



Geopolitics of Natural Resource Investment: A Case Study of Chinese Nickel Ventures in Eastern Indonesia

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Article Info

Article history:

Received August 31st, 2025

Revised September 28th, 2025

Accepted October 13th, 2025

Keyword:

Chinese Company, Eastern Indonesia, Investment, Natural Resources, Nickel.

ABSTRACT

Global demand for nickel continues to increase as the clean energy transition and electrification of transportation accelerate. Indonesia is currently the world's largest nickel producer and to increase downstream added value, the Indonesian government has implemented a ban on the export of raw nickel ore since 2020, encouraging the development of domestic processing facilities. This study examines the geopolitical dimensions of Chinese investment in Indonesia's nickel sector, focusing on major projects in Eastern Indonesia. Nickel, a crucial metal for the production of high-energy lithium-ion batteries, is at the center of global strategic competition, especially under China's Belt and Road Initiative (BRI) and "Going Out" policy. Companies such as Tsingshan Holding Group, Ningbo Lygend Mining, and Huayou Cobalt have formed joint ventures to establish large-scale smelters and industrial parks in Sulawesi, North Maluku, and Papua. The main objectives of the research are to analyze how Chinese investment is changing the regional and global power map, assess the socio-economic and environmental impacts on local communities, and evaluate Indonesia's strategic position amidst competing interests. A qualitative-descriptive methodology with a case study approach is used, relying on secondary document analysis—including scientific journals, international organization reports, Indonesian government regulations, and media coverage, to construct thematic narratives on investment patterns, policy frameworks, and local responses. The study found that while Chinese capital and technology accelerated Indonesia's downstream capacity and increased its share of global refined nickel production from 23% to 27% between 2020–2023, this growth has been accompanied by environmental degradation, labor disputes, and land rights conflicts. Industrial areas such as Morowali and Weda Bay have created tens of thousands of jobs, but their management has been dominated by Chinese expatriates and has fueled deforestation and water pollution. At the same time, Indonesia has used its "free-active" policy to attract diverse investors, seeking to balance resource sovereignty with the need for foreign capital. The study concludes that China's nickel investment in Eastern Indonesia reflects the close linkages between resource geopolitics and sustainable development. To optimize benefits and mitigate risks, strengthening environmental governance, enforcing labor standards, equitable distribution of income, and strategic flexibility in international partnerships are needed.



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1. INTRODUCTION

Nickel is a critical metal that plays a central role in the global clean energy transition (Dilshara et al., 2024). As a key component of high-energy lithium-ion batteries, nickel enables increased energy density and range of electric vehicles (Warbuton, 2024). A report from the International Energy Agency (2023) noted a sharp increase in nickel use in EV batteries in 2022, with around 10% of global nickel demand allocated to electric vehicle (EV) batteries, up from only 2% in 2017. In fact, it is predicted to increase to 37% by 2030 (Zhang, 2023). Global demand for nickel continues to grow rapidly as battery technology and clean energy advance, estimated to increase from around 3 million tonnes in 2023 to 5–6 million tonnes in 2040 due to the expansion of clean energy (C4ADS, 2025).

Nickel demand for green technologies is driven not only by EV, but also by energy storage and other clean industrial applications (Dilshara et al., 2024). The inclusion of nickel in battery cathodes such as NMC and NCA chemistries has become the standard for increasing battery capacity (Houache et al., 2022). On the other hand, nickel is also used in stainless steel (Yuan, 2015), but the current surge in demand is mainly driven by the shift towards low-carbon energy. Warburton's (2024) study asserts that nickel has earned the status of a transition material due to its role in low-emission technologies such as EVs. Thus, the availability and supply of global nickel are becoming increasingly strategic in global energy policy.

Currently, Indonesia holds a very strategic position in the global nickel industry (Lahadalia et al., 2024). The country has the largest nickel reserves in the world - estimated at around 42% of total global reserves (Michel, 2024). Based on the latest data, Indonesia has become the world's largest nickel producer, Indonesia's share of nickel extraction has jumped from around 5% in 2015 to around 50% in 2023 (Michel, 2024). Indonesia's nickel production in 2023 is around 1.7 million tons and the highest in the world which can be seen in full in the graph in Figure 1, this number has increased significantly from previous years (Nadig, 2024). This dominance largely comes from the growth of nickel mining exploration and development in eastern Indonesia, namely Sulawesi Island, Maluku, and Papua (Schodde & Guj, 2025).

Ten largest nickel producing countries in 2023

Unit: thousand tonnes per year (kt)

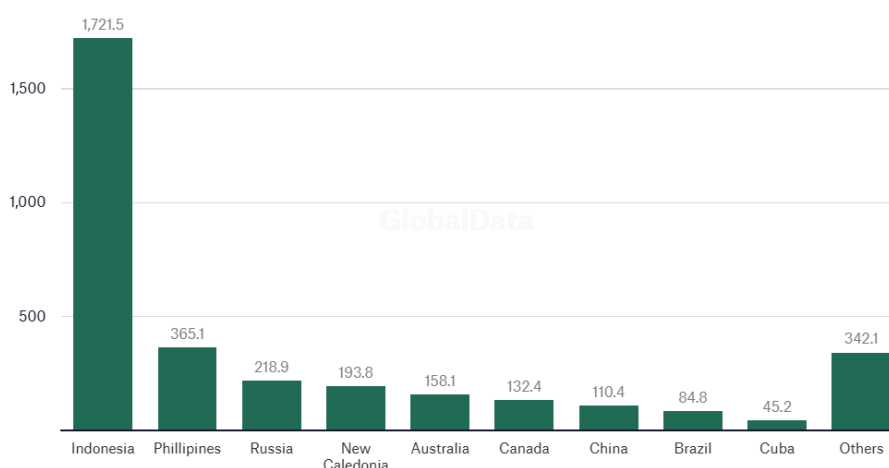


Chart: Smruthi Nadig • Source: GlobalData, US Geological Survey Data

Figure 1. Largest Nickel Producing Countries in 2023
 (Source: US Geological Survey Data in Nadig, 2024)

The acceleration of nickel production is also supported by Indonesia's downstream policy, since the ban on nickel ore exports in 2020, investment has been more focused on domestic smelters and processing plants (Santoso et al., 2024). As a result, Indonesia's processed nickel supply continues to increase, with production growth affecting global supply, for example, Indonesia's contribution is estimated to support around half of the world's nickel production growth (Kurniyanto et al., 2024). With abundant reserves and growing processing capacity, Indonesia is seen as a key nickel supplier for the global EV battery ecosystem (Nickel Institute, 2024). Furthermore, based on data compiled by CNBC in 2023, which can be seen in Figure 2. There are five nickel mines in Indonesia that are included in the top 10 largest nickel mines in the world. 3 of the 5 mines on the list are owned by companies from China, namely Tsingshan Holding Group, Ningbo Lygend Mining, and PT Huayue Nickel Cobalt. There are many more mines exploited with investment from Chinese companies outside this list, such as Wanxiang, Jiansung Delong, and others.



Figure 2. The Largest Nickel Mining Owner in the World
 (Source: CNBC Indonesia, 2023)

At the national level, the government emphasizes nickel as a strategic source of income (Setyagama, 2024). Nickel export revenues have soared, and nickel mining areas (nickel belts) have recorded local economic growth far exceeding the national average. The development of Nickel Industrial Estates, such as Morowali Industrial Park and Weda Bay Industrial Park, combines mining, smelting, and processing areas, bringing major investment and employment (Waburton, 2024). However, this dynamic also poses new challenges.

Since mid-2010, Chinese companies have dominated investment in Indonesia's nickel sector, marked by exporting raw nickel ore to Tsingshan (Warbuton, 2024). This nickel investment is especially in the eastern region of Indonesia which is indeed rich in nickel resources. After the ban on raw ore exports was imposed, the Indonesian government attracted China's interest in building downstream facilities domestically. In practice, many early buyers of Chinese raw nickel were forced to build smelters and refining plants in Indonesia in order to import raw materials (Grasia et al., 2024). For example, a consortium of Chinese companies such as Tsingshan Group (40% stake), Huayou Group (30%), and Zhenshi Group (30%) developed a large nickel refinery in Halmahera, North Maluku (Mongabay, 2024).

In Warburton's study (2024) shows that foreign investment (especially from China) is at the center of the transformation of Indonesia's nickel sector. The Indonesian government has implemented a downstream policy (Minerba Law of the Republic of Indonesia, 2020) which has further strengthened the demand for downstream investment since 2020 (Michel, 2024). As a result, the nickel refining sector has grown rapidly, between 2020-2023, Indonesia's share of the global refined nickel market rose from around 23% to 27% (C4ADS, 2025). This development is largely driven by new capacity with Chinese investors. It is estimated that by 2030 Indonesia will be able to produce almost half of the world's refined nickel supply. C4ADS (2025) highlights that more than 75% of Indonesia's nickel refining capacity is now controlled by Chinese entities. Complex ownership structures often hide foreign influence, with Chinese companies setting up layers of shell companies so that real ownership is not easily detected (C4ADS, 2025).

This Chinese investment brings economic benefits, but also structural challenges. The 2020 Minerba Law explicitly prohibits the export of nickel ore since 2020 (Michel, 2024), encourages the establishment of smelters domestically and locks Indonesia's nickel supply to downstream investors, especially China. However, this industry remains based on a high-energy downstream model (pyrometallurgy) with high carbon emissions, as most factories rely on coal-fired power plants (C4ADS, 2025). In addition, many reports note that investment profits are unevenly distributed, with only a handful of political elites and businessmen receiving the main benefits, while negative environmental and social impacts are borne by local communities (Waburton, 2024). The concept of nationalist enclaves illustrates this paradox as high-cost growth based on Chinese-Indonesian capital, but with negative externalities accumulating in mining communities (Waburton, 2024).

The growth of the nickel industry in Eastern Indonesia has triggered various local and geopolitical tensions. From a domestic perspective, serious environmental impacts have emerged in mining areas. The study by Lo et al. (2024) found that the rate of deforestation was almost twice as high in nickel mining villages in Sulawesi compared to non-mining areas. In the early stages of mining operations, there was a decline in the environmental well-being index, living standards, and education of the surrounding community, despite improvements in infrastructure and health. However, in the long term, the ecosystem continues to degrade, especially in villages that were already poor from the start (Lo et al., 2024).

The damaged ecological layer is also reflected in journalist reports. Mongabay's investigation (2024) showed that the Halmahera mining area (IWIP) has cleared thousands of hectares of forest and polluted the surrounding rivers and seas (Mongabay, 2024). Indigenous people reported that fish catches have decreased drastically due to the discharge of hot water and waste into the sea and river water pollution (Mongabay, 2024). This condition has destroyed the livelihoods of local fishermen, for example the Bajau community in Central Sulawesi, who have to sail far from the coast because their traditional waters are polluted (Globalvoices, 2025). Not only in Maluku and Sulawesi, the same situation also happened in Papua, precisely on Gag Island, Raja Ampat Regency, Southwest Papua Province, which is the location of exploration and development of high-value nickel mines (Ulat et al., 2024). This ecological impact has drawn criticism from international environmental groups, who have called on nickel buyers such as electric car manufacturers to pressure mining companies to comply with environmental standards and indigenous peoples' rights (Lo et al., 2024).

The dynamics of tension are also evident in the labor aspect. Many accidents and occupational safety violations have been reported in nickel industrial areas. C4ADS cites government data showing more than 90 deaths and hundreds of injuries in nickel processing facilities between 2015–2023 (C4ADS, 2025). Many of these accidents occurred in factories run by China–Indonesia joint ventures. In 2024, the US Department of Labor included Indonesian nickel on its list of forced labor goods, highlighting the harsh labor practices in the sector (C4ADS, 2025). The Business & Human Rights Resource Center (2024) report further revealed the poor conditions in several China-Indonesia nickel

industrial areas (such as Morowali and Halmahera). Workers, including Indonesian citizens and Chinese foreign workers, often experience unilateral wage cuts, forced overtime, violence in the workplace, and tight surveillance. Chinese workers even reported that their passports were confiscated, and their movements were restricted, triggering protests to the Indonesian government for human rights violations. Incidents of labor clashes between local and foreign workers have also occurred, reflecting social tensions on the ground.

In the context of local politics, the nickel sector has caused land conflicts and indigenous peoples' rights issues. One case is that residents in Halmahera complained about the land acquisition process, which was full of intimidation, they were forced to sell part of their customary land at a price far below market value, sometimes companies came with police intervention (Mongabay, 2024). Protests and lawsuits by residents such as indigenous farmers who demanded compensation, occurred when their rights were ignored (Mongabay, 2024). At the national level, Chinese investment in nickel is also part of a broader geopolitical maneuver. The US and EU governments are now monitoring their dependence on Indonesian nickel, much of which is processed by Chinese companies. For example, the US Department of Commerce is paying close attention to the dominance of Chinese investment and its implications for the global battery supply chain (Business & Human Rights Resource Center, 2024). The Indonesian government, on the other hand, is trying to balance the need for foreign capital and the spirit of resource nationalism; The strategy of diversifying trading partners (including attracting investors from the US, EU, and South Korea) continues to be pursued, although obstacles such as the US Inflation Reduction Act policy and EU environmental standards pose new challenges (Michel, 2024).

The development of Indonesia's nickel industry presents a paradox: its role is crucial to global clean energy solutions, but it is creating new pressures at the local and international levels. The abundance of nickel has spurred economic growth in mining areas, but has also triggered environmental and social problems that require careful management (Lo et al., 2024). The geopolitics of nickel investment is now a tug-of-war between national economic interests, downstream industrial policies, and global pressures to ensure sustainable and ethical mining. Academic studies suggest the need for stronger accountability and a policy framework that ensures the benefits of the nickel sector are distributed fairly without neglecting sustainability aspects (Waburton, 2024). It is in this context that the introduction of this paper will delve deeper into the geopolitical dynamics of nickel investment in Eastern Indonesia, especially the role of China, against the backdrop of global clean energy needs and local demands for justice.

To conclude this introduction, the paper will continue with a structured discussion in five main sections. The first section will examine the geopolitical framework of resources in a global context. The second section places Indonesia in the geopolitical map of nickel. The third section presents a case study of Chinese investment in Eastern Indonesia. The fourth section explores local dynamics on the ground, especially around mining areas. Finally, the fifth section discusses the geopolitical and geostrategic implications of this investment dominance, considering Indonesia's dependence on China as both a challenge and an opportunity, the reaction of Western countries, and the prospects for multilateral cooperation or potential tensions in the Asia-Pacific.

2. METHOD

This study used a qualitative descriptive approach, with a library research type. The qualitative approach was chosen because the focus of the study was to understand the phenomenon of Chinese nickel investment within a comprehensive socio-political context and its development in the field, as well as to explore the meaning and interpretation contained in various sources of information (Lim,

2024). There was no primary data or statistical measurement, this study was entirely based on a critical review of relevant literature.

A. Data Source

The research data source was secondary literature related to Chinese nickel investment in Eastern Indonesia. The sources used included:

- 1) Scientific journal articles and proceeding papers from databases such as Web of Science (WoS), Scopus, Google Scholar, JSTOR, ResearchGate, Dimensions, and SINTA.
- 2) Reports from international organizations such as C4ADS, Nickel Institute, MERICS, and International Energy Agency.
- 3) Reports from Indonesian government institutions such as Central Statistics Agency (BPS), and Ministry of Energy and Mineral Resources.
- 4) Relevant laws and regulations, including the law on mineral.
- 5) News and articles from credible mass media such as Kompas, Detik, Global Times, CNBC, Modern Diplomacy, The Diplomat, and Reuters.

Publications from non-governmental organizations (NGOs) such as Greenpeace, WALHI, and Global Voices.

B. Data Collection Technique

The data collection technique was conducted through a systematic online literature search using two languages, English and Indonesian. Each source obtained was selected based on criteria of relevance, credibility, and recency. The sources used were those with academic or institutional authority and had been published within the last 15 years, except for legal documents or historical archives that were considered fundamental. All documents found were initially screened based on their titles and abstracts to assess relevance, followed by a full-text review of the selected documents. Inclusion criteria included a focus on nickel investment or management in Eastern Indonesia, discussion of geopolitical or sustainability aspects, being written in Indonesian or English, and being available in full text. Exclusion criteria consisted of materials that were not relevant to the topic or only available as summaries (abstracts). Thus, the data collection technique was documentary and systematic, involving the search for journal articles, e-books, reports, and official documents via the internet.

C. Data Analysis Technique

The data obtained from the literature were analyzed using a qualitative-descriptive approach. The analysis was conducted by identifying and categorizing the main themes based on the literature review. The researcher read and reviewed the contents of the documents individually, then drew conclusions about key ideas related to geopolitical dynamics, sustainability aspects, investment policies, and the socio-economic impacts that emerged. Each finding from various literature sources was organized thematically and interpreted narratively. No quantitative analysis techniques or specialized statistical software were used, the analysis was inductive and interpretive. To increase validity, the researcher conducted source triangulation by comparing similar information across documents. The final results were compiled in the form of a comprehensive description that clearly illustrated the relationship between geopolitics and sustainability in Chinese nickel investment in the study area (Eastern Indonesia).

3. DISCUSSION

A. Geopolitics of Resources

Scholars point out that geopolitics is always related to the struggle for strategic resources. Sarpong (2021) emphasizes that control of vital natural resources is an integral part of global geopolitical dynamics, where globalization also involves the role of multinational companies in the struggle for resource areas. Sprague (2018) defines geopolitics as competition between great powers over territory and resources. Thus, Mackinder's classic theory of strategic location or Mahan's Sea Power theory remains relevant in the context of the struggle for global raw materials.

China dominates the world's critical mineral value chain. According to Castillo & Purdy (2022), China dominates global mineral processing, such as nickel and lithium refining. The Goldman Sachs report (2020) also noted that China processes 65% of the world's nickel and produces most of the world's electric vehicle batteries. This heavy dependence raises energy security concerns for other countries. China's global strategy uses the Belt and Road Initiative (BRI) and the Going Out policy to secure resources. Wang (2016) noted that the BRI is claimed as a "win-win" project by Beijing, but observers consider it an expansion of China's geopolitical influence abroad. The Going Out policy encourages Chinese companies to invest abroad to access natural resources, as evidenced by China's 12th Five-Year Plan requiring support for companies playing a role in global resource projects (The Diplomat, 2014). Tritto (2023) exemplified that the BRI has increased the national priority of Indonesia's nickel project, accelerating negotiations for Chinese investment under the umbrella of this initiative.

B. Indonesia in the Nickel Geopolitical Map

Indonesia bans nickel ore exports to encourage downstreaming (Putra & Samputra, 2023). Furthermore, Nugraha et al (2025) stated that this policy was intended for Indonesia to change from an exporter of raw materials to a producer of value-added goods. The government issued regulations such as PP23/2010 which requires domestic mineral processing, with a five-year transition period for mining companies. With the world's largest nickel reserves, Indonesia is very strategic for the global energy transition (Hyldmo et al., 2025). The Diplomat (2024) underlines that developed countries are now racing to secure critical minerals, EU is expanding battery manufacturing capacity, and US is building a mineral supply alliance with trusted partners. Indonesia is trying to take advantage of this opportunity through incentives to attract investment and the development of a national battery sector.

On the other hand, tensions arise between maintaining resource sovereignty and the need for foreign capital. The Indonesian government asserts control over strategic commodities but still requires foreign investment to fund smelters and advanced technology (Nugraha et al., 2025). The nickel export ban was challenged by the European Union by bringing the case to the WTO (Tritto, 2023), showing the conflict between nationalist policies and free trade rules. However, domestic support such as incentives and export taxes continues to maximize the economic benefits of downstreaming (Nugraha et al., 2025). It is also worth noting the public concern, where the Indonesian people are worried about the flood of Chinese goods and labor, which is considered to have an impact on local entrepreneurs and economic sovereignty (Merics, 2023).

C. Case Study of Chinese Investment in Eastern Indonesia

1) Morowali Industrial Park (IMIP), Central Sulawesi

IMIP in Central Sulawesi province was established in 2013 as a joint venture between Tsingshan Holding Group (China) and local conglomerate Bintang Delapan (Global Times, 2022). The area of ±2,000 ha includes 11 smelters, an HPAL (High Pressure Acid Leaching) plant, a power plant, a port,

and workers' housing (The Peoples Map, 2021). PT Indonesia Morowali Industrial Park, the company managing the area, is majority-owned by Tsingshan through its subsidiary Shanghai Decent, together with Bintang Delapan and PT Sulawesi Mining Investment (IMIP, 2013). The inauguration of IMIP involved a visit by President Xi Jinping and President Yudhoyono in 2013, who signed a memorandum of understanding for the establishment of this industrial area. In terms of capital, these projects are financed by Chinese banks (China Development Bank, Eximbank) and Tsingshan's private funding (The Peoples Map, 2021). The Indonesian government strongly supports this project and IMIP is designated as a national strategic project, this results in IMIP getting easier permits and tax breaks (Tritto, 2023). The Morowali government is improving infrastructure (roads, electricity, schools) and simplifying the licensing process to support IMIP investment (Tritto, 2023). These efforts demonstrate cross-central-regional coordination: the central government sets the policy framework and incentives, while local governments actively facilitate (land provision, local labor, training).

2) *Weda Bay Industrial Park (IWIP), North Maluku*

Weda Bay Industrial Park was built starting in 2018 in North Halmahera in North Maluku province as a follow-up to the success of IMIP (Global Times, 2022). In IWIP, Tsingshan established a joint venture with Eramet (France), where Tsingshan holds 57% and Eramet 43% (Detik, 2024). This area includes a ferronickel smelter processing facility and a battery laboratory. IWIP started producing nickel in 2019–2020, thus increasing Indonesia's nickel downstream capacity (IWIP, 2020).

3) *Gag Island, Southwest Papua*

Gag Island area in Raja Ampat regency, Southwest Papua province, is a location for exploration and development of high-value nickel mines. PT Gag Nickel Raja Ampat, is a local company affiliated with investors from China, is recorded as controlling a mining concession of around 13,136 hectares on Gag Island. Based on Gag Nickel company data as of December 2018, Gag Nickel's total nickel ore reserves were around 47.76 million wet metric tons (wmt), consisting of 39.54 million wmt of saprolite and 8.22 million wmt of limonite. Moreover, Gag Nickel's nickel resources reach more than 314 million wmt, indicating long-term prospects. If the reserves are fully processed, the economic value will be very large considering the high nickel content and market price of nickel.

D. **Case Study of Chinese Investment in Eastern Indonesia**

1) *Social Impact*

The involvement of Chinese capital has changed local social dynamics. The nickel industrial area absorbs tens of thousands of workers, around 70,000 in IMIP and 35,000 in IWIP. But often managerial and technical positions are filled by Chinese workers with exclusive facilities plus higher salaries (Tritto, 2023). This condition causes tensions between workers: Indonesians complain about the lack of rest rights including prayer time and cultural barriers to work when interacting with Chinese colleagues. The emergence of the issue of illegal Chinese workers has also received media attention. Classic land conflicts also occurred: the Mopute indigenous people in Southeast Sulawesi were evicted when the company took over their agricultural land without consultation, showing a violation of traditional land rights (Dengo & Morse, 2024).

2) *Environmental Impact*

Industrial land clearing has disrupted local ecosystems. WALHI reported severe flooding in Morowali, exacerbated by upstream forest loss due to nickel mining (Intelli News, 2025). River and sea

water around the industrial area became murky, killing fish and disrupting fishermen's livelihoods (Inside Indonesia, 2024). In the IMIP area, Tritto (2023) observed mining dust, flooding, and declining water quality due to waste, which had negative impacts on the health and productivity of local farmers/fishermen (Tritto, 2023). This condition has led to environmental protests by communities and NGOs, where there are villages with heavy pollution and fishermen who have lost income (Inside Indonesia, 2024).

Another example, large-scale nickel mining activities in the Raja Ampat area, Southwest Papua, have sparked protests from residents, including bishops (Kompas, 2025). Greenpeace analysis adds that mining has destroyed more than 500 hectares of tropical forest on several islands in Raja Ampat (Reuters, 2025). This damage has the potential to reduce the quality of the local climate, threatening the livelihoods of fishermen and indigenous people who have long maintained the environment. Local residents consider this situation as imperialism, where only a few parties benefit while the damage is experienced by many. The Raja Ampat case highlights how large-scale mining activities have caused environmental crises such as marine forest degradation, pollution, and loss of biodiversity, thus threatening the ecological resilience of the Papuan people (Greenpeace, 2025).

3) *Community and NGO Response*

Realizing the negative impacts on the environment, local communities and NGOs took action. Greenpeace and WALHI often conduct peaceful campaigns to demand responsible mining such as in Raja Ampat (Greenpeace, 2025). In Morowali, villages joined a coalition petition demanding the revocation of mining permits that were considered detrimental (Inside Indonesia, 2024). Tritto (2023) noted that public pressure forced companies to increase CSR programs, workforce training, and dialogue with local authorities to improve environmental and social compliance (Tritto, 2023). The local government's efforts to defuse this situation were to form a dialogue forum and tighten supervision in response to demands from residents and NGOs.

E. Geopolitical and Geostrategic Implications

China's dominance in Indonesia's nickel sector has two sides. Indonesians admire China's technological progress and investment, but are concerned about China's economic dominance (Merics, 2023). Dependence on nickel supplies to China could be a threat, as pricing practices and investment withdrawals would occur if national interests clashed. On the other hand, this cooperation provides opportunities for high-tech transfer, domestic industrial development, and tax revenues. The government is trying to balance the two: implementing protectionist policies (downstream) while still inviting quality foreign investment (Nugraha et al., 2025).

The US and EU respond to China's dominance with a strategy of diversifying the mineral supply chain. The Diplomat (2024) said that developed countries are increasing cooperation with mineral producers including Indonesia to reduce dependence on China. The US is pushing for strategic alliances and innovation incentives such as the Inflation Reduction Act. Meanwhile, the EU is building domestic battery capacity and emphasizing sustainability requirements in the supply chain. This step indicates that there are mineral supply negotiations with Indonesia. This Western policy is pressuring Indonesia to strengthen the added value of nickel and comply with global environmental and social standards.

Indonesia maintains a "free-active" stance and encourages ASEAN to mediate major tensions. Merics (2023) notes that the Indonesian government is trying to be impartial and promote inclusiveness. Modern Diplomacy (2024) emphasizes ASEAN's neutral approach, in which Indonesia emphasizes ASEAN centrality and embraces all major powers for stability. As one of the founders of ASEAN, Indonesia proclaimed the theme "ASEAN Matters: Epicentrum of Growth," in 2023 to emphasize the region's role in regional prosperity and peace. With this strategy, Indonesia hopes to reduce geopolitical

tensions by both rejecting exclusive military blocs (AUKUS) and accepting China's diplomatic involvement, so that multilateral cooperation (G20, IORA, ASEAN+3) is maintained. In the future, Indonesia's success in harmoniously engaging foreign partners (both US/EU and China) will be the key to balancing resource investment with national security interests.

4. CONCLUSION

Chinese investment in the nickel sector in Eastern Indonesia has revitalized downstreaming and made Indonesia a global center for processed nickel production. Big projects such as the Morowali Industrial Park and Weda Bay Industrial Park prove the effectiveness of foreign capital collaboration in accelerating downstream infrastructure development, creating jobs, and increasing export revenues. However, the dominance of Chinese companies in smelter ownership and managerial structures creates new dependencies, which if not managed properly can threaten national economic sovereignty.

The socio-environmental impacts arising from deforestation, water pollution, and tensions over land rights indicate a disparity between macroeconomic growth and the welfare of local communities. Working conditions in industrial areas, with forced overtime practices, accidents, and restrictions on workers' rights, require stricter labor regulations. While CSR programs and multi-stakeholder dialogues are beginning to be intensified, their effectiveness must be monitored to ensure equitable participation and benefits for indigenous communities and affected communities.

In the geopolitical context, Indonesia has successfully played a "free-active" role by inviting investment from various partners while maintaining control over strategic resource policies. Moving forward, the government needs to balance downstreaming incentives with global environmental and social standards, and strengthen ownership transparency. In doing so, Indonesia can maximize the added value of nickel, reduce the risk of negative externalities, and maintain a strong bargaining position on the critical mineral geopolitical stage.

Furthermore, additional investment from other countries, such as the European Union, the United States, and Australia, also needs to be facilitated to create a more diverse and shock-resistant supply ecosystem. Diversification of strategic partners will help reduce single dependence on Chinese capital and strengthen Indonesia's bargaining position in negotiations on price, technology, and operational terms.

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