

International Business Diplomacy: Mining For Good Practices in Indonesia

Aelina Surya

Aelinasurya75@gmail.com

¹International Relations Departement, Universitas Komputer Indonesia

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Abstract

"International Business Diplomacy: Mining for Good Practices in Indonesia" explores how business diplomacy can be a strategic tool in optimizing the potential of Indonesia's mining sector on the international stage. Armed with abundant natural resource wealth, Indonesia faces the challenge of ensuring that its mining industry provides maximum benefits for the economy and society while maintaining harmonious relations with international trading partners. This research highlights two main cases: contract renegotiation with Freeport-McMoRan and cooperation in the nickel sector with China. These two cases illustrate how Indonesia, with a careful approach to business diplomacy, has succeeded in attracting investment, increasing industrial added value, and ensuring sustainable mining practices. However, despite this success, challenges such as environmental issues, workers' rights and good governance remain priorities. In conclusion, business diplomacy, if implemented correctly, can be the key for Indonesia to achieve sustainability and justice in its mining industry in the era of globalization.

Abstrak

"*International Business Diplomacy: Mining for Good Practices in Indonesia*" mengeksplorasi bagaimana diplomasi bisnis dapat menjadi alat strategis dalam mengoptimalkan potensi sektor pertambangan Indonesia di panggung internasional. Berbekal kekayaan sumber daya alam yang melimpah, Indonesia menghadapi tantangan untuk memastikan bahwa industri pertambangannya memberikan keuntungan maksimal bagi perekonomian dan masyarakat, sambil mempertahankan hubungan yang harmonis dengan mitra dagang internasional. Penelitian ini menyoroti dua kasus utama: renegosiasi kontrak dengan Freeport-McMoRan dan kerjasama dalam sektor nikel dengan China. Kedua kasus tersebut menggambarkan bagaimana Indonesia, dengan pendekatan diplomasi bisnis yang cermat, berhasil menarik investasi, meningkatkan nilai tambah industri, dan memastikan praktik pertambangan yang berkelanjutan. Namun, di balik kesuksesan ini, tantangan seperti isu lingkungan, hak pekerja, dan tata kelola yang baik tetap menjadi prioritas. Kesimpulannya, diplomasi bisnis, jika diterapkan dengan benar, dapat menjadi kunci bagi Indonesia untuk mencapai keberlanjutan dan keadilan dalam industri pertambangannya di era globalisasi.

Keywords

Business Diplomacy, China, Freeport-McMoran, Indonesia, Mining

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Corresponding Author

Aelina Surya. Jl. Dipati Ukur
No.112-116, Lebakgede,
Kecamatan Coblong, Kota
Bandung, Jawa Barat 40132.

Introduction

The progression of the human species is intricately linked to the utilization of natural resources. The initial phases of human advancement, characterized by the copper, bronze, and iron ages, are denoted by the metals used by our predecessors to fabricate tools and materials that facilitated their transition from a nomadic to a settled lifestyle (Gregory, 2021:3). In primitive environments, early humans acquired the ability to engage in rudimentary alteration of mineral resources. According to Wright and Czelusta (2004), mining operations have played a vital role in fostering wealth, improving the quality of life for many individuals, and facilitating the

development of organized communities. Regrettably, the mining industry has often been accompanied by instances of strife and warfare (Graulau, 2008:131). In this context, there has been minimal alteration observed over the course of history, despite the recognition of the need of engaging with stakeholders, which has led to the development of systems for resolving conflicts (Bond, 2014:169). Similar to several domains of trade and commerce, the process of vital bargaining facilitated the development of shared comprehension and mutually agreeable resolutions, gradually evolving into intricate agreements. Over time, cultures that had reached a higher level of development recognized the necessity of establishing official means of communication in order to negotiate agreements between nations, which ultimately gave rise to the practice of diplomacy (Hamilton & Langhorne, 2011:128–131).

Currently, the mining industry is experiencing many conflicts, necessitating the involvement of proficient personnel equipped with their expertise and education to safeguard commercial interests and offer satisfactory resolutions to multiple stakeholders. An examination of extractive operations on a global scale may give rise to the notion that the presence of a mine is often accompanied by a conflict. However, it is important to acknowledge that the global economy continues to rely heavily on natural resources, as emphasized by Coulomb, Dietz, Godunova, & Nielsen (2015). Extractive activities frequently occur in international settings, hence introducing the complexities and difficulties that arise when firms operate in foreign regions. Furthermore, these acts give rise to externalities that frequently necessitate the involvement of governments, communities, non-governmental organizations (NGOs), and other stakeholders, hence leading to more intricate situations, particularly in developing countries (Hilson, 2002). Therefore, it is imperative to consistently address conflicts utilizing the available resources of mining operations.

Mining firms have the opportunity to derive advantages by employing a diverse array of techniques encompassed within the framework of commercial diplomacy, in order to reach a mutually agreeable resolution among all parties involved. Business diplomacy refers to the process through which multinational firms establish connections and engage with non-business entities and other stakeholders (Saner & Yiu, 2005:300). When implemented on a global scale, these measures have a favorable impact on Multinational Enterprises (MNEs) and the relevant stakeholders in foreign markets (Wolters, Ruël, & Loohuis, 2011:41). Hence, International Business Diplomacy (IBD) assumes a pivotal role in safeguarding the interests of multinational firms and ensuring the advantages for all stakeholders engaged in local markets.

This study suggests that there is potential for strengthening International Business Development (IBD) as a valuable domain for generating value for Multinational Enterprises (MNEs) operating in volatile markets. Following a concise examination of the existing scholarly works, we hereby propose a functional elucidation for Inflammatory Bowel Disease (IBD). In order to achieve this objective, we examine recent advancements in the scholarly literature, with a particular focus on the functionalities and resources accessible to professionals in the field. In this section, we will provide an overview of the mining industry and examine the various elements that necessitate intervention, particularly in relation to sustainability concerns associated with extractive operations. Undoubtedly, the mining sector is being significantly influenced by the concept of

sustainability, which is leading to a transformation within an industry that has demonstrated a lack of competence to control itself in sensitive matters (Sethi & Emelianova, 2006:230).

Afterwards, we moved the discussion to Indonesia. The mining industry in Indonesia, despite being the backbone of the economy with a significant contribution to GDP and employment, faces multifaceted problems that include environmental impacts such as land degradation and water pollution, as well as social issues, including relocation and conflict with local communities. These difficulties are compounded by weaknesses in governance and regulation, including cases of corruption and collusion in licensing, as well as economic risks arising from dependence on commodities and price fluctuations in global markets. In addition, occupational safety factors—especially in less regulated mines—mean the industry requires a more sustainable and ethical approach. International business diplomacy can effectively unify the interests of various parties: government, companies, and society. Through this diplomacy, we can look for "Good Practices" that enable the mining industry to be economically profitable, environmentally friendly, and socially just.

International Business Diplomacy

Throughout history, diplomacy has consistently been an intrinsic component of international commerce and trade. The presence of many languages, values, and customs necessitates the acquisition of essential skills for fostering understanding, resolving conflicts, and reaching mutually beneficial outcomes within multicultural environments. The fundamental essence of diplomacy is in the imperative to establish formal lines of communication, enabling the pursuit of diverse parties' interests and facilitating the potential for mutually advantageous accords. There exist a multitude of diplomatic approaches, characterized primarily by the individuals engaged and their respective endeavors to further either private or public interests. The typologies and classifications utilized in diplomatic endeavors will exhibit variation depending on the specific claims being pursued. A comprehensive categorization within the business domain may encompass five distinct kinds, as defined in Table 1.

Tabel 1. Primary forms of business diplomacy

Form of Diplomacy	Description
Trade	This discourse centers on the examination of broad consensus reached among nations over regulations, norms, and protocols governing a systematic flow of commodities and services.
Economic	The utilization of policies, methods, or activities to promote a national purpose serves ideological objectives or geo-economic interests.
Commercial	Diplomatic missions are responsible for providing help to the domestic economic sector of their respective countries. This encompasses the facilitation of trade and the encouragement of both inward and outbound investment.*
Business	The process entails the establishment and maintenance of favorable relationships with foreign government officials and non-governmental actors in order to cultivate and uphold legitimacy within a foreign commercial context.**

Corporate The aforementioned procedure facilitates the establishment of a corporation's authority and credibility, albeit not always in foreign nations.

Source: Valderrey (2016); *Berridge and Lloyd (2012) and ** Wolters, Ruël, & Loohuis (2011)

Trade diplomacy deals with the exchange of goods and services. Economic diplomacy focuses on national economic interests, commercial diplomacy on domestic businesses' interests, and business diplomacy on fostering long-term ties with host countries. Though there are overlaps and unique cases, this categorization misses other forms of diplomacy (Betlem, 2012:25). The practice of "vaccine diplomacy" post-Covid-19 may have geopolitical and economic aims, especially through vaccine exports. Terms like "business" and "corporate diplomacy" are often used interchangeably. Early research emphasizes business diplomacy's role in managing multinational enterprises (MNEs) and forging partnerships (Saner & Yiu, 2005:303).

There's a debate about whether public relations is part of commercial diplomacy. Some argue for a clear separation due to the international and complex challenges of business diplomacy (Nobre, 2018:32). Others question if public relations professionals can act as effective diplomats, given their limited impact on stakeholder management (Alammar & Pauleen, 2016:7). Business diplomacy evolves to address new challenges and contexts. A study by Egea, Parra-Meroño, & Wandosell (2020), identified four main tools: competitive intelligence, host stakeholder relationships, corporate reputation management, and lobbying. Their effectiveness varies across industries and situations. Pantoja (2018) emphasizes adapting to domestic market characteristics in biotechnology and the importance of both proactive and reactive strategies.

The global aspect of business diplomacy is vital for MNEs in international competition. Executives need skills in diplomatic tools, international law, arbitration, NGO operations, and global networking (Raymond Saner & Yiu, 2014:315). This emphasizes the need to better define International Business Diplomacy (IBD) and its role in MNE-government interactions globally.

However, there's ambiguity about IBD's benefits for MNE managers in key industries. The lack of a clear IBD definition shows the academic disagreement on its roles. IBD depends on approvals from governments and stakeholders for foreign economic activities. Such authorization, as Ruël (2022) notes, is not permanent but can be revoked by stakeholders. Many MNEs have seen benefits from IBD, but those ignoring associated risks face challenges, including scandals, boycotts, or underestimating host nation concerns.

Table 2. Tools for international business diplomacy

Tools	Description and Intended Use
Interviews And Meetings	Formal engagements with local government officials, relevant parties, and influential figures within the community through individual or collective discussions.
Sponsorships	The present study examines the impact of prominent individuals or organizations in the fields of sports, arts, or popular activities on local initiatives.
Advertising	Paid communication refers to the practice of utilizing financial resources to promote and showcase products and services with the aim of improving the brand's standing within the local market.

Public Relations		Unremunerated correspondence aimed at fostering positive relationships with community leaders, governmental entities, and non-governmental organizations (NGOs).
Social Media		The practice of monitoring social media platforms to address the concerns of individuals and groups regarding corporate actions, both at a local and worldwide level.
Informal Gatherings		Social gatherings held in various environments have the potential to facilitate more intimate and individualized interactions with influential individuals within the local market.
Publicspeaking		Conferences, master-classes, and workshops that focus on educational institutions and aim to foster open public sharing of business commitment to society.
Activities Company Premises Partnerships	At	Tours, organized visits, and events conducted at various establishments aim to showcase their facilities or production operations, thereby highlighting the advantages they bring to the local community.
Embassy Consulates	And	Collaborative endeavors overseen by diplomatic envoys of the parent organization

Source: Ruël (2020)

Table 2 presents an inventory of resources accessible to ambassadors engaged in international business endeavors. The aforementioned inventory consists of an instrument matrix that has been adapted and compiled into a comprehensive list (Ruël, 2020:5). The data collection tool, known as the instrument matrix, was utilized to get responses from practitioners. These practitioners provided their perspectives on the instruments commonly employed by business diplomats (Knobel & Ruël, 2017:248). Table 2 provides a comprehensive summary of the various categories, suggesting modest modifications and offering extensive insights into the potential applications of such tools. Irrespective of the chosen instruments, it is imperative that well qualified professionals are responsible for performing these activities, rather than relying solely on corporate diplomats operating on a voluntary basis (Mirvis, Hurley, & MacArthur, 2014:238). Raymond Saner, Lichia, & Søndergaard (2000) suggest that specific training programs could incorporate components from business schools and traditional diplomatic education. The authors present a comprehensive collection of fundamental components that serve as the basis for the education of business diplomats, with the aim of cultivating distinct proficiencies in the field of business diplomacy management.

As pointed out before, it is important to note that there exists no universally accepted definition of international business diplomacy. Consequently, we propose a framework centered around the roles performed by corporate ambassadors, outlined as follows:

International business diplomacy refers to a collection of skills that encompass managerial decision-making, negotiation, and public relations. These competencies enable enterprises to enhance their corporate reputation, address societal concerns, and cultivate enduring relationships with host authorities and local stakeholders in foreign nations.

Definitions highlight the importance of specialized training for practitioners. Few academic institutions emphasize these subjects. For instance, the University of Deusto in the Basque Country offers a Master's in International Relations and Business Diplomacy, covering topics like risk assessment and intercultural negotiations. There's a lack of guidelines, except "A Guide to Commercial Diplomacy" by the International Trade Centre, which might need slight modifications for International Business Diplomacy (International Trade Centre, 2019:20).

Traditional diplomacy is essential but needs a business-oriented approach. International business diplomats are often corporate leaders skilled in negotiations, not traditional diplomats. They must have strong negotiation skills, central to diplomacy (Drinkwater, 2005:35).

With rising sustainability concerns, companies must make meaningful contributions, especially those with societal influence. This mirrors corporate social responsibility and principles like the OECD Guidelines for Multinational Enterprises (Ruël, 2022:76). Multinational enterprises should address societal expectations and potential negative impacts (Raymond Saner, 2019:589). The focus is on sustainability, with the mining industry chosen due to debates on environmental compliance. Mining often involves cross-border operations by private firms, highlighting the need for skilled international business diplomats.

Metode/ Methods (12pt, Bold)

This research uses qualitative methods, techniques or strategies for collecting and analyzing data that rely on collecting and analyzing non-numerical data. According to Lamont (2015), qualitative methods are used to understand better how we understand the world around us and thus require us to focus on the meanings and processes that shape international politics. The data collection technique used in this research is a literature study in scientific journals, books, reports, print media and data publications, with internet-based searches related to public diplomacy theory and data regarding International Business Diplomacy: Mining for Good Practices in Indonesia.

Business Diplomacy in Indonesia within the Public Relations Framework

As the country with the largest economy in Southeast Asia, Indonesia has an essential role in regional and global business diplomacy dynamics. Abundant natural resources, a large consumer market, and its strategic position make it a vital subject for international business relations. In business diplomacy, Public Relations (PR) refers to communication efforts not oriented toward direct profit but rather towards fostering positive relationships with government entities. In Indonesia, many multinational and domestic companies take this PR approach to build good relationships with the government, understand existing regulations, and ensure business operations run smoothly.

One clear example is how foreign companies communicated and interacted with the Indonesian government regarding restricting raw mineral exports several years ago. Through effective PR strategies, these companies seek to explain the impact of policies on the industry while demonstrating their commitment to the development of domestic processing industries. These efforts are often carried out through face-to-face meetings, seminars, training, and publications highlighting positive collaboration between the private sector and government.

Using PR as an instrument in business diplomacy has several advantages. First, it creates an environment conducive to dialogue and mutual understanding between government and business actors. Second, this non-commercial approach often opens the door to closer collaboration in the future. Finally, in the Indonesian context, where government and business relations are often dynamic, PR allows companies to maintain their reputation and minimize the risk of conflict. The following is an example of a case study of the use of Business Diplomacy in Indonesia within the Public Relations Framework, namely: first, Renegotiation of Work Contract with Freeport-McMoRan and second, Indonesia's Cooperation with China in the Nickel Sector.

Renegotiation of Work Contract with Freeport-McMoRan

The mining industry has been an integral part of Indonesia's economic landscape for decades. One of the critical actors in this industry is Freeport-McMoRan, a mining company from the United States that operates the Grasberg gold and copper mine in Papua, one of the largest in the world. However, beneath the glitter of gold and copper lies a complex narrative of national interests, resource governance and sustainable development aspirations (Redi, 2016:613). Since the beginning of its operations in Indonesia, Freeport-McMoRan has operated based on a "Contract of Work", a legal agreement that regulates the company's rights and obligations in extracting minerals in the country. However, as time goes by, there is an intense desire from the Indonesian government to ensure that the wealth of natural resources, which truly belong to the Indonesian people, provides optimal benefits for the nation (Abidin, 2018:20).

Renegotiations of the Contract of Work between the Indonesian government and Freeport-McMoRan have been going on for several years, but a crucial moment in this process occurred in the 2010s. Starting around 2009, when Indonesia began to emphasize its policy of nationalizing its natural resources, renegotiations became increasingly intensive. One important milestone was in 2014 when Indonesia implemented a policy banning raw ore exports, which affected Freeport's operations in Indonesia. This is one of the main drivers for renegotiations, with a focus on building a refining facility (smelter) in the country. The renegotiation process continued and reached an important agreement in 2017, where Freeport agreed to change their Contract of Work to a Special Mining Business Permit (IUPK), which required them to divest 51% of shares to an Indonesian entity and ensure the construction of a smelter within five years (Aminullah, 2016:37).

In the spirit of nationalism and a drive to obtain fairer profits from natural resources, the Indonesian government, under the leadership of several presidents, has begun the process of renegotiating contracts with Freeport. The emphasis of this renegotiation includes several key aspects:

1. **Share Divestment:** The government demands that Freeport divest some of its shares to Indonesian entities so that the Indonesian side has greater ownership and gets a more significant share of the profits.
2. **Smelter Construction:** As part of its commitment to increase the added value of the domestic mining industry, the government asked Freeport to build a refining facility or

smelter in Indonesia. This will ensure that mineral processing is carried out in Indonesia, creating jobs, increasing income and reducing raw ore exports.

3. **Royalty Adjustment:** One of the government's demands is an increase in the royalties that Freeport must pay to the government, which is in line with commodity prices on the global market.
4. **Environmental and Social Aspects:** The government also emphasizes the importance of sustainable mining practices by considering environmental and social impacts, especially for local communities in Papua (Azizah, 2020:38-39).

After a long and sometimes tense series of negotiations, the two sides finally reached an agreement. This process is proof of Indonesia's business diplomacy's ability to advocate for its national interests on the global stage while upholding the principles of justice and sustainability. In deeper reflection, the renegotiation of the Contract of Work with Freeport is not only about rearranging commercial terms but more about how Indonesia, as a sovereign country, seeks to optimize the potential of its natural resources for the welfare of its people while still establishing mutually beneficial business relationships with its international partners.

PT Freeport-McMoran Inc. recorded revenue throughout 2022, amounting to US\$ 22.78 billion or IDR 341.70 trillion, with an assumed exchange rate of IDR 15,000/US\$. Of this amount, around 37% or US\$ 8.43 billion (Rp. 126.39 trillion) was generated from their operations in Indonesia after considering royalty fees, export duties and other costs. From Freeport's operational income in Indonesia, it is known that the royalties paid to the Indonesian government amounted to US\$ 357 million or the equivalent of Rp. 5.36 trillion. This royalty is a type of compensation paid by mining companies to the government for the right to exploit mineral resources in a particular area. The royalty amount is usually calculated based on a percentage of total revenue or production volume. In detail, the income of PT Freeport-McMoran Inc. before adjustments, Indonesian operations reached US\$ 9.39 billion with revenues from copper sales reaching US\$ 6.02 billion, gold US\$ 3.24 billion, and silver US\$ 134 million (Hidayatulloh, Erdős, & Szabó, 2022:883).

Mineral production saw a significant increase in 2022, with copper production increasing 17.29% to 1.57 billion pounds and gold production increasing 31.24% to 1.80 million troy ounces. Meanwhile, copper sales increased 20.21% and gold 34.25%. However, the average selling price of these two minerals decreased throughout the year. Freeport recorded profit before tax from operations in Indonesia of US\$ 4.63 billion, up 16.13% from 2021. Profit before tax from operations in Indonesia reached US\$ 4.63 billion. With an effective tax rate of 39%, the amount of tax that will be paid (provision) for 2022 is US\$ 1.80 billion or Rp. 26.96 trillion. The increase in the effective tax rate of 30.50% from 2021 shows that Freeport's contribution in the form of taxes to the Indonesian government has also increased significantly. Freeport is also increasing capital expenditure in 2022, with a total capex of US\$ 3.5 billion, the majority of which is allocated to operations in Indonesia. Gold and copper reserves for operations in Indonesia reached 26.3 million troy ounces and 30.8 billion pounds, respectively, which can support operations for 15 years and 20 years at current production levels (Hidayatulloh, Erdős, & Szabó, 2022:884).

The Indonesian government also received dividends provided by PT Freeport-McMoran Inc. to the Indonesian government, and the government usually receives dividends from mining companies if they have share ownership in the company. The amount of dividends received by the government usually depends on the company's profitability and the dividend policy set. In 2022, the Indonesian government will receive dividends from PT Freeport-McMoran Inc., amounting to US\$ 900 million. With stable copper prices at around US\$ 4 per pound, it is projected that dividend payments in 2023 will reach between US\$ 1.5 billion to US\$ 1.6 billion, or around IDR 26 trillion, assuming an exchange rate of IDR 15,657 per US\$. In 2024, dividends received by the Indonesian government are also estimated to reach US\$ 1.6 billion (Jehabut, Wahid, & Djajaputra, 2023:1605).

The renegotiation of the Contract of Work between the Indonesian government and Freeport-McMoRan reflects a paradigm shift in natural resource management and business governance in Indonesia. This process is not just about economics but also affirms the country's sovereignty in managing its wealth while maintaining cooperative relations with foreign investors:

1. This renegotiation underscores the importance of the principle of sovereignty over natural resources. The Indonesian government is working hard to ensure that the benefits from its mineral wealth, particularly from the valuable Grasberg mine, can be enjoyed by more of the Indonesian people. This is reflected in demands for share divestment and increased royalties.
2. This renegotiation shows Indonesia's commitment to increasing the added value of domestic industry. By emphasizing the construction of smelters, Indonesia is seeking to move the value chain to a higher level, create jobs and increase state revenues.
3. This process emphasizes the importance of effective business diplomacy.

Despite tensions and challenges during the negotiations, both parties managed to reach a mutually beneficial agreement. This shows that, despite upholding national interests, Indonesia remains open to foreign investment and cooperation as long as it is in accordance with the principles of justice and sustainability.

Indonesia's Cooperation with China in the Nickel Sector

In the last few decades, Indonesia has demonstrated interesting business diplomacy dynamics, especially in its relations with China, one of the world's economic giants. One of the success stories that reflects the success of business diplomacy between these two countries lies in the nickel sector. Nickel, a chemical element widely used in the production of lithium-ion batteries for electric vehicles and various electronic devices, has placed Indonesia at the centre of global attention. With abundant nickel reserves, Indonesia has become one of the largest nickel producers and exporters in the world. On the other hand, China, with its rapidly developing automotive industry and electronic technology, has a significant need for nickel to support battery production (Su, Geng, Zeng, Gao, & Song, 2023).

Figure 1. Distribution of Nickel Processing Factories



Source: Perdana, Sulisty, & Primantoro (2023)

Indonesia took bold steps by implementing a policy of banning exports of raw nickel ore in 2014. This policy was based on the desire to increase economic added value from the nickel mining sector through domestic processing while creating jobs and increasing state income. In response, many companies from China chose to invest in Indonesia, building nickel processing facilities or smelters to ensure a stable nickel supply for their industry. Thus, the export ban, which was initially seen as a protectionist step by some parties, actually succeeded in inviting large-scale investment from China to Indonesia (Pandyaswargo, Wibowo, Maghfiroh, Rezqita, & Onoda, 2021).

In this collaboration, both countries benefit. Indonesia has not only succeeded in increasing the added value of its mining industry but has also experienced a surge in investment and technology transfer. China, on the other hand, gets access to high-quality nickel resources with consistent supplies, ensuring smooth production of batteries and other related industries. Cooperation between Indonesia and China in the nickel sector illustrates a combination of national policy strategies with global market opportunities. Behind Indonesia's policy of limiting raw nickel exports is hidden a smart business diplomacy strategy, which not only encourages foreign investment but also strengthens the country's economic sovereignty and bargaining position in global trade (Keskinilic, 2019:978).

First, Indonesia's policy of banning nickel ore exports is a bold and controversial strategy. However, this policy has two main objectives: first, ensuring that Indonesia's natural resources provide maximum benefits for the people and national economy through domestic processing and refining, and second, attracting foreign investment in developing the industrial infrastructure needed for nickel processing. China, with its significant nickel needs and rapidly growing battery

industry, sees Indonesia as a strategic partner. The quick response from China in investing shows the effectiveness of Indonesia's business diplomacy. Thus, what was initially seen as a protectionist action by Indonesia turned out to be the opening door for significant investment flows from China (Santoso, Moenardy, Muttaqin, & Saputera, 2023:160).

However, this collaboration is challenging. The two countries have different interests. While Indonesia wants to ensure that investments bring broad economic and social benefits to society, China certainly wants to ensure continued nickel supplies for their industry at competitive prices. The balance between economic benefits and social and environmental responsibility is crucial in maintaining the sustainability of this collaboration. Indonesia-China cooperation in the nickel sector shows how exemplary business diplomacy can produce a mutually beneficial partnership. It teaches that a country, with the right strategy, can leverage its position in the global economy to advance its national interests without having to sacrifice relationships with its key trading partners.

In bilateral cooperation like this, the government plays a key role as mediator, facilitator, and guarantor. First, the Indonesian government has actively facilitated dialogue between domestic nickel companies and potential investors from China, assisting in negotiations and ensuring that the agreements reached benefit both parties. Through the Ministry of Energy and Mineral Resources, the government has organized meetings, forums, and discussions to bridge the needs and expectations of both parties.

Furthermore, the government also plays a vital role in creating a conducive business environment. This is done through regulatory policies, such as a moratorium on nickel ore exports to encourage the development of domestic processing industries, providing tax incentives and other facilities for investors, and ensuring sustainability and good resource governance.

By utilizing business diplomacy, the Indonesian government has played an active role in shaping and directing cooperation with China in the nickel sector. Through various initiatives and policies, Indonesia focuses on increasing exports and developing downstream industries, which, in the end, can provide more excellent added value to the national economy.

The government's actions in facilitating this cooperation show how business diplomacy can be implemented to maximize benefits for the country while ensuring that international cooperation runs smoothly and profitably. Thus, the government's active role in business diplomacy is key in dealing with complex global dynamics, especially in strategic sectors such as nickel.

Conclusion

In the context of "International Business Diplomacy: Mining for Good Practices in Indonesia", research shows that business diplomacy plays a crucial role in bridging national interests with global market dynamics, especially in the mining industry. Indonesia, which is blessed with abundant natural resources, has undertaken various strategic initiatives to ensure that its mining sector makes maximum contributions to the national economy and community welfare. Through contract renegotiations with Freeport-McMoRan and cooperation with China in the nickel sector, Indonesia has demonstrated its ability to renegotiate terms and create mutually

beneficial partnerships with global players. However, challenges such as environmental sustainability, workers' rights and good governance remain a key focus. In conclusion, with the right approach to business diplomacy and a focus on good practices, Indonesia can harness the potential of its mining industry while ensuring justice and sustainability for future generations.

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