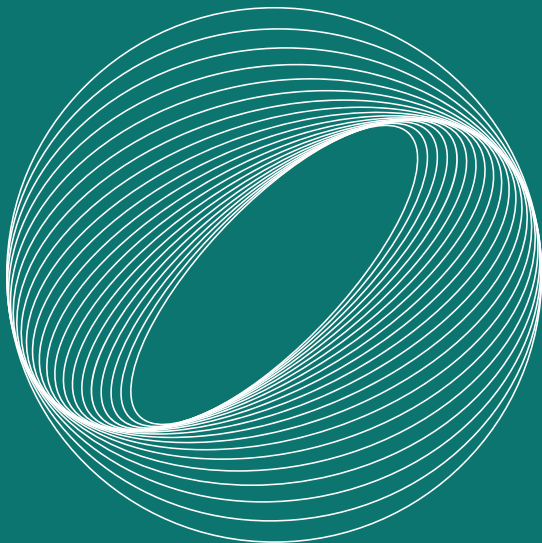




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POLICY UNCERTAINTY AND INDONESIA'S 8% GROWTH AMBITION: A CREDIBILITY TEST IN GLOBAL MARKETS

President Prabowo Subianto's target of 8% economic growth by 2029 faces a critical credibility test in international markets. In early 2026, both Moody's and Fitch Ratings revised Indonesia's sovereign outlook from stable to negative, citing "reduced predictability in policymaking" and "erosion of policy credibility" (Moody's Investors Service, 2026; Fitch Ratings, 2026). These assessments matter profoundly for Indonesia's global interest because sovereign ratings directly determine borrowing costs and capital access for emerging economies.

The rating agencies' concerns are grounded in observable governance challenges. The sudden reduction of ride-hailing commission caps from 20% to 8% via a presidential regulation in May 2026 exemplifies regulatory unpredictability that undermines business certainty (Reuters, 2026). Furthermore, the June 2026 corruption case at the Badan Gizi Nasional (BGN), involving markups on over 21.800 electric motorcycles, reveals institutional vulnerabilities in flagship programmes budgeted at 1.3% of Indonesia's GDP (Indonesia-Investment, 2026). Meanwhile, widespread protests in August 2025 and June 2026 signal persistent social tension that Fitch warns could "linger, posing political challenges" (Fitch Ratings, 2026).

Indonesia's economy remains resilient at approximately 5% growth of 2026's Q1 with debt-to-GDP ratio of 41%. However, closing the credibility gap through regulatory consistency, transparent governance, and coherent policy communication is essential to attract the investment inflows required to approach the 8% target and safeguard Indonesia's international economic reputation. (Muhammad Takhsin Akromi, Undergraduate International Relations Student 2024, Universitas Gadjah Mada)

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IN THE SHADOW OF THE STREETS: HOW INDONESIA'S CIVIL PROTESTS CONSTRAIN ITS INTERNATIONAL AMBITIONS

Indonesia's ambition to play a greater role in global affairs continues to be constrained by the vulnerabilities of its internal dynamics. While the country seeks international prestige, such as pursuing membership in BRICS and the OECD, its domestic arena is strained by public dissatisfaction over national policies and governance. The June 2026 protests showed growing public anger over several policies that BEM UI President, Yatalathof M. Imawan argued it could "bankrupt the country", not just economically, but democratically and morally (Kompas TV, 2026). Besides economic anxiety, the current crisis during Prabowo's presidency is rooted in the internal institutional and democratic friction (Gammon, 2025).

As the student demonstrators echoed 20 of people's demands, one of the priorities should be fixed by the government is the rupiah exchange rate (Kompas.com, 2026). This currency crisis can serve as the primary illustration of how these broader internal dynamics harm Indonesia's global ambitions. The depreciation of rupiah, while tied to global structural issues, is severely worsened by domestic political instability. In a democratic context, prolonged civil protests signal governance volatility, which deters foreign investors and causes capital flight. Consequently, this economic friction affects Indonesia's international reputation and erodes the financial credibility needed to sustain its global interests.

Therefore, the current biggest struggle to Indonesia's rise does not mainly lie in external geopolitical rivalries, but in its own domestic turmoil. To safeguard its global ambitions, Indonesia must revitalize its core Reformasi agenda. By fostering meaningful civic participation and ensuring fiscal accountability, the government can shape Indonesia's international reputation to fulfill its global interests. (Olivia Yosefin Sentinar Gultom, Undergraduate International Relations Student 2024, Universitas Gadjah Mada)

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INDONESIA'S NICKEL AMBITION AT THE CROSSROADS

Indonesia's nickel downstreaming policies were once hailed as a best-practice model for Global South industrial strategy to penetrate the global EV value chain. Through the 2020 nickel ore export ban and wider resource nationalism, Jakarta pushed companies, while also promoting foreign direct investment, mostly from China, to process minerals domestically and pushing its role to enter the global EV value chain. In fact, this strategy produced visible gains. By 2024, Indonesia accounted for more than 60% of global nickel supply, strengthening its bargaining position in the so-called green energy economy (Diphda & Triarda, 2026).

This rapid expansion, however, has also been faced with new vulnerabilities. Nickel prices have plummeted to their lowest level since 2020, while overcapacity is pressuring Indonesia's own smelting industry (Spence, 2025; Purnama & Rakhmat, 2026). Many nickel pig iron furnaces are reportedly losing money and some smelters have delayed payments, cut production or faced shutdown risks. The problem is worsened by declining ore quality, which raises production costs and reduces access to higher-grade inputs.

Moreover, this is worsened by the global battery markets that are shifting toward lithium iron phosphate batteries, which do not require nickel. At the same time, Indonesia's own battery component exports declined by 36% between 2014 and 2022, showing that stainless steel success has not automatically translated into battery manufacturing capacity (Khalil & Broughel, 2025).

Indonesia's case, therefore, offers a wider lesson for the Global South. Resource nationalism can help countries move beyond raw material exports (Warburton, 2023). Yet, without careful planning and strong adaptability toward the global market fluctuations, downstreaming policies could produce a severe threat to Indonesia's economic landscape. Indonesia has gained scale, but its nickel future now depends on how it can adapt to the rapidly changing global market demand and trends. (Bintang Corvi Diphda, Independent Researcher)

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THE NOT-SO-WELCOMING 2026 FIFA WORLD CUP

From Russia's 2018 'sportwashing' to Qatar's human rights controversies in 2022, the FIFA World Cup has long been politicized. As the 2026 tournament in the United States reaching its final stages, it is evident that the beginning of this event was marked by significant turbulence. Throughout the tournament, the Trump administration has already leveraged its administrative powers to exclude anyone who contradicts its political agenda, revealing that the host nation's commitment to inclusivity remains secondary to its securitization priorities.

Amid the US-Israel war on Iran, the US government denied Iranian players visas. Despite their game schedules, they have been told to stay in Mexico and fly into Los Angeles only on the day of the match (McArthur, 2026). US officials stated that the purpose of this regulation is to prevent Iran from using this system to sneak terrorists into the United States. Responding to this issue, FIFA president Gianni Infantino insists that this situation is beyond his control and he cannot intervene. Previously, the US government also denied Omar Artan, a Somalian referee, entry to the country. It is evident that these exclusions are rooted in the country's growing anti-immigrant sentiment, knowing that Iran and Somalia are also on the US travel ban list, which was established for their so-called national security.

While the US government has implied that people from all over the world might come together for the World Cup (Smith & Williams, 2026), the reality is quite different. FIFA shows its institutional bias towards hegemonic states and proves that its universality is merely a myth. This action transforms a supposedly inclusive global event into a place where exclusion is justified by securitization. (Aisya Daniswara, International Relations, Universitas Gadjah Mada)

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