia's export to China. The Belt and Road Initiative contributes to the escalation of Indonesia's export to China.

The result of this calculation is relevant with the current condition of Indo-Chinese relations, where China ranks first as Indonesia's export destination country. The BPS noted that Indonesia's main export destination country in September 2020 was still China. This position has not changed from the previous months. Looking back into the data of Indonesia's export to China between the year 2007 until 2020 is also needed to make sure that export rates continue to increase. Based on the data from The Central Bureau of Statistics and the Ministry of Trade's website, it can be concluded that there is a difference in Indonesia's export rate to China. The difference leads to a positive direction, where there is an increase in Indonesia's export to China from year to year.

For China, the development of the BRI is a good means for Indonesia-China relations. Indonesia is considered to be an important country, considering that many overseas Chinese and Chinese ancestries live in Indonesia and even control nearly 70% of the private businesses sector in Indonesia. Since the Indonesian economy is expected to be supported by technology, one of the ways to continue encouraging Indonesian exports to China is to use a digital platform, so that it can be expected to continue having a positive impact on Indonesia's trade balance. Accelerating the use of technology, especially mobile based, will have a positive impact, especially for marketing.

On the other hand, China has often become the main export destination country for Indonesia. Based on the 2014 data from the Indonesian Ministry of Trade, China is Indonesia's main export destination country for seven years in a row, i.e. from 2007-2013. Even though in 2014, China was no longer Indonesia's main export destination country, the number of Indonesia's exports to China remains large. That is proven in 2014, where China became Indonesia's third largest export destination after Japan and the United States. After the Belt and Road Initiative had been enforced, China is still Indonesia's largest export destination country, where Indonesia exports various commodities to China (Anggraini, 2020). It further shows that the Belt and Road Initiative truly gives a positive impact on Indonesia's export to China.

Conclusion

The result of this study shows that there is an increase in the number of Indonesian exports to China after the Belt and Road Initiative had been enforced. Indonesia-China's fluctuating relations does not reduce the intensity of the two countries in terms of economy. Cooperation between the two countries through the BRI can provide benefits for both countries, where China and Indonesia can become trading partners and Indonesia could improve its infrastructure. This means that the BRI does not only bring benefits to the economic side, which is the increase of export value to China, but also to Indonesia's funding in infrastructure building. However, according to the authors, for future research, it is also necessary to do in-depth research on Indonesia's imports from China. Both research on Indonesia's imports and exports from and to China will be a reference on whether the BRI has a positive impact on the Indonesian economy.

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