

DEVELOPMENT IN DEVELOPING COUNTRIES (CASE STUDY: IMPLEMENTATION OF THE INDONESIA-CHINA COOPERATION PROJECT IN THE DEVELOPMENT OF THE JAKARTA-BANDUNG HIGH-SPEED RAILWAY IN 2015–2023)

*KERJA SAMA PEMBANGUNAN DI NEGARA BERKEMBANG
(STUDI KASUS: IMPLEMENTASI PROYEK KERJA SAMA INDONESIA-TIONGKOK
DALAM PEMBANGUNAN KERETA CEPAT JAKARTA-BANDUNG TAHUN 2015-
2023)*

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Abstract. This study aims to understand and describe the project implementation of cooperation between Indonesia and China in the development of the high-speed rail project connecting Jakarta and Bandung. The type of research used in this paper is descriptive, with data sourced from literature, academic readings, and news reports. The data were collected using a literature review technique and analyzed qualitatively based on their relevance to the research problem. This study finds that the Jakarta-Bandung High-Speed Railway project, a collaboration between Indonesia and China, has been effectively implemented through a functional partnership. PT KCIC, a joint consortium between the two countries, was established to manage funding, distribute financing, and serve as the executor of Engineering, Procurement, and Construction (EPC) as well as Operation and Maintenance (O&M). The project reflects mutual interdependence: China provides expertise, technology, and training to support localization and knowledge transfer, while Indonesia contributes land and is responsible for regional development along the rail corridor. This development aims to generate economic benefits that help repay the project's investment and loans. Overall, the cooperation highlights a balanced division of responsibilities, emphasizing institutional synergy and shared goals in infrastructure modernization and capacity building through the integration of technology and collaborative governance.

Keywords: Project Implementation; Development Cooperation; Highspeed Train; Indonesia; China

Abstrak. Penelitian ini bertujuan untuk mengetahui dan mendeskripsikan implementasi proyek dari kerja sama antar Indonesia dan Tiongkok dalam pembangunan Kereta Cepat Jakarta-Bandung. Jenis penelitian yang digunakan adalah deskriptif kualitatif dengan sumber data bersumber dari literatur, bacaan akademis dan pemberitaan media. Data dikumpulkan menggunakan teknik studi literatur kepustakaan dan dianalisis menggunakan teknik analisis data kualitatif berdasarkan tingkat relevansi terhadap masalah penelitian. Hasil penelitian ini menunjukkan pembangunan kereta cepat Jakarta-Bandung sebagai proyek kerja sama antara Indonesia dan Tiongkok terimplementasi dengan baik berdasarkan pemenuhan fungsional antara kedua pihak. PT KCIC yang beranggotakan konsorsium perusahaan kedua negara didirikan sebagai kelembagaan berfungsi untuk menghimpun pendanaan serta menyalurkan pembiayaan proyek dan



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menjadi pelaksana teknis dalam proses Perencanaan, Pengadaan dan Konstruksi serta Operasionalisasi dan Pemeliharaan. Proyek ini juga menunjukkan adanya interdependensi antara pihak Tiongkok dan Indonesia sebagai negara tuan rumah proyek yang mensyaratkan alih teknologi dan alih pengetahuan untuk mendukung lokalisasi melalui penyaluran dan pelatihan oleh tenaga ahli Tiongkok. Sedangkan Indonesia yang menyediakan lahan proyek dihadapkan pada kenyataan untuk mengembangkan daerah kawasan jalur proyek kereta cepat tersebut sehingga dapat menciptakan keuntungan guna mengembalikan modal serta pinjaman dalam proyek ini.

Kata Kunci: Implementasi Proyek; Kerja Sama Pembangunan; Kereta Cepat; Indonesia; Tiongkok

1. INTRODUCTION

1.1 Background

Development in developing countries faces complex issues related to the improvement of education, health, economy, social welfare, and infrastructure. As a developing country, Indonesia faces various challenges in infrastructure development, which serves as a fundamental pillar of the state. The transportation infrastructure performance index in the 2015 Global Competitiveness Report ranked Indonesia 48th out of 144 countries (Schwab, 2015). Compared to East Asian countries, Indonesia lags behind Singapore and Malaysia in infrastructure development, especially Japan, South Korea, and China, which have already developed high-speed rail transport infrastructure.

Table 1. Transportation Infrastructure Performance Index

Source: Processed by the author from *Global Competitiveness Report 2015* (2016)

Country	Infrastructure Performance Quality				Population In million
	Road	Railway	Port	Airport	
China	42	16	50	51	1.367,8
Japan	8	1	22	25	126,9
South Korea	17	10	27	28	50,7
Taiwan	10	11	19	26	23,5
Hong Kong	5	3	5	3	7,3
Singapore	3	8	2	1	5,5
Malaysia	15	13	16	21	30,8
Indonesia	80	43	82	66	255,7
Thailand	51	78	52	38	68,7
Philippines	97	84	103	98	103
Vietnam	93	48	76	75	91,7
Cambodia	94	100	83	100	15,4
Laos	83	n/a	130	94	6,9
Myanmar	136	96	123	132	52,1

The obstacles faced by developing countries like Indonesia in transportation infrastructure development are caused by funding limitations as well as technical barriers such as a lack of human resources, experts, and available technology. Developing transportation infrastructure requires a high level of investment and demands qualified resources in planning, construction, and maintenance, making it impossible to execute without thorough preparation. From 2011 to 2014, Indonesia planned to construct a high-speed rail system on the island of Java, providing an

alternative to users of the Northern Coastal Route. However, the government cancelled the execution of the plan due to the feasibility study indicating high costs (Ministry of Transportation of the Republic of Indonesia, 2011). Infrastructure development must also be incorporated into each government period's planning, namely the National Medium-Term Development Plan, to ensure proper preparation.

In 2015, the government brought back the issue of high-speed rail development planning as part of its effort to transition transportation modes, enhance connectivity, and promote economic growth along the planned high-speed rail corridor between Jakarta and Bandung. This route between the two Indonesian cities was chosen as a pilot project following a comparative study with the Beijing-Tianjin route in China, which had shown significant benefits in terms of connectivity and economic development along the track. Due to similar issues, such as funding and technical limitations, the Indonesian government initiated a bidding process for the high-speed rail project, with China and Japan participating as the most prominent high-speed rail developers in Asia. In this tender process, China was selected as the winner after offering a more substantial commitment compared to Japan.

Although Japan is the oldest developer of high-speed rail, China has managed to significantly catch up by demonstrating massive production capabilities, making it the country with two-thirds of the world's high-speed rail lines. China also offered a business-oriented development scheme that minimized the use of Indonesia's state budget (APBN). Additionally, China promised to transfer technology, enabling Indonesia to eventually develop high-speed rail technology independently. China's commitment to the project aligned with the Indonesian government's evaluation criteria and was supported by the shared vision between Indonesia's Global Maritime Fulcrum initiative and China's Belt and Road Initiative strategy.

The cooperation between Indonesia and China in this high-speed rail project demonstrates Indonesia's progress in engaging foreign partners to invest in domestic development, particularly in transportation infrastructure. Although the high-speed rail project was initially not included in the 2015–2019 National Medium-Term Development Plan (RPJMN), the government later integrated it into the National Strategic Projects in 2016, and it was completed in 2023 thanks to the functional cooperation between the two countries. Therefore, this study will describe the implementation of the cooperation project between Indonesia and China in the development of the Jakarta-Bandung high-speed rail from 2015 to 2023.

1.2 Development in Developing Countries

Interstate relations are essential in the development efforts of developing countries. In global development, Budiman (2000) further explains that countries are divided into two groups: industrial countries and agricultural countries, a concept referred to as the international division of labor, which aligns with the concept of interdependence. The United Nations Office for South-South Cooperation describes cooperation among developing countries as an initiative by the people and states of the Global South, rooted in shared backgrounds, common goals, and mutual solidarity, based on the principles of respecting sovereignty and ownership without conditionalities (UNOSSC, 2016). The United Nations later defined development cooperation among developing countries as a process in which two or more developing countries pursue individual or collective development goals through the exchange of knowledge, expertise, resources, and technical assistance—both within and across regions—including cooperation involving governments, regional organizations, civil society, academia,

and the private sector. This cooperative relationship is further explained by Kusumohamidjojo (1987) as an effort to support a country's productivity improvement when faced with specific challenges that cannot be resolved independently or when pursuing goals that cannot be achieved solely through its capabilities. Kusumohamidjojo (1987:92) categorizes the nature of international cooperation into four forms, namely universal cooperation, regional cooperation, ideological cooperation, and functional cooperation.

The development cooperation between Indonesia and China in the construction of the Jakarta-Bandung high-speed rail aligns with the essence of cooperation as defined by Kusumohamidjojo (1987). The Belt and Road Initiative (BRI) serves as a cooperation framework that enhances connectivity, linking trade routes and promoting people-to-people interactions on an international scale, thereby benefiting the global community. At the regional cooperation level, both countries agreed to promote economic development through infrastructure projects, as demonstrated by a series of Memorandum of Understanding signed in 2015 and the alignment of their shared visions with other regional organizations, such as ASEAN. Ideologically, this cooperation aligns with President Jokowi's Global Maritime Fulcrum vision. Furthermore, Kusumohamidjojo (1987:98) emphasizes aspects of functional cooperation, which will be used in the discussion of this study, namely:

1. Establishment of a structural institution: In the development cooperation of the high-speed railway in Indonesia, a joint venture company was formed, comprising a consortium from Indonesia and a consortium from China.
2. Specific Functional Support: In this partnership, China aided Indonesia by providing technology and construction experts for high-speed railway development. At the same time, Indonesia contributed its strengths through the Jakarta-Bandung corridor as an economic hub and a center for Indonesia's creative industry.
3. Interdependence: The collaboration between the two parties in this project shows mutual reliance, as Indonesia needs high-speed rail technology from China, while China views Indonesia as its primary overseas partner in the development and export of high-speed rail.

2. METHOD

The methodology employed in this study adopts a descriptive qualitative approach, with data collected through a literature review and analyzed using qualitative data analysis based on the relevance of the data to the research problem. The type of data collected is secondary, consisting of books, official sources, documents, reports, media coverage, as well as research articles and academic journals.

3. RESULTS AND DISCUSSION

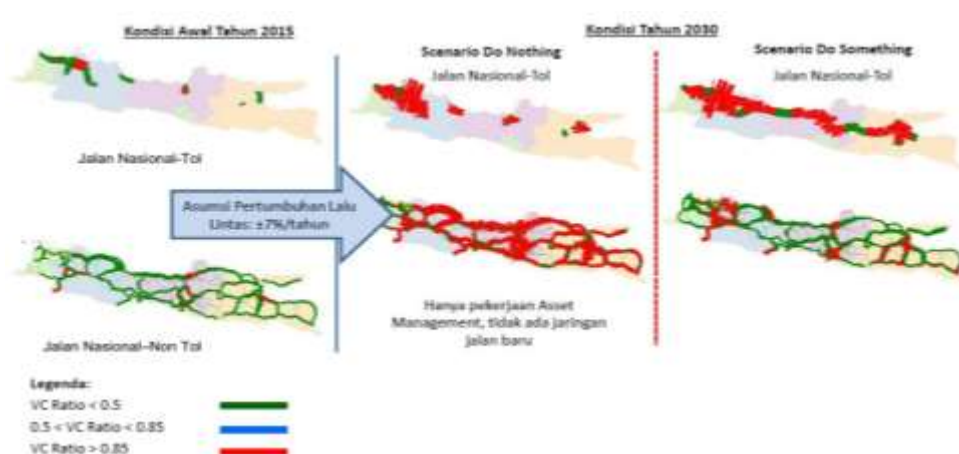
3.1. Railway Problems in Indonesia

The development of railway transportation in Indonesia is a result of early collaboration between the private sector and the government, dating back to the Dutch East Indies era in 1864 (Setya, 2022). During that time, rail transport was used to move

goods and passengers, and during the Japanese occupation, it was used to mobilize war equipment. After Indonesia's independence, both private and government-run railways were integrated under the authority of the Republic of Indonesia, marked by the creation of the Railway Bureau of the Republic of Indonesia (Djawatan Kereta Api Republik Indonesia – DKARI) on September 28, 1946.

Over time, the structure of public railway operations evolved as demand for rail transport increased. A key development occurred in 1981 when the railway manufacturing industry was diversified, with PT INKA becoming independently responsible, while operational management remained under the Directorate of Railways (DNKA) (Werune, 2020). As passenger numbers grew through 2011, the Ministry of Transportation, which oversees PT KAI as the national public railway operator, recognized the need for innovation in railway transportation, especially on the island of Java. This was driven by rapid population growth on the island, along with the increasing number of private motor vehicles, which is projected to overpopulate the roads' capacity in Java Island (Husaini & Junoasmono, 2017).

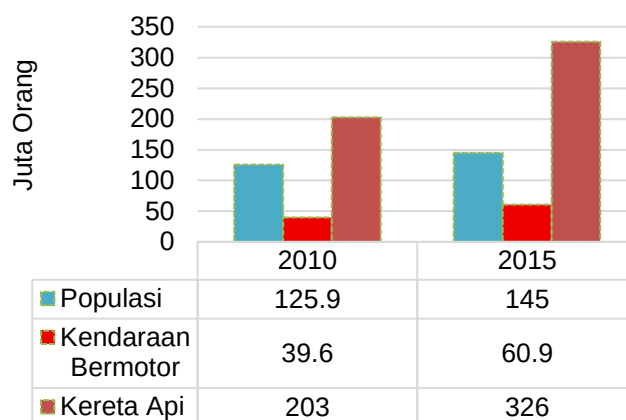
Figure 1. Java Island Road Density Projection



Source: *Indonesia Infrastructure Initiative* in Husaini dan Junoasmono (2017)

Between 1987 and 2011, the number of railway passengers experienced a significant increase, rising from 43 million to 340 million, coinciding with a population growth of 19 million on the island of Java within five years and the vehicle user growth of 20,6 million in the same period from 2011-2015 (BPS Indonesia, 2025). This growth presents both a challenge and an opportunity for Java to build its economy through the development of a high-speed rail line, particularly by leveraging the economic benefits of agglomeration resulting from high levels of urbanization.

Figure 2. Comparison of Population Increase, Motor Vehicles and Railway Passengers on Java Island 2010-2015



Source: Processed by author from BPS Indonesia and Transportation Statistics, 2025

3.2 Development Cooperation Between Indonesia and China

The relationship between China and Indonesia dates back to 1949, following the establishment of the People's Republic of China (PRC). Indonesia was among the countries that recognized the PRC's sovereignty and independence, especially after the civil war with the Kuomintang party, which later relocated to Taiwan. Since then, China and Indonesia have experienced various diplomatic dynamics, particularly due to the influence of domestic anti-communist sentiment in Indonesia during the early period of President Suharto's administration. China, under the leadership of Mao Zedong, also faced internal political instability, which led to the revolutionary movement in 1978.

In the 21st century, the bilateral relations between the two countries were strengthened through initiatives such as the joint declaration of a strategic partnership in 2005. Eight years later, this partnership was elevated with the adoption of the Indonesia-China Comprehensive Strategic Partnership vision in October 2013 (Oratmangun, 2022). As a country in the Asia-Pacific region, China also plays a role in the Regional Comprehensive Economic Partnership (RCEP), which was jointly initiated with Indonesia to promote trade and investment through multilateral regional cooperation (Gultom, 2020). Gultom describes this cooperation as a realization of the collaboration that started back in 2011 between China and Indonesia, aimed at establishing multilateral relations among the countries within the ASEAN Free Trade Area (FTA), which was negotiated intensively starting in 2013, coinciding with the election of Xi Jinping as President of China.

In the same year, relations between the two countries intensified with the launch of a new grand initiative, known as the Belt and Road Initiative (BRI). President Xi Jinping later introduced this grand vision at Nazarbayev University in Kazakhstan through the Silk Road Economic Belt approach (Xinhua, 2016). This Belt and Road strategy has attracted interest from many developing countries, including Indonesia. In October 2013, President Xi made his second diplomatic visit promoting the Belt and Road Initiative (BRI), this time addressing the Indonesian parliament. Unlike his visit

to Kazakhstan, China adopted a different approach in Jakarta by promoting a complementary strategy to the Silk Road Economic Belt, specifically the 21st Century Maritime Silk Road, which emphasized the importance of maritime cooperation between Indonesia and other countries, including China.

In his speech to the Indonesian parliament, President Xi emphasized the importance of enhancing connectivity and proposed establishing the Silk Road Infrastructure Bank, the Asian Infrastructure Investment Bank (AIIB), and the New Development Bank to address the infrastructure needs of developing countries, particularly within ASEAN. As part of the historic Maritime Silk Road, Southeast Asia has become a key focus for China's maritime cooperation efforts, further supported by the optimization of the China-ASEAN Maritime Cooperation Fund (Mutia, 2023). This initiative aims to build a 21st-century Maritime Silk Road and expand cooperation across various sectors based on the principle of mutual complementarity for shared development and prosperity.

Since Indonesia's leadership transition from President Susilo Bambang Yudhoyono (SBY) to President Joko Widodo, China has emerged as Indonesia's largest trading partner. China's investment in Indonesia reached USD 297 million in 2013 and soared to USD 8.1 billion in 2024 (Tjhin, 2025). Chinese investment in Indonesia has averaged a 59% annual growth rate over the past decade, since the establishment of the Comprehensive Strategic Partnership in 2005. The BRI has become the foundation for more intensive cooperation, starting in 2013. The results of this partnership have led to the creation of 3,000 projects with a total investment value of USD 1 trillion. According to Chinese Foreign Ministry spokesperson Wang Wenbin, as cited in Setiawati (2023), these investments cover the construction of ports, railways, toll roads, and energy infrastructure, all contributing to improved connectivity and regional economic development.

In its development, China's high-speed rail construction began through cooperation with foreign companies possessing high-speed rail technology (Shirouzu, 2010). This was based on agreements in which China required technology transfers from companies such as Siemens (Germany), Alstom (France), Bombardier (Canada), and Kawasaki (Japan) as part of their involvement in early high-speed rail projects. China's first domestic high-speed rail line connected Beijing and Tianjin, which became the country's first high-speed rail corridor and has been operational since August 2008. Between 2008 and 2013, China developed more than 10,300 kilometers of high-speed rail lines, in parallel with the launch of the Belt and Road Initiative (BRI).

China's overseas high-speed rail expansion began with cooperation with Turkey on the Istanbul–Ankara high-speed rail project, valued at USD 750 million and completed in 2014 (Kulaksız, 2019). Of the total funding, USD 500 million was provided as a soft loan under a government-to-government (G2G) agreement between China and Turkey (Qin, 2014). In addition, China made lobbying efforts in several countries to secure future high-speed rail projects, including Cambodia, Bangladesh, Hungary, Montenegro, Laos, and Indonesia in 2015 (Ker, 2017). These lobbying efforts were supported by major Chinese state-owned enterprises such as CRRC, the world's largest train manufacturer, and CREC, China's largest rail construction company (Gerald, 2017). This centralized industrial strategy enabled China to promote international exports of high-speed rail, particularly to Southeast Asian countries like Singapore, Malaysia, Thailand, Cambodia, Laos, and Indonesia.

The cooperation between Indonesia and China on the Jakarta–Bandung high-

speed rail project started with the signing of a Memorandum of Understanding in Beijing in March 2015 (State Secretariat of the Republic of Indonesia, 2015). This was followed by the signing of an MoU outlining the framework for the Jakarta–Bandung high-speed rail development in Jakarta in April 2015. The quick progress in China’s lobbying efforts with Indonesia was seen as part of China’s strategy to expand its influence in Southeast Asia by countering Japan, the oldest high-speed rail developer. Both countries entered a tender process in August 2015, each submitting a proposal prepared by their respective planning teams, where CRDC developed China’s proposal, while Japan’s was the result of a three-year study by JICA.

The Indonesian government stressed that the state budget (APBN) must not be used to finance the project. This requirement made China’s proposal the only acceptable option, as Japan’s plan still included a component involving Indonesia’s national budget. During the tender period, China committed to aligning with Indonesia’s interests by offering a business-to-business (B2B) cooperation scheme through a joint consortium between the two countries. China also accommodated Indonesia’s request for technology and knowledge transfer to support localization. Because of these efforts, the functional cooperation between Indonesia and China played a vital role in the successful execution of this project.

3.3 Implementation of Functional Cooperation in the Development of the Jakarta–Bandung High-Speed Rai

A series of functional cooperation processes was required for the implementation of the Jakarta–Bandung high-speed rail development project between Indonesia and China, involving both countries through the roles of institutional and non-institutional actors, such as state-owned enterprises from both countries, which served as the main actors under official government mandates.

A. Establishment of the Joint Venture Company PT KCIC

Both countries agreed to establish a joint venture company, PT Kereta Cepat Indonesia-China, formed by a consortium of Indonesian state-owned enterprises under PT PSBI and a Chinese consortium under Beijing Yawan HSR Co. Ltd. The company’s purpose is to facilitate funding and construction financing and serve as the implementing agency in the development process based on a concession agreement made with the Indonesian Ministry of Transportation. The funding is sourced from equity capital contributions by each consortium, along with a loan pledged by China through the China Development Bank.

The equity capital raised for this project amounts to 25% of the total project value, meaning that the remaining 75% will be financed through a loan provided by the China Development Bank (CDB). PT PSBI, as the Indonesian consortium, consists of PT Wijaya Karya (a construction company), PT Kereta Api Indonesia (the national railway operator), PT Perkebunan Nusantara VIII (a plantation company), and PT Jasa Marga (a toll road management company). These companies collectively hold 60% of PT KCIC’s total equity, while the Chinese consortium holds the remaining 40%.

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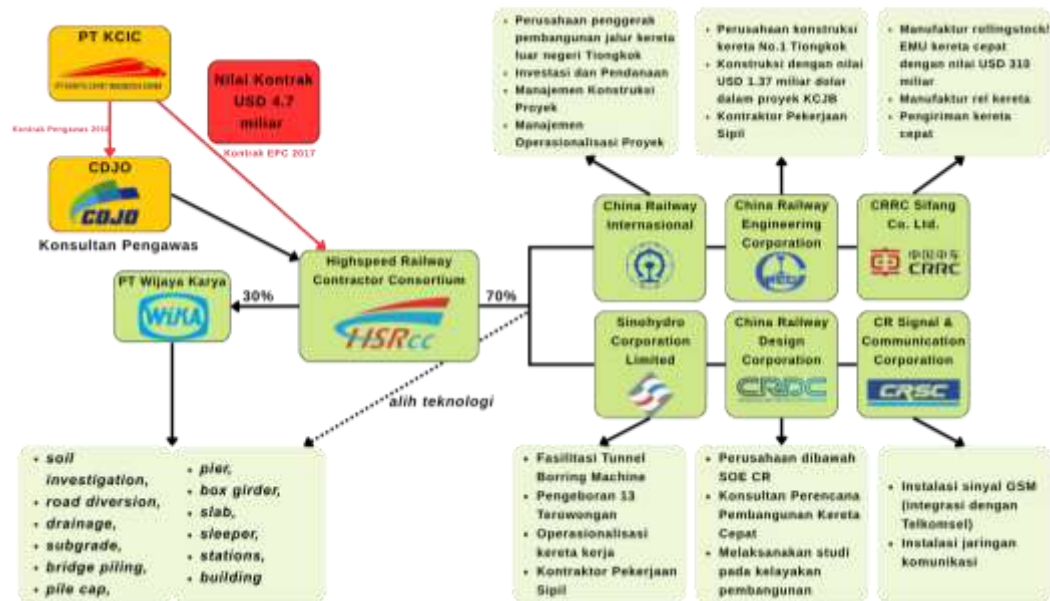
According to the project proposal submitted by China and agreed upon by Indonesia, the total project value is set at USD 5.5 billion. Based on this, the Indonesian consortium is responsible for USD 825 million in equity, while the Chinese consortium is responsible for USD 550 million. Meanwhile, CDB will provide a loan of USD 4.125 billion throughout the project's duration. The funding plan in Indonesian rupiah is detailed in the following table:

TAHUN	TOTAL	KCIC (25%)	CDB (75%)
2016	Rp12.936,00	Rp 323.400,00	Rp 9.702,00
2017	Rp26.124,00	Rp 653.100,00	Rp 19.593,00
2018	Rp31.771,00	Rp 794.275,00	Rp 23.828,25
TOTAL	Rp70.831,00	Rp 17.707,75	Rp 53.123,25
PSBI	60%	Rp 10.624,65	
BEIJING YAWAN	40%	Rp 7.083,10	

B. Functional Support Between China and Indonesia

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Figure 4. Functional Relationships of Contractors in the Jakarta-Bandung High-Speed Rail Project



Source: Processed by author, 2025

The term “full elements” refers to the entire process of designing and building the Jakarta Bandung High-Speed Rail, including surveying, engineering, construction, equipment manufacturing, operational management, and business development, all using Chinese solutions. Additionally, the term “full industrial chain” describes the complete range of equipment involved in the project, such as construction machinery, OCS systems, rails, EMUs, communication signals, and train control systems, all produced by Chinese companies. This encompasses all parts of the industrial chain—from upstream to downstream—and is carried out through Engineering, Procurement, and Construction (EPC) processes, along with the deployment of experts, localization efforts, and operational implementation by project partners (Institute of International Studies, Fudan University, 2022).

In its implementation, the Jakarta-Bandung high-speed rail line connects Halim, Karawang, Padalarang, and Tegalluar, areas considered the most optimal route between two of Indonesia’s most densely populated regions. The line is expected to boost socio-economic development through increased industrial activity, employment, investment, tourism, and logistics (Yongkun, 2022). The government stated that these four stations are the most ready to serve as bases for Transit Oriented Development (TOD), leading to the postponement of the previously planned Walini Station.

After the planning and land acquisition phases, a consortium of contractors was formed as a partner to PT KCIC to undertake the physical construction of the project. The High-Speed Railway Contractor Consortium (HSRCC) signed an Engineering, Procurement, and Construction (EPC) contract with PT KCIC and the Ministry of Transportation in April 2017. The contract outlined all aspects related to planning, procurement, and construction for the Jakarta-Bandung High-Speed Rail project. Within HSRCC, PT Wijaya Karya (PT WKA) was assigned 30 percent of the work, which included soil investigation (boring work), road diversion, drainage, subgrade, bridge piling, pile caps, piers, box girders, slabs, sleepers, stations, buildings, and other components. The project was scheduled to be completed within 36 months from the date the contract was signed (PT WKA, 2016).

Sinohydro Corporation, a Chinese company, produced 51 percent of the total slab tracks or rail sleepers and then partnered with PT WIKA to complete their installation (Railway Technology, 2021). Sinohydro started producing 15,391 rail sleepers in January 2020, while PT WIKA produced the remaining 49 percent, or 14,786 units, finished in May 2022 (Railway Technology, 2021). The rail sleeper technology from China is patented and sets a new standard in high-speed rail, characterized by a simple design, stable performance, strong durability, and easy construction. This technology has also received scientific awards in China (Xinhua, 2023).

In the tunnel construction collaboration, the use of a Tunnel Boring Machine (TBM) imported from Shanghai, China, by Sinohydro in March 2019 marked a milestone for Indonesia, as it was the first time the country had used such large-scale boring technology, also making it the first in Southeast Asia (Rahayu, 2019). During construction, 13 tunnel projects were completed by June 2022, highlighted by the inauguration of Tunnel No. 2 in Purwakarta, West Java (Belt and Road Portal, 2022). These 13 tunnels were key parts of the project, with the Walini Tunnel being the first breakthrough, achieved on May 14, 2019. PT KCIC celebrated this milestone as the “Walini Breakthrough” (Xinhua, 2019).

Ma Qiang stated that the Jakarta-Bandung High-Speed Rail is the first overseas project to use Chinese standards, technology, and equipment, and it represents a significant achievement in developing the new Silk Road (Chuanjiao, 2022). It was built using China’s domestically produced high-speed train model, the Fuxing series, designated as KCIC400AF. According to Huang (2023), the Chinese train exported to Indonesia includes adapted technology with disaster sensors, as the route crosses three tectonic plates and volcanic mountains. The disaster sensors are integrated into an emergency warning system that includes one early warning system, twelve signal units, and seven monitoring points designed to withstand earthquakes and reduce disaster risks. The integration of technology into the train’s signal network was carried out by China Railway Signal and Communication (CRSC) in collaboration with PT Telkomsel.

C. Interdependence Between Indonesia and China in the High-Speed Rail Project

As a project under China’s Belt and Road Initiative (BRI) cooperation framework, the partnership between Indonesia and China is based on shared values agreed upon by both countries. The BRI framework includes core concepts of vision and mission grounded in principles, targets, sectors, and cooperation mechanisms (Ohashi, 2019). Among the key points of the BRI framework, there is alignment with Indonesia’s Global Maritime Fulcrum vision, which emphasizes regional connectivity through infrastructure development.

Table 3. Principle of Belt and Road Initiative

Basic principle	(1) Respecting for sovereignty, mutual inviolability, non-interference to internal affairs, peaceful coexistence, equality, and reciprocity, (2) open framework, (3) cooperative relations, (4) market mechanism, and (5) win-win relationship.
Target area	(1) Linking East Asian and European economic areas, and (2) vast interior areas located between them

Priority Sector	(1) Policy coordination, (2) infrastructure (transportation, energy, communication) development, (3) Trade and investment cooperation (facilitation, barriers reduction, investment climate improvement, and FTA), (4) finance cooperation (expanding currency exchange, cultivating Asian bond market, Asian Infrastructure Investment Bank (AIIB), New Development (BRICS) Bank, and Silk Road Fund), and (5) human exchange.
Cooperation Framework	Shanghai Cooperation Organization (SCO), ASEAN plus one (China), Asia-Pacific Economic Cooperation (APEC), Asia Europe Meeting (ASEM), Greater Mekong Subregion (GMS) Economic Cooperation, Central Asia Regional Economic Cooperation (CAREC).

Source: Ohashi, 2019

The cooperation between the two countries in this project is part of China's effort to showcase the BRI to other nations. This project marks the first phase of the “strategic layout” in bilateral cooperation, which is planned to continue into a second phase called the “Regional Comprehensive Economic Corridor” between Indonesia and China (Yee, 2023). Indonesia is a key consumer market for China in Southeast Asia, being the fourth most populous country in the world. In the context of the high-speed rail project, President Jokowi called the relationship between the two countries “good friends and brothers” (Grossman, 2021). From 2005 to 2015, trade volume between the two nations grew from 8.7 billion USD to 48.2 billion USD, showing deepening economic ties (Anwar, 2019). Additionally, in 2016, China became Indonesia's third-largest foreign investor, moving up from ninth position in 2013 (Yee, 2023). Indonesia's strategic importance in the Asia-Pacific region is also viewed by China as crucial for countering U.S. and Japanese influence, which has historically dominated Indonesia's economy (Pramono & Raharjo, 2023).

To secure this influence, China had to outcompete Japan in the 2015 contest for the Jakarta–Bandung high-speed rail project. China used its domestic financial institution, the China Development Bank (CDB), as the lending partner. CDB is expected to make profits either through interest on loans or from the returns of infrastructure projects it helps finance (Ohashi, 2019). This shows China's economic interest in the project, which must succeed to bring financial returns to CDB and other Chinese companies involved, as well as strengthen China's geopolitical influence in the region.

CDB also plays a strategic role in promoting the internationalization of China's currency through the project. The internationalization of the renminbi (RMB) is a key part of the BRI's mission to lessen global reliance on the U.S. dollar (Ohashi, 2019). During this project, CDB signed a Facility Agreement with PT KCIC on May 14, 2017, to provide a loan of 4.55 billion USD. The loan terms include 60 percent at a 2 percent interest rate in U.S. dollars and 40 percent at a 3.5 percent interest rate in renminbi (Komisi VI DPR RI, 2023). The 2 percent interest rate reflects China's political interest in the project, as CDB typically does not offer rates lower than those of the World Bank (Schwarz & Rudyak, 2023).

From Indonesia's perspective as a developing country, the partnership with China offers significant benefits. These include China's commitment and execution of the high-speed rail project as a pilot initiative not only for Indonesia but for Southeast Asia as a whole. Improved connectivity aims to enhance regional integration and create new opportunities for economic, trade, and business cooperation among countries in the region.

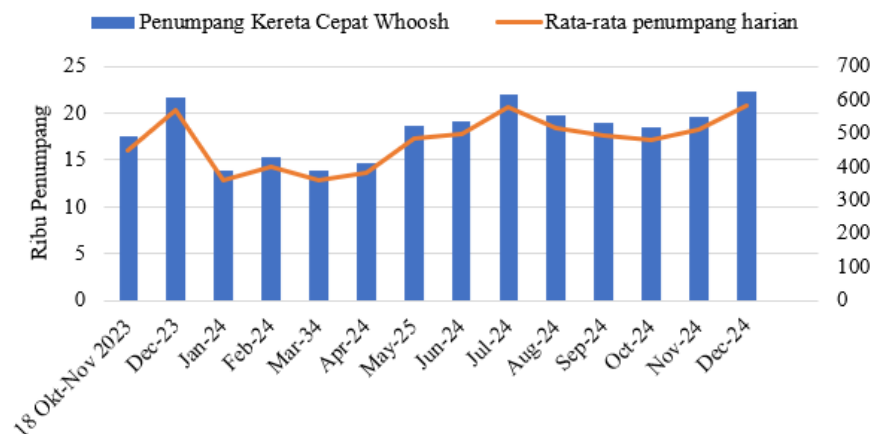
Tabel 4. Potential of KCJB compared to Beijing-Tianjing High-Speed Rail

Komponen	Jakarta-Bandung			Beijing-Tianjin
Jarak	142.3 km			142.6 km
Populasi	13.14 juta			32.32 juta
Karakteristik	-Jakarta sebagai IKN dan Pusat Bisnis -Bandung sebagai Ibu Kota Jawa Barat dan Kawasan Usaha Kreatif			-Beijing sebagai IKN dan Pusat Bisnis -Tianjin sebagai Ibu Kota Provinsi dan Kawasan Pengembangan Teknologi
Pengembangan Wilayah	Jakarta-Bandung metropolitan area			Beijing-Tianjin metropolitan area
Transisi	Moda transportasi kendaraan bermotor (mobil pribadi, bis, KA konvensional), asumsi shifting 11%			Moda transportasi kendaraan bermotor (mobil pribadi, bis, KA konvensional) shifting sebesar 36,8% pada tahun 2010 (2 tahun beroperasi)
Demand Forecast Transisi	Moda Transportasi	Lalu Lintas Harian	Transisi	
	Mobil Pribadi	134.775	15.135	
	Bus/travel	116.829	13.120	
	KA Konvensional	7.890	886	
	Total	259.495	29.140	
Harga Tiket	Jenis Kelas Ekonomi	Rp 125.000 batas bawah	Rp 250.000 batas atas	USD 13 atau Rp 200.000

Source: Processed by author, 2025

Based on a feasibility study conducted in 2015, the number of motor vehicles traveling between Jakarta and Bandung each day reached 143.518, with the majority, 123.133, being private cars (Rostanti, 2015). The majority of these private vehicle users are expected to switch to public transportation. This shift is especially important considering the high usage of other modes of transport, such as the Argo Parahyangan train, which carries between 2.000 and 2.500 passengers per day, and travel buses, which transport around 14.000 passengers daily.

Figure 5. The Significance of Whoosh High-Speed Train Passengers



Source: Processed by author, 2025

In its first month of operation, the Whoosh high-speed train showed a significant shift in mode, with 71% of passengers switching from private cars and buses (Komisi VI DPR RI, 2023). The report also revealed an increase in high-speed rail users, mostly private sector employees and students, making up 70%, with 73% of them traveling for leisure and business. From late 2023 through 2024, Whoosh has recorded a growing passenger count totaling 5 million. Although this number is high, it remains fairly steady month to month. Despite this, PT KCIC needs to revisit the optimistic passenger projections from the feasibility study. The current average daily ridership ranges from 16.000 to 20.000, indicating a shortfall of 10.000 to 20.000 passengers per day compared to the forecasted 29.000 to 40.000 passengers.

This situation worsens the financial condition of the project's operations due to the ballooning loan from PT KCIC to the China Development Bank (CDB). The additional loan granted by CDB came with strict conditions requiring the Indonesian government to provide guarantees. The government responded by approving State Capital Participation (PMN), which was specifically regulated under Minister of Finance Regulation No. 89 of 2023 following Presidential Regulation No. 93 of 2021, which amended Presidential Regulation No. 107 of 2015. Under this regulation, the government appointed PT Penjaminan Infrastruktur Indonesia (PII) to act as the guarantor for PT PSBI's debt on behalf of the Indonesian government (DPR RI, 2023).

Since 2021, the PMN provided by the government has changed the shareholding structure of PT PSBI, with PT KAI holding 51.37%, PT WIKA 39.12%, PT Jasa Marga 8.30%, and PT Perkebunan Nusantara VIII 1.21% (KCIC, 2024). After PT KAI made an additional capital injection of IDR 2.7 trillion into PT PSBI, its stake increased to 58.56% (Komisi VI DPR RI, 2023). Aditya Dwi Laksana, Chairman of the Forum for Railway and Intercity Transportation of the Indonesian Transportation Society, stated in Mahardhika (2023) that the concession signed between the Ministry of Transportation and PT KCIC in 2017 for providing public railway services could potentially be extended from 50 to 80 years. This concession covers the joint operation period of the high-speed rail project, during which management, financing, maintenance, and funding responsibilities rest with both countries. This extension could boost PT KCIC's revenue, especially through non-ticket streams like property and advertising, creating opportunities for future profits. However, Indonesia also risks prolonged dependence on China during this period, due to the capital and additional costs needed for developing Transit-Oriented Development areas.

4. CONCLUSION

The cooperation between Indonesia and China in the Jakarta–Bandung High-Speed Railway project has been effectively carried out based on both countries fulfilling their specific roles. According to the research findings, the high-speed rail project required active participation from both parties to address key aspects of the collaboration. China fulfilled its designated functions by meeting Indonesia's infrastructure needs, while Indonesia depended on China's contributions. Both nations established a joint institution in the form of a joint venture company, PT Kereta Cepat Indonesia-China (KCIC), which includes contractors and developers from the Indonesian consortium PT PSBI and the Chinese consortium Beijing Yawan HSR Co. Ltd. The company was created to facilitate equity capital and loan financing from the China Development Bank (CDB). This joint venture also serves as the executor of the construction process, which has been carried out since 2018 through Engineering, Procurement, Construction, and Operation and Maintenance phases. The interdependence between the two countries is demonstrated by China's recognition of the project as part of its Belt and Road Initiative (BRI) strategy and its "going out" policy to export high-speed rail technology abroad for the first time. In this context, China has effectively fulfilled its role by providing financing, technology transfer, and knowledge sharing. Meanwhile, Indonesia views this high-speed rail project as a step forward in modern transportation technology with significant domestic benefits. However, its success largely depends on Chinese loans and the need to develop regions along the railway corridor to generate economic returns.

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