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China Dominates Asia-Africa Trade Market and Enters America

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Abstract. *China has developed into a global economic power that dominates trade markets in Asia and Africa and seeks to expand its influence in the Americas. This article discusses China's expansion strategy in Asia, its economic dominance in Africa, its efforts to penetrate the American market, and the impact of the China-US trade war on Indonesia. In Asia, China is using the Belt and Road Initiative (BRI) to strengthen trade and infrastructure ties, creating economic dependence on countries in the region. Large investments in the technology, manufacturing, and logistics sectors have made China a major trading partner for Asian countries, including Indonesia. In Africa, China has consolidated its dominance through large investments in infrastructure, mining, and energy projects. Soft loan policies and development projects have increased the economic dependence of African countries on China, despite concerns about excessive debt. In the Americas, China faces major challenges due to protectionist policies and the trade war led by the United States. Nevertheless, China continues to try to enter the American market through investments in the technology, automotive, and property sectors, as well as through indirect trade strategies by utilizing third countries as export routes. The trade war between China and the United States has had a significant impact on Indonesia. As a country that has trade relations with both countries, Indonesia experiences commodity price fluctuations, increased investment from China, and economic uncertainty due to geopolitical tensions. However, this situation also opens up opportunities for Indonesia to fill the market gap left by trade restrictions between the two superpowers. Through this study, it can be concluded that China's economic expansion has had a major impact on the structure of global trade. Indonesia needs to navigate these dynamics with adaptive policies to take advantage of opportunities while mitigating the risks that arise from economic competition between China and America.*

Keywords: *China; Economic Expansion; Global; Trade.*

1. Introduction

China has undergone significant transformation in recent decades, developing into a major economic power influencing global markets, including in Asia, Africa, and the Americas. China's economic expansion in Asia and Africa is characterized by increasing investment, trade, and intensive bilateral cooperation. Through initiatives such as the Forum on China-Africa Cooperation (FOCAC), China has strengthened ties with African countries, increasing trade and investment volumes in various sectors.[1]

In Asia, China plays a major trading partner for many countries, including Southeast Asian countries. This dominance not only increases China's economic influence in the region but also influences regional geopolitical dynamics. Some literature suggests that China has an interest in containing the influence of the United States in the Southeast Asian region, with the aim of strengthening its position as a dominant power in the region.[2]

However, China's economic expansion is not limited to Asia and Africa. In America, especially in the United States, trade relations between the two countries have been strained, especially related to the significant trade deficit on the part of the United States. In 2017, China recorded a trade surplus of 375 billion US dollars against the United States, which has raised concerns and affected trade policies between the two countries.[3]

China's expansion into the American market has also been marked by increased investment and acquisitions of companies, raising debates about the strategic and national security implications for countries on the continent. China's dominance in the manufacturing and technology sectors has challenged the United States' traditional position as a global economic leader, creating new dynamics in international relations and global trade.

Overall, China's expansion into Asian, African and American markets reflects its global strategy to strengthen its position as a major economic power. However, this move also raises new challenges and tensions in international relations,

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[1]Lee, Giacomo. *"New China Chip Data Shows Industry Growth - but Beijing Remains Dependent on Imports*," accessed on January 18, 2022. https://www.verdict.co.uk/new-china-chip-data-shows-industry-growth-but-beijing-remains-dependent-on-imports/.
[2]McBride, James & Chatzky, Andrew. "*Is 'Made in China 2025' a Threat to Global Trade?"* May 13, 2019. Accessed on February 15, 2022. https://www.cfr.org/backgrounder/made-china-2025-threat-global-trade.
[3]Goh, Evelyn dan Sheldon W. Simon, eds. *China, the United States, and Southeast Asia*. (London: Routledge, 2008).

especially with countries that feel threatened by China's growing economic and political influence.[4]

China has undergone a remarkable economic transformation in recent decades, emerging as a significant global power. China's economic expansion is not only limited to its domestic territory, but also extends to various parts of the world, including Asia, Africa, and the Americas. Through aggressive trade strategies, massive investments, and economic diplomacy, China has succeeded in expanding its influence in these markets. This article will discuss how China dominates the trade markets in Asia and Africa, as well as its efforts to penetrate the American market.[5]

2. Research Methods

This research was conducted using a normative legal method, namelylibrary legal research is conducted by examining library materials or secondary data alone.A series of normative research in legal science that is carried out is to combine the object of the problem with a literature review, including theoretical, regulations and related legislation. This includes journals, research that has been studied by researchers and publications in various media, both print and online, so that research can produce findings on its truth so that it is based on appropriate logic, accompanied by the rules of legal science.[6]

3. Results and Discussion

3.1. China's expansion in Asia

China's economic reforms initiated by Deng Xiaoping in the 70s have changed the outside world's perception of China. Previously, relations between foreign countries and China were only based on political ideology. Countries with different ideologies from China were still unsure about establishing relations with China at that time.[7]

One way to strengthen relations between one country and another is by conducting international trade. International trade is an important aspect of the economy of every country in the world. With international trade, the economy will be interconnected and an economic relationship will be created that mutually influences one country with another and the traffic of goods and services will form trade between nations. International trade is currently growing with the existence

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[4]Kennedy, L.. (2018*). 7 Contentious Trade Wars in US History*. Accessed from History: https://www.history.com/news/7-trade-wars-boston-tea-party-smoot-hawle.

[5]Semi-Literate. *"Made in China 2025 and Semiconductors: A 2020 Progress Report."* Substack newsletter. Semi-Literate (blog), accessed on December 21, 2020. https://semiliterate.substack.com/p/made-in-china-2025-and-semiconductors.

[6]Jhonny Ibrahim, (2007). *Teori dan Metodologi Penelitian Hukum Normatif*. (Malang : Bayumedia Publishing). p. 57.

[7]Jemadu Aleksius (2008), *Politik Global Dalam Teori dan Praktik.* (Yogyakarta: Graha Ilmu).

of an information technology innovation system, trade, political reform, transnationalization of the financial system, and investment. And this can be an important capital for a country to attract investors to enter its country to invest in its country. Moreover, supported by a conducive political situation and a competitive business environment in the country, it is not impossible that the economic development of the country will grow even faster.[8]

China began to promote its economic globalization, the direction of its foreign policy is clearly visible where China wants conditions that are conducive to its economic growth by building various economic cooperation both bilaterally and regionally. However, China's economic reform has attracted the attention of foreign countries to establish economic relations with China by assessing the potential for China's economic growth. Foreign countries estimate that establishing strong economic relations with China will provide a competitive advantage coupled with the stance that good economic relations will automatically help strengthen political relations.[9]

China's economic rise has a significant impact on several countries in the Asian region. The rapid progress of China's economic development will open up more opportunities for bilateral cooperation between China and Asian countries in economic relations and even become an important trading partner, reflected in the increasing value of trade between China and countries in the Asian region.[10]
China has proven to be the biggest engine of economic growth in the region driven by its international trade capabilities. Chinese products entering Asian countries have also become very numerous and have even begun to flood local markets. The rapid growth of world trade will still occur in Asia with China as its main engine.[11]
With the rise of China's economy which has now become a major economic power, it is able to become a "bargaining position" tool in influencing political relations with several countries in the Asian region, as happened in the territorial dispute in the Diaoyu Islands between China and Japan. Japan has benefited from investment and exports to China. And Japan's economic growth requires the Chinese market. Meanwhile, Japanese investment in China also encourages local labor. In this case, the Japan-China relationship cannot be separated, therefore diplomatic efforts continue to be made by the Japanese government to ease tensions.[12]

[8]Meredith Robyn (2010), *Menjadi Raksasa Dunia*. (Bandung: Nuansa).
[9]Siregar, T.M (2002), *Pembangunan Ekonomi Tiongkok; dari fokus pedesaan ke pasar internasional*. (Jakarta: Pustaka Pena).
[10]Naisbit, John, dan Dorris Naisbit (2010). *China's Megatrends, 8 Pilar Masyarakat Baru*.(Jakarta: Gramedia Pustaka).
[11]Wiryawan Bangkit A (2008). *Zona Ekonomi Khusus Strategi China Memanfaatkan Modal Global. (*Depok: Yayasan CCS).
[12]Siregar, T.M (2002). *Pembangunan Ekonomi Tiongkok; dari fokus pedesaan ke pasar internasional. (*Jakarta: Pustaka Pena).

3.2. China's Domination in Africa

China is currently involved in infrastructure projects in 35 African countries. The concentration of projects is in Angola, Nigeria and Sudan. However, China is planning a series of new projects in other countries, particularly in the Congo. The country's activities are evenly divided between two main sectors: electricity generation (mainly hydropower), and transportation (mainly railways), followed by the ICT sector (mainly equipment supply). Water projects have attracted the least attention. A more complete profile of Chinese-funded projects in each of the major infrastructure sectors is provided below:[13]

a. **Dam,** Most dam projects undertaken by Chinese companies have a hydropower dimension (see "Hydropower"). In October 2008, SinoHydro signed a loan agreement with the government of Ghana for US$562 million. The loan is for the construction of the Bui Dam in the Brong Ahafo region of Ghana. The dam is expected to increase water storage and irrigation along the Black Volta River. The project is expected to be completed within five years.[14]

b. **Electricity,** The sector attracting the largest amount of financing from China is the electricity sector with over US$5.3 billion in cumulative commitments to date. Much of this effort has been concentrated on hydroelectric schemes. As of the end of 2007, China was involved in financing 10 large dams in 9 different African countries. The total cost of these projects is estimated at over US$5 billion, of which China financed over US$3.3 billion. The combined generating capacity of these plants is over 6,000 MW of electricity, a large portion of the 17,000 MW of hydroelectric power generation capacity currently in Africa. In fact, four of these projects will more than double the total electricity generating capacity of the host countries in which they are located.[15]

Some of these projects include the following:

- The largest hydropower project on this list is the 2,600 MW Mambilla scheme in Nigeria, the implementation of which is currently uncertain.
- The largest power project completed to date is the 1,250 MW Merowe dam in Sudan, which opened earlier this year.
- November 2008 - China's Shenzhen Energy Group announced that it plans to partner with First National Bank of Nigeria PLC, to build a 3,000 MW power plant in Nigeria. The project is estimated to cost US$2.5 billion, with a start date of early

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[13]Godwin, Paul. (2004). "*China as Regional Hegemon?" In The Asia Pacific: A Region in Transition, by Jim Rolfe*, 81-101. Honolulu: Asia Pacific Center for Security Studies. (https://apcss.org/Publications/Edited%20Volumes/RegionalFinal%20chapters/BOOKforwebsite.pdf, accessed on May 26, 2021).

[14]Noonari, Majid Ali, and Abdul Latif Tunio. (2011). "*China-ASEAN Relations: Opportunities and Challenges."* Asia Pacific: 71-82. (https://www.researchgate.net/public ation/337049949_China-ASEAN_Relations_Opportunities_a nd_Challenges, accessed on May 19, 2021).

[15]Yosephine, L. (2016). *ASEAN, China target $1 Trillion in Trade by 2020*. Jakarta Post. ASEAN, China target $1 trillion in trade by 2020 This article was published in thejakartapost.com with the title "ASEAN, China target $1 trillion in trade by 2020". (https://www.thejakartapost.com/sea sia/2016/06/10/asean-china-target-1- trillion, Accessed on May 11, 2021).

2009. Nigeria's total installed capacity is 3,500 MW, but frequent power outages have reduced the power generation capacity to just 1,000 MW due to poor maintenance of aging power plants, corruption and mismanagement.

- October 2008 - Kenya awards a US$65 million contract to Sinohydro Corporation to build a 20MW hydroelectric power plant in Western Kenya. The new plant, Sangoro, will be located 5km downstream from the Sondu Miriu hydroelectric plant. The project is expected to be completed within three years.
- October 2008 - China International Cooperation Group (CHICO) has been awarded a US$45 million contract by Mozambique to build a supply system in the central province of Manica. The project will include the construction of a new water treatment plant at the Chicamba Dam and six water storage tanks.
- March 2009 - It was announced that China's Sinohydro Corporation would undertake the construction of a US$400 million power plant on the Kariba North Bank in Zambia. The Export and Import Bank of China provided 85 percent of the financing, while the Development Bank of Southern Africa (DBSA) provided the remaining 15 percent. Zambia intends to develop a number of power projects in line with its vision for the 2030 development plan.
- Finally, the Poubara hydroelectric dam in Gabon will be built by Sinohydro as part of the $3 billion Belinga Iron Ore project; however, the amount of Chinese financing committed to the project is unknown. Natural resources are being used to secure some of the financing. The Congo River Dam in the Republic of Congo and the Bui Dam in Ghana, currently under construction, are being financed by China Ex-Im Bank loans backed by crude oil guarantees in the case of the Congo River Dam, and cocoa, in the case of the Bui Dam. The loan for the Souapiti Dam in Guinea will be linked to mining revenues (Bauxite). Outside of hydropower, China is also actively building thermal power plants, the most significant of which are in Sudan and Nigeria. In 2005, Shandong Electric Power Construction Corp. agreed to build three separate thermal power plants in Sudan: a 500 MW coal-fired power plant in Port Sudan, a 300 MW gas-fired power plant in Al-Fūlah and a 320 MW gas-fired power plant in Rabak.

Previously, Harbin Power Equipment Company had agreed to build the E1-Gaili Combined Cycle Power Plant. In Nigeria, the federal government is building, with the help of a credit line from China Ex-Im Bank, three gas-fired power plants: Papalanto (335 MW) in Ogun state developed by the Chinese Sepco group, Omotosho (335 MW) in Ondo, developed by China National Machinery & Equipment Import & Export Corp. (CMEC), and Geregu (138 MW) in Kogi state developed by Siemens. In addition to power generation, Chinese companies CMEC and China Machine-Building International Corporation (CMIC) are occasionally involved in power transmission through large projects in Tanzania and Luanda (Angola). Thus, at present, China's main focus is on building large hydropower projects. Given the current electricity supply crisis in Africa, and the fact that the region has only developed 5 percent of its identified hydro potential, these schemes are crucial to Africa's economic development. In that regard, China's emergence as a major financier of hydro schemes is a strategically important trend for Africa's power sector. Reports emerged earlier this year that Shenzhen Energy Investment Co., part-owned by Huaneng Power International Inc., and the fund might build a 1.03 billion yuan ($151 million) gas-fired power plant in Ghana. Standard Bank and the Industrial and Commercial Bank of China (ICBC) will finance a coal-fired power plant expansion in Botswana worth more than $800 million. Some $140 million, as interim financing, will be provided for the Morupule B Power Plant in eastern Botswana. The deal is backed by a financial guarantee from Botswana's finance ministry.[16]

c. **Harbor,**On January 13, 2009, China agreed to start a US$280 million expansion contract to expand the port at Nouakchott by more than 900 meters, significantly increasing the port's current capacity of 500,000 tons of cargo per year.[17]

d. **Rail,**China's foray into Africa really began largely because of the construction of the Tanzania-Zambia railway in the 1970s, which became a symbol of China's contribution to Africa's economic development. In recent years, China has made a major comeback in Africa's railway sector, with financing commitments of around US$4 billion to the sector. These include the rehabilitation of more than 1,350 kilometers of existing railway lines and the construction of more than 1,600 kilometers of new railway lines. To put that in perspective, Africa's entire railway network is around 50,000 kilometers. The largest deals have been in Nigeria, Gabon and Mauritania. In Nigeria, China has committed to finance the construction of the Abuja Mass Rail Transit System; and for the rehabilitation of 1,315 kilometers of the Lagos-Kano line under the first phase of Nigeria's railway modernization program. The total cost of the Lagos-Kano rail project is estimated at US$8.3 billion, of which China will cover US$2.5 billion through a credit line, part of which will also be allocated to support power projects.

However, in October 2008, the Chinese rail project was put on hold pending a review of the agreement after a period of tension over Nigerian allegations that China had not fulfilled its investment promises. [Note: Nigeria suspended the rail contract with China Civil Engineering Company (CCECC) last year, citing inflated costs and the government's lack of funds to modernize the country's century-old rail system. Former Nigerian President Olusegun Obasanjo awarded the contract to the Chinese company in 2006, promising the company an oil block in return as an incentive. China facilitated the deal with an initial offer of a US$2 billion loan].[18]In 2007, work began on the rehabilitation of the 1302 km Benguela Railway

[16]Tsai, Tung-Chieh, Ming-te Hung, and Tony Tai-Ting Liu. (2011). *"China's foreign policy in Southeast Asia: Harmonious worldview and its impact on good neighbor diplomacy." Journal of Contemporary Eastern Asia* Volume 10, No. 1: 25-42. (https://doi.org/10.17477/jcea.2011.1 0.1.025, accessed on May 16, 2021).

[17]Shih, G, (2019). *Central Asia's forbidding highlands, a quiet newcomer: Chinese troops.* New York Times.(https://www.washingtonpost.com/world/asia_pacific/in-central-asias-forbidding-highlands-a-quiet-newcomer-chinese-troops/2019/02/18/78d4a8d0-1e62-11e9-a759 2b8541bbbe20_story.html , accessed on May 11, 2021).

[18]Setiaji, H, (2018). *Diplomasi Kereta China di Asia Tenggara, CNBC Indonesia.*

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in Central Angola at a cost of US$300 million. However, in February 2008 the rehabilitation work was suspended due to delays in the disbursement of a credit line from the Hong Kong-based China International Fund (CIF). More than 1000 km of the Benguela route needs to be rebuilt. In addition to the obvious funding problems, the process is hampered by the presence of landmines and the need to rebuild 50 bridges. Completion of the railway restoration to the border with the DRC is not expected before 2012.

China's Ex-Im Bank is preparing to finance the 560 km Belinga-Santa Clara railway in Gabon, which, together with the Poubara hydroelectric dam, and the deep-sea port at Santa Clara, is part of the aforementioned Belinga Iron Ore project. The China Ex-Im Bank loan for the project will be repaid through the sale of iron ore to China. In January 2009, China Civil Engineering Corporation signed an $805 million contract with the Libyan government to build a 172-kilometer railway in the North African country. The latest railway project is a commitment to finance a 430-km railway linking Nouakchott to phosphate-rich Bofal in Mauritania, approved in 2007. The project is financed by a $620 million China Ex-Im Bank loan and will be implemented by Chinese Transtech Engineering Corporation.

e. **Highway,**The Chinese are actively building roads across Africa. World Bank data records more than 18 projects involving Chinese commitments for the construction and rehabilitation of more than 1,400 kilometers of roads. However, the aggregate financing value for confirmed projects of about US$550 million is well below that reported for other sectors. The road projects undertaken by Chinese companies are relatively small compared to the average project size in other sectors, and many are financed by grants from the Ministry of Commerce. In fact, the database records only two road projects financed by Chinese sources that were larger than US$100 million, both in Angola and part of an Ex-Im Bank credit line provided in 2004.

Road construction has been a particularly important activity in Angola, Botswana, and Ethiopia. By far the most active Chinese road construction company is the China Road and Bridge Corporation (CRBC). Sudan has awarded China’s Sinohydro a US$300 million contract to build 486 kilometers of roads in the country. This development is expected to make a significant contribution to improving Sudan's road transport network in the northern and central parts of the country.[19]

(https://www.cnbcindonesia.com/ne ws/20180213124250-4- 4228/diplomasi-kereta-china-di-asia-tenggara, accessed on May 11, 2021.)

[19]Vu, Truong-Minh. (2017). *"International Leadership as a Process: The case of China in Southeast Asia." Revista Brasileira de Política Internacional* Volume 40, No. 1: 1-21. (https://doi.org/10.1590/0034- 7329201600109, accessed on May 26, 2021).

f. **Water and sanitation,**Water and sanitation account for a relatively small portion of China’s total financial commitment to African infrastructure development. Participation in confirmed projects is about US$120 million, and another US$200 million went to Angola’s water sector as part of a 2004 China Ex-Im Bank credit line. In 2005 a series of water projects for Nigeria were announced. Most of these are smaller in scale and more focused on meeting immediate social needs. China’s water supply projects include a number of small dams not related to hydropower but directly to water supply, in Cape Verde and Mozambique.[20]

3.3. China's Efforts to Penetrate the American Market

China's balancing efforts are carried out by using two sources of Chinese power, which are divided into material power and latent power. The two powers are interrelated, where in the economic and trade sectors China initiated the Made in China 2025 project which focuses on innovating in the trade sector by utilizing technology and producing high-tech services or goods such as robotics, aviation and aeronautics, vehicle equipment, agriculture and electricity with renewable energy and biopharmaceuticals.[21]This economic growth upgrade directly supports the use of technology as a defense strategy and the development of artificial intelligence by producing sophisticated, modern and digital security system equipment.

Meanwhile, China's Belt and Road Initiative project aims to build a trade alliance connecting countries in Asia, Africa and Europe. According to G. John Ikenberry in From Hegemony to the Balance of Power: the rise of China and American grand strategy in East Asia, China has succeeded in forming alignment with Asian and African countries in the economic and trade sectors as evidenced by the Belt and Road Initiative and Made in China 2025 projects, but in the military sector China has not been able to defeat the influence and power of the United States to form alignment with Asian countries, especially East Asia, however, China's presence and its efforts, although not yet fully surpassing the power of the United States as a hegemon, have made the United States feel threatened by its influence and presence in the Asia Pacific by imposing tariffs on products from China, especially in section 301, most of which target products included in the Made in China 2025 project.[22]

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[20]Roy, Denny. (2020). *"China Won't Achieve Regional Hegemony." The Washington Quarterly* Volume 43, No. 1: 101-117. (https://doi.org/10.1080/0163660X.2 020.1734301, accessed on May 26, 2021).
[21]Hei, L., Rohr, C., Hafner, M., & Knack, A. (2018). *China Belt and Road Initiative*. RAND Europe. Accessed on May 17, 2021.
[22]Zhao, Suisheng. (2013). *"Chinese Foreign Policy as a Rising Power to find its Rightful Place." PERCEPTIONS.* Volume 18, No. 1: 101-128. (https://core.ac.uk/download/pdf/805 90842.pdf, accessed 13 May 2021).

a. **Direction of Economy and Trade**

Foreign Policy Tools in the Belt and Road Initiative / BRI Belt and Road Initiative is a project announced by President Xi Jin Ping in 2013 during his visit to Southeast and Central Asian countries. This initiative aims to promote connectivity and infrastructure development, strengthen economic policy coordination, enhance complementary development strategies and encourage interconnected development to achieve common prosperity.[23]This project is rooted in past history but has a goal for the future, connecting three continents at once, namely Asia, Europe and Africa.[24]This project has involved as many as 70 countries covering 70% of the world's population, which account for 55% of the world's gross national product and 70% of global energy reserves. In order to support the implementation of this BRI project, the Chinese government established a financial institution that can function to fund infrastructure development in countries involved in the BRI project, namely the Asian Infrastructure Investment Bank (AIIB).

The initial motivation for establishing the AIIB was the Chinese government's concern about the slow process of economic governance reform after the global financial crisis that occurred in 2008. This bank is headquartered in Beijing with an initial fund of 100 billion USD and began operating to fund infrastructure development in BRI member countries in 2016, in 2018, AIIB had 87 member countries with a total investment of 6.4 billion USD.[25]China claims that these two projects will connect countries, markets and services to promote sustainable economic growth, development and prosperity.

In addition, China also established a bank with its trade alliance, which is part of BRICS (Brazil, Russia, India, China and South Africa), namely the New Development Bank (NDB), which was inaugurated in July 2014. This bank aims to increase socio-economic income in Asian countries by providing funds for various infrastructure development projects in developing countries, the Chinese government has issued funds of 100 billion USD.[26]BRICS is a trade alliance established in 2001, this alliance is not a political alliance or formal trade association but they assert that they have power as an economic bloc. Each year each country's leader attends the annual

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[23]Kim, M. H. (2019). *A real driver of U.S. – China trade conflict The Sino-U.S. competition for global hegemony and its implications for the future, International Trade, politics and development*, Vol. 3 No. 1, 2019 p. 30-40. Emerald Publishing Limited. www.emeraldinsight.com/2586-3932.htm.

[24]Morisson, M. W. (2019). *China's Economic Rise: History, Trends, Challenges, and Implications for the United States,* Congressional Research Service.

[25]Wang, H. Y. (2007), *The Asian Financial Crisis and Financial Reforms in China, The Pasific Review,* Vol. 12, No. 4, 1999: 537-556, Routledge, accessed on June 3, 2020. https://www.tandfonline.com/action/journalInformation?journalCode=rpre20.

[26]Ikenberry, G. J. (2014), *From Hegemony to the balance of power: the rise of China and American grand strategy in East asia, International Journal of Korean Unification Studies*, Vol. 23, No. 2, 2014, p. 41–63.

meeting. The goal of BRICS is to become the dominant supplier of manufactured goods, services and raw materials by 2050.[27]

3.4. Impact of Trade War on Indonesia

In the economic sector, Indonesia needs international economic assistance to support slow local economic growth due to lack of infrastructure and few jobs. So in international cooperation, Indonesia uses a non-aligned cooperation system, namely free economic cooperation and does not favor one side. The United States and China are Indonesia's trading partners in the export and import of raw materials and non-oil and gas. The protectionist policies set by the two countries have slowed down the world economy and have an impact on the surrounding countries. China's protectionist policies have resulted in a domino effect on the impact where one by one the surrounding countries have been affected, starting from Cambodia, Vietnam, to Indonesia itself.[28]

The impacts experienced by Indonesia in early 2017 were still relatively mild, where the value of non-oil and gas raw material exports to China remained at 14 percent, or 21 billion US dollars. This shifted the previous first position of Indonesia's non-oil and gas export destination, the United States, which at that time was at 17 billion US dollars. In the same year, the trade war also encouraged local industries and MSMEs to be more competitive in creating export-value products, such as increasing Indonesian textile exports by 20 to 30 percent. In the capital market sector such as the JCI, Indonesia experienced an increase of 41.6 points to 6.3 - 6.5 percent. The Indonesian economy is also still relatively stable at 5 percent, precisely at 5.07 percent in the fourth quarter of 2017. Figure 1 shows how the graph of Indonesia's economic growth in 2017, 2018, and 2019 was still stable from previous years, but in 2020 the first quarter fell to 2.97 percent. This is due to the COVID-19 pandemic that has occurred in almost all countries in the world and on average the economies of all countries have also experienced a decline.[29]

The impact of the trade war experienced by Indonesia in 2018 began to be felt more where the value of the Indonesian Composite Stock Price Index weakened to 6,194.50 and the export price of palm oil became 556 US dollars per ton and 88.3 dollars per ton for coal exports. Although the impact of the trade war and the slowdown in the world economy began to spread into the economy, the Indonesian capital market recorded a significant increase that year where the IDX recorded a growth of SID (single investor ID) of 200,935 SID throughout 2018 with

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[27]Chen, J. (2020). *BRICS*, accessed on June 6, 2020. https://www.investopedia.com/terms/b/bric.asp.

[28]Brown, C. D. (2012). *China's Great Leap Forward. Journal Education About Asia. Journal Education About Asia*, 17(3), p. 29–34.

[29]Andina, V. (2019). *Implikasi Perang Dagang Amerika-Cina Terhadap Perdagangan Indonesia.* Universitas Negeri Jember.

the addition of 1500 new investors every day. This was also driven by government policies to increase local productivity and MSMEs which caused the Indonesian economy to increase to 5.18 percent in the fourth quarter of that year (BI, 2017). Figure 2 shows how MSMEs contributed to Indonesia's GDP from 2010 to 2020. MSMEs contributed approximately 57 percent to Indonesia's GDP from 2011 to 2018. Then in 2019, MSMEs contributed 60.3 percent.[30]

2019 was the peak of the US-China trade war where the impact of the global economic slowdown began to spread throughout the country. The value of raw material commodities that were exported to the US and China experienced a significant decline, such as the price of palm oil which in 2018 was worth 556 US dollars per ton fell to 500 US dollars per ton and the price of coal which was originally worth 88.3 US dollars per ton fell to 65 US dollars per ton. The value of the Indonesian Composite Stock Price Index during 2019 strengthened again by 1.69 percent to 6.299 percent with the industrial sector experiencing the largest decline at the end of 2019 with a decline of 1.6 percent. The number of investors in the Indonesian capital market increased by 53 percent to 2.48 million local investors. With the government's encouragement of local industries and MSMEs as well as the increase in local investors in the capital market does not guarantee an increase in the economy because in 2019, the value of the Indonesian economy was at 5.02 percent or down around 0.16 percent compared to the previous year.[31]

The cause of the decline in Indonesia's economic value is the impact of the trade war itself which has spread to other countries, weakening and slowing down the economy of 70 countries that are Indonesia's export destinations, which has an impact on commodity prices and Indonesia's trade balance. The decline in the IHSG in the industrial sector also had an impact on the decline in the Indonesian economy where local industrial output in that year was not optimal due to the high cost of imported raw materials and industrial products with export prices that were not comparable to the needs of these imported materials. Although the export and import sectors experienced a significant decline, Indonesia was still able to maintain economic growth in the range of 5 percent and keep the country's inflation below 3.5 percent. Thus, the influence of the protectionist policy that triggered the trade war had a significant impact even though Indonesia was still able to advance the economy without being affected by the slowdown in the world economy from year to year since the policy was implemented. In 2020, the economy in various countries experienced a drastic decline due to the COVID-19

[30]Lim, T. C. (2014). *International Political Economy: An Introduction to Approaches, Regimes, and Issues*. Saylor Foundation.
[31]Deil, S. A. F. (2013). *Rahasia Kenapa Amerika Selalu Merajai Ekonomi Dunia*. Liputan 6. https://www.liputan6.com/bisnis/read/6 20148/rahasia-kenapa-amerika-selalumerajai-ekonomi-dunia.

pandemic. However, in the fourth quarter, the economic situation had started to improve, this was reflected in the global PMI Index which showed an increase in October, and the prices of palm oil, soybeans, and mining commodities in the international market experienced a good increase. Overall, economic growth in 2020 decreased by 2.07 percent from last year.[32]

4. Conclusion

China has successfully expanded its dominance in global trade through strategic expansion in Asia, Africa, and its efforts to penetrate the American market. Using the Belt and Road Initiative (BRI), China has strengthened its position as a major trading partner in Asia through infrastructure development, investment in the technology sector, and trade in manufactured goods. This has created economic dependence in many Asian countries, including Indonesia, which are increasingly integrated into the global supply chain controlled by China. In Africa, China's dominance is evident from its large investments in infrastructure, energy and mining projects. By offering soft loans and large-scale development projects, China is not only strengthening trade ties but also increasing its geopolitical influence. However, dependence on Chinese debt raises concerns about the long-term economic sustainability of African countries. China's efforts to enter the US market face major challenges due to protectionist policies and trade wars launched by the United States. Nevertheless, China continues to try to penetrate the US market through investments in the technology and automotive sectors and utilizing indirect trade routes through third countries. The trade conflict between China and the US has changed the dynamics of global trade, creating challenges and opportunities for other countries. For Indonesia, the China-US trade war has a complex impact. On the one hand, this tension causes economic uncertainty and commodity price fluctuations that affect Indonesia's exports. However, on the other hand, Indonesia also has the potential to benefit by attracting investment diverted from China and taking advantage of market opportunities opened up by the trade war. Therefore, Indonesia needs to adopt flexible and strategic economic policies in order to optimize the benefits of this change in global trade dynamics.

Overall, China's economic expansion has changed the landscape of world trade. With its growing influence in Asia and Africa and its efforts to penetrate the American market, China is increasingly establishing itself as a major economic power in the 21st century.

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