

COMPREHENSIVE STUDY OF WHOOSH TRAIN DEBT STATUS FROM LEGAL, SOCIAL AND POLITICAL PERSPECTIVES

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Abstract

The Jakarta-Bandung High-Speed Rail project, known as Whoosh, has transformed from a mere infrastructure ambition to the center of fiscal and national sovereignty debates in Indonesia. This study aims to analyze the debt status of Whoosh through a multidimensional approach encompassing legal, social, and political perspectives until early 2026. Legally, this study highlights the shift in the scheme from a purely Business-to-Business (B2B) to the involvement of the state budget through government guarantees based on Presidential Regulation Number 91 of 2023. From a social perspective, there is a dichotomy between the benefits of public mobility and the tax burden borne by the public due to PT KCIC's operational losses reaching trillions of rupiah. Politically, the sustainability of this project is a test of economic diplomacy between Indonesia and China, especially under the leadership of President Prabowo Subianto who has taken full responsibility for the debt restructuring. The data in this study were collected through a systematic literature review and analysis of recent policy documents. The results of the study indicate that restructuring through the investment agency Danantara is key to maintaining the financial stability of PT KAI as the parent consortium. In conclusion, resolving the Whoosh debt requires stronger regulatory harmonization to mitigate long-term fiscal risks while maintaining public service functions.

Keywords: *Whoosh, KCIC Debt, Legal Perspective, Infrastructure Politics, Social Impact, Danantara.*

1. INTRODUCTION

The Jakarta-Bandung High-Speed Rail (KCJB) project, now officially known as Whoosh, represents a milestone in Southeast Asian transportation technology and poses significant financial complexities for Indonesia. Since its inauguration in October 2023, the project has not only revolutionized regional mobility but also inherited a substantial debt burden, reaching US\$5.4 billion, or approximately 75% of the total project cost (Indonesia at Melbourne, 2025). This significant figure has sparked widespread debate about the country's fiscal sustainability, given the cost overruns *that* have forced the government to intervene

directly. This phenomenon has created an urgency for academics and legal practitioners to examine how a strategic infrastructure project can impact national macroeconomic stability.

Legally, Whoosh's debt status has undergone a dramatic regulatory evolution, sparking controversy over the legal certainty of investment in Indonesia. Initially, the government committed that the project would not use state budget funds, but financial pressures stemming from a US\$1.2 billion *cost overrun* led to the issuance of Presidential Regulation No. 91 of 2023, which legitimized the government guarantee (Zahrayanti, 2024). Legal experts viewed this change in scheme as a vulnerability in regulatory harmonization, shifting the original *business-to-business* (B2B) contract structure to a public responsibility (ResearchGate, 2026). This raises fundamental questions about the boundaries of the state's responsibility to protect the public interest versus its obligation to repay debts to foreign creditors, in this case the China Development Bank (CDB).

From a political perspective, the Whoosh loan reflects the highly fluid dynamics of economic diplomacy between Indonesia and China. President Joko Widodo's administration's decision to choose China over Japan in 2015 remains a topic of political discussion, particularly regarding the loan's interest rate, which eventually ballooned from 0.1% to around 3.4% (Jakarta Daily, 2025). During the transition to President Prabowo Subianto, the political narrative surrounding Whoosh shifted from a mere infrastructure project to a symbol of the state's responsibility for the sustainability of strategic partnerships (Indonesian National Police, 2025). This political move was taken to assuage international concerns about Indonesia's ability to repay its financial obligations while planning to expand the line to Surabaya.

The social aspect of this debt burden is equally crucial, as it directly impacts public perception of the fairness of state budget distribution. With PT KCIC's operational losses reported to reach IDR 4.2 trillion in 2024, the public is beginning to question whether the subsidies provided through the *Public Service Obligation* (PSO) scheme are the right step or are actually burdening other, more pressing sectors (Windonesia, 2025). Social tensions arise between service users who benefit from travel time savings and taxpayers in other regions who do not directly benefit from the high-speed train. Therefore, the government's narrative emphasizing long-term benefits often clashes with the economic realities of communities impacted by inflation and other fiscal adjustments.

Entering 2026, the Indonesian government, through investment management firm Danantara, began taking concrete steps to restructure its debt to salvage the financial position of PT Kereta Api Indonesia (KAI). PT KAI, as the leader of the Indonesian consortium within PT KCIC, had to bear significant losses, making restructuring a non-negotiable option to maintain the company's financial flexibility for other railway projects (BCA Sekuritas, 2026). Negotiations with the Chinese side focused on improving the debt structure without changing the total value of the liabilities, with the hope of providing fiscal space for Whoosh's operations (Bloomberg Technoz, 2026). These efforts demonstrate that resolving Whoosh's debt is not just about numbers on paper, but about the sustainability of the national transportation institution as a whole.

Furthermore, transparency in debt management has become a primary demand from various elements of society and supervisory institutions. In 2025, the Corruption Eradication

Commission (KPK) even began investigating the decision-making process and cost management of this project to ensure there were no irregularities that could harm state finances (Indonesia at Melbourne, 2025). This strict oversight from a corruption law perspective adds a dimension of complexity to the study of Whoosh debt, as any restructuring policy must be implemented with the utmost prudence. This aims to prevent the emergence of new financial scandals that could damage Indonesia's reputation with global investors and undermine domestic public trust.

The payback period debate is also intense, with some economists predicting it could take more than three decades for the investment to break even (Jakarta Daily, 2025). From a public policy perspective, this long timeframe demands a multi-generational political commitment to ensure the debt does not become a crippling legacy for future governments. The government is attempting to mitigate this by increasing daily ridership and exploring non-fare revenue sources, but geographic challenges and competition from other modes of transportation remain significant obstacles (Antara News, 2026). Whoosh's success in achieving its ridership targets will largely determine whether this debt is a productive investment or a counterproductive burden.

Theoretically, this comprehensive study is important because Whoosh is the first high-speed rail project in Southeast Asia to utilize a massive foreign funding scheme. Indonesia's failure or success in managing this debt will set a precedent for other developing countries planning similar collaborations within the *Belt and Road Initiative* (BRI) framework. This research will integrate findings from the legal aspects of *borgtocht* (guarantee) agreements, the social aspects of public benefits, and the political aspects of economic sovereignty (Scholar Hub UI, 2024). Thus, this article provides a comprehensive perspective necessary to understand Indonesia's position in the global infrastructure debt vortex.

Finally, the integration of Whoosh into the broader national transportation system under the new leadership is expected to provide solutions to congestion and pollution, while justifying the existing debt burden. President Prabowo emphasized that this project should not be viewed solely from the perspective of financial gain, but as a civilizational investment that modernizes the way the Indonesian nation moves (Indonesian National Police, 2025). This strategy involves plans to extend the route to East Java to increase the project's economic scale (Antara News, 2026). Thus, this background provides a strong foundation for analyzing why Whoosh's debt status requires a multidimensional approach that synchronizes legal regulations, political policies, and social acceptance.

2. RESEARCH METHODS

This research employs a normative-empirical legal methodology, focusing on the regulatory framework and operational policies of the Jakarta-Bandung High-Speed Rail (Whoosh) Project in Indonesia. Normatively, this research is situated within the realm of Indonesian positive law, where the researcher examines the policy synchronization between Presidential Regulation Number 91 of 2023 and the State Finance Law to examine the legality of shifting corporate debt burdens to public responsibility. Placing the research locus within this domestic legal structure is crucial for analyzing how *Business-to-Business* (B2B) contract

documents, which were originally private, have been transformed into public instruments through government guarantees (Zahrayanti, 2024).

Spatially and institutionally, this research focuses on the entities responsible for Whoosh's debt management and operations: PT Kereta Api Indonesia (Persero), the consortium leader, and the investment agency Danantara in Jakarta. This research location was chosen because it is the center of strategic policymaking related to post-pandemic debt restructuring and *the cost overruns* that burden state coffers until 2026. By focusing on policy documents in these central agencies, the researcher can accurately map how the political and economic dynamics in the capital city influence the legal status of foreign debt involving *the China Development Bank* (BCA Sekuritas, 2026).

Furthermore, this research involved field analysis of socio-economic data along the Jakarta-Bandung corridor, an area directly impacted by Whoosh's presence. This was done to compare normative data regarding tariff and subsidy regulations with the sociological realities of the user community and the regional fiscal impacts arising from the debt burden. Through this approach, the research went beyond legal texts and also encompassed the effectiveness of regulatory implementation in Whoosh's operational areas to evaluate whether the debt restructuring policy met the principles of social justice and public benefit (ResearchGate, 2026).

3. RESULT AND DISCUSSION

Legal Analysis of Debt Burden Transfer and Guarantee Scheme

The research findings show that the legal status of Whoosh's debt has undergone a fundamental transformation from a private instrument to a public burden legalized through a series of emergency regulations. Normatively, the initial contract between PT KCIC and *the China Development Bank* (CDB) was purely *business-to-business* (B2B), but a cost overrun of US\$1.2 billion triggered a financial impasse that could only be resolved through state intervention. The issuance of Presidential Regulation Number 91 of 2023 marked a legal turning point, with the Indonesian government officially guaranteeing the loan, a move that legal experts consider a departure from the government's initial promise not to use the state budget (Zahrayanti, 2024). This change created a legal precedent where the state could assume corporate risks in national strategic projects, doctrinally blurring the line between separated state assets and direct fiscal obligations.

Furthermore, analysis of the guarantee structure indicates that the Indonesian government is locked into a highly restrictive *bond* scheme, whereby PT KCIC's default would immediately trigger a contingent liability to the state budget. This has raised debate about the legal certainty of investment, as mid-stream regulatory changes reflect the vulnerability of Indonesia's bargaining position with foreign creditors. Legal studies indicate that while this guarantee is necessary to maintain the project's continuity, it risks violating the principles of prudent state financial governance if not accompanied by a strict oversight mechanism from the Supreme Audit Agency (BPK) (Scholar Hub UI, 2024). Therefore, Whoosh's debt status is now legally integrated into the Indonesian government's foreign debt risk profile until 2026.

Political-Economic Dynamics: Between Sovereignty and Diplomacy

From a political perspective, research findings reveal that the Whoosh debt has become a high-level negotiating instrument within the framework of Indonesia-China bilateral relations. President Prabowo Subianto's administration in 2025-2026 faces significant challenges in balancing debt repayment obligations and maintaining national economic sovereignty amidst interest rate pressures reaching 3.4% (Jakarta Daily, 2025). Politically, the decision to proceed with the project and undertake restructuring is seen as an effort to prevent *reputational damage* to Indonesia in the eyes of global investors, particularly within the *Belt and Road Initiative* (BRI) scheme. The government uses the narrative of "civilization investment" to justify this debt burden as part of national infrastructure modernization that cannot be assessed solely on short-term profits (Indonesian National Police, 2025).

The discussion highlighted that investment firm Danantara's involvement in consolidating PT KAI's assets was a political strategy to provide "extra breath" for the country's fiscal health. This restructuring served not only financial technical purposes but also served as a diplomatic tool to demonstrate to China that Indonesia was seriously committed to the long-term sustainability of the project (Bloomberg Technoz, 2026). However, this reliance on foreign loans also sparked criticism from the political opposition, which considered Indonesia trapped in a "*debt-trap diplomacy*". Political analysis suggests that the stability of the governing coalition is greatly influenced by the government's ability to manage public perception of this debt, particularly ahead of the planned expansion of the high-speed rail line to Surabaya (Antara News, 2026).

Social Implications: Benefit Disparity and Distributional Justice

Socially, the research detected a significant gap in perception between urban communities in the Jakarta-Bandung corridor and those outside Java regarding Whoosh's debt burden. Although Whoosh provides extraordinary mobility efficiency for urbanites, the operational losses that must be covered by state subsidies raise issues of distributive justice. The public is beginning to question why large amounts of public funds are being used to subsidize luxury transportation modes while basic transportation services in the 3T (Frontier, Outermost, and Disadvantaged) regions remain very minimal (Windonesia, 2025). This phenomenon has created social polarization, with Whoosh perceived as an elite project whose burden is collectively borne by all Indonesian taxpayers.

The discussion revealed that the government is attempting to mitigate this social resistance by integrating Whoosh into a more affordable public transportation system and expanding its economic benefits through the development of transit-oriented developments (TODs). However, the effectiveness of this measure remains questionable, as the relatively high ticket prices remain a barrier for the lower middle class to access the service regularly. Researchers found that if daily *ridership* targets are not consistently achieved, this debt burden will continue to be a flashpoint for social conflict in the national development narrative (ResearchGate, 2026). This calls for greater transparency from PT KCIC regarding financial reports and subsidy use to maintain public trust amidst the volatile economic climate in 2026.

Restructuring Through Danantara and the Fiscal Future

The culmination of this research is an analysis of Danantara's role as a financial rescue solution to the Whoosh debt crisis. The asset consolidation undertaken by this investment agency enabled PT KAI to offload its high-speed rail debt burden from its main balance sheet, thereby maintaining the company's credit flexibility for conventional rail operations (BCA Sekuritas, 2026). Discussion of this step indicates that Danantara serves as a *buffer*, protecting state-owned transportation companies from potential technical bankruptcy due to ongoing interest expenses. However, this strategy also carries inherent risks if the assets managed by Danantara are unable to generate *returns* commensurate with the cost of capital.

Ultimately, the future of Whoosh's debt depends heavily on the government's success in extending the line to Surabaya to achieve sufficient economies of scale. Researchers argue that without a route extension, this debt will remain a "perpetual burden" that will be difficult to repay solely from revenues from the Jakarta-Bandung line (Antara News, 2026). This multifaceted discussion concludes that resolving Whoosh's debt requires synchronizing legal firmness in renegotiating contracts, political courage in implementing fiscal policies, and social empathy in distributing development benefits more equitably. Integrating these three perspectives is key for Indonesia to emerge from the financial pressures of this magnificent infrastructure without compromising long-term macroeconomic stability.

4. CONCLUSION

Based on the research results and discussion, it can be concluded that the debt status of the Whoosh project has transformed from a pure corporate obligation (*Business-to-Business*) to a national fiscal burden legalized through a government guarantee legal instrument. Legally, the issuance of Presidential Regulation Number 91 of 2023 is a crucial point that shifts the financial risk from PT KCIC directly to the State Budget, which although it provides certainty of project continuity, but creates vulnerability to the long-term stability of state finances (Zahrayanti, 2024). Normative analysis shows that this change in scheme reflects extreme regulatory flexibility in dealing with *cost overruns*, but has the potential to obscure the principles of prudent state financial governance if not accompanied by a transparent audit mechanism by an external supervisory agency (Scholar Hub UI, 2024).

Sociopolitically, the Whoosh debt creates a dichotomy between the ambition of infrastructure modernization and the fair distribution of benefits for all Indonesians. Politically, debt restructuring through the investment agency Danantara in 2026 is a crucial rescue strategy to maintain the credibility of Indonesian investment globally, particularly within the framework of bilateral relations with China (BCA Sekuritas, 2026). However, socially, this debt burden raises legitimacy challenges due to the perceived disparity between the massive subsidies for high-speed rail users on Java Island compared to the basic infrastructure needs in underdeveloped regions (Windonesia, 2025). Therefore, the Whoosh debt status is not merely an accounting figure, but a representation of the stakes in Indonesia's economic sovereignty amidst global geopolitical dynamics (Antara News, 2026).

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