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## INDONESIA'S CULTURAL RESILIENCE RESPONSES TO CHINA'S BELT AND ROAD INITIATIVES: SEI MANGKEI SEZ AS A CASE STUDY

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**INDONESIA'S CULTURAL RESILIENCE RESPONSES  
TO CHINA'S BELT AND ROAD INITIATIVES:  
SEI MANGKEI SEZ AS A CASE STUDY**

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**ABSTRACT**

Humans construct various strategic actions and produce cultural products to overcome life problems during certain situations. In the context of the modern nation-state, regulations which are issued by the government in a country and are aimed to help members of their society to overcome life's problems can be called a cultural product. In response to the Belt and Road Initiatives/BRI initiated by the PRC government, the government under President Joko Widodo in the first period issued a Maritime Axis program aimed at building a number of infrastructures, ranging from ports, toll roads, airports, and industrial zones spread throughout Indonesia. This program is implemented under several regulations issued to facilitate the implementation of foreign investment absorption and development of various infrastructures with the aim of improving the economy, alleviating poverty, and reducing the number of unemployment. This article aims to analyse Indonesian government's response to Chinese investment in the BRI scheme which is related to cultural resilience factors. This article argues that in responding to BRI to develop infrastructure and industry, Indonesian government has not yet considered the factors of community cultural resilience. This article analyses six regulations issued by the government to regulate Sei Mangkei Special Economic Zone. Moreover, it uses a case study approach by observing the Sei Mangkei Special Economic Zone, to reveal the cultural resilience of the local community while facing investment inflows along with the impacts.

**KEYWORDS:** Cultural resilience; Belt and Road Initiative; Special Economic Zone; Sei Mangkei.

**INTRODUCTION**

The Chinese government's investment initiatives through the Silk Road Economic Belt and the 21<sup>st</sup>

Century Maritime Silk Road scheme announced by President Xi Jinping in 2013 have attracted the attention of more than 60 countries in the world (Ferdinand 2016; Blanchard 2018; Liu and Lim 2019). Investment in the BRI scheme is believed to be a geostrategic and geopolitical instrument of the Chinese government to restructure world economy which stretches from Europe to Asia (Aoyama 2016). Although the two initiatives that are incorporated in the Belt and Road Initiative / BRI are China-driven strategies, success and failure will largely be determined by the response of investment in destination countries (Liu and Lim 2019). Most literatures have produced analyses that focus exclusively on the motivations, interests and strategies of the Chinese government (Zhou and Esteban 2018; Callahan 2017; Cheng and Taylor 2017; Yu 2017) and give little attention to destination countries, especially in the Southeast Asian region where most of its countries are a strategic partner of China's economy and trade. Several studies have begun to discuss the responses, concerns, and perspectives of Southeast Asian countries towards BRI and produce a new discursive space by leaving a macro-analysis approach towards meso-analysis (Malik 2017; Blanchard 2018; Liu and Lim 2019).

This article tries to answer the questions related to how Indonesian government responded to Chinese investment in the BRI scheme. The observed government's response is manifested in the Special Economic Zone (SEZ) development program that has been initiated by the government since 2009. SEZ is a national policy designed as an alternative policy for accelerating economic growth. It has been focusing the economic activities in certain regions that have advantage human resources, great natural resources, and strategic positions that can be developed to access global markets. This article uses a case study approach, which takes the Sei Mangkei SEZ in Simalungun Regency, North Sumatra Province, as a case example. The selection of the Sei Mangkei SEZ as the focus of the study was also based on the results of a literature study informing that the economic activities of the region would be supported by the operation of the Kuala Tanjung Port, which was designed by the government as a sea-export-import hub in the western region of Indonesia. Kuala Tanjung is even projected to be able to compete with the international ports of Singapore and Malaysia which serve the international shipping line of the Malacca Strait. Based on this background, this article will answer the question: how is the aspect of cultural resilience reflected by the Indonesian government in responding to Chinese investment in the BRI scheme through the development of the Sei Mangkei Special Economic Zone?

Sei Mangkei, since determined as a SEZ in 2012, has been oriented to be one of the SEZs that will receive investment from China ([www.analisadaily.com](http://www.analisadaily.com)). The plan was not realized until Joko Widodo's administration inaugurated the operation of the Sei Mangkei SEZ on January 27, 2015 and established the Sei Mangkei SEZ as one of the Chinese investment's destinations in the BRI scheme. This region has a high significance considering its position adjacent to the Malacca Strait and the potential of managed natural resources, such as rubber and palm oil. The data in this article was obtained through analysis of legal documents, government regulations, and local government regulations to gain an initial understanding of the government's position in responding to BRI. In addition, data was also obtained from field observations using direct observation techniques and informant interviews around the Sei Mangkei SEZ and the management or operator of the SEI Mangkei SEZ. This article uses news from national media outlets, expert opinion essays, published reports, and literature from the site of a company operating in the Sei Mangkei SEZ, North Sumatra, to complete cross-validation techniques. These sources of information are useful

for verification and triangulation of data.

## **SPECIAL ECONOMIC ZONES AND CULTURAL RESILIENCE**

The objectives of Indonesian government's policies in the economic sector are to increase foreign investment, reduce poverty, and reduce unemployment. This objective will lead to an increase in economic performance and the economic competitive index. The strategy chosen to achieve this goal is to increase exports (Wahyuni et. al, 2013). Governments in several countries generally promote the development of Special Economic Zones (SEZ) or Free Trade Zones (FTA) to support increased exports. The Government of Indonesia has pioneered this strategy through several mechanisms, such as ASEAN Free Trade Area since 1992 and several bilateral cooperation with a number of countries outside ASEAN countries. The latest response of Indonesian government in developing strategies to improve its economic performance is realized by developing several Special Economic Zones, which have been initiated since 2009/2012 and began operating in 2015.

Studies on SEZs have been carried out considering that many countries have developed SEZs since the 1970s. Empirical studies inform that the SEZ was first built in Shannon, Ireland in 1959 and began to develop in the East Asia and Africa Region since the 1970s, which was initiated by the construction of export processing zones (EPZ) (Zeng, 2015). Historically, there are underlying differences of the rationale to develop SEZ in developing countries and developed countries. Developing countries generally have a rationale for policy choices and infrastructure development by pioneering export processing zones (EPZs), while developed countries generally have a premise for trade efficiency and manufacturing competitiveness with more diverse derivatives, such as attracting FDI (Japan), developing "growth poles" (Shannon, Ireland), and revitalizing economically distressed urban and rural areas (United Kingdom, France, and US) (FIAS, 2008 12-13). However, in general, SEZ has four policy objectives: (1) attracting foreign direct investment (FDI); (2) serving as "pressure valves" to alleviate large-scale unemployment; (3) supporting a wider economic reform strategy; and (4) acting as experimental laboratories for the application of new policies and approaches (FIAS, 2008 12).

In general, as a state-initiated policy, the development of SEZs produces both various success and failure rates, determined by the typical characteristics of a combination of domestic and non-domestic factors. Continuous evaluative studies of SEZ policy frameworks in several countries inform the success or failure of SEZs in which some of the variants are determined by a policy and institutional framework, strong and long-term policy support, good governance, good strategic choice, and strategic implementation capability (Kanungo 2007; FIAS 2008; Farole 2011; Zeng 2015; Fuller 2016; Ambroziak and Hartwell 2017; Jensen 2017; Kleibert 2017; Peng and Fei 2017; Frick et al 2018). A comprehensive study with a comparative approach conducted by the World Bank (2011) and the Asian Development Bank (2015) depicting detail factors that make a difference between the success and failure of a SEZ. Further studies with a global comparative approach in developing countries conducted by Frick et. al. (2018) concludes that SEZs are difficult to survive in the long term; attempts to update technological components or additional economic values through SEZ policies have challenges; and the size of a SEZ determines its success.

The literature on the results of extensive studies in several countries so far has focused on the sectors of economic growth, investment and trade. Few studies have been conducted to look at the effects of SEZ development on the environment (Richardson 2004) and land tenure (Parwez and Sen 2016; Dhar 2017). More specifically, there are almost no studies that observe and report the impact of SEZs on culture, specifically the cultural resilience of the communities around SEZs. The cultural aspect almost escapes the attention of researchers and academics although the eleventh point of Sustainable Development Goals (sustainable cities and communities) explicitly states that the governments of countries in the world must guarantee the inclusiveness, security, resilience, and sustainability of cities and human settlements inclusive, safe, resilient, and sustainable). Having lack of studies, we do not have the knowledge and information about how a country's government integrates a growth policy framework – that focuses on the economy, poverty alleviation, and reduction of unemployment – with cultural aspects that naturally live in the way of life of each community.

After SEZ was initiated in 2009 and was officially operated by the Indonesian government in early 2015, attention to SEZ also followed the trend of regional and global discussions that have been focusing on the economic aspects, investment, poverty alleviation, and decline of unemployment. Sihalohe and Muna (2013) produced a predictive study of the positive impact of SEZs in twelve regions in Indonesia by concluding that SEZs would have a national, regional (provincial), and local (city/district) impact. CSIS (2015) produced a prescriptive study as a policy recommendation to policy makers based on a comparative study of three countries and the context of Indonesia's internal policy. Study of community perception conducted by Lintjewas et. al. (2015) in the Bitung city area concluded that the community around the Bitung SEZ felt they were not ready to face and take advantage of the Bitung SEZ development plan. Literature that discusses Sei Mangkei SEZ also generally focuses on socio-economic impacts such as those written by Prawidya and Efen (2015); Muhammad Riza and A. Farobi (2017). Another article is written by Doriami and Wahyu (2013) which discussed the community's perception of the development of Sei Mangkei as an industry SEZ. A more specific theme with regard to culture, a thesis-based journal article was written by Saragih (2016) discussing the marginalization of indigenous ethnicities (Simalungun) at Sei Mangkei. Aside from these works, there is no results of research that have observed or evaluated the impact of SEZs on the aspects of cultural resilience in the communities around the area.

The attention to cultural resilience in Indonesia is becoming increasingly important, as a result of the government's commitment to the eleventh point in the SDGs above and Indonesian Law Number 5 of 2017 concerning Cultural Promotion. This law defines the advancement of culture as an effort to increase the resilience of culture and the contribution of Indonesian culture in the midst of world civilization through the Protection, Development, Utilization and Development of Culture. The central and regional governments are mandated to conduct cultural mainstreaming for the promotion of ten cultural objects (oral traditions, manuscripts, customs, rites, traditional knowledge, traditional medicine, arts, languages, folk games, and traditional sports). Thus, it is necessary to conduct a preliminary study aimed at identifying the responses of policy makers, namely the government, in synchronizing policies to achieve goals to increase economic growth, alleviate poverty, and reduce unemployment by making efforts to promote national culture.

Academic discussion usually pays attention to cultural resilience as a community response to various changes. Ann Swidler (1986) produced a formulation of cultural resilience which many researchers later referred to afterwards. Swidler said that how humans act in life is determined by culture. Having many life problems will make people create various strategic actions to overcome these problems. The result of such actions are cultural products. In his article, Swidler distinguished two types of cultural influences: unsettled lives and settled lives. In unsettled lives, strategic actions are relatively more varied because the cultural or ideological values are relatively loose and rarely traded. Conversely, in settled live, the strategy of action is quite few because people usually have a reference in the form of repeated rituals.

Some studies have adopted the concept of cultural resilience that Swidler formulated and applied it to various cases. Clarke and Mayer (2016) observed the cultural resilience of communities in the southern Louisiana area, United States, after the leak of a British Petroleum (BP) crude oil pipeline in the Gulf of Mexico in 2010. This study concluded that the role of individuals and agencies was huge during the process of restoring natural and social environment, especially regarding the livelihoods of people affected by the disaster. Other studies have looked at the role of cultural heritage as an instrument of cultural identification of a community in various conditions during crisis and change (Davies and Moore 2016; Holtorf 2018). Meanwhile, in Indonesia, the study of cultural resilience generally refers to the results of the study of the National Defence Institute (*Lemhanas*), which places cultural resilience as part of national resilience; one of the ways Indonesia undertakes to anticipate cultural vulnerability is the establishment of 'cultural strategies'. The works found included, among others, the book on Cultural Resilience, Thought and Discourse (2014) published by the Ministry of Education and Culture; Herwandi (2007) who discusses the role of Cultural Sciences in national cultural development strategies; Prawono and Simon (2010) on multi-dimensional national resilience; and Mubah (2011) on strategies to improve the resilience of local cultures in the face of globalization.

This article tries to enrich the discussion of cultural resilience concept by using the case of Special Economic Zone policies in Indonesia and how the government responds in the form of regulations and laws. Having a focus on the Sei Mangkei Special Economic Zone, Simalungun Regency, North Sumatra Province, this study analyses state regulations in the form of Laws, Presidential Regulations, Government Regulations, and Coordinating Ministerial Regulations for the Economy that govern Special Economic Zones. The great role of government as an agency in influencing people's lives also determines how humans act in certain situations. Many life problems will make people create various strategic actions to overcome these problems, which result in cultural products. Thus, the rules and regulations which are the objects of analysis in this study can be categorized as cultural products because they contain ideas and thoughts as well as institutionalized attitudes patterns.

## **SEI MANGKEI SPECIAL ECONOMIC AREAS**

The Development of Special Economic Zones (SEZ) in Indonesian territory is inseparable from the position, role and strategic potential of Indonesia as one of the economic forces in the Southeast Asian region. The Indonesian government has started to pioneer the development of certain areas as a centre of growth and investment since the 1970s. It began using the name Free

Trade Zone, Free Port, and Bonded Zone. In the 1980s, this development was continued using a new name, namely the Industrial Estate, and in 1996 it was renamed the Integrated Economic Development Zone (*Kawasan Pengembangan Ekonomi Terpadu* - KAPET). Finally, in 2009, the government issued Law No. 39 to develop Special Economic Zones. In general, the choice of government policy in developing SEZ aims to accelerate national economic development by attracting investment in regions or areas that have economic and geostrategic advantages. The strategy chosen to achieve this goal is to increase investment uptake, optimize industrial and export-import activities, accelerate the development of new economic centres in the region, and create breakthrough models by developing special regions (<http://kek.go.id/>).

Until 2019, there have been twelve SEZs operating in Indonesia: Sei Mangkei, Tanjung Lesung, Palu, Mandalika, Galang Batang, Arun Lhokseumawe, Tanjung Kelayang, Bitung, Morotai, and Maloy Batuta Trans Kalimantan / MBTK. In addition, there are two other SEZs in the development phase, namely Tanjung Api-Api and Sorong. Dozens of SEZs are derived from fifty proposals submitted by the region since SEZ was legalized in 2009 and included in the 2010-2014 *Rencana Pembangunan Jangka Menengah Nasional* (RPJMN) / National Medium-Term Development Plan as one of the national development targets. In general, operating SEZs can be categorized into industrial and export-import SEZs, tourism and the creative economy SEZs, and logistics SEZ. Looking at the distribution of SEZ that has been operating at this time, the government chose regions in strategic locations - having open access to international trade channels - and areas with demographic and natural resource advantages that could be processed into economic and trade potential (<https://www.investindonesia.go.id/>).

The government has several specific strategies to streamline the development of SEZs, ranging from the ease of licensing through the Online Single Submission (OSS), incentives to tax ease in the form of tax holidays and tax allowance, incentives to reduce import duties and excise, immigration facilities in the form of obtaining special visas, ease of licensing land acquisition, and ease of recruitment permit (<http://kek.go.id/>). The above processes are carried out by the National Council appointed by the government led by the Coordinating Minister for the Economy and the Regional Council headed by the local governor. The Zone Council establishes an administrator work unit that functions to regulate and carry out the functions of the licensing authority in each region. In addition, to carry out daily operational functions, the business entity or the government proposer and person in charge of the SEZ form a work unit / business entity that functions as a regional operator.

Sei Mangkei SEZ which is located in Simalungun Regency, North Sumatra Province which is an example of the case in this article, was officially inaugurated by President Joko Widodo on January 27, 2015. With an area of 2,002.7 hectares, the SEI Mangkei SEZ was built and managed by PT Perkebunan Nusantara III (PTPN III). This area is projected to attract a total investment of IDR 123.3 trillion up to 2025 with a construction investment capital of IDR 5.1 trillion. As one of the new centres of economic growth in the province of North Sumatra, Sei Mangkei SEZ is expected to absorb 83,304 workers by 2030 and provide income for the national economy of IDR 92.1 trillion annually (<http://kek.go.id/region/Sei-Mangkei>). In terms of the geostrategic aspect, Sei Mangkei SEZ has open access to the global market with the support of the construction of the Kuala Tanjung port in the eastern province of North Sumatra and faces the Strait of Malacca.

Until the field observations conducted at the Sei Mangkei SEZ in August 2019, two

industries have operated, namely PT Unilever Oleochemical Indonesia (PT UOI) which has been in full operation since October 2015 on an area of 18 hectares with an investment of IDR 2 trillion; and PT Industri Nabati Lestari, a cooking oil factory with a capacity of 600 thousand tons per year and an investment of IDR 565 billion, which has been operating since at the end of 2017. Besides these two companies, PT Kawasan Industri Nusantara (KINRA) as the administrator of SEZ said that there were several companies that had invested and gradually started to build factories, including PT Aice Sumatra Industry which is an investment from China. By looking at the current conditions and projections that have been designed, Sei Mangkei SEZ is an upstream to downstream industrial centre based on palm and rubber commodities. Production at the SEI Mangkei SEZ will be marketed domestically and globally through the port of Kuala Tanjung with the support of railroad transport infrastructure which began operating in early 2019.

### **CULTURAL RESILIENCE IN REGULATION OF SEZ**

This article analyses the regulations related to the regulation of SEZs in general and Sei Mangkei SEZs specifically. Results of internet searches on the official website of SEZ found six regulations used as objects of analysis, namely (1) Law number 27 of 2007 concerning Foreign Investment, (2) Law Number 39 of 2009 concerning Special Economic Zones, (3) Regulations Government Number 100 of 2012 concerning Amendment to Government Regulation Number 2 of 2011 concerning Implementation of Special Economic Zones, (4) Government Regulation Number 29 of 2012 concerning Special Economic Zones of Sei Mangkei, (5) Presidential Regulation of Republic of Indonesia Number 124 of 2012 concerning Amendment to Regulations Republic of Indonesia President Number 33 of 2010 concerning the National Council and Special Economic Zone Council, and (6) Coordinating Ministerial Regulation Number 08 of 2011 concerning Guidelines for Evaluating the Proposed Establishment of Special Economic Zones. The six regulations that form the legal basis of the Sei Mangkei SEZ are analysed semantically to see aspects of cultural resilience that are included in the material of the legislation and whether there is a possibility of a gap understanding between the legal terms and everyday vocabulary.

In linguistics, there are many linguistic registers related to the specificity of a profession, for example the register of journalism, the register of advertising, the register of law, and so on. One type of legal registers is the language of legislation, which has the characteristics legal language style: straightforward, objective, avoids multi-interpretation terms, has fixed terms and avoids vague terms. The construction of sentences in legal language style is not convoluted, clear, and objective (Zeinudin: no year). The characteristics of this legal language style can be used as a guide for legal experts, but the use of legal texts does not only involve legal experts because in fact many people who are involved with legal issues are ordinary people. Understanding legal texts for ordinary people can be different from legal experts. This gap is partly due to the understanding of different words or sentences between experts and general people. This is because legal texts are prepared using everyday vocabulary, but many meanings of words are narrowed, expanded, or changed as terms. Thus, the same word can have different meanings when it becomes term or when it is used as everyday language.

The study was first carried out on the legislation that has the highest position, because this legislation is the main reference for lower legislation. In general, it was found that the government

as an actor as well as an agency responding to Chinese investment initiatives through the BRI scheme focused its attention on the ease of investment, business licensing, the ease of import duty of industrial supporting goods, the release of SEZ land, and the ease of employment licensing. As an actor who has authoritative roles and functions in managing SEZs, the government in stages – from the president, coordinating ministers to regional councils – designs functions and operationalizes hierarchical roles for the purpose of facilitating SEZ development. In this hierarchical structure, even the potential for regional income loss was found because it was asked to provide a tax holiday policy around 20-100 percent of foreign investment.

The next section shows more details about the content of cultural resilience aspects in the analysed regulations. Law number 39/2009 concerning Special Economic Zones in article 3, relating to zones, states that one of the SEZ zones is tourism. In the explanation of Law 39/2009, it states that tourism zones are areas designated for tourism business activities to support the provision of entertainment and recreation, meetings, incentive trips and exhibitions and related activities. Tourism in this law is associated with entertainment and recreation; in everyday language, the word entertainment and recreation mean entertaining and making the heart happy in a relaxed atmosphere. Entertainment in the context of tourism also has associative meaning related to bars, discos, and sex. In this law, the element of cultural resilience is not raised even though tourism is closely related to cultural resilience in order to keep Indonesian culture and at the same time preserve it.

In Article 3, it is also stated that, in the Special Economic Zone, housing can be built for workers. From an economic aspect, this is an advantage both for employers and for workers, but from cultural exclusivity aspect, it can lead to conflict. It is because both foreign workers and domestic workers who may come from other ethnic groups do not mingle with local residents. The proposed location is separated from residential areas, so interaction with local residents will be very limited. The harmony of the local people can be maintained properly, if there is communication between individuals that transcends the barriers of ethnicity, religion, education and various social differences. Intra and intercultural communication should be emphasized in legislation because this allows good social relations among individuals.

In the guidelines of the Coordinating Minister for the Economy Number 08 of 2011 regarding the proposed SEZ location, it is stipulated that the location that can be proposed does not have the potential to disturb the protected area (Criteria A no1). In everyday vocabulary, protected areas are understood as natural conservations that protect flora and fauna. Actually, the term protected area in legal language is defined as an area that has the primary function of protecting environmental sustainability which includes natural resources, artificial resources and historical values as well national culture in the interest of sustainable development (National Legal Development Agency, [bphn.go.id](http://bphn.go.id)). In the definition of legal language, a protected area means natural, nature conservation and cultural preservation. There is a gap between the meaning of the term protected area and the meaning of protected area in everyday language. The term protected area is often used in the regulation of Special Economic Zone, so it is better that the meaning of this term is described more detail in the legislation (in accordance with the meaning used by the Legal Development Agency)

## SEI MANGKEI CULTURE RESILIENCE

"Promoting public welfare" based on Pancasila is one of the duties or obligations mandated by the 1945 Constitution of the Republic of Indonesia to the government of Indonesia. The task is clearly depicted in the opening of the 1945 Constitution so that there is no doubt that this task is one of the main tasks in addition to the task of protecting the sovereignty of the nation and the state as well as other tasks. This task also leads economic development to be the main program of every Indonesian government regime, from the era of President Soekarno's administration to the current President Joko Widodo's administration. In line with the increasingly inevitable flow of globalization, foreign investment as a source of capital for economic development is also impossible to avoid.

Since 1967, Indonesia has had a Foreign Investment Law which was later amended in 1970 and revised in 2007 to become Republic of Indonesia Law 25/2007 concerning Capital Safeguards, which is still in force today. Article 15 of this Law states that, "Every Investor is obliged to: ... d. respect the cultural traditions of the communities around the location of investment business activities; ". The contents of article 15 clearly show that the Indonesian people are aware of the possibility of a 'threat' to the existence of local culture along with the entry of investments, especially foreign investment.

Culture is the national identity. Law No. 5 of 2017 concerning the Promotion of Culture, states that, "Culture is everything related to the creativity, taste, intention, and the work of the community; Indonesian National Culture is the whole process and result of interactions between cultures that live and develop in Indonesia". The explanation of the Act also states that, "... the Indonesian people face various problems, challenges, and opportunities in advancing Indonesia's National Culture. Cultural Promotion must be seen as an investment in building the future and civilization of the nation, not as a cost burden. "

The above quote shows the presence of national and/or the Indonesian government's awareness towards the 'importance' of providing signs that protect culture in the investment process to achieve national welfare. During the investment process, actually investors who come from outside and within the country should understand the local culture where the investment is invested. If a company is not able to understand the local culture, then it is unlikely that the company will be able to survive in a region or country in the long run.

Indonesia's current position is as an 'inviter' of investor. Indonesia must be able to offer facilities that are able to compete with various countries and offer themselves as recipients of investment. The Sei Mangkei Special Economic Zone (SEZ), located in Simalungun Regency, North Sumatra, has been built since 2012 with the aim to attract foreign investment. In October 2013, PRC President Xi Jinping visited Indonesia, and in his speech before the Indonesian Parliament stated that,

"... we should focus our efforts in the following areas: First, build trust and develop good-neighbourliness ... Second, work for win-win cooperation ... China will strengthen maritime cooperation with ASEAN countries to make good use of the China-ASEAN Maritime Cooperation Funds set up by the Chinese government and vigorously develop maritime partnerships in a joint effort to build the Maritime Silk Road of the 21st century

... Third, stand together and assist each other ... Fourth, enhance mutual understanding and friendship ... Fifth, stick to openness and inclusiveness. "(Xi, 2013)

Xi's speech which offered to build the Maritime Silk Road of the 21<sup>st</sup> Century completed his speech at Kazakhstan a month earlier that brought up the idea of the Silk Road Economic Belt. Both ideas then continued to develop and became known as the Belt Road Initiative or abbreviated BRI. Joko Widodo, who was elected as President of Indonesia in 2014, established the development of the World Maritime Axis as its flagship program. BRI and Maritime Axis both prioritize infrastructure development that supports inter-regional connectivity, which in turn will drive the economy and trade. The similarity of this pattern has become one of the drivers of intensive RI-PRC economic cooperation. In the Belt and Road Forum in Beijing, which was attended by 37 heads of state in April 2019, the PRC signed contracts for new projects valued at USD 64 billion or nearly IDR 908 thousand trillion, under the Belt and Road Initiative (BRI) scheme, and Indonesia included in therein (Kumparan, 28 April 2019). Earlier the Coordinating Minister (Menko) for Maritime Affairs stated that, "China has prepared a draft of Framework Agreement to work together in Kuala Tanjung, North Sumatra as the first phase of the project. Furthermore, there have been several agreed upon stages of cooperation projects such as the Sei Mangkei Industrial Estate and strategic cooperation at Kualanamu International Airport for the second phase" (Tempo, 27 March 2019).

The Sei Mangkei SEZ is an industrial area integrated with the Kuala Tanjung industrial area and the Kuala Tanjung Port, also a pilot project for Western Indonesia. If the realization is completed according to the target in the year of 2025, it is estimated that the Sei Mangkei SEZ which is built with a total fund of IDR 5.1 trillion will be able to attract investment of IDR 123.3 trillion and absorb at least 83,304 workers until 2030. Even though there is only one investment company from China (PT AICE Sumatra Industry), according to the statement from the Director of PT KINRA who is the operator of Sei Mangkei SEZ and the statement from the Coordinating Minister for Maritime Affairs above, it is almost certain that Chinese investment in the BRI scheme will soon flow to Sei Mangkei.

The presence of new thing in one area will certainly bring change and impact, both positive and negative. With the projected development target of the Sei Mangkei SEZ, which is so large and in a relatively long period of time, it is appropriate that the issue of cultural resilience receives serious attention. Cultural resilience, if abstracted from the perspective of Swidler (1986), is a variety of strategic actions to overcome the problems faced in the life of a community. Almost in line with the above view, Ade Makmur states that "cultural resilience is intended as effort to adapt to external situations without damaging much of the culture that has become the order of his life" (Makmur, Sugih Biantoro (ed.) 2014: 2). The discussion on to what extent the government considers cultural resilience while responding to Chinese investment offers in the BRI scheme is carried out through a semantic approach to 6 legal products in the form of laws, Government regulations and Regulation of ministry relating to investment and Sei Mangkei SEZs. The findings show that Act No. 25/2007 explicitly mentions the obligation of investors to pay attention to local culture, but the Act and its derivative regulations do not explicitly mention it. Field observations to determine the condition of cultural resilience using Sei Mangkei SEZ Case Study which is projected as one of the recipient areas of Chinese investment in the BRI scheme, mainly examines

the potential of local culture to adapt to new cultural elements that may come along with investment. Therefore, it is important to first state the socio-cultural conditions of the community around the Sei Mangkei SEZ at this time, and then discuss the extent of the community cultural resilience in dealing with the entry of these new cultural elements.

Sei Mangkei is a village or in the local language called *nagori* or *huta* which is part of Bosar Maligas sub-district, Simalungun district, consisting of 6 hamlets. Geographically, this village in the north is bordered by Perdagangan village, in the south with Boluk village, in the west with Timbaan village and in the east with Gunung Bayu village. According to the *Kecamatan Bosar Maligas dalam Angka 2017*, a book published by Central Bureau of Statistics (BPS) of Simalungun Regency, the total population of Nagori Sei Mangkei in 2016 was 3,254 individuals in the area of 1,956 Ha. which is mostly in the form of dry land and house field, no rice fields; the economy tends to move around the plantation sector; and Sei Mangkei belongs to the category of self-sufficient villages. The schools in the village of Sei Mangkei are in kindergarten and elementary school level, while the junior and senior high schools are scattered in several villages that are still part of the Bosar Malingas sub-district. Other public facilities are four mosques, one church, two clinics and five integrated service centres, while there are eight restaurants. From the description above, it can be seen that the projected SEZ is actually 2,002.7 Ha. It is not entirely in the village of Sei Mangkei. The detail boundaries of the SEI Mangkei SEZ are as follows, in the north it is bordered by the Keramat Kuba village, in the south it borders with PTPN IV Kebun Mayan, in the east it borders with PTPN IV Kebun Gunung Bayu, and in the west it borders Bah Bolon River.

The interesting thing about the socio-cultural conditions of the Sei Mangkei village is the composition of the population according to their tribes. Saragih's research results (2016, 8) showed that the Javanese dominate the largest number (64.17%), followed by the Tapanuli / Toba tribe (26.9%) and the Mandailing tribe (5.08%); meanwhile, the rest are the Malay, Minang, Karo, Simalungun, and Tionghoa. The composition of this population remained relatively the same until field observations were made in August 2019. According to Tigor Damanik et al. (respondents) the presence of various tribes in Sei Mangkei is inseparable from the history of plantations in the region. The dominance of Javanese in the area gave birth to the term 'Pujakesuma', which stands for 'Putra Jawa kelahiran Sumatra' / 'Son of Javanese Born in Sumatra'. On the other hand, Javanese expressions are often heard during the conversation in community interaction in Sei Mangkei, or at least Sei Mangkei residents generally know some popular expressions commonly used by Javanese.

East Sumatra plantations have been formed since the 19<sup>th</sup> century. To run these plantations, the Dutch colonial government brought coolies from outside Sumatra including from Java, China and even India. In 1958, the Indonesian government took over a plantation company from the Netherlands and formed a State Plantation Company (PPN). The company has continued to grow until it reaches its current form as PT Perkebunan Nusantara III (PTPN III) which focuses on the cultivation and processing of oil palm and rubber plants. PTPN III also manages and provides land for the formation of the Sei Mangkei Special Economic Zone. This background makes the Sei Mangkei residents generally familiar with working culture as 'employee' and are accustomed to interacting with residents of different tribes, ethnics, and cultures. Related to this, David Tobing (respondent) emphasized that "Sei Mangkei residents have high tolerance in terms of ethnic and

cultural diversity".

In terms of cultural products such as food, clothing, arts, traditions, celebrations, customs, etc. generally Sei Mangkei does not have its own peculiarities but rather follows what develops in Simalungun culture based on Batak and Malay culture. Meanwhile, Javanese cultural practices, such as rituals related to marriage, are only performed by and within the community although they are open for the residents of the local tribe or others. One cultural festival that is annually held is 'Rondang Bintang' which is a 'harvest party'. In this celebration, community members from various tribes participate and mingle in the joy and excitement from various forms of art and special food of Simalungun.

The description of the socio-cultural conditions of the Sei Mangkei community shows that there are some positive elements in cultural resilience which are quite potential to support the success in the adaptation process when they have to face the influx of foreign cultural influx, in line with the development of investment in the Sei Mangkei SEZ. Some of the positive elements include 'high tolerance' to different matters and embedded work culture, especially as employees. Acceptance of different things can be a clue to the 'open nature' which has the potential to support the speed of adaptation to the dynamics of change that occur due to the inclusion of new things and thoughts. It is also this nature that causes the change of Sei Mangkei into SEZ tends to be welcomed as an opportunity to improve the welfare of people's lives. The results of Lingga's and Wahyu's (2013) research as well as Prawidya and Efen's (2015) research have proven that, but the Sei Mangkei community still hopes that employee recruitment should prioritize local residents. Meanwhile, the embedded 'working culture' has the potential to encourage people to become more professional. In line with advances in technology and science, professionalism in the world of work is unavoidable. The ability to be professional causes them to be able to compete in a healthy manner and increase self-confidence that can lead to self-esteem / self-pride attached to their own cultural identity.

On the other hand, lack of local cultural symbols or icons such as clothing, food, traditions, language, arts, and others can be a negative element for the resilience of people's culture. Starting from the lack of cultural products, it can easily facilitate the entry and absorption of foreign cultural products that may not be in accordance with local cultural values and norms. As said by Syuhendri (2008) that, "... in line with technological advances, art works lose their cultural value ... and the neo-liberal forces drive people into the global market, (therefore) it is important to determine their position through the resilience of tradition". If traditions and other cultural icons that are symbols of self-identity are lacking, they can certainly affect the overall cultural resilience.

## CONCLUSION

The availability of infrastructure and various facilities to invest including good regulations are the two main concerns of investors when they will invest in one region or country. One of the government's efforts to encourage investment is to provide a number of SEZs, including the SEI Mangkei SEZ in Simalungun Regency, North Sumatra. The development of investment is indeed of great benefit to the fostering economic growth and improvement of people's welfare. On the other hand, the negative impacts are often unavoidable. Environmental pollution and public health problems are the most mentioned and studied cases. Meanwhile, the impact on the cultural

resilience of the local community has not yet received full attention.

Sei Mangkei SEZ which was established through the Government of the Republic of Indonesia Regulation No. 29 of 2012, is an integrated area with the Kuala Tanjung industrial area and the Kuala Tanjung Port. It is expected to be an attraction for investors. The PRC since 2008 has become the country with the largest foreign exchange reserves in the world – with a total investment value in the world in 2007 reaching US \$ 93.7 billion. PRC is one of the countries expected to invest here, but until now this hope has not yet been realized. There is only one investor from the PRC who invested in Sei Mangkei. However, in line with the signing of a number of investment agreements in the BRI scheme and incessant efforts by the administration of President Joko Widodo to attract investors, it seems that hope will soon be realized.

In terms of cultural resilience to face the negative impact of the swift investment flow, empirically the Sei Mangkei community has a high adaptability and the working culture is also secure. Nevertheless, the tendency to continue to adapt to new things coupled with the lack of cultural symbols or icons that constitute self-identity can weaken cultural resilience in the long run. Efforts should be made to explore, develop, and promote the values and symbols of local culture that can increase public awareness of the cultural superiority that is their true identity. In terms of working culture, if it is not accompanied by an increase in the quality of expertise in the field of work, then they will keep being an employee. Breakthroughs are needed in the education sector; for example, by increasing vocational schools to anticipate the needs of experts in line with the development of investment in Sei Mangkei SEZ. A good position at work has a big influence on the resilience of the concerned culture, which in the end will have a positive impact on the cultural resilience of the people.

Act No. 25/2007 article 15 concerning investment states that investors must respect the culture of the local community, but in its derivative regulations no elaboration of that article is found. The results of the semantic analysis of six legal products relating to capital protection and SEZ found a number of articles that mention/regulate tourism, employee settlement, and protected areas. Statements aimed at protecting the cultural resilience of the people in the investment area can be added in those legislations. The six legal analysed products were made in the era before the administration of President Joko Widodo. In carrying out the World Maritime Axis program, President Jokowi also issued a number of President Regulations which in essence were to break the bureaucratic chain that impeded the entry of investment flows. The issue is whether the legal products made in the Joko Widodo era at the same thing have paid attention to aspects of cultural resilience. There is a need of further research to answer this question.

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