

## Contestation of Interests in Nickel Downstreaming Policy in Indonesia: an Analysis of the Advocacy Coalition Framework

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### Abstract

*This research analyzes the contestation of interests in Indonesia's nickel downstreaming policy using the Advocacy Coalition Framework (ACF). Utilizing a qualitative case study method, the study identifies a competition between two primary coalitions: the "Nationalist-Industrialist Coalition," dominated by the central government and industrial players, and the critical "Pro- Market & Environment Coalition". The government coalition dominates the policy landscape, driven by core beliefs in economic sovereignty and national industrialization. Conversely, the critical coalition highlights impact such as environmental degradation and social inequality affecting local communities. External factors, including global demand for nickel in electric vehicle batteries and WTO trade disputes, have paradoxically strengthened the stability of the national policy. The study recommends enhancing inter-agency coordination to mitigate global legal risks and the resulting environmental impacts.*

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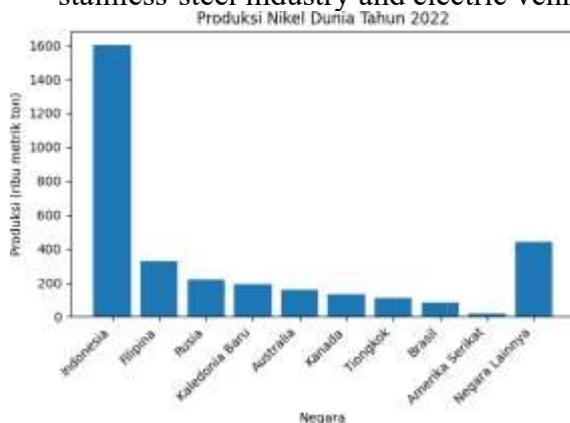
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## 1. INTRODUCTION

In contemporary public policy discourse, natural resource management is no longer understood as an economic issue, but rather as a political arena that brings together diverse interests, ideas, and power relations. This is increasingly relevant in the context of strategic mineral resources such as nickel, which plays a central role as a raw material for the stainless-steel industry and electric vehicle batteries.



Indonesia is the world's largest nickel producer, with Indonesia accounting for 52% of the world's nickel reserves [1]. According to a report by the United States Geological

Survey (USGS), global nickel production is estimated to reach 3.3 million metric tons in 2022, a 20.88% increase compared to 2021's 2.73 million metric tons. The report lists Indonesia as the world's largest nickel producer in 2022. Total production is estimated to reach 1.6 million metric tons, accounting for 48.48% of the world's nickel production of total global nickel production throughout last year [2]. This position places Indonesia in the vortex of global economic interests as well as pressure to manage resources sovereignly and sustainably.

The nickel down streaming policy implemented by the Indonesian government since 2020 is a manifestation of a development agenda oriented towards increasing added value and strengthening the national industry. In the official state narrative, down streaming is positioned as a strategy to escape dependence on raw material exports and as an instrument to strengthen Indonesia's position in the global value chain. The hope is that economic added value will increase, job opportunities will increase, and as an effort to develop a downstream industry focused on nickel processing technology into high-value products such as ferronickel, the raw material for stainless steel [3]. However, various studies show that this policy does not exist in a vacuum, but rather gives rise to sharp debate among actors with different interests and views on the direction of development and natural resource management.

Nickel down streaming has grown alongside increasing attention to the social and environmental impacts of mining areas. Several studies have highlighted that the expansion of the nickel processing industry has the potential to exacerbate environmental degradation, trigger land conflicts, and reproduce inequality between the central and regional governments if not accompanied by inclusive and equitable governance. In this context, nickel down streaming is debated not only as an economic policy, but also as a practice of power that determines who benefits and who bears the risks of the development process [4], [5].

These differing views demonstrate that nickel down streaming policy is an arena for contested interests involving state actors, industry players, civil society, and local communities. To understand these dynamics, a policy analysis framework is needed that can explain the interactions between actors, the belief systems underlying their positions, and how power operates in maintaining or challenging policies. *Advocacy Coalition Framework (ACF)* offers a relevant perspective by viewing policy as the result of competition between advocacy coalitions with different beliefs and resources over a long period of time [6]

Based on this framework, this study aims to analyze the contestation of interests in nickel down streaming policies in Indonesia using the Advocacy Coalition Framework approach. By positioning nickel down streaming as a discursive and political arena, this study is expected to provide a more critical understanding of the dynamics of natural resource policy and contribute to the development of public policy studies that are sensitive to power relations and sustainability.

## 2. RESEARCH METHODS

This research uses a qualitative approach with a policy study design to analyze the contestation of interests in nickel down streaming policies in Indonesia. A qualitative approach was chosen because this research focuses on an in-depth analysis of the policy process, the actors involved, and the dynamics of interests that develop in policy formulation and implementation. The analytical framework used in this study is the *Advocacy Coalition Framework (ACF)*. This study aims to examine the role of actor coalitions, belief systems, and external factors in nickel down streaming policy. The research process was conducted in stages, starting with identifying nickel down streaming

policy issues as a national strategic policy, followed by mapping the policy actors involved. These actors were then classified into advocacy coalitions based on shared interests and policy perspectives. The next stage was an analysis of the contestation of interests between coalitions in the policy process to clarify the position, role, and influence of each actor.

The research data were obtained through documentation and literature studies. The documentation study included laws and regulations, policy documents, and official government reports related to nickel down streaming. The literature study was conducted by reviewing relevant scientific articles and research reports sourced from Google Scholar, Elsevier, and Dimensions AI, covering publications spanning the past five years. Data analysis was conducted descriptively and analytically, with reference to the main components in the *Advocacy Coalition Framework*, namely advocacy coalitions, policy belief systems, and external factors. To ensure data validity, this study utilized source triangulation by comparing various documents and literature. The results of the subsequent analysis are presented in narrative form to explain the contestation of interests in nickel down streaming policies in Indonesia.

This study uses qualitative variables, which are arranged based on the main concepts in the *Advocacy Coalition Framework*. The research variables include policy actors, advocacy coalitions, policy belief systems, contested interests, and external policy factors. Data validity was maintained through source triangulation by comparing various documents and literature used. The analysis results are presented in the form of an analytical narrative to explain the dynamics of contested interests in nickel down streaming policies in Indonesia.

**Table 1. Research Variables**

NO	VARIABLES	KEY INDICATORS
1	Policy Actors	Government, industry players, civil society, local communities
2	Advocacy Coalition	Common interests, policy positions, and alliance patterns between actors
3	Policy Belief System	Core beliefs (policy core beliefs), views on the objectives of down streaming
4	Contestation of Interests	Forms of differences in interests, narrative conflicts, and actor dominance
5	External Policy Factors	Global market dynamics, international pressures, and changes in the strategic environment

### 3. RESULTS AND DISCUSSION

#### 1.1 Contestation of Actors in Nickel Downstream Policy

The results of the study show that the nickel down streaming policy in Indonesia is a policy arena that involves various actors with different and often conflicting interests. These actors include the central government, local governments, mining companies, smelters, foreign investors, as well as civil society organizations and local communities. Within the framework *Advocacy Coalition Framework (ACF)*, these actors do not interact individually. However, these actors form an advocacy coalition based on a shared belief system. (*belief system*) related to the objectives, instruments, and impacts of nickel down streaming policies. The ACF approach allows the analysis

of down streaming policies to be viewed not only as technocratic decisions, but as the result of ongoing contestation of ideas, interests, and power [6], [7].

The dominant coalition in nickel down streaming policy is the pro-downstream coalition, led by the central government and supported by mining industry players and smelter investors, particularly those oriented towards the global market. This coalition has a *deep core belief* that the state must play an active role in controlling strategic natural resources to encourage industrialization and increase domestic added value [8]. In their view, the ban on nickel ore exports and the construction of smelters are legitimate policy instruments to strengthen national economic sovereignty and improve Indonesia's position in the global value chain, particularly in the electric vehicle battery industry [9]. This belief strengthens the legitimacy of down streaming policies at the national level, despite drawing criticism from various parties.

From the ACF perspective, this inequality also reflects differences in access to policy resources. (*policy resources*). The central government and industry players have formal authority, access to capital, and strong political support, enabling them to dominate the policy formulation and implementation process. In contrast, critical coalitions rely more on scientific knowledge, public advocacy, and normative pressure, which are often less effective in countering the power of the dominant coalition.

## 1.2 Dynamics of Economic, Environmental, and Power Interests

The contested interests in nickel down streaming policies not only reflect differences in economic and environmental orientations but also demonstrate the unequal power relations between policy actors. The pro-down streaming coalition emphasizes that this policy has succeeded in increasing investment, accelerating the development of the processing industry, and changing Indonesia's export structure from being based on raw materials to value-added products. Several studies show that nickel down streaming contributes to increased exports of processed products such as ferronickel and nickel pig iron, while strengthening Indonesia's position as a major global nickel producer [10], [11], [12].

However, the critical coalition highlights that this economic success has not been fully in line with improvements in the welfare of local communities. Empirical research in mining areas shows environmental degradation, land conflicts, and significant social changes due to the expansion of the nickel smelter and mining industries. Furthermore, economic benefits are often concentrated on industry actors and the central government, while local communities only directly experience negative impacts [13], [14], [15]. These findings strengthen the argument that down streaming policies have the potential to reproduce inequality if not accompanied by strong social and environmental protection mechanisms.

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## 1.3 The Influence of External Factors on Policy Stability

The research results show that external factors play a significant role in strengthening the stability of Indonesia's nickel down streaming policy. The trade dispute between Indonesia and the European Union over the WTO ban on nickel ore

exports is one such factor. *External shock* is significant. Instead of weakening policy, this international pressure actually strengthened domestic political consolidation and reinforced the narrative of economic nationalism promoted by the pro-downstream coalition [16], [17], [18]. In the context of the ACF, this condition shows how external factors can strengthen the dominant coalition instead of driving policy change.

In addition to trade disputes, the increasing global demand for nickel as a raw material for electric vehicle batteries is also an external factor strengthening the downstreaming policy. The global energy transition and commitment to reducing carbon emissions are driving demand for critical minerals, including nickel, thus providing economic and strategic legitimacy for Indonesia's downstreaming policy [19]. This condition makes the downstreaming policy relatively stable in the medium term because it aligns with global market dynamics.

#### 1.4 Policy Learning and Implications of Nickel Down streaming



Figure 1. Conflict Cycle and Learning Points of Nickel Downstream Policy

Although the nickel downstreaming policy shows high stability, this study found indications of policy-oriented *learning*, which is limited in nature [20]. The government has begun to integrate sustainability issues through strengthening environmental regulations, post-mining reclamation obligations, and discourse on green industry development. However, these changes are still incremental and have not yet touched on fundamental changes in the design of downstream policies [21].

Within the ACF framework, limited policy learning across coalitions is due to strong differences in core beliefs and power imbalances between actors. The critical coalition does not yet have sufficient political resources to push for more substantive policy changes, despite its success in raising public awareness regarding the social and environmental impacts of nickel downstreaming. Therefore, the chances of future policy change are highly dependent on the emergence of larger external shocks or significant changes in the structure of the advocacy coalition [22], [23], [24].

#### 4. CONCLUSION

This study concludes that Indonesia's nickel down streaming policy is the result of a contestation of interests between actors with differing belief systems. Using the Advocacy Coalition Framework, the down streaming policy is understood as a product of the dominance of an advocacy coalition promoting industrialization and economic nationalism, thus maintaining policy stability despite criticism from non-dominant actors.

The main differences between the coalitions lie in policy orientation, namely, prioritizing economic growth and demands for socio-environmental sustainability. External factors and power imbalances strengthen the dominant coalition's position, thus limiting policy change. These findings confirm that nickel down streaming policy is a political and discursive process that must be understood within the framework of power relations.

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