

Indonesia's Downstream Diplomacy Strategy Through BRICS Membership

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Abstract

As an effort to increase economic independence and export value, natural resource downstream diplomacy is a top priority for Indonesia. Indonesia's membership in BRICS in 2025 will open up opportunities for the country to develop a roadmap for advanced commercial diplomacy and to use this forum to expand market diversification, attract investment, and foster technological collaboration. This article examines Indonesia's efforts to formulate a long-term diplomatic strategy through BRICS while upholding the principle of an independent and active foreign policy. This paper will examine Indonesia's position as a middle power, attempting to balance national interests with the demands of the evolving international system, using the frameworks of commercial diplomacy and role theory in a case study of the nickel export ban at the WTO. It will also examine Indonesia's stance on the BRICS economic agenda, which is considered an alternative instrument to enhance Indonesia's bargaining position against pressure from Western countries. The findings in this paper indicate that the BRICS can serve as a strategic vehicle for Indonesia's downstream diplomacy. However, its success depends on Indonesia's ability to play a constructive role in the global competitive arena. The results show that downstream diplomacy is an important part of Indonesia's foreign policy strategy in an increasingly multipolar world era, rather than simply a national economic issue.

Keywords: *BRICS, commercial diplomacy, downstream diplomacy, Indonesia's foreign policy, role theory*

Abstrak

Sebagai upaya meningkatkan kemandirian ekonomi dan nilai tambah ekspor, diplomasi hilirisasi sumber daya alam strategis merupakan prioritas utama Indonesia. Dengan masuknya Indonesia sebagai anggota BRICS pada tahun 2025. Hal ini akan membuka peluang Indonesia dalam merancang roadmap diplomasi komersial lanjutan serta memanfaatkan forum ini untuk meningkatkan diversifikasi pasar, menarik investasi, dan mendorong kolaborasi teknologi. Melalui artikel ini, penulis menelaah langkah Indonesia dalam membuat rencana diplomasi jangka panjangnya melalui BRICS sambil mempertahankan prinsip kebijakan luar negeri bebas-aktif. Tulisan ini akan mengkaji posisi Indonesia sebagai kekuatan menengah yang mencoba menyeimbangkan kepentingan nasional dengan tuntutan sistem internasional yang berkembang dengan menggunakan kerangka pendekatan diplomasi komersial dan role theory dalam studi kasus larangan ekspor nikel di WTO. Beserta sikap Indonesia terhadap agenda ekonomi BRICS yang dianggap sebagai instrumen alternatif untuk meningkatkan posisi tawar Indonesia terhadap tekanan dari negara-negara Barat. Temuan dalam tulisan ini menunjukkan bahwa BRICS dapat menjadi wahana strategis untuk diplomasi hilirisasi Indonesia. Meskipun, keberhasilannya bergantung pada kemampuan Indonesia memainkan peran konstruktif dalam arena persaingan global. Hasilnya menunjukkan diplomasi hilirisasi merupakan bagian penting dari strategi kebijakan luar negeri Indonesia di era dunia yang semakin multipolar daripada sekadar masalah ekonomi nasional.

INTRODUCTION

In today's era of rapid technological development and digitalization, countries around the world must adapt to the evolving dynamics of international cooperation. As we know, countries are currently moving towards a renewable energy transition, aiming to "tripling renewable energy capacity and doubling energy efficiency by 2030, reducing greenhouse gas emissions, transitioning equitably from fossil fuels, and ensuring access to affordable modern energy." (UNDP, 2025). Similarly, Indonesia has actively supported programs and efforts to manage the impacts of climate change in recent years. As we know, the Indonesian government is one of the countries striving to contribute to the global mission, with a renewable energy target for 2030 of 19-23% in its energy mix (Yustika, 2024). Indonesia also plays a significant role, recently receiving the Fossil of the Day award at COP30 for including 46 fossil fuel lobbyists in its delegation, according to *Kick Big Polluters Out research* (Climate Action Network, 2025). This award adds a new chapter to Indonesia's history of active participation in multilateral cooperation. While it's undeniable that Indonesia's efforts to play an active role in these vital sectors are fraught with challenges.

Over the past ten years, Indonesia has been in a crucial phase of structural economic transformation. The downstream policy of natural resources, particularly nickel, bauxite, copper, tin, and coal, is now at the heart of the national development

strategy (Kementerian ESDM RI, 2020). This policy did not emerge in isolation; rather, it is a response to Indonesia's historical dependence on raw material exports and its subordinate position in global value chains, inherited from the colonial era. During the pre- and post-colonial periods, Indonesia's economic structure positioned it as a supplier of raw materials to industrialized nations, particularly the EU, the United States, and Japan (Hanan, 2025).

Most of the value added has historically been captured outside Indonesia and concentrated in global manufacturing centers. In response to this phenomenon, the Indonesian government implemented a nickel downstream policy to develop the industry and increase the value of nickel commodities. Initially, the downstream policy was developed during the Joko Widodo administration, until Indonesia officially imposed a ban on raw nickel exports on 1 January 2020, through the Minister of Energy and Mineral Resources Regulation Number 11 of 2019 concerning the second amendment to the Minister of Energy and Mineral Resources Regulation Number 25 of 2018 concerning Mineral and Coal Mining Business (Muhid, 2023).

Furthermore, the government's downstreaming programs exhibit a distinctive structured pattern. For example, the use of commercial diplomacy instruments, such as the nickel downstream policy, is one way to develop the industry and increase the value of nickel commodities (Nadhif & Suryadipura, 2023).

One project in developing the nickel industry through downstream processing is the development of an Electric Vehicle (EV) battery industry. Developing the EV battery industry is one of the Indonesian government's efforts to increase investment value through commercial diplomacy. One commercial diplomacy activity that Indonesia can undertake is investment promotion to attract foreign direct investment (FDI) to build national businesses (Okano-heijmans, 2011).

From the Indonesian government's perspective, the downstream policy is a strategy to escape the resource-dependent development trap and balance its role amidst two rival global powers, China and the US. This transformation becomes increasingly strategic as the world enters the era of the renewable energy transition. Global demand for critical minerals is surging, particularly amid rising demand for Electric Vehicles (EVs), energy storage, and environmentally friendly technologies. Indonesia has the world's largest nickel reserves, estimated at around 55 million tons, or around 42% of global reserves. The country is also the largest nickel producer, with production estimated at 1.8 to 2.2 million tons by 2024, making it a key player in the global nickel market and the energy transition. (Neo Energy, 2025). This position is certainly different from previous decades. While Indonesia previously had no significant bargaining power, the world now desperately needs nickel, cobalt, bauxite, and tin as the foundation of future energy. Therefore, the downstreaming program is increasingly understood not merely as an industrial policy but also as a geopolitical strategy.

However, this program has encountered implementation obstacles; one of these concerns cooperation between Indonesia and several partner countries. For example, the European Union (EU) filed a lawsuit with the WTO under case DS592 (Office of the Assistant to Deputy Cabinet Secretary for State Documents, 2021). The lawsuit was brought to challenge the EU's assessment that the nickel ore export ban constitutes a trade barrier. Furthermore, Japan has also expressed concern about the shortage of raw materials for the local industry (JETRO, 2022). Meanwhile, the US views downstreaming through two strategic lenses: the need for mineral supplies for the energy transition, and President Donald Trump's recent policy of revoking Electric Vehicle (EV) incentives under the Inflation Reduction Act (IRA). This condition could deter US companies from investing in nickel smelters and batteries in Indonesia (Antara, 2025). This response is believed to be due to China's increasing influence in Indonesia's economic and trade cooperation. The condition could reflect US concerns about China's dominance in Indonesia's smelter investment sector (Tritto, 2023). The attitudes of these strategic partner countries show that downstream is highly politicized and involves complex interest contestation.

This research departs from several steps in the Indonesian government's foreign policy, which implement downstream diplomacy in economic and trade cooperation agreements through the use of commercial diplomacy instruments. This policy, initiated in the Jokowi era, is increasingly applied in the decision-making

process to determine the direction of Indonesia's foreign policy under the Prabowo administration. Therefore, this paper also discusses the relationship between strategic partner countries that have established downstream diplomatic relations with Indonesia. In addition, Indonesia's entry into the BRICS can be seen as both an opportunity and a challenge, especially in implementing this downstream diplomacy strategy.

However, the extent to which BRICS unity can substantively strengthen Indonesia's downstream diplomacy remains analytically unclear. Although BRICS is often portrayed as a strategic platform for enhancing economic cooperation among Global South countries, it remains unclear whether it serves as an effective institutional mechanism to enhance Indonesia's bargaining power or merely represents a symbolic alignment within a broader geopolitical framework (Armijo, 2007). This situation raises significant analytical questions about whether Indonesia's downstream diplomacy is shaped primarily by its engagement with BRICS or reflects pre-existing domestic policy pathways. Therefore, this study seeks to critically assess the role of BRICS not only as a platform for cooperation but also as a potential driver, facilitator, or symbolic instrument within Indonesia's broader downstream diplomacy strategy.

This study contributes to the existing literature by offering a perspective that has thus far remained underexplored in international relations scholarship. While prior studies on Indonesia's BRICS membership have predominantly focused on economic interests, geopolitical

positioning, and hedging strategies, such as Darwis and Setiawan's (2025) work employing Free and Active Foreign Policy and Multipolarity frameworks, this paper goes further by examining the diplomatic dimension of BRICS engagement and its direct linkage to Indonesia's downstream industrialization agenda. By employing Role Theory as an analytical lens, this study uncovers how downstream diplomacy functions not merely as a domestic economic program but also as a mechanism for reconstructing Indonesia's role identity within the global order. In doing so, it offers a novel contribution to the study of middle power diplomacy, resource nationalism, and foreign economic policy in the Global South.

Therefore, the research question is: how does BRICS membership reshape Indonesia's downstream diplomacy strategy? More specifically, this paper examines how the Indonesian government operationalizes the instruments of downstream diplomacy through its engagement with BRICS, as Indonesia becomes the first and only Southeast Asian member of the bloc under President Prabowo's administration. The focus of the analysis is on how these instruments enable Indonesia to maximize its role as a significant actor in the international economic and trade arena.

The existing research has focused solely on Indonesia's BRICS membership, both economically and geopolitically. There is a limited perspective in international relations studies that explores the diplomatic aspect and links it to downstream policies and their impact on Indonesia's BRICS membership. Therefore, this study offers novelty by further

examining the landscape and perspectives on the diplomatic instruments used to explore downstream diplomatic strategies within Indonesian foreign policy, particularly by uncovering the extent of BRICS membership's impact on Indonesia.

This article argues that Indonesia's downstream diplomacy constitutes a deliberate strategy of role adaptation within an increasingly multipolar international system. Rather than merely serving as an economic or industrial policy, downstream diplomacy functions as a foreign policy instrument through which Indonesia renegotiates its identity and position in the global political economy, from a raw-material supplier to an industrial actor with high-value-added leverage. Indonesia's engagement with BRICS is central to this adaptive strategy, as it provides an alternative diplomatic and economic platform that better accommodates the developmental aspirations while reducing dependence on Western-dominated trade and investment regimes. The findings of this study demonstrate that BRICS membership strengthens Indonesia's bargaining position, diversifies its strategic partnerships, and creates new space for downstream diplomacy to operate beyond the constraints imposed by traditional economic partners.

METHODS

Theories or Conceptual Framework

Based on the background description above, this paper attempts to answer the main problem formulation: how does BRICS membership reshape Indonesia's

downstream diplomacy strategy? The goal is to find that downstreaming is no longer used merely as an instrument through economic policy but also as an Indonesian diplomatic strategy demonstrated through commercial diplomacy patterns through cooperation in Indonesia's vital commodity sectors as an effort to maximize domestic economic benefits, as well as a form of government response in playing a significant active role in the geopolitical arena.

This paper argues that Indonesia's membership in BRICS specifically supports trade cooperation between Indonesia and its strategic partner countries, especially China. We can see in several downstream policies implemented by Indonesia towards China, one of the BRICS countries. Both countries have experienced increased cooperation in several vital sectors, such as natural resources and transition energy. This paper differs from previous research, which was limited to discussing Indonesia's interests through BRICS membership. One example is Darwis and Setiawan's article, "Indonesia's Strategic Diplomacy and BRICS Membership: Opportunities and Risks in a Multipolar Global Order," which utilizes three conceptual approaches: Free and Active Foreign Policy, Hedging Strategy, and Multipolarity (Darwis & Setiawan, 2025).

The analytical framework of this research is based on the Role Theory approach in the study of international relations, specifically the perspective developed by Wehner and Thies (2014), which emphasizes that the role of the state

in global politics is a social construct that emerges through the interaction between state actors' self-perceptions and external expectations from other international actors (Harnisch, 2013). From this perspective, the changing role of the state is understood as a dynamic process influenced by the need to adapt to environmental strategies, shifts in the orientation of domestic political elites, and responses to the demands and pressures of the international structure.

According to Wehner and Thies, a state plays a role not only on the basis of its material capabilities but also on how domestic actors formulate the national identity and goals they wish to project to the outside world (role conception). Then, the role is portrayed through actions and foreign policies (role performance). However, in practice, there is potential for tension when domestic role conceptions do not align with the role expectations of other states, leading to role conflicts that can force the state to adapt and renegotiate its position and influence in the international order (Holsti, 1970).

Going beyond purely conceptual applications, this study identifies several key actors involved in Indonesia's downstream diplomacy and examines how their roles interact in practice. The president plays a central role in articulating a nationalist economic vision, mainly through an emphasis on resource sovereignty and industrialization. At the institutional level, ministries such as the Ministry of Energy and Mineral Resources and the Ministry of Trade serve as policy

implementers, translating this vision into regulatory frameworks and export policies. At the same time, foreign investors and international economic partners are crucial external actors that provide capital, technology, and market access. In this context, BRICS can be understood as an emerging platform with the potential to reshape Indonesia's external economic role by offering other partnerships beyond traditional Western-dominated institutions.

These dual-role expectations create role conflict in practice. On the one hand, Indonesia seeks to maintain a protectionist stance through its downstream policy aimed at increasing domestic value-added production. On the other hand, Indonesia remains dependent on foreign investment and global market integration to sustain industrial development. These national tensions reflect the coexistence of competing role conceptions, which position Indonesia simultaneously as a resource nation and a pragmatic economic partner in the global economy.

To operationalize Role Theory in this study, it is important to identify the key actors shaping Indonesia's downstream diplomacy. At the domestic level, the president plays a central role in defining Indonesia's strategic direction, mostly in promoting resource nationalism and downstream industrialization. The next step would be for relevant ministries, such as the Ministry of Investment and the Ministry of Energy and Mineral Resources, to implement the vision. These ministries are responsible for regulating foreign investment and industrial policy. At the

international level, external actors, including foreign investors and BRICS member states, help shape role expectations by demanding regulatory certainty, market access, and investment opportunities.

These interactions generate observable role conflicts in practice. For instance, Indonesia's commitment to downstream policies, such as export restrictions on raw materials, often clashes with expectations from Western economies advocating for free trade principles. At the same time, Indonesia's engagement with BRICS reflects an attempt to reconcile these competing expectations by diversifying its economic partnerships. Thus, role conflict is not merely conceptual but manifests in Indonesia's strategic balancing between domestic developmental goals and external economic pressures.

This approach is relevant to analyzing the dynamics of Indonesia's downstream diplomacy because this policy functions not only as an economic instrument but also as an effort to change Indonesia's role in the international system. Downstreaming embodies a new role concept: Indonesia as a high-value-added industrial nation no longer accepting a subordinate position in the global supply chain. However, partner countries such as the European Union, the United States, and Japan still maintain their traditional role expectations of Indonesia as a supplier of low-cost raw materials for their industries. The tension between these two positions has given rise to role conflicts, as evidenced by the EU's WTO lawsuit

against Indonesia's nickel export ban (DS592) and US pressure through the Inflation Reduction Act (IRA), which hinders Indonesian nickel-based products' access to the US electric vehicle market. This role conflict has prompted Indonesia to adapt its role, including enhancing strategic partnerships with China and South Korea in the battery supply chain, and expanding diplomatic space through BRICS membership as an alternative to dependence on Western economic institutions.

Using the Role Theory framework, this study analyzes downstreaming as a foreign policy process involving negotiations on state identity, changes in role structures, and efforts to expand Indonesia's inventive capacity within an increasingly multipolar international system. This approach allows this research to view downstreaming not merely as an economic policy, but as an instrument for reconstructing Indonesia's identity and strategic positioning in global competition for strategic minerals and future technologies.

To move beyond a purely conceptual discussion, this study operationalizes Role Theory as an analytical framework to examine Indonesia's downstream diplomacy and its engagement with BRICS. Within this framework, role conception refers to how key domestic actors, particularly the president, economic policymakers, and relevant ministries such as the Ministry of Energy and Mineral Resources and the Ministry of Investment, define Indonesia's position and strategic

aspirations within the global political economy. These actors frame Indonesia as a resource-rich state seeking to move up the value chain through resource-based industrialization and downstream policies.

Role expectations refer to the expectations, preferences, and pressures articulated by external actors, including major economic partners such as the European Union, the United States, and China, regarding Indonesia's role within global supply chains and international trade regimes. These expectations often shape the constraints and opportunities Indonesia faces in implementing its domestic industrial agenda.

Role performance, in turn, refers to the concrete foreign economic policies Indonesia undertakes to fulfill its perceived role, including export restrictions on raw minerals, the promotion of downstream industries, and diplomatic efforts to defend these policies in international economic forums.

Finally, role adaptation captures how Indonesia adjusts its diplomatic alignments and strategic partnerships in response to tensions between domestic role conceptions and external role expectations. In this study, Indonesia's engagement with BRICS is interpreted as part of this adaptive process, through which Indonesia seeks to diversify its economic partnerships while sustaining its domestic development agenda.

By operationalizing these concepts, the study can trace how domestic role conceptions interact with external role expectations and how these interactions

shape Indonesia's downstream diplomacy and its strategic engagement with BRICS.

Research Methods

This study uses a qualitative, descriptive-analytical research design to examine the dynamics of Indonesia's downstream diplomacy within the framework of the country's evolving international role. The author chose a qualitative approach because it allows for in-depth exploration of identity construction, political narratives, and diplomatic positions manifested through social and political interactions between state actors. The author uses a descriptive-analytical design to describe the development of downstream policy as a diplomatic instrument and to analyze how this policy shapes and is negotiated within.

The author conducts data collection by analyzing primary and secondary documents, including speeches by the president and relevant government officials, official policy statements, international legal documents, WTO dispute rulings, reports from international institutions, media publications, and academic research. Primary sources include the WTO ruling (DS592) on the nickel export dispute between Indonesia and the European Union, G20 and ASEAN documents on energy transition and strategic investment cooperation, and official government statements on downstream policy and Indonesia's membership in BRICS. Meanwhile, secondary sources include academic literature on Role Theory, critical mineral

geopolitics, and studies of developing country industrialization policies.

The data were analyzed using qualitative content analysis techniques to identify key narratives, diplomatic positions, external actor responses, and role shifts arising from tensions between domestic role conceptions and international role expectations. The analysis was conducted by mapping the processes of role performance, role contestation, and role adaptation, as described in the Role Theory framework of Wehner and Thies (2014). Using this technique, the study evaluated how downstream diplomacy became a strategic instrument in renegotiating Indonesia's position in the global order.

Data validity was complemented through source triangulation, combining official documents with reports from international institutions and academic studies to ensure information consistency and enrich analytical interpretation. This methodological approach enabled the study to comprehensively assess downstream diplomacy, both as an economic policy, a diplomatic strategy, and an instrument for reconstructing Indonesia's role identity within the international system.

RESULTS AND DISCUSSION

Indonesia Downstream Diplomacy Strategy

From a Role Theory perspective, Indonesia's downstream diplomacy can be understood as a form of role performance that reflects the country's evolving role conception in the global political economy. The current Indonesian government

increasingly frames the country not simply as a supplier of raw materials, but as a growing industrial actor seeking to maximize the value of its natural resources through domestic processing and manufacturing (Emanuel Edi Saputra, 2026). However, this role conception does not always align with the expectations of external actors, particularly Western economies that have historically benefited from Indonesia's position in global commodity supply chains. Consequently, Indonesia's downstream policies create tensions between competing role expectations, creating a context in which role conflict has become a central feature of Indonesia's contemporary economic diplomacy.

This paper classifies the downstream policy as a diplomatic instrument, strategically used by the Indonesian government to fulfill its role as a middle power and increase the value or benefits of natural resources for national interests. This program aims to: first, enhance the industrial structure through increased investment or expansion to meet domestic needs, substitute for imported raw materials, and fill export markets. Second, increase domestic opportunities by creating new jobs and increasing labor absorption. Finally, in terms of economic cooperation, downstreaming can attract foreign investors to the country and generate significant foreign exchange from exports (Kementerian Perindustrian Republik Indonesia, 2022). This article explores the distinctive diplomatic patterns

implemented by the Indonesian government under President Prabowo. Specifically, it examines international trade cooperation and the implementation of a downstream diplomacy program. The downstream policy is no longer solely about industry or exports, but rather a way for Indonesia to assert its strategic position amidst increasing global rivalry.

Downstream diplomacy, or, in this case, its implementation, is the term adopted from a policy program issued by former President Joko Widodo. This downstream policy began to be implemented on a large scale in 2020, when President Jokowi launched a downstream program for all oil and gas, agricultural, coal, mining, and mineral industries (Halimatussadiah et al). This policy prohibited the export of these raw materials to encourage the development of the national processing and refining industry (Muthiariny, 2024). As his term draws to a close, he also hopes the next president will continue the program. In his speech before the House of Representatives (DPR) ahead of Independence Day on 17 August 2023, Jokowi urged his successor to continue prioritizing domestic processing of natural commodities, to transform Southeast Asia's largest economy into a global power by 2045 (Reuters, 2023).

Before delving further, it's important first to understand what a downstream program is. Downstream refers to the development of industries that process raw materials into finished goods. This program aims to optimize the processing and transformation of a country's raw materials

or natural resources into higher-value finished products (Muthiariny, 2024). In an economic context, this program is seen as a crucial strategy for increasing a country's competitiveness and creating long-term economic sustainability. Downstream processing can be implemented across various sectors, including agriculture, fisheries, oil and gas, and mining. This program aims to increase the product's selling price, thereby enhancing its economic value and generating profits (Muthiariny, 2024). In addition, the benefits of implementing the downstreaming process include adding product value, optimizing the use of available natural resources, developing new products to penetrate international markets, and creating jobs.

This downstreaming program is indeed strategically beneficial for Indonesia, but it is not without its challenges. In response to the Indonesian downstreaming policy, various partner countries, including the European Union (EU), have responded. Indonesia and the EU were involved in several WTO disputes in 2019, including a 2025 ruling in which a WTO panel sided with Indonesia regarding measures against its biodiesel in a case file (DS618) and another 2025 ruling that declared the EU's policy on palm oil biofuels discriminatory (DS593). Indonesia also clashed with the EU over measures related to stainless steel, with a 2025 panel ruling declaring the EU's measures inconsistent with WTO rules (WTO, 2025).

The recent event, in which Indonesia won a trade dispute with the EU at the WTO,

marks a new milestone in the Indonesian government's downstream diplomacy strategy (Da Costa, 2025). Thus, it is not only a policy step in the downstream diplomatic and economic sector, but also a strategic instrument for the government in balancing interests in an increasingly multipolar world.

The dispute between Indonesia and the EU over the nickel export ban illustrates a clear manifestation of role conflict within the framework of Role Theory. On the one hand, Indonesia's domestic policymakers, particularly under the administration of President Joko Widodo, promote downstream industrialization as a strategy to elevate Indonesia's role from a raw-materials exporter to a producer of higher-value-added industrial products. On the other hand, the EU and several Western partners expect Indonesia to maintain open access to its raw materials to sustain global manufacturing supply chains. The legal challenge brought by the EU at the WTO therefore reflects a clash between Indonesia's evolving role conception and the established role expectations of its traditional economic partners.

However, this differs from Indonesia's other strategic partner, China. With the potential for a mutually beneficial relationship between Indonesia and China, with Indonesia possessing substantial nickel reserves and China's high demand for nickel processing, the two countries tend to engage in significant export-import trade annually (Fahik et al., 2024). China and Indonesia actively export and import nickel

to meet national needs. Indonesia meets its national economic needs through mining activities and exports of mineral products to support state revenues. Meanwhile, China pursues its national interests by importing nickel to support its domestic industry. China's nickel needs to meet the growing demand for its stainless steel industry, are evidenced by the year-on-year increase in nickel imports (Fahik et al., 2024). So, how does the Prabowo administration use this downstream diplomacy strategy to manage its foreign relations with strategic partner countries, particularly given Indonesia's privileges as a BRICS member? What happened after Indonesia officially joined BRICS? The most striking aspect is Indonesia's relationship with China, which has led to trade cooperation across various strategic sectors.

Quoting a statement from the Chairman of the Indonesian Chamber of Commerce and Industry (KADIN), Anindya Bakrie, that the natural resource downstream policy promoted under President Prabowo Subianto's administration can strengthen trade with China. "We have a US\$2 billion (trade) surplus with China thanks to the success of downstreaming investments between the two countries," he said after attending the 75th anniversary of diplomatic relations between Indonesia and China in Jakarta on Thursday, 17 April 2025 (Antara Newsa 2025). In his statement, he added that Chinese investment in Indonesian stainless-steel production would pave the way for potential new capital inflows in other

sectors. It was evident in the 2024 Belt and Road Initiative (BRI) report, which once again listed Indonesia as the largest single recipient of investment, with approximately \$9.3 billion (Antara Newsb, 2025). Further information regarding the state of trade cooperation between Indonesia and China is also evident in the international trade analysis data report compiled by Tradeimex.in, a global trade intelligence platform that provides import-export data, market research, and analytics for businesses in over 100 countries. According to its data analysis, by October 2025, trade relations between Indonesia and China will have evolved from simple commodity trade to a more complex partnership. Strategic sectors, including investment, global value chain integration, and industrial cooperation, will be further intensified. For example, in 2024, total trade in goods between Indonesia and China will be recorded at approximately USD 135 billion (TradeImeX, 2025). Then, in the first semester of 2025, Indonesia's exports to China reached around 29.3 billion USD, while imports from China were around 40 billion USD, resulting in a trade deficit of approximately 10.7 billion USD (TradeImeX, 2025). From this achievement, China remains Indonesia's largest trading partner and is also one of the main suppliers of Indonesian raw materials to the Chinese industry.

Indonesia imports a significant amount of manufactured goods from China, particularly to support domestic industry and infrastructure development. Some of the main categories include machinery and

mechanical equipment, electrical and electronic equipment, iron and steel, plastics and plastic products, vehicles, organic chemicals, and other categories such as coal/oil minerals, furniture, and others (TradeImeX, 2025). In essence, Indonesia imports many high-value-added products from China, indicating its continued reliance on manufactured imports to support development and consumption. Conversely, Indonesia's exports to China primarily consist of natural resources and basic processed products. Several key commodities, such as fuel and energy, iron and steel, nickel, animal and vegetable fats (including palm oil), wood pulp, ore, slag, ash, and other chemical products such as copper, fishery products, and others, play a significant role in the current high-value commodity exchange transactions (TradeImeX, 2025).

Indonesia's exports to China are based on natural resource commodities and basic processing. They are still not as intensive as the high-value manufacturing sector. One of the main factors driving the growing cooperation between Indonesia and China is, firstly, China's Belt and Road Initiative (BRI), which provides a launching pad for elevating this project to the level of strategic national priority, with all the accompanying facilitation and the Indonesian government's ban on raw mineral exports, which can essentially be a tool to force Chinese companies to invest in smelters in Indonesia to maintain their nickel sources (Tritto, 2023).

In addition to increased cooperation in several strategic sectors, Indonesia is

increasingly active in its role as a middle power. Indonesia holds a unique position as a bridge-builder, bridging interests between the West and the South. The downstreaming strategy is considered a soft balancing measure, an attempt to maintain independence without triggering confrontation. However, the success of this strategy depends heavily on Indonesia's policy consistency and its ability to maintain credibility within the BRICS. As stated by President Prabowo in various state forum speeches, he recently expressed his commitment to his South African counterpart, Cyril Ramaphosa, that the two BRICS countries should explore the possibility of a bilateral trade agreement. The situation is motivated by Jakarta's desire to narrow its deficit amid tariff uncertainty (Shofa, 2025). In the press conference, the two leaders agreed that the two countries need to increase trade in the current era of uncertainty, referring to the turmoil triggered by the US tariff hike.

Furthermore, Jakarta has expressed openness to South Africa's pursuit of a Comprehensive Economic Partnership Agreement (CEPA), which would offer deeper tariff reductions. "Our trade has increased significantly in the last five years, but of course, we want to continue and increase trade in a more balanced manner. We want to take steps to possibly have a preferential trade agreement or CEPA in this time of international economic uncertainty," Prabowo told reporters during a state visit. Ramaphosa also added, "We agree on the need to increase trade between our two countries as a catalyst for inclusive economic growth." (Jakarta Globe, 2025).

Shortly after his inauguration in October, Prabowo decided to apply to BRICS, with Indonesia officially becoming a full member in January 2025. BRICS Chairman and Brazilian President Lula da Silva paid a state visit to Jakarta on 23 October. In his statement, Lula emphasized the importance of building stronger global partnerships. He said that Brazil cannot simply wait for offers of cooperation from other countries (Office of the Assistant to Deputy Cabinet Secretary for State Documents, 2025). In addition to demonstrating openness to the opportunities for cooperation created by BRICS membership, President Prabowo also reaffirmed the principle of non-alignment, or freedom and activity. Indonesia does not lean towards any party and will always be open to various economic and trade partnerships.

As recalled in his first state address, President Prabowo Subianto reiterated that Indonesia would uphold its non-aligned foreign policy and emphasized that Indonesia would not side with any global power bloc. "We remain steadfast in the principle of non-alignment. We will not side with any bloc. We have conveyed this everywhere; our foreign policy is free and active. We seek peace with all nations," he said. He also emphasized that war is disruptive and that Indonesia does not want to be involved in any war and is doing its utmost to avoid it. In his speech, he also highlighted Indonesia's latest milestone in global diplomacy for becoming a full member of BRICS on 6 January, 2025. (ANTARA News, 2025). The Indonesian government is currently pursuing additional strategic steps following its

BRICS membership, including preparing for full integration into the Organization for Economic Cooperation and Development (OECD). If this happened, Indonesia would be the first Southeast Asian country to join the OECD successfully. Furthermore, the president also underscored Indonesia's commitment to resolving all outstanding issues, particularly those involving neighboring countries, such as the humanitarian crisis in Myanmar.

Based on a series of events and diplomatic stances taken by the Prabowo administration, it appears that Indonesia is currently moving toward a transformative economy through the implementation of its downstream policy program. This move is not merely a policy direction driver, but rather a crucial instrument in determining Indonesia's future strategic geopolitical moves.

Role Theory: Indonesia Joining BRICS

Role theory could explain Indonesia's engagement with BRICS as a strategy of role adaptation in response to competing international expectations. Domestically, Indonesian political and economic elites increasingly articulate a role conception that emphasizes economic sovereignty, industrial upgrading, and greater strategic autonomy within the global economy. However, this conception frequently encounters resistance from Western economies that expect Indonesia to remain integrated into global supply chains primarily as a supplier of raw materials. Within this context, BRICS offers an alternative diplomatic and economic platform that aligns more closely with Indonesia's developmental aspirations. By engaging with BRICS, Indonesia seeks to

diversify its international partnerships and expand its strategic maneuvering space while continuing to pursue its downstream industrialization agenda.

In Role Theory, a combination of internal perspectives and external expectations produced a country's foreign policy (Wehner and Thies 2014). Indonesia, for example, has built its identity as a middle power, acting as a bridge between the interests of the North and the South (Heriamsal, 2025). In the context of downstream diplomacy, efforts to maintain economic policy autonomy while remaining actively involved in the multipolar international system can lead into this role. In the context of downstream diplomacy, Indonesia faces dynamics that reflect all elements of the Role Theory concept. Internally, the role conception in this case is that government actors aim to demonstrate Indonesia as an independent, economically sovereign nation. Meanwhile, in the external role conception, Western countries, strategic partners, expect Indonesia to remain open and constructive in implementing its policies.

Conflicts arise when domestic policies, such as the nickel export ban resulting from the downstream program, are perceived as protectionist. In response, Indonesia then adapts through a multilateral approach, one of which is through BRICS. Indonesia seeks to maintain credibility and maximize its national interests. By joining BRICS, this step can open wider access for member countries to partner with Indonesia strategically (bridge-building). It will also put Indonesia in a good position to act as a bridge between the regions. Situated between the Indian and Pacific Oceans and anchored within ASEAN, Indonesia can

serve as a key link between BRICS and Southeast Asia (Imran, 2026). Its role can help institutionalize dialogue and cooperation between BRICS and ASEAN, two groups that will increasingly shape the future of the Global South.

Indonesia's membership in BRICS provides access to alternative instruments from the New Development Bank (NDB) for downstream project financing, technology cooperation opportunities, and South-South investment, as well as other diplomatic alternatives that differentiate it from Western countries. Indonesia can leverage this forum to strengthen its downstream ecosystem and expand its commercial diplomacy options with strategic partners. BRICS can develop into a crucial instrument in the global multipolar order, offering developing countries an alternative to global financial institutions and governance (Patrick & Hogan, 2025). The expansion of membership in the BRICS bloc in January 2025 made Indonesia the first full member in Southeast Asia (Mai, 2025). In addition, Indonesia can take advantage of the momentum of dedollarization initiated by the BRICS to diversify its foreign exchange reserves (Setiawan, 2025). This result reflects a structural opportunity to advance South-South economic diplomacy.

Indonesia's willingness to participate in this forum demonstrates its diplomatic capabilities in leveraging the new global architecture. Thus, BRICS occupies a strategic position for Indonesia's adaptive diplomacy. Through its BRICS membership, Indonesia positions itself as a country advocating reform of global institutions

such as the IMF and the World Bank in the interests of the Global South (Patrick & Hogan, 2025). Through this forum, Indonesia also promotes an inclusive approach to global health, economic justice, and technology issues (Patrick & Hogan, 2025). Active involvement in BRICS discussions can enhance Indonesia's diplomatic legitimacy as a representative in the Global South (Petrone, 2019). In addition, the current climate change and technology agenda is an effective means of soft power diplomacy in establishing inclusive multilateral cooperation through BRICS membership (Petrone, 2019). The forum also encourages collaboration in AI governance, global health, and inclusive development (Patrick & Hogan, 2025). Thus, BRICS serves not only as an economic platform but also as a normative and substantive diplomatic platform. Indonesia uses this to expand its global network without relying on the Western system.

In addition, BRICS also provides space for Indonesia to develop soft power through global development and reform issues (Salsabilla & Nugroho, 2025). For example, Indonesia uses this forum to strengthen its image as a mediator between global powers and developing countries (Salsabilla & Nugroho, 2025). This participation reflects a balanced diplomatic strategy that optimizes opportunities without compromising policy independence. This diplomacy aligns with Indonesia's independent, active, and non-aligned foreign policy principles (Patrick & Hogan, 2025). In addition, Indonesia is also increasingly strengthening its role in South-South dialogue on development issues and

financial independence (Hutabarat, 2023). This forum also supports Indonesia's position as an adaptive middle power in the era of multipolarity. Thus, the BRICS' role provides significant strategic value within Indonesia's diplomatic structure.

Through BRICS membership, Indonesia has successfully opened up chances for economic diversification, expanded its access to alternative financing through the NDB, and enhanced its diplomatic position as a bridge-builder against the influence of countries in the South. Furthermore, Indonesia's interest in BRICS membership can be seen as part of its broader efforts to redefine its role on the global stage. As the world's fourth-most populous country and a growing economic power, Indonesia has long sought to increase its influence on the global stage. BRICS membership appears to some Indonesian policymakers to be a means to achieve this goal (Setiawan, 2025).

Reassessing the Causal Relationship Between BRICS and Downstream Diplomacy

A closer examination of the sequence and timeframe of the relationship between Indonesia's downstreaming policy and the BRICS reveals that Indonesia's downstreaming policy began even before it engaged with the BRICS, particularly since the implementation of raw material export restrictions in 2020 (Kementerian ESDM RI, 2020). This condition suggests that the BRICS do not merely serve as the primary causal driver of Indonesia's downstreaming diplomacy. However, a comparative assessment before and after Indonesia's engagement with the BRICS reveals that the platform plays a complementary role in

enhancing the external dimension of this policy. Before joining the BRICS, Indonesia's downstreaming strategy was largely domestically oriented and faced significant external pressures, particularly from Western economies and trade institutions (WTO, 2023). Following its engagement with the BRICS, Indonesia gained broader access to alternative economic partnerships, diversified markets, and greater strategic flexibility amid global economic pressures (Antara Newsb, 2025). Therefore, rather than serving as a direct causal factor, the BRICS operate as strategic amplifiers that enhance the implementation and international standing of Indonesia's downstreaming diplomacy in an increasingly multipolar economic landscape.

Overall, Indonesia's downstream diplomacy reflects an ongoing negotiation between domestic role conceptions and external role expectations within the global political economy. While Western economies often expect Indonesia to maintain its traditional role as a supplier of raw materials, Indonesian policymakers increasingly promote a developmental role centered on industrial upgrading and resource-based industrialization. These competing expectations generate recurring instances of role conflict in Indonesia's economic diplomacy. In response, Indonesia's engagement with alternative economic groupings such as BRICS can be understood as a form of role adaptation that enables the country to navigate external pressures while maintaining its domestic development priorities.

CONCLUSION

This research demonstrates that Indonesia's downstream diplomacy is a strategic instrument reflecting the country's changing role in the international system. Through the framework of Role Theory, downstreaming can be understood as an interconnected process of role conception, role performance, role conflict, and role adaptation. Domestically, downstreaming represents Indonesia's new identity as an industrial nation seeking to break away from dependence on raw material exports. Internationally, this policy has elicited mixed responses from partner countries that still hold outdated expectations of Indonesia's role. The role conflict arising from pressure from the European Union, the United States, and Japan has encouraged Indonesia to adopt a role through membership in the BRICS. BRICS not only provides alternative financing and diversification of economic partnerships but also lends international legitimacy to downstreaming as a development strategy in developing countries. Thus, the link between downstreaming and BRICS, as this paper focuses on, is mutually reinforcing as a diplomatic instrument and as a foundation

for Indonesia's changing role in an increasingly multipolar global order.

This study concludes that the success of implementing a downstream diplomacy strategy depends heavily on three main factors: consistency of domestic policy, Indonesia's ability to manage role conflicts with Western countries, and the effective use of BRICS as a strategic platform to enhance Indonesia's position in the global supply chain for critical minerals. This study's limitations lie in its reliance on document analysis; it did not include primary interviews with policymakers or diplomatic actors. Further research could deepen the analysis through an ethnographic approach to diplomacy or cross-country comparisons with similar industrialization policies in countries such as Malaysia, Brazil, or South Africa. Future research could also focus on a comparative analysis of Indonesia's role structure before and after BRICS membership, and assess whether this downstream strategy can survive as a long-term strategy amidst the increasingly dynamic geopolitics of critical minerals.

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