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China's Belt & Road Initiative & It's Impact on Southeast Asia

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Introduction

President Xi Jinping presented People's Republic of China's ambitious plan for the so-called "Silk Road Economic Belt" and "Maritime Silk Road of the Twenty-First Century," which can be seen as modern iterations of the centuries-old Silk Road trade routes, during visits to Kazakhstan and Indonesia in October 2013. (McBride *et al.*, 2023). While the Maritime Silk Road would mostly target Southeast, South, and North Asia, the "Silk Road Economic Belt" on land would primarily target Central Asia and Europe. The Belt and Road Initiative (BRI), which has China as its hub, was finally formed by combining these two ideas (Hong Yu, 2016).

Following the declaration of the BRI strategy, the Chinese government has been making a concentrated effort to win over Asian and other nations situated along the traditional Silk Road path. This endeavour involves utilizing all of their political, economic, and diplomatic resources to create a favourable impression of the New Silk Road plan among the global community. (Lin, 2017)

Southeast Asia is strategically and geographically central to both the BRI and FOIP regional initiatives, with critical international sea lanes, such as the South China Sea and the Strait of Malacca, located within its borders. As noted by Shoji (2020), it is positioned at the junction of the Pacific and Indian Oceans, making it geopolitically significant. The Southeast Asia region plays a crucial role for China as a means of maritime transportation to the Middle East, Africa, and Europe. Additionally, given its proximity to southern China, it holds vital importance for China's security (Westad, 2020).

The Belt & Road Initiative and It's Characteristics

The Vision and Actions on Jointly Building Silk Road Economic Belt and 21st Century Maritime Silk Road (hereby referred to as the Vision and Actions on BRI) was revealed by the Chinese National Development and Reform Commission, Ministry of Foreign Affairs, and Ministry of Commerce of China in March 2015.

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According to the Vision and Actions, The Belt and Road initiative spans across Asia, Europe, and Africa, linking countries with immense potential for economic growth. It connects the vibrant East Asia economic circle and the developed European economic circle. The Silk Road Economic Belt primarily aims to link China, Central Asia, Russia, and Europe (the Baltic region). This route connects China with the Persian Gulf and the Mediterranean Sea via Central Asia and West Asia, as well as with Southeast Asia, South Asia, and the Indian Ocean. On the other hand, the 21st Century Maritime Silk Road route extends from China's coast to Europe via the South China Sea and the Indian Ocean in one direction and from China's coast through the South China Sea to the South Pacific in the other (Ministry of Foreign Affairs of the People's Republic of China, 2015). Six international economic corridors are also introduced in the Vision and Action, namely a new Eurasian Land Bridge, and the China–Mongolia–Russia, China-Central Asia-West Asia, and China-Indochina Peninsula economic corridors, along with the already established China–Pakistan Economic Corridor and the Bangladesh–China–India–Myanmar Economic Corridor (BCIM-EC). In light of the challenges associated with analyzing the Belt and Road initiative (BRI), this chapter takes a particular approach by focusing on the key characteristics of the BRI that have gained consensus among government officials, journalists, scholars, and other experts or are commonly discussed. Garlick (2020) has distilled these characteristics into a set of statements, believing that the BRI possess the following ten features:

1. It involves over 60 countries in Asia and Europe.
2. With the main goal being to improve connectivity across Eurasia, primarily by focusing on improving transport and energy infrastructure, the initiative also includes other subsidiary goals (human interaction, financial integration, etc.).
3. The Belt and Road initiative consists of two primary components: the Silk Road Economic Belt (SREB), which aims to connect Asia to Europe by land, and the Maritime Silk Road (MSR), which links China to Europe by sea.
4. The SREB and MSR include several experimental sub-projects at different stages of development, such as "economic corridors" like the China-Pakistan Economic Corridor (CPEC) and the Bangladesh-China-India-Myanmar corridor (BCIM), as well as cooperation platforms such as the 16+1 forum in Central and Eastern Europe.

5. The Belt and Road initiative is a continuation of past official Chinese government strategies, such as the "Go West" and "go out" campaigns of the early 2000s.
6. The BRI is closely associated with Xi Jinping's leadership and is his flagship foreign policy initiative.
7. The initiative involves the use of various institutions, such as the Asian Infrastructure Investment Bank (AIIB), the Silk Road Fund, and regional forums.
8. The Belt and Road initiative aims to enhance China's soft power and legitimacy both domestically and abroad, appealing to foreign audiences as well as the Chinese population.
9. The initiative is a large-scale, ambitious, loose, and vague project.
10. The Chinese government repeatedly emphasizes that the Belt and Road initiative intends to establish "win-win cooperation," "mutual benefit," and a "community of common destiny" among participating nations through official and media publications.

Impact on Southeast Asia

Except for Timor-Leste, which is an observer, all Southeast Asian countries participating in the BRI are members of the ASEAN. China conducts its dealings with these countries through the 'ASEAN+1' framework, which is multilateral (Xu & Wang, 2019). Ideally, the ASEAN countries should coordinate their China policy in a united front, but in reality, bilateral relations take precedence over unified action, as is the case in other parts of the world. As a result, decisions on BRI projects are usually made at the national level rather than the regional level. This creates difficulties in coordinating transport infrastructure projects, such as high-speed rail links, that seek to connect multiple countries with China. Due to logistical problems and local resistance to taking Chinese loans, these projects often progress slowly or fail to make headway. (Griffiths, 2017).

1. Vietnam and the South China Sea dispute:

The South China Sea is a vast marginal sea covering around 1.4 million square miles (3.6 million square kilometers) (Austin, 2020), which includes over 250 land features divided into six major groups, namely the Paracel Islands, the Spratly Islands, the Pratas Islands, Scarborough Shoal, Macclesfield Bank, and the Natuna Islands. The Natuna Islands are

not subject to dispute as they are under Indonesian jurisdiction. Eight littoral state border the South China Sea, including the People's Republic of China, Taiwan, Vietnam, the Philippines, Malaysia, Brunei Darussalam, Singapore, and Indonesia. (Karig, 1971; Zhou, 2016)

The Strait of Malacca and the South China Sea are crucial to global maritime trade, with approximately one-third of all such trade amounting to an estimated \$3.37 trillion in 2016, passing through these regions (Center for Preventive Action, 2021). In 2017, 40 percent of the world's liquefied natural gas was transported through the South China Sea. China is the largest user of this sea route for transporting goods, followed by South Korea, Singapore, Thailand, Vietnam, and Japan. (China Power, 2021)

The South China Sea plays a crucial role in China's relationship with Southeast Asia, as the country aims to establish an "active defense" position, according to State Council. To assert greater control over the region, China has implemented a widely documented program of building artificial islands in the southern Spratly Islands. These islands are believed to serve the purpose of safeguarding China's economic security by providing military bases that can protect vital imports and lucrative exports. If another country, such as the US, attempted to establish a blockade at the Malacca chokepoint or dominate the South China Sea with its navy, China's imports of oil and other natural resources from the Middle East and Africa could be at risk. (Miller, 2017)

The Chinese military presence in the South China Sea has had a significant impact on the progress of the Belt and Road Initiative (BRI) both materially and ideationally. The dispute over the South China Sea has affected the advancement of Chinese efforts to invest in infrastructure in Southeast Asia, where constructing transportation infrastructure financed primarily by Chinese state-backed loans is a key aspect of the BRI. This has made Vietnam cautious about accepting Chinese infrastructure investment for similar reasons. (Jennings, 2018)

2. **The Philippines:**

The relationship between China and the Philippines has been volatile, largely dependent on the extent of Chinese activity in the South China Sea and the political climate in the

Philippines. The Philippines brought their dispute to the international tribunal in the Hague, which ruled in their favor in 2016 (Vitug, 2018). However, since international adjudications cannot be enforced, and there are disagreements over maritime law interpretations, China continued its expansion in the SCS regardless. This led to a feeling that China's domination of the area was inevitable. President Duterte's decision to prioritize business relations with China rather than seeking reparations after the tribunal ruling compounded this sense of anti-climax (Zhao, 2018). As a result, the SCS is now viewed as a Chinese lake, and the Philippines' relationship with China is characterized by tension over the SCS and the need for income generation.

3. **Laos and Cambodia:**

China has strong diplomatic ties with Laos and Cambodia, which date back to the late 1970s when China fought a brief war with Vietnam on their behalf (Storey, 2011). Chinese businesses are highly active in both countries, investing in various construction projects, such as roads, railways, housing developments, and casinos, to cater to the increasing number of Chinese tourists. In Cambodia, construction is underway for a highway connecting its capital, Phnom Penh, to its main port, Sihanoukville (Onishi, 2019).

Meanwhile, in impoverished Laos, where the government's debt was 70 percent of GDP in 2018, Chinese firms are constructing railways and roads that will link Laos to China (Albert, 2019). Despite warnings from the International Monetary Fund (IMF) that the debt incurred from the US\$6 billion China-Laos railway project, which is going ahead, will be difficult to pay off, Laos is borrowing US\$600 million from the state-backed China Exim Bank for hydropower project (Hurley *et al.*, 2018). This will increase Beijing's influence in Laos, a country suffering from the landlocked trap.

4. **Indonesia:**

Improving Indonesia's poor infrastructure in connectivity and energy has been a major priority for President Jokowi's government since 2014, but the country faces significant challenges in bridging its infrastructure gap. According to the World Bank, this gap amounts to \$1.5 trillion, while the government's budget and state-owned enterprises can only provide \$15 billion and \$45.7 billion respectively. The remaining amount must come

from other sources, including the private sector and foreign financial sources. Given these challenges, the BRI presents an opportunity for Indonesia to address its infrastructure problems, and the government has intensified its efforts to attract Chinese investment.

However, Indonesia's participation in the BRI may also undermine its commitment to the ASEAN norm of equality among its members. As the largest member of ASEAN, Indonesia plays a critical role in shaping the regional order through cooperation and mutual understanding. While ASEAN-centered regional order remains the best option for Indonesia in the face of major power dynamics, an absence of this view may leave Indonesia vulnerable to extra-regional power and hinder its ability to preserve multilateralism and cohesiveness among ASEAN members (Sugiono, 2022).

5. **Myanmar:**

China has had close relations with Myanmar's governments over the years, particularly regarding the construction of oil and natural gas pipelines that transport energy resources from the port of Kyaukpyu to Kunming in China. However, Myanmar expressed its desire to reduce the size of the port investment from US\$7.3 billion to US\$1.3 billion in August 2018 to avoid accumulating excessive debt to China (Emont & Myo, 2018). The progress of China's charm offensive, which involves promoting its ideologies, may have been affected by political issues such as the Rohingya crisis, the role of Aung San Suu Kyi in the government, and China's tendency to support the current regime regardless of its human rights record. (Lee & Lone, 2017).

6. **Other countries:**

As of mid-2019, the progress made under the BRI initiative in Southeast Asia was not very encouraging. The momentum that had been built earlier was lost as countries like Malaysia and Thailand expressed their concerns about China's influence and the possibility of taking on excessive debt, leading them to scale back or cancel some previously agreed Belt and Road investments (Garlick, 2020).

Conclusion

Going beyond the analysis of regions and focusing on individual countries, it becomes apparent that there are additional effects that go beyond intra-regional factors. By closely examining the countries where China has positive influence, it becomes clear that these are in need of money and have had difficulty attracting enough external investment to improve their economic circumstances. As a result, China's loan offers and infrastructure development initiatives have been successful in these countries, both before and after the introduction of the Belt and Road Initiative (BRI). As such, it would be impractical and unfeasible to disregard China as a significant source of financing for the infrastructure development that it desperately requires. Therefore, the Belt and Road Initiative (BRI) and ASEAN connectivity are closely connected. However, Southeast Asian countries are becoming increasingly aware of the decentralizing nature of BRI and adopt more cautious approaches towards it.

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