

Research Article

Political Memory, Economic Sovereignty, and New Dependencies: Indonesia's Downstreaming and Energy Transition in the Midst of Foreign Investment

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Abstract

This article examines how of political memory shapes downstreaming policies and Indonesia's energy transition. Existing studies on downstreaming mainly emphasize political economy, industrialization, foreign investment, and geopolitical competition over strategic minerals. However, the historical experience of colonial extraction and long-term economic dependence also plays an important role in shaping contemporary energy policy. This study argues that Indonesia's downstreaming and energy transition agendas are driven by economic growth and industrial objectives, but also by collective memories of Indonesia's historical role as a global raw material supplier. The study uses a qualitative interpretive approach through document analysis of presidential speeches, downstreaming regulations, Energy Law, the RPJMN, and other official state documents on energy and strategic minerals. The findings demonstrate that narratives such as "energy sovereignty," "downstreaming," and "raw material export bans" symbolize state efforts to escape colonial extractive structures. Downstreaming is framed as both a historical correction and a source of national pride within the green energy transition. Nevertheless, Indonesia's green industrialization remains heavily dependent on foreign investment and technology, particularly from China, revealing the paradox between resource nationalism and contemporary global dependency.

Keywords: Energy Transition, Green Industrialization, Political Memory, Postcolonial Political Economy, Resource Nationalism

INTRODUCTION

The world is currently moving towards a green energy transition in response to climate change, the global energy crisis, and international pressure to lower carbon emissions. Under the Paris Agreement, many countries have begun reducing their dependence on fossil energy fuels and accelerating renewable energy development (Zhao, 2024). In this context, Indonesia has a strategic position in

global energy geopolitics because it controls important resources for the world's energy transition. Indonesia is one of the world's largest coal exporters and holds the world's largest nickel reserves, a key material for electric vehicle batteries (Analysis, 2026). United States Geological Survey (USGS) 2025 data show that Indonesia has around 42 percent of the world's nickel reserves. In addition, the Ministry of Energy and Mineral Resources noted that the national renewable energy potential reached more than 3,600 GW, although its utilization remains relatively low (ESDM, 2023).

This position encourages the Indonesian government to implement downstream and energy-transition policies simultaneously. The government banned exports of certain raw materials, especially nickel, to encourage smelter construction battery production, and domestic electric vehicles. President Joko Widodo has repeatedly emphasized that Indonesia should not just be a raw material exporter (Lidya & Safira, 2023).

Indonesia's downstreaming policy is driven not only by economic nationalism, resource interests, industrial policy, geopolitical competition, and domestic political interests. While these factors explain the economic and strategic interests behind downstreaming, they do not fully explain why the policy is framed so strongly in terms of sovereignty, self-reliance, and ending dependence on foreign powers. This study therefore views political memory as a complementary factor that helps explain how colonial experiences of resource exploitation are remembered and interpreted in contemporary policymaking. In this context, the export of raw materials and foreign control over strategic resources are perceived as forms of dependence that echo past experiences. Thus, political memory helps explain how colonial experiences are used to give meaning and legitimacy to Indonesia's downstreaming policy. Downstreaming is presented as part of the pursuit of "economic sovereignty" and "national added value." The narrative shows that energy policy understood not only as an economic strategy, but also as tied to Indonesia's national identity and position in the international system.

Economically, downstream is starting to show a significant impact. After the ban on nickel ore exports was imposed in 2020, investment in the base metals and mineral processing sectors increased sharply, especially through smelter construction and the electric vehicle battery industry. Most of these investments come from China, which is now the dominant actor in Indonesia's nickel processing industry. At the same time, the government is also accelerating the energy transition agenda and the Net Zero Emission 2060 target although it should be noted that the reduction of coal-fired power plants is slow because the demand for industrial electricity continues to increase, especially for smelters and large industrial estates (Sinaga, 2024) — as a result, downstream and green energy are two major agendas that are interconnected in the national development strategy.

Most research so far still explains downstream and energy transition through the lens of political economy, foreign investment, industrialization, and geopolitical competition (Bridge et al., 2013; Feng et al., 2020; Gu, 2024). This approach matters, but it does not fully explain why Indonesia's downstream narrative is so closely tied to sovereignty, national self-esteem, and rejection of foreign exploitation. In fact,

Indonesia's colonial-era experience as a raw-materials supplier leaves a strong political memory in contemporary economic policies. Narratives such as "do not sell raw materials" (*jangan menjual bahan mentah*) and "resources sovereignty" (*kedaulatan sumber daya*) are signal to move beyond its historical position as a peripheral state in the global economy.

The study of political memory in international relations develops from a critique of the rationalist view that states act only on material interests. Maurice Halbwachs explains that collective memory is socially shaped and inherited through national institutions, symbols, and narratives (Halbwachs, 2020). Pierre Nora then added the concept of *lieux de mémoire*, a memory space that preserves historical experience as part of a nation's political identity (Nora & Cuesta, 1989). In international relations, Duncan Bell argues that historical memory shapes national imagination, threat perception, and the direction of state policies (Bell & Taillandier, 2025). Thus, state policies are influenced not only by economic interests, but also by historical experiences that remain alive in national political consciousness.

In developing countries, colonial memory is often associated with resource exploitation and economic dependence. Postcolonial studies show that colonial extraction leaves structural and psychological traces in postcolonial countries as suppliers of raw materials to foreign powers, these countries faced demands to control strategic resources. In Indonesia, Eve Warburton explains that resource nationalism developed strongly after the reformation through efforts to expand state control over the extractive sector and reduce foreign dominance (Warburton, 2023). Meanwhile, Poppy S. Winanti show that resource nationalism in Indonesia is not just an economic policy, but also an effort to reorganize power relations between the state, domestic elites, and multinational corporations (Winanti & Diprose, 2020). The government presented the takeover of Freeport's majority shares, for example, as a symbol of the return of national sovereignty over strategic resources.

Meanwhile, the study of the politics of emotions in international relations shows that emotions are not irrational factors outside politics, but an important part of forming state identities and policies. Emma Hutchison and Roland Bleiker explain that fear, trauma, pride, and collective humiliation can influence a country's political actions (Hutchison et al., 2024). Xander Kirke and Brent Steele, through the concept of ontological security, added that the state not only physical security, but also identity stability and self-recognition in the international system (Kirke & Steele, 2023). In the context of economic nationalism, emotional politics take the form of fear of foreign domination, anxiety about economic dependence, and national in controlling strategic resources.

This debate is clear in Indonesia's energy policy. Narratives like "do not sell raw materials," downstreaming (*hilirisasi*), and resources sovereignty are evident. This shows that energy policy aims not only to increase economic added value but also to build national pride and reduce dependence on foreign powers. In this context, energy nationalism provides domestic political legitimacy. This motivation is deeply rooted in Indonesia's historical memory of colonialism, when the country's natural resources were largely exploited to serve external economic interests, leaving

Indonesia in a position of structural dependence. Against this historical backdrop, downstreaming is framed not merely as an economic policy to increase domestic value added but as a strategic effort to break from the colonial pattern of exporting raw materials and to reclaim greater control over Indonesia's natural resources and economic sovereignty.

However, most political economies focused on war, conflict, and security, in contrast, their use in studying green energy and industrialization remains relatively limited. Studies of energy transition have been explained more through lens of political economy, industrialization, and global geopolitics. The energy transition literature generally focuses on decarbonization, renewable energy, and global technological change. However, recent developments show that the energy transition also intensifies competition over strategic minerals such as nickel, lithium, and cobalt. Studies on energy nationalism explain that countries are increasingly viewing strategic resources as an important instrument for maintaining their position in the global green economy (Zuk et al., 2024).

In Indonesia, downstreaming is a key part of the resource nationalism strategy in energy transition era. The government encourages the development of smelters, battery industries, and electric vehicles to increase domestic added value and strengthen Indonesia's position in the global green energy supply chain. Winanti and Diprose show that state intervention in the extractive sector is increasing despite the risk of reducing foreign investment (Winanti & Diprose, 2020). Meanwhile, a study in Energy Policy explains that the energy transition in Indonesia unfold in a complex political arena, shaped by power relations, economic interests, and domestic political dynamics (Falcone, 2023).

Nevertheless, literature has a significant an. Most research still focuses on global political economy, investment, industrialization, and geopolitics (Bridge et al., 2013; Feng et al., 2020; Gu, 2024). This approach has not fully explained why the narrative of downstream and energy transition in Indonesia is so closely tied to historical wounds, sovereignty discourses, and emotional nationalism rooted in postcolonial experiences. In other words, previous studies tend to see downstream as a rational economic strategy but have not shed much light on the dimensions of political memory and the collective emotions behind the policy. This article argues that Indonesia's downstream and energy transition policies are driven not only by economic interests, but also by political memory of past resource exploitation and economic dependence.

METHODOLOGY

This study uses a qualitative interpretive approach drawing on document analysis and interpretive discourse analysis (Creswell & Poth, 2016; Fairclough, 2023). The main corpus consists of official government documents on energy, downstreaming, investment, and industrialization, as well as presidential speeches and official statements published during 2019–2026. Key documents include publications by the Ministry of Energy and Mineral Resources (2023, 2024, 2026), the cf (2022), and BKPM (2025), as well as presidential statements on

downstreaming, industrialization, resource sovereignty, and the energy transition. These documents were purposively selected because they directly articulate government policies and narratives concerning resource governance, domestic value creation, economic self-reliance, and energy transition (Creswell & Poth, 2016).

The study used historical sources from the colonial and early independence periods, along with academic literature on political memory, resource nationalism, and postcolonial perspectives, as contextual and analytical sources. This distinction allows the study to separate documents that constitute the primary empirical corpus from literature used to contextualize and interpret the findings.

The analysis proceeded in three stages. First, relevant passages were identified and coded according to recurring themes, including colonial exploitation, raw-material dependence, foreign domination, resource sovereignty, economic self-reliance, nationalism, industrialization, downstreaming, and energy transition. Second, these themes were compared across periods and sources to identify recurring patterns and connections between historical experiences and contemporary policy narratives. Third, the identified patterns were interpreted through political memory and a postcolonial perspective (Fairclough, 2023).

Political memory was identified based on three criteria: (1) explicit or implicit references to past experiences of exploitation and dependence; (2) connections between these experiences and contemporary concerns over resource control and economic value; and (3) the use of such narratives to justify or legitimize downstreaming, industrialization, resource sovereignty, or economic self-reliance. This understanding draws on scholarship on collective memory and the relationship between memory, history, and political identity (Halbwachs, 2020; Nora & Cuesta, 1989; Mechkarini et al., 2023).

Interpretations emerged from comparing and tracking narrative recurrence across documents and periods. The analysis also distinguishes political memory from conventional explanations such as economic nationalism, resource nationalism, industrial policy, geopolitical competition, and domestic political interests. These factors explain the economic, strategic, and political interests underlying downstreaming, whereas political memory explains how historical experiences shape the meaning, framing, and legitimacy attached to those interests (Warburton, 2023; Winanti & Diprose, 2020).

Accordingly, the study traces an interpretive mechanism of historical experience, political memory, perceptions of dependence, policy framing and legitimation. This mechanism demonstrates how colonial and postcolonial experiences are remembered and mobilized alongside economic and strategic interests to shape the legitimacy of Indonesia's downstreaming and energy transition policies (Creswell & Poth, 2016; Fairclough, 2023). (Creswell & Poth, 2016) (Fairclough, 2023).

ANALYTICAL FRAMEWORK

This article uses an interdisciplinary analytical framework that combines political memory, postcolonial political economy, and resource nationalism to explain

how downstream policies and energy transition in Indonesia are shaped not only by economic interests, but also by historical experiences and collective emotions (Halbwachs, 2020; Warburton, 2023). So far, most research on energy transition and downstream in Indonesia has emphasized economic rationality, industrialization policies, foreign investment, and geopolitical competition for strategic minerals. While this approach is important, it has not fully explained why Indonesia's energy policy is consistently framed through narratives such as "kedaulatan sumber daya," "Hentikan ekspor bahan mentah," and "Kebanggaan Nasional." Therefore, this study argues that contemporary energy policy in Indonesia must also be understood through the lens of political memory and postcolonial identity.

Political memory is the main theoretical foundation of this study. Political memory refers to how historical experiences are remembered collectively and then influence political behavior, state identity, and policy preferences in the present (Nora & Cuesta, 1989; Bell & Taillandier, 2025). In the context of Indonesia, memories of colonial exploitation and long-term dependence on raw material exports form a collective perception that foreign domination of natural resources is synonymous with economic subordination. That memory continues to shape how political elites and societies understand sovereignty, industrialization, and control over strategic resources. Thus, downstream policy is understood not only as an economic strategy, but also as a symbolic effort to break historical dependence.

To strengthen the argument, this article also uses the postcolonial perspective developed by thinkers such as Partha Chatterjee and Dipesh Chakrabarty. Postcolonial theory emphasizes that countries born of colonial experience often seek to reconstruct national identities by rejecting economic structures associated with colonial exploitation (Chatterjee, 1993; Chakrabarty, 2000). Within this framework, control of natural resources becomes closely linked to sovereignty and national pride. The Indonesian government's emphasis on downstreaming, domestic industrialization, and energy sovereignty reflects a broader postcolonial aspiration to move beyond its historical role as a supplier of raw materials to foreign industries.

In addition, this study also uses the concept of resource nationalism to explain the political dimension in strategic mineral management. Resource nationalism refers to the states' efforts to expand control over natural resources through regulation, renegotiation of foreign contracts, export restrictions, and domestic industrial development (Mechkarini et al., 2023; Warburton, 2023; Winanti & Diprose, 2020). However, unlike conventional resource nationalism literature, which focuses more on economic interests, this article argues that emotional and historical factors also drive resource nationalism in Indonesia. Policies such as Freeport's takeover of a majority stake and a ban on nickel exports gained political legitimacy through narratives of historical injustice, colonial exploitation, and the need to restore national dignity.

This analytical framework traces the cause-and-effect relationship between historical experience, the formation of collective memory, resource nationalism, and contemporary policy outcomes. Colonial exploitation and postcolonial dependency are positioned as historical variables that shape collective political consciousness.

This awareness then influences today's state strategies such as downstreaming, green industrialization, and energy sovereignty policies. At the same time, this framework also explains the paradox of Indonesia's energy transition, where efforts to achieve national sovereignty remain highly dependent on foreign capital, technology, and global supply chains, especially those tied to China.

RESULT AND ANALYSIS

Political Memory and Energy Policy

Political Memory and Energy Policy Indonesia: Downstream policies and Indonesia's energy transition did not emerge suddenly as an economic response to global market changes but were shaped by a long history of resource exploitation and economic dependence. From the perspective of political memory, past experiences leave a collective consciousness that shapes how states understand sovereignty, development, and control over strategic resources. In the context of Indonesia, the memory of its position as the world's raw material supplier is an important foundation for the emergence of energy nationalism and contemporary downstream policies (Barizi & Triarda, 2023).

During the Dutch colonial period in the 19th century, the Dutch East Indies region was built as an extractive economy that met the needs of European industry. Through the *cultuurstelsel* system, or forced cultivation since 1830, people were forced to produce export commodities such as coffee, sugar, tea, and spices for the global market. The colonial economic system created a long-term dependency structure because the local economy focused primarily on exporting raw materials rather than domestic industrialization (Adam & Ahamat, 2023). Beyond agriculture, petroleum exploitation and mining also developed to meet colonial industrial needs. As a result, Indonesia has been placed as a provider of cheap resources for external powers from the beginning.

The colonial pattern left a strong political memory. In the national consciousness, Indonesia's natural resources have long been seen as benefiting foreign countries more than domestic communities. The cause-and-effect relationship is obvious: the experience of colonial exploitation gave birth to the perception that the export of raw materials was synonymous with economic dependency and subordination. Therefore, after independence, the idea emerged that the state should control strategic resources to prevent a repeat of the old colonial pattern (Adam & Ahamat, 2023).

From the late colonial period to the beginning of independence, Indonesia's economic structure still depended on primary commodity exports (Tilley, 2021). Despite political changes after 1945, the colonial economic structure did not change immediately because domestic industry remained weak and raw-material exports remained the country's main source of foreign exchange. This condition strengthens the national elite's view that economic dependence is a colonial legacy that must be ended through industrialization and state-building.

The cause-and-effect relationship in this phase is very important. When the national economy still depends on exporting raw materials, there is an awareness

that political independence has not fully resulted in economic independence (Naseemullah, 2022). From this, the ideas of "Kemandirian ekonomi" and "kedaulatan sumber daya" developed and later became an important part of national economic policy. The state is increasingly positioned not only as a regulator, but as a key actor that must protect national strategic resources (Xu et al., 2024).

In the New Order era, dependence on natural resources was even stronger. Economic development during Suharto's reign was driven by integration with global capitalism through the export of oil, gas, timber, coal, and raw minerals. According to Richard Robison, the New Order's economic growth depended heavily on foreign investment and the exploitation of natural resources (Robison, 2009). In the 1970s, the oil boom made the energy sector the main source of state revenue. However, foreign companies still control most of the industry's technology, capital, and processing.

As a result, an Indonesians recognize that although Indonesia is rich in resources, external actors capture most of the industry's added value. This cause-and-effect relationship reinforces resource nationalism. Natural resources do not automatically produce national independence if foreign parties still control processing and technology. In this context, the memory of colonial exploitation is re-amplified by the experience of modern economic globalization (Mechkarini et al., 2023).

With the Reform era, criticism of foreign dominance in the extractive sector has increased. Economic liberalization and rising foreign investment in mining have raised strengthened the view that the state is too weak to control strategic resources. Eve Warburton explained that resource nationalism in Indonesia developed from a combination of domestic political demands, anti-foreign sentiment, and the desire to expand state control over natural resources (Warburton, 2023).

The cause-and-effect relationship becomes clear when the growing dominance of foreign companies triggers political demands to strengthen national regulations. The government began renegotiating mining contracts and tightening the crude mineral export policy. In this context, resource nationalism developed not only as an economic strategy, but also as an emotional response to historical inequalities in natural resource management (Mechkarini et al., 2023).

One of the most symbolic moments was the takeover of Freeport-McMoRan's majority stake in the Grasberg mine. For decades, Freeport was seen as a symbol of foreign domination over the country's strategic resources. In domestic political discourse, foreign companies' presence in the world's largest gold mines is often linked to economic injustice and colonial legacies. When the government took control of the majority of Freeport's shares in 2018, it presented the policy as a national victory and a symbol of "kedaulatan sumber daya" (Winanti & Diprose, 2020).

According to Poppy S. Winanti and Rachael Diprose, the takeover of Freeport shows how resource nationalism is being used to reorganize power relations between the state and multinational corporations (Winanti & Diprose, 2020). Effectuse-and-effect relationship is clear: the stronger the memory of inequality in resource

ownership, the greater the state's political legitimacy to expand control over strategic sectors.

The political memory then reached its most concrete form in the nickel downstream policy since 2020. The government banned the export of nickel ore to force the development of the domestic processing industry. President Joko Widodo has repeatedly stated that Indonesia must not continue to be a raw material seller (Lidya & Safira, 2023). The statement shows that downstreaming is not just an economic policy, but also a reflection of historical memory regarding Indonesia's subordinate position in the global economy.

Data shows the impact of this policy is significant. The export value of nickel-based products increased drastically after the export ban was imposed. If in 2014 the export value of nickel and its derivatives was around US\$4 billion, in 2023 the value will increase to more than US\$30 billion according to government data and the Ministry of Investment/BKPM (Uyun, 2025). In addition, smelter construction has increased rapidly in Sulawesi and Maluku. The government has also begun to develop the electric vehicle battery industry and domestic electric vehicles as part of a green downstream strategy (Lestari, 2026). The cause-and-effect relationship in this phase is very clear. Historical trauma as a raw material supplier drives downstream policies; Downstream is then seen as a tool to increase national added value and strengthen Indonesia's position in the global supply chain. In other words, the political memory of the past is translated into a contemporary industrialization strategy.

In the era of green energy transition, resource nationalism is getting stronger due to increasing global competition for strategic minerals such as nickel, lithium, and cobalt. According to USGS 2025 data, Indonesia has about 42 percent of the world's nickel reserves. This condition makes Indonesia an important actor in the global electric vehicle supply chain. The government sees the momentum of the energy transition as a historical opportunity to change Indonesia's position from a crude commodity exporter to the center of the world's green energy industry (PSE-UGM, 2026).

Official documents such as the National Energy Policy (KEN) and the RPJMN began to emphasize the concepts of "kedaulatan energi" and "hilirisasi hijau" (Nugroho & Amrizal, 2026). The cause-and-effect relationship can be seen when the increasing global demand for nickel creates an opportunity for Indonesia to increase its international bargaining position. Therefore, green energy is understood not only as an environmental issue, but also as a project of economic nationalism and national industrialization.

Table 1. The Evolution of Political Memory in Indonesia's Energy and Downstream Policy

Period / Momentum	Forms of Exploitation or Dependence	Political Memory Formed	Manifestations in Contemporary Energy & Downstream Policy
Dutch Colonial period (19th century)	Cultuurstelsel system and extraction of	Indonesia is positioned as a	A narrative emerges "jangan hanya ekspor

	spices, coffee, sugar, oil, as well as mines for the needs of European industries	supplier of raw materials to foreign powers	bahan mentah” and the encouragement of domestic industrialization
Late Colonial – Early Independence	Economic structure depends on the export of primary commodities	Economic dependence is considered a colonial legacy	Reinforcement of ideas “kemandirian ekonomi” and “kedaulatan sumber daya”
New Order Era	Global economic integration through exports of oil, gas, timber, and raw minerals based on foreign investment	Awareness that added value is enjoyed more by foreign companies	Demands to increase state control over strategic sectors
Post-reform	Growing criticism of foreign dominance in the extractive sector	Sentiments of resource nationalism and anti-foreign domination	Renegotiation of mining contracts and strengthening of national regulations
Takeover of Freeport Indonesia	Dominance of foreign companies over strategic mines	Freeport is seen as a symbol of historical inequality	Freeport's acquisition of majority shares presented as “kedaulatan nasional”
Nickel Export Ban (2020–present)	Concerns Indonesia remains an exporter of raw minerals	Historical trauma as “penjual bahan mentah”	Downstreaming, smelter construction, battery industry, and electric vehicles
The Green Energy Transition Era	Global competition for nickel and strategic minerals	The desire to exit the peripheral position of the global economy	Energy sovereignty, green downstreaming, and EV-based industrialization
Contemporary Conditions	Dependence on foreign investment and technology, especially China	Ambivalence between nationalism and global dependence	The paradox of “green dependency” in the energy transition

Source: compiled by authors.

Indonesia's Downstreaming Policy and Green Energy Nationalism

In recent years, the downstream policy has become one of the main strategies for economic and energy development in Indonesia. The government is pushing for a ban on the export of raw materials, the construction of smelters, and the development of the domestic battery and electric vehicle industry. The policy is mainly focused on nickel, which is a strategic mineral for the global energy transition. According to United States Geological Survey (USGS) 2025 data, Indonesia has about 42 percent of the world's nickel reserves, making it a major actor in the global electric vehicle battery supply chain (PSE-UGM, 2026).

The ban on nickel ore exports, which began to be fully implemented in 2020, is an important symbol of a change in national economic strategy. The government argues that the export of raw materials only provides limited benefits to the domestic economy because most of the added value is obtained by the overseas processing industry. Therefore, downstreaming is seen as a way to increase national added value, create jobs, and strengthen domestic industrialization (President of the Republic of Indonesia, 2022). Data from the Ministry of Investment shows that after the downstream policy was implemented, investment in the base metals sector

increased sharply through the construction of smelters and mineral processing industries (BKPM, 2025). However, downstream does not only have an economic dimension. The policy also contains strong political symbolism regarding economic nationalism and resource sovereignty. Narratives such as "Stop exporting raw materials" (*hentikan ekspor bahan mentah*) and "domestic value added" (*nilai tambah di dalam negeri*) were presented by the government as part of the national struggle to get out of the colonial economic pattern. In this context, downstream is a form of "historical correction (*koreksi sejarah*) to past experiences when Indonesia only functioned as a supplier of raw commodities to foreign industries.

Green energy nationalism is increasingly visible when downstream is associated with the development of the battery and electric vehicle industries. The government seeks to build an industrial chain from nickel mining to the production of batteries and domestic electric vehicles. This strategy places Indonesia not only as an exporter of raw minerals, but as the center of the global green energy industry. In various official speeches, the government emphasized that the energy transition must be a momentum for the revival of the national industry.

Table 2. Presidential Address on Energy Transition and National Industrial Revival

No	President's Official Quotes	Events	City	Date
1	"Whoever it is — any country, any international organization — I think none of them can stop our desire for industrialization, for downstreaming." <i>("Memang siapa pun, negara mana pun, organisasi internasional apa pun, saya kira enggak bisa menghentikan keinginan kita untuk industrialisasi, untuk hilirisasi...")</i>	Presidential Press Statement	Jakarta	10 August 2023
2	"The value added is in Indonesia" <i>(Nilai tambah itu ada di Indonesia)</i>	Inauguration of Expansion PT Smelting	Gresik	14 December 2023
3	"Everything must be downstreamed so that the value added stays in our country, so that the jobs are in our country" <i>("Semuanya harus dihilirisasikan agar nilai tambah itu ada di negara kita, kesempatan kerja itu ada di negara kita...")</i>	Inauguration of Expansion PT Smelting	Gresik	14 December 2023
4	"Downstreaming and industrialization will propel us forward into becoming a developed country."	Meetings XVIII HIPMI	Tangerang	31 August 2023

	(<i>"Hilirisasi, industrialisasi itu akan melompatkan kita menjadi negara maju."</i>)			
5	"The world is already moving toward environmentally friendly energy."	Indonesian Mining Association Award	Jakarta	20 November 2019
	(<i>"Dunia sudah menuju kepada energi yang ramah lingkungan."</i>)			
6	"We want to work hard to achieve net-zero emissions... while at the same time enjoying high economic growth..."	COP28	Dubai	1 December 2023
	(<i>"Kita ingin bekerja keras mencapai net zero emission... sekaligus menikmati pertumbuhan ekonomi yang tinggi..."</i>)			

Source: compiled by authors

This policy also strengthens national pride. The success of attracting large investments in the battery and electric vehicle sectors is presented as evidence of Indonesia's increasing strategic position in the world economy. In the context of domestic politics, downstream is a symbol of the state's ability to control national resources and determine the direction of its own industrialization. Thus, green energy is not only understood as an environmental issue, but also as a project of economic nationalism and modern state identity.

In addition, downstreaming also reflects the change in Indonesia's position in global energy geopolitics. Previously, developing countries were often positioned only as suppliers of raw materials for developed industrial countries. However, through downstreaming, Indonesia seeks to increase control over global supply chains and gain a higher bargaining position. In this context, resource nationalism is growing as global competition for minerals is critical to the increase in energy transition.

The Paradox of Energy Transition

Although downstream and the energy transition bring a narrative of national sovereignty, in practice Indonesia still faces a high dependence on foreign capital, technology, and investment. This paradox is one of the main characters of the contemporary energy transition in Indonesia. On the one hand, the state seeks to build energy independence and control over strategic resources. But on the other hand, the green industrialization process is highly dependent on external actors, especially China (Utama, 2025).

China's dominance is seen very strongly in the nickel processing industry and smelter construction in Indonesia. Many major downstream projects are financed and operated by Chinese companies, especially in mining industrial areas such as Morowali and Weda Bay (Yazid & Atikah, 2025). In addition to investment, China also masters nickel processing technology and the global electric vehicle battery

supply chain. As a result, although Indonesia has strategic resources, most of its technological and manufacturing capabilities are still in the hands of foreign companies (Nugroho & Al-Wafiy, 2026).

This condition creates a paradox in the project of green energy nationalism. Downstream policies are presented as an effort to strengthen national economic sovereignty, but their implementation still requires a high dependence on external forces (Perdana, 2026). From an international political perspective, this shows that the energy transition does not automatically remove the relationship of global dependence, but rather creates a new form of dependence based on green technology and strategic minerals (Matondang et al., 2026).

In addition, a paradox is also seen in the relationship between the energy transition and coal. Although the government is actively promoting electric vehicles and green energy, Indonesia's domestic energy economy is still heavily dependent on coal. According to the International Energy Agency (IEA), coal still dominates national power plants and is the main source of Indonesia's energy exports (IEA, 2023). Thus, the energy transition in Indonesia takes place ambiguously: the state encourages green energy while maintaining the coal industry as the backbone of the national economy. This paradox shows that the energy transition is not just a technological change, but also an arena of geopolitical, economic, and national identity contestation. Indonesia is trying to break out of its history of resource exploitation through downstream and green energy nationalism, but at the same time it is still tied to a global economic structure that depends on foreign capital and technology. Therefore, the energy sovereignty project in Indonesia cannot be understood as a linear process towards full independence, but rather as a complex negotiation between domestic nationalism and global dependence.

Discussion

Studies on energy transition and downstream in Indonesia have been dominated by economic, political, and geopolitical approaches. Most studies describe downstream as a strategy of national industrialization, an effort to increase economic added value, or a response to global competition in the fight for strategic minerals (Bridge et al., 2013; Feng et al., 2020; Gu, 2024; Halbwachs, 2020). In this perspective, the state is understood as a rational actor that seeks to maximize economic advantages and international bargaining positions. However, this approach is often not able to fully explain why downstream policies in Indonesia develop with a very emotional and nationalistic narrative. Terms such as sovereignty do not sell raw materials (*jangan menjual bahan mentah*), or "national pride" (*kebanggaan nasional*) indicate that energy policy is shaped not only by economic logic, but also by historical memory and national identity.

Some authors see resource nationalism as a logical consequence of the economic interests of developing countries. Eve Warburton, for example, explained that resource nationalism in Indonesia is growing because the state wants to gain greater control over the economic profits of the extractive sector (Warburton, 2023). In his view, policies such as the ban on mineral exports and the renegotiation of

mining contracts are political and economic strategies to enlarge the role of the state and domestic elite in the distribution of natural resource profits. This perspective is important because it shows that downstream is closely related to changes in the global economic structure and increased competition for strategic resources.

However, such approaches tend to see the state as an actor primarily driven by material calculations and economic interests (Adam & Ahamat, 2023). In fact, in the case of Indonesia, policy narratives often show deeper historical and emotional dimensions (Mechkarini et al., 2023). The government is not just talking about investment or economic value-added, but also about "national dignity," "economic independence," and "getting out of the curse of raw materials." This narrative is difficult to explain if downstream is only understood as a rational economic strategy.

On the other hand, postcolonial studies provide a different perspective by emphasizing the importance of colonial history in shaping postcolonial state policies. Authors such as Partha Chatterjee and Dipesh Chakrabarty explain that postcolonial countries often build national identities through attempts to break away from exploitative colonial economic structures (Chkrabarty, 2000). In this context, control of natural resources has become an important symbol of national sovereignty. The postcolonial perspective helps explain why developing countries are so sensitive to the issue of foreign domination in strategic sectors.

Nonetheless, most postcolonial studies in international relations still deal more with colonial identity, representation, and legacy in general, rather than specifically linking it to the energy transition and strategic mineral politics (Gani & Marshall, 2022; I.D., 2022; Mochocki, 2022; He et al., 2023), even though in the context of the global energy transition, colonial history has a new relevance. Minerals such as nickel, lithium, and cobalt are now the world's strategic resources, so developing countries are again facing the risk of becoming mere suppliers of raw materials for industrialized countries. In this context, downstreaming in Indonesia can be understood as a response to historical fear of being trapped in old colonial economic patterns again.

Another debate arises in the study of the politics of emotions in international relations. Authors such as Emma Hutchison and Roland Bleiker emphasize that collective emotions have a profound influence on the formation of national identity and state policies (Hutchison et al., 2024). The state acts not only on material interests, but also on fear, trauma, humiliation, or national pride. Brent Steele, through the concept of *ontological security*, even explained that the state tries to maintain the stability of its identity in the international system.

This approach is very relevant to understanding Indonesia's energy policy. The downstream narrative speaks not only about the economy, but also about the sense of injustice and the desire to gain international recognition as a developed industrialized country. When the government declared that Indonesia should no longer be a raw material exporting countries, there was a collective emotion of frustration with Indonesia's historical position in the global economy. In other words, the downstream policy is also a symbolic attempt to transform the national identity from a supplier of raw commodities to a center of green industry in the world.

Nevertheless, the literature on emotional politics in international relations is generally used more to explain issues of war, conflict, security, and political nationalism (Bridge et al., 2013; Feng et al., 2020; Gu, 2024). Relatively few studies use the perspective of collective emotions to explain energy policy and the green transition, especially in the context of developing countries such as Indonesia. In fact, the energy transition is very fraught with national symbolism, geopolitical anxiety, and the struggle for international status.

The study of the energy transition itself is generally divided into two major approaches. First, a technocratic approach that sees the energy transition as a matter of technology, investment, and environmental policy. Second, a political economy approach that sees energy transition as an arena of global competition for strategic resources and green technology. Research on nickel downstreaming in Indonesia is mostly in the second framework, which discusses global competition between the United States and China, foreign investment, and the world's electric vehicle supply chain.

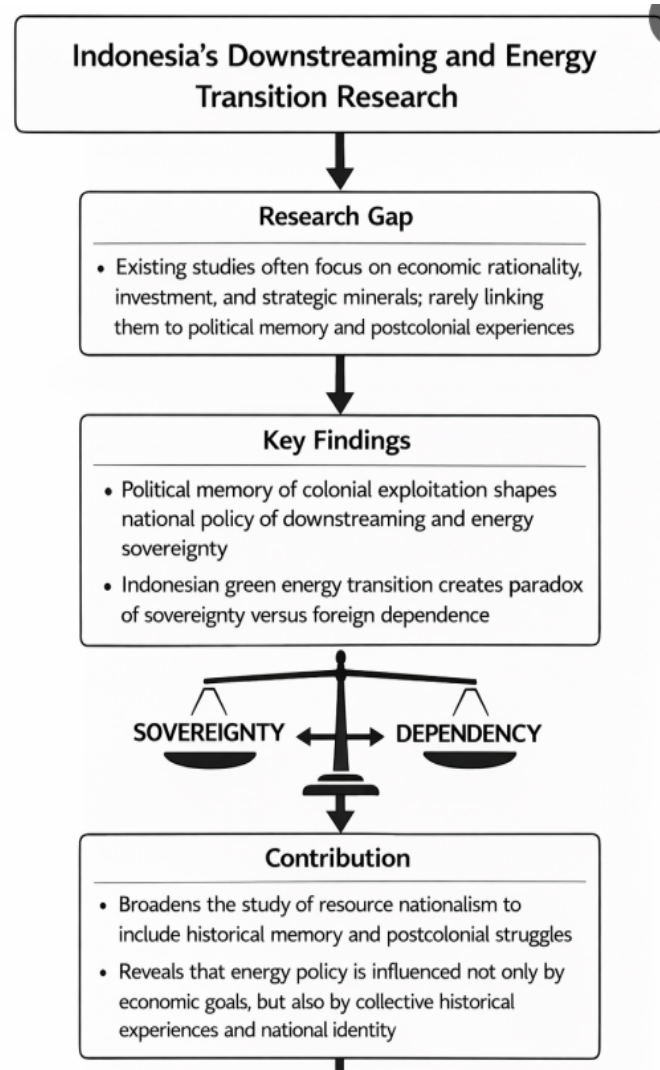
While important, this approach does not fully explain why the Indonesian government is using highly nationalistic language in the energy transition. If the main goal is only economic, then downstream can be described as an ordinary industrialization strategy. But in practice, this policy is presented as a historical struggle to obtain national sovereignty. This is where this article seeks to fill in gaps that have not been discussed much in the previous literature.

This article argues that downstream and the energy transition in Indonesia cannot be understood only as an economic or geopolitical strategy, but also as a product of postcolonial political memory and collective emotions. Long experience as a supplier of raw materials during the colonial period and globalization has shaped national awareness of the importance of control over strategic resources. This awareness is then translated into the narrative of energy sovereignty, resource nationalism, and industrial downstreaming.

Thus, this study expands the study of resource nationalism, which previously emphasized the political economy aspect. The study also complements the study of the politics of emotions in international relations by showing that collective emotions affect not only security issues and conflicts, but also energy policies and green industrialization. In addition, this article contributes to the study of energy transition by emphasizing that energy transitions in developing countries are never completely politically neutral, but rather influenced by colonial history, national identity, and experiences of economic dependence.

In the end, the energy transition in Indonesia is not just a technological process towards green energy, but also a symbolic struggle to get out of its historical position as a peripheral country in the global economy. Downstreaming is becoming more than just economic policy; It is an effort to rebuild national self-esteem, control strategic resources, and gain recognition as a new industrial power in international politics.

Figure 1. Research Gap, Findings, and Contribution



CONCLUSION

This study shows that Indonesia's downstreaming and energy transition policies cannot be understood solely as economic, industrial, or geopolitical strategies. The analysis of government documents and presidential statements reveals recurring narratives that connect contemporary downstreaming with Indonesia's historical experiences of resource exploitation, dependence on raw-material exports, and foreign domination. Expressions such as "do not sell raw materials," "the added value must remain in Indonesia," and "energy sovereignty" demonstrate how past experiences are remembered and connected to contemporary policy objectives. These findings provide empirical evidence that political memory operates in contemporary policy discourse, although this does not mean that political memory replaces economic, industrial, geopolitical, or domestic political explanations.

The main theoretical contribution of this study is to distinguish political memory from resource nationalism. Resource nationalism explains Indonesia's pursuit of greater control over strategic resources and its efforts to retain a larger

share of economic value domestically. Political memory provides a different explanatory dimension by showing how historical experiences give meaning and legitimacy to these objectives. In other words, resource nationalism helps explain what Indonesia seeks to achieve. In contrast, political memory helps explain why these objectives are framed as an effort to correct historical experiences of dependence and exploitation. Political memory therefore functions as a complementary interpretive mechanism rather than as a replacement for resource nationalism or other established explanations of downstreaming.

The findings also reveal a paradox in Indonesia's energy transition. Downstreaming has reduced Indonesia's dependence on exporting minerals in raw form, but it has not eliminated external dependence. This study operationalizes the concept of "new dependency" through three dimensions. First, dependence on foreign investment, particularly in nickel processing and battery-related industries. Second, dependence on foreign technology and technical capabilities required for mineral processing and the development of green industries. Third, dependence on global supply chains, through which Indonesia remains connected to foreign markets, firms, technologies, and production networks. These three dimensions demonstrate that the transition from dependence on raw-material exports toward industrialization can simultaneously create new forms of external dependence.

Based on these findings, the study identifies a broader interpretive mechanism: historical experience, political memory, perception of dependence, policy framing and legitimation. Economic nationalism, resource nationalism, industrial policy, geopolitical competition, and domestic political interests remain important for explaining Indonesia's downstreaming policy. Political memory, however, helps explain how these interests are interpreted through historical experiences and subsequently translated into narratives of sovereignty, self-reliance, and national industrial revival.

Theoretically, this study contributes to international relations and the study of energy politics by bringing political memory, resource nationalism, and new dependency into a single analytical framework. It demonstrates that, in a postcolonial context, resource and energy policies are shaped not only by material interests but also by how societies and political actors remember and interpret past experiences of dependence. At the same time, the Indonesian case shows that pursuing sovereignty through downstreaming does not necessarily eliminate dependence. Instead, downstreaming may transform old dependence on raw-material exports into new dependence on foreign capital, technology, and global production networks.

Ultimately, Indonesia's downstreaming policy represents an effort to overcome its historically remembered position as a supplier of raw materials while simultaneously negotiating the realities of global economic interdependence. The significance of downstreaming therefore lies not only in creating domestic added value but also in Indonesia's effort to reposition itself within the international economic system—from a supplier of raw materials toward a more influential industrial actor in the global energy transition.

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