

China–Indonesia Rail Project: A Strategy of Chinese Domination over Indonesia

News:

Indonesia is considering renegotiating the debt of the Jakarta–Bandung high-speed rail project, known as Whoosh, due to the heavy financial burden it places on state railway operator Kereta Api Indonesia (KAI). State-Owned Enterprises Minister Erick Thohir said the plan would allow KAI to manage the trains while the state handles infrastructure. The \$7.3 billion project was financed mainly through loans from the China Development Bank, initially at 2 percent interest. However, pandemic disruptions and land issues pushed costs higher, requiring additional financing at 3.4 percent interest. Despite its success in cutting travel time between Jakarta and Bandung to just 45 minutes and carrying 2.9 million passengers in early 2025, the line has created significant debt pressure. KAI recorded Rp1.24 trillion in losses from the project in the first half of 2025. Erick emphasized resolving this issue before expanding high-speed rail to Jakarta–Surabaya. (Source: jakartaglobe.id)

Comment:

The Jakarta–Bandung high-speed rail project (Whoosh) has faced criticism from various groups since its inception, ranging from economists and academics to the wider public. The main criticism lies in its enormous cost, exceeding Rp 100 trillion, financed largely through loans from the China Development Bank. Despite numerous warnings and objections, the government insisted on pushing the project forward under the pretext of modernizing transportation and cutting travel times. Yet in reality, transportation between Jakarta and Bandung was already well served by affordable and widely accessible options such as regular trains, buses, and travel shuttles. The high-speed rail seems more like a political prestige project than a genuine solution to Indonesia's public transport needs.

Now, after its launch, the problems that were previously highlighted are finally coming to light. The project has become a major financial burden for Kereta Api Indonesia (KAI), which continues to record significant losses. The government is now preparing to renegotiate the debt with China, showing that this project was never carefully planned in the first place. Beyond financial issues, the Whoosh project illustrates how Indonesia is increasingly entangled in China's political and economic interests. As the main creditor, China holds considerable leverage in influencing Indonesia's policies, both economically and diplomatically.

Looking more broadly, the high-speed rail is just one example of China's deepening grip on Indonesia's economy. In the nickel sector, for instance, Chinese companies dominate the entire production chain, from upstream to downstream, often bringing in large numbers of their own workers. Beyond mining, non-resource products such as electronics and consumer goods also flood the domestic market, making Indonesia increasingly dependent on imports from China. As a result, Indonesia's vast market potential and natural resources no longer primarily benefit its own people but are instead enjoyed by foreign powers.

Ironically, after decades under the dominance of Western capitalism through multinational corporations from Europe and the United States, Indonesia now appears to have simply shifted "masters" to China, which has become the new player. Their economic dominance is equally aggressive, and the Jakarta–Bandung high-speed rail project is merely one entry point. Ultimately, without careful planning and the courage to safeguard economic sovereignty, Indonesia risks losing control over its immense potential, leaving its own citizens as mere spectators in their homeland.

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