

Irresistible Inducement?

Assessing China's Belt and Road Initiative in Southeast Asia

By **Cheng-Chwee Kuik**, *Associate Professor and Head of the Center for Asian Studies, National University of Malaysia*

Introduction

Southeast Asia occupies a central place on the map of China's Belt and Road Initiative (BRI). President Xi Jinping chose to announce the maritime prong of the BRI in Indonesia, the largest country in Southeast Asia, in October 2013, a month after he had launched the overland prong of the BRI in Kazakhstan. Southeast Asia is where the land "Belt" and sea "Road" of the massive initiative converge. Mainland Southeast Asia is one of the six economic corridors of the BRI, while maritime Southeast Asia is where the Indian and Pacific Oceans converge, sitting on the intersection of sea lanes vital for communication, trade, and transportation of energy and other critical resources. As indicated by the title of David Shambaugh's 2020 book, *Where Great Powers Meet*, Southeast Asia is also significant strategically to both China and the United States.¹ Thus, Southeast Asia is China's "strategic throat" and is crucial to its ascendancy as a world power.

To mitigate risks and maximize benefits in multiple domains, China has been financing and building a chain of ports, pipelines, highways, high-speed rails, land bridges, industrial parks, and digital connectivity centers across Southeast Asia and other parts of the world. While some of these endeavors predated the launch of the BRI, they have been accelerated since 2013. Together, these hard and soft infrastructure projects form a network of "dots" and "lines" on the BRI map, connecting interests, cultivating stakes, and consolidating interdependence between Beijing and other capitals along its peripheries. David Lampton and his colleagues thus observe: in this eventful century, all roads lead to Beijing, one way or another.² The story of the BRI in Southeast Asia is about the power of proximity, as much as the proximity of power.

Geography aside, there are other fundamental factors that show the importance of Southeast Asia to China's BRI and its wider interests. These include: the imperatives of creating external demand for Chinese firms and remedying internal overcapacity in some Chinese industries in the wake of the 2008–2009 global financial crisis, neutralizing what China perceives to be U.S.-led "regional encirclement," as exemplified by Obama's "rebalancing to Asia" and the ongoing Free and Open Indo-Pacific (FOIP)

1. David Shambaugh, *Where Great Powers Meet: America and China in Southeast Asia* (Oxford: Oxford University Press, 2020).

2. David M. Lampton, Selina Ho, and Cheng-Chwee Kuik, *Rivers of Iron: Railroads and Chinese Power in Southeast Asia* (Oakland, California: University of California Press, 2020); David M. Lampton, "All (High-Speed Rail) Roads Lead to China," in Thomasingar and Jean Oi, eds, *Fateful Decisions: Choices that will Shape China's Future* (Stanford: Stanford University Press, 2020); Selina Ho, "Infrastructure and Chinese Power," *International Affairs* 96, no. 6 (2020): 1461-1485; Cheng-Chwee Kuik, "Asymmetry and Authority: Theorizing Southeast Asian Responses to China's Belt and Road Initiative," *Asian Perspective* 45, no. 2 (2021): 255-276. See also other articles in the Special Issue in *Asian Perspective* 45, no. 2, Spring 2021.

strategy, as well as narrowing the domestic socio-developmental gaps between China's western and eastern regions, securing sustainable resources and energy supplies, and managing internal transitions and tensions after the decades-long reform and opening up policies.³

Each of these imperatives is central to the Chinese Communist Party (CCP)'s regime legitimacy and political future. Each imperative highlights the increasing salience of Southeast Asia to China's national interests and external strategies, even and especially when the CCP is struggling to cope with an increasingly challenging external environment.⁴ Indeed, as Sino-U.S. relations become more uncertain and China's relations with the second-tier powers (other members of the Quad and other Indo-Pacific partners, including those in Europe) become more unstable, Southeast Asia will become more important to China. And as Beijing exhibits a growing inclination to use military coercion and political intimidation to safeguard what it sees to be its sovereign interests in the South China Sea and on other fronts, the BRI and other tools of cooperation and persuasion will become more important, not least to offset the adverse effects of China's coercive actions and optimize its broader interests, while seeking prestige and power.⁵

These seemingly contradictory actions are likely to continue, as Beijing develops its dual circulation strategy, which maximizes synergies between domestic and international markets, in response to growing pressures from Washington's China policy, including the decoupling pursuit. Under President Joe Biden, Washington is determined to rebuild U.S. global leadership by revitalizing its military alliances and partnerships in Asia and Europe, while collaborating with like-minded nations to push back against China on issues related to security, technology, infrastructure connectivity, development, supply chains, and human rights, among other matters. Big-power rivalries are being intensified across the twin chessboards of high- and low-politics (i.e., security and nonmilitary domains, respectively), increasing pressures and sparing scanty space for smaller states to maneuver and hedge for survival.⁶

The BRI is best understood as an instrument of inducement. China uses it as a tool—and platform—to persuade and solicit closer cooperation, attract interlocking partnerships, and encourage mutually beneficial exchanges, while discouraging any action harmful to China's interests.

3. Elizabeth Economy and Michael Levi, *How China's Resource Quest is Changing the World: By All Means Necessary* (New York: Oxford University Press, 2014); Xue Li, "Rebalance Strategy of the United States and China's Belt and Road," *World Economics and Politics* 5 (2016): 56-73; Nadege Rolland, *China Eurasian Century? Political and Strategic Implications of the Belt and Road Initiative* (Seattle, WA: National Bureau of Asian Research, 2017); Min Ye, *The Belt Road and Beyond: State-Mobilized Globalization in China: 1998-2018* (New York: Cambridge University Press, 2020); Maria Adele Carrai, Jean-Christophe DeFraigne, and Jan Wouters, eds., *The Belt and Road and Global Governance* (Northampton, Cheltenham: Edward Elgar); Florian Schneider, ed., *Global Perspectives on China's Belt and Road Initiative: Asserting Agency through Regional Connectivity* (Amsterdam: Amsterdam University Press, 2021); Jennifer Hillman and David Sacks, *China's Belt and Road: Implications for the United States*, Independent Task Force Report No. 79 (New York: Council on Foreign Relations, 2021).

4. See Thomas J. Christensen, "No New Cold War: Why U.S.-China Strategic Competition Will Not Be Like the U.S.-Soviet Cold War?" *ASAN Report*, September 10, 2020; Shambaugh, *Where Great Powers Meet*. On Southeast Asia-China relations, see also Murray Hiebert, *Under Beijing's Shadow: Southeast Asia's China Challenge* (Lanham, MD: Rowman & Littlefield, 2020); Donald K. Emmerson, ed., *The Deer and the Dragon: Southeast Asia and China in the 21st Century* (Stanford: Shorenstein Asia-Pacific Research Center, 2020).

5. Yuen Foong Khong, "Power as Prestige in World Politics," *International Affairs* 95, no. 1 (2019): 119-142; Cheng-Chwee Kuik, "Explaining the Contradiction in China's South China Sea Policy: Structural Drivers and Domestic Imperatives," *China: An International Journal* 15, no. 1 (2017): 163-186; International Institute for Strategic Studies, *Asia-Pacific Regional Security Assessment 2019* (London: IISS, 2019), 91-108.

6. Cheng-Chwee Kuik, "The Twin Chessboards of US-China Rivalry: Impact on the Geostrategic Supply and Demand in Post-Pandemic Asia," *Asian Perspective* 45, no. 1 (2021): 157-176.

Inducement: Supplying the Demand

The inducement, however, is not always successful. Some eight years after the launch of the BRI, while many countries have embraced the BRI, others have resisted it or kept their distance. This paper explains the lure and limits of BRI inducement in Southeast Asia. It argues that whether and how well BRI cooperation progresses depend not only on China's statecraft but also on the partaking country's internal dynamics and agency.

Inducement operates on the logic of supply and demand. "If we do not need it, we won't go for it", said a well-positioned official of a maritime Southeast Asian nation, while explaining why her country embraces China-funded infrastructure and connectivity projects. Indeed, despite the controversies and shortcomings associated with China-related projects (discussed below), the BRI has been expanding its footprint across Southeast Asia primarily because it meets a region-wide demand for: capital and know-how for infrastructure development at national and local levels; better intra- and interregional connectivity, as well as wider market access and greater economic opportunities. The smaller economies in Southeast Asia are attracted to the BRI principally because it helps bridge the developmental gaps within and across national boundaries. The degree of demand, of course, differs from country to country; hence, the differing responses to BRI inducement across the region.

Thus, inducement is not just about who supplies (China), but also about who demands (the partaking or host country). Inducement works only to the extent there is demand from the partnering country. The greater the domestic demand from the partaking country (e.g., because of development-based performance legitimation, leader's vision, or elite's special interests), the greater the receptivity and the impact of the inducement. This pattern is discernable not only in Cambodia, Laos, and Timor-Leste, but also in wealthier Brunei, Malaysia, and Singapore.

Laos is an illuminating example. The underdeveloped, landlocked country responded receptively to the BRI primarily because its leaders view the China-financed railway to connect its capital Vientiane to Boten (which borders China) as a "river of iron," a catalyst to actualize the ruling elites' vision of Laos as a land-linked country, in the desperate hope of transforming Lao's economic fate and preserving the Lao People's Revolutionary Party's political relevancy.⁷ According to a senior official in Vientiane:

When Lao people cross the borders, they see big differences in development between Laos and its neighbors. There are big roads and infrastructure in the neighboring countries. The Lao people blame the government for the lack of development. The people are forcing us to think. We need to change because of globalization. This is one big motivation for the Lao government to transform Laos from a landlocked to a land-linked country.

Yes, economic viability is an issue. This is a *chicken and egg problem*: to build first or wait till traffic grows. Contrary to Western theories, the Chinese are saying that if you want to be rich, you have to first build roads. *We want development, but lack sufficient financial capacity to pursue it.* China wants to promote the new Silk Road, to expand the developmental connectivity into ASEAN countries. Laos has asked China to think about Laos. We ask them not to forget Laos. Connectivity is very challenging for Laos. We lack the know-how and physical infrastructures. *But we don't want to be left behind* [emphasis added].⁸

7. Lampton, Ho, and Kuik, *Rivers of Iron: Railroads and Chinese Power in Southeast Asia*.

8. Interview conducted by Lampton, Ho, and Kuik with a member of Lao policy elite in Vientiane, June 2017.

Conversely, when the demand is constrained by other domestic conditions (e.g., anti-China sentiment or other forms of identity-based nationalist legitimation) that limit the extent to which the governing elites can partner with China on Beijing-funded projects, BRI inducement loses much of its appeal. Vietnam, for instance, has cautiously kept its distance from Beijing's infrastructure-connectivity "carrots," despite the increasingly robust bilateral trade and investment ties between the two countries.⁹ Ditto the Philippines under Benigno Aquino III, Myanmar under Thein Sein, and Malaysia under the first year of Mahathir Mohamad 2.0.¹⁰ Even countries whose leaders are more prepared to deepen their partnerships with China because of various domestic priorities (e.g., building iconic developmental projects before elections, or offsetting political pressure from the West after a coup), they have opted to do so selectively and slowly. Under President Joko Widodo, Indonesia has engaged with China on projects like high-speed rail and industrial parks, but cautiously avoids any debt arrangements.¹¹ Under Prime Minister Prayuth Chan-ocha, Thailand spent years negotiating with China on the Sino-Thai high-speed rail, while expressing no interest to venture into any other Beijing-funded connectivity projects.¹² As the second largest economy in Southeast Asia, Thailand even pursued its own economic statecraft by investing in and attracting resources for the Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS) to fund development projects in mainland Southeast Asia, in part to limit Beijing's rapidly growing influence in Thailand's geopolitical sphere.¹³

As a result of varying demands and domestic political circumstances, the degrees and forms of receptivity (or the lack thereof) vary across countries in Southeast Asia. For instance, Brunei's embrace of the BRI contrasts markedly with Vietnam's cautious response and Thailand's go-slow approach. Driven chiefly by its growing need to diversify its oil-dependent economy, Brunei has enthusiastically partnered with China to establish an economic corridor and to construct bridges, roads, a port, a container terminal, and oil refinery facilities.¹⁴ Brunei's embrace of the BRI, however, has been marked by a quiet defiance of Beijing's preference. Like Vietnam and Thailand, Brunei has been reluctant to label China-backed ventures as "BRI projects," insisting to regard them as their own projects. These countries have adopted a finely calibrated approach: "If China wants to call and put those projects under the BRI banner, let them. We have no control over that anyway. But we just keep quiet, without confirming this publicly."¹⁵ The locations of BRI cooperation vary as well. For example, Singapore is a partner rather than a recipient of China's BRI. Unlike most other Belt and Road collaborators who participate in the BRI by hosting China-backed projects, Singapore's involvement has taken the form of "forward engagement"—partnering with China

9. Pham Sy Thanh and Alice D. Ba, "Vietnam's Cautious Response to China's Belt and Road Initiative: The Imperatives of Domestic Legitimation," *Asian Perspective* 45, no. 4 (forthcoming).

10. Aileen S. P. Baviera and Aries A. Arugay, "The Philippines's Shifting Engagement with China's Belt and Road Initiative: The Politics of Duterte's Legitimation," *Asian Perspective* 45, no. 2 (2021): 277-300; Lee Jones and Khin Ma Ma Myo, "Explaining Myanmar's Response to China's Belt and Road Initiative: From Disengagement to Embrace," *Asian Perspective* 45, no. 2 (2021): 301-324; Cheng-Chwee Kuik, "Malaysia's Fluctuating Engagement with China's Belt and Road Initiative: Leveraging Asymmetry, Legitimizing Authority," *Asian Perspective* 45, no. 2 (2021): 421-444.

11. Ardhitya Eduard Yeremia, "Explaining Indonesia's Constrained Engagement with the Belt and Road Initiative: Balancing Developmentalism Against Nationalism and Islamism," *Asian Perspective* 45, no. 2 (2021): 325-347.

12. Pongkwan Sawasdipakdi, "Thailand's Engagement with China's Belt and Road Initiative: Strong Will, Slow Implementation," *Asian Perspective* 45, no. 2 (2021): 349-374.

13. Kavi Chongkittavorn, "Revising Diplomacy amid Pandemic," *Bangkok Post*, April 14, 2020, <http://www.bangkokpost.com/opinion/opinion/1899305/revising-diplomacy-amid-pandemic>; Thitinan Pongsudhirak, "China-U.S. Rivalry on Mekong Mainland," *Bangkok Post*, November 27, 2020, <http://www.bangkokpost.com/opinion/opinion/2026215/china-us-rivalry-on-mekong-mainland>.

14. Ithrana Lawrence, "Brunei's Response to China's Belt and Road Initiative: Embracing Asymmetry, Enhancing Authority," *Asian Perspective* 45, no. 2 (2021): 397-420.

15. Personal communications with several members of policy elites in multiple countries, January 2020, May 2021.

primarily on projects in China (e.g., the Chongqing Connectivity Initiative).¹⁶

To supply and stimulate demand, China has been promoting BRI inducement through multiple ways and means. Among the major approaches observed across Southeast Asia (and elsewhere) are: (1) pursuing power holder diplomacy (wooing the top leader, offering or supporting what the respective heads of government want); (2) emphasizing the synergies between the BRI with the host country's national strategy or leader's vision (e.g., Jokowi's Global Maritime Fulcrum in Indonesia, Duterte's "Build, Build, Build" in the Philippines, and Brunei's Vision 2035); and (3) expanding and mobilizing subnational linkages, with an eye to cultivating multilevel partners and supporters for BRI cooperation. The latter includes encouraging the development of networks and launching activities involving provincial and local authorities, political parties, influential individuals (e.g., former statespersons, well-connected politicians, members of royal families), business groups, chambers of commerce, the media, and sociocultural entities (e.g., clan organizations, language and educational bodies, friendship associations) between China and host countries. Since 2013, numerous nongovernmental BRI-related associations have been established one after another within and across Southeast Asian states along occupational and identity grounds, involving business people, professionals (e.g., lawyers, engineers), former officials, local ethnic Chinese, and alumni of Chinese universities.

The patterns of these interactions are complex and often competitive, even among subnational and sub-governmental actors from China (e.g., the Guangdong provincial government and PowerChina International at the Malacca Gateway in Malaysia). Identifying and securing the right partners in both China and the host countries are vital elements which determine the success and failure of China-related projects across Southeast Asia.¹⁷ This factor explains why, in Malaysia, the Malacca Gateway project faltered, while the Kuantan Industrial Park (Malaysia-China KIP) and Kuantan Port Expansion (KPE) projects took off. Kuantan is the capital of Pahang, the home state of Najib Razak, former prime minister and strong supporter of the BRI, and the Kuantan projects were launched during Najib's administration. The Malacca Gateway venture was problematic in part because its local developer, KAJ, is a small private firm. The partnership for the Kuantan projects, by comparison, has a more successful synergy. The key Malaysian partner, IJM Corporation Bhd., is a private firm with substantial stakeholders involving several Malaysian government-linked companies and it is backed by the state government of Pahang. Its Chinese partner is the Guangxi Beibu Gulf International Port Group Co. Ltd. (GBGIPG), a provincial state-owned enterprise based in China's southwest Guangxi Autonomous Region. The GBGIPG is also the key partner for Brunei's Muara deep water port project. Kuantan and Muara are ports facing the South China Sea.

Big-Power Push, Small-State Pull

Infrastructure development is not just an economic issue; it is also a vital political matter. In Southeast Asia, as elsewhere, infrastructure-building—a prerequisite for economic growth—is a key element of the ruling elites' performance legitimation. While development performance is important in its own right for all governments, it is especially salient for authoritarian and semi-democratic regimes which lack

16. Alice D. Ba, "China's 'Belt and Road' in Southeast Asia: Constructing the Strategic Narrative in Singapore," *Asian Perspective* 43, no. 2 (2019): 249-272; Irene Chan, "Singapore's Forward Engagement with China's Belt and Road Initiative: Coping With Asymmetry, Consolidating Authority," *Asian Perspective* 45, no. 4 (forthcoming).

17. Guanle Lim, "China's Investment in Malaysia: Choosing the 'Right' Partners," *International Journal of China Studies* 6, no. 1 (2015): 1-30.

democracy-based procedural legitimacy. Thus, such regimes tend to rely much more heavily on performance-based and/or identity-based particularistic legitimation (e.g., mobilizing nationalist sentiments or particular ethno-religious emotions) to preserve their right to rule.¹⁸ While economic performance is not the only source of performance legitimacy, it is often the most crucial one. In addition to boosting the ruling elites' authority and electability by creating jobs and ensuring sociopolitical stability, developmental activities also provide opportunities for patronage. This is especially so for big-ticket megaprojects. Nonetheless, while every government wants infrastructure development, not every government can afford it. With the exception of Singapore, the national budgets of Southeast Asian governments can only cover a portion of the desired infrastructure building. Hence their thirst for external sources of developmental assistance and partnerships.

While the demand for infrastructure capital and technology is always rising, the supply is not. For decades, multilateral development banks such as the World Bank, International Monetary Fund (IMF), and the Asian Development Bank (ADB) have played major roles in supporting Southeast Asian infrastructure development, but their funding has been insufficient to keep up with rising demand.¹⁹ The funding also comes with strings attached. Since the 1970s, Japan has been an active developmental partner for many countries in the region, but its Official Development Assistance (ODA) is subject to the financing requirements of the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD). Thus, Beijing's BRI-related capital and other developmental support are viewed as significant sources of supply.²⁰ When China launched the Asian Infrastructure Investment Bank (AIIB) in 2016, all of the Southeast Asian countries joined as founding members, along with some countries from other regions.

As a developmental partner, China not only provides needed infrastructure capital and technology, it also stimulates more demand. While big power pushes, smaller states pull as well. Many China-related connectivity projects in Southeast Asia, some of which predated 2013, were proposed by the smaller states. This is so especially in Cambodia, where most ventures were initiated by the ruling elites in Phnom Penh instead of Beijing.²¹ This is also true elsewhere. For instance, multiple projects in Brunei, Malaysia, and Philippines were proposed by the respective countries' power holders.

That ruling elites in Putrajaya, Bandar Seri Begawan, and Manila are still receptive to partnering with China on infrastructure building despite competing claims in the South China Sea, highlights the imperative of domestic politics. That is, the importance of performance legitimation has led the respective leaders to downplay disputes while embracing BRI inducement. This pattern is likely to continue, as the outbreak of COVID-19 compels the elites of these countries to work even closer with China for enhancing

18. On the three pathways of elite inner-justification—performance, particularistic, and procedural legitimation—see Lampton, Ho, and Kuik, *Rivers of Iron*, 86-116; Kuik, "Asymmetry and Authority: Theorizing Southeast Asian Responses to China's Belt and Road Initiative." See also Kuik, "Explaining the Contradiction in China's South China Sea Policy: Structural Drivers and Domestic Imperatives."

19. Michael G. Plummer, Peter J. Morgan, and Ganeshan Wignaraja, eds., *Connecting Asia: Infrastructure for Integrating South and Southeast Asia* (Northampton, MA: Edward Elgar Publishing, 2016); Asian Development Bank, *Meeting Asia's Infrastructure Needs* (Philippines: Asian Development Bank, 2017).

20. David Dollar, "China and the West Competing Over Infrastructure in Southeast Asia," Brookings, 2020, http://www.brookings.edu/wpcontent/uploads/2020/04/fp_20200424_infrastructure_southeast_asia.pdf; PwC, *Understanding Infrastructure Opportunities in ASEAN: Infrastructure Series Report 1* (Singapore: PwC, 2017).

21. Vannarith Chheang, "Cambodia's Embrace of China's Belt and Road Initiative: Managing Asymmetries, Maximizing Authority," *Asian Perspective* 45, no. 2 (2021): 375-396.

their performance in fighting the pandemic while exploring ways to revitalize their economies.²² This is in sharp contrast to Vietnam, where the salience of nationalist legitimation, especially in light of growing tensions in the South China Sea, has limited the extent to which leaders in Hanoi can collaborate with Beijing on infrastructure domains, particularly on digital and other realms with security relevance.

The observation that BRI-related opportunities are by and large in demand by many Association of Southeast Asian Nations (ASEAN) countries does not suggest that Beijing's economic statecraft is well-conceived, coherent, or efficient. Several scholarly works have pointed out that the BRI is an extremely loose, fragmented, and poorly coordinated scheme driven primarily by competing state capitalist interests and other domestic actors vying for power and resources.²³ Some studies describe China's BRI statecraft as "self-defeating," because of its transactional, subversive practices that have often sparked open resistance, public backlash, and strategic fears across the globe.²⁴ Other research highlights widespread concerns over debt-trap scenarios, shoddy construction, as well as negative strategic, economic, and environmental consequences.²⁵

A fact check confirms many of these depictions. Notwithstanding the presence of some productive and mutually beneficial (albeit less reported) projects on the ground (e.g., the CRRC Rolling Stock Center and the MCKIP ventures in Malaysia), the negotiations and/or implementation of many Beijing-backed projects have been plagued by all sorts of problems. These include: protracted delays and inflated costs (e.g., the Cat Linh-Ha Dong Urban Railway in Hanoi), accusations of financial misappropriation and high-office corruption (e.g., a railway and two pipeline projects in Malaysia), concerns about the influx of Chinese workers (Indonesia), high interest rates and estimated costs (Thailand), and labor rights, unsustainable resource exploitation, and environmental degradation (Cambodia, Laos, Myanmar). While some of these problems are attributable to the host governments, China's flawed practices are undoubtedly contributing causes as well. Perceptual and political gaps are broadened by the lack of transparency, effective public diplomacy, and sustainable stakeholder engagement. Some of these issues have been addressed, but many problems remain.

Imprints: Reshaping the Regional Landscapes

Despite all the criticisms and problems associated with Beijing-backed projects, China's BRI inducement has left numerous imprints in Southeast Asia and beyond. These imprints—in the forms of infrastructure, institutions, and multi-domain interdependence—are slowly reshaping the physical and policy landscapes in the wider Asian region.²⁶ As discussed shortly, there are signs that some of the physical and developmental dots between China and its Southeast Asian neighbors are today more connected, some of their policies more coordinated, and their interdependence more intertwined than a decade ago. Of

22. Chow Bing Ngeow, *COVID-19, Belt and Road Initiative and the Health Silk Road: Implications for Southeast Asia* (Jakarta: Friedrich-Ebert-Stiftung Indonesia Office, 2020).

23. Lee Jones and Jinghan Zheng, "Understanding China's 'Belt and Road Initiative': Beyond 'Grand Strategy' to a State Transformation Analysis," *Third World Quarterly* 40, no. 8 (2019): 1415-1439.

24. Audrye Wong, "How Not to Win Allies and Influence Geopolitics: China's Self-Defeating Economic Statecraft," *Foreign Affairs* 100, no. 3 (2021): 44-53.

25. Daniel R. Russel and Blake H. Berger, "Weaponizing the Belt and Road Initiative," *A Report of the Asia Society Policy Institute* (Washington, DC: Asia Society Policy Institute, 2020); Hillman and Sacks, "China's Belt and Road."

26. Cheng-Chwee Kuik, "Unpacking China's Paradoxical Influence in Southeast Asia: Infrastructure, Institutions, and Interdependence," paper presented at the Workshop on "Conceptualizing and Measuring China's Influence in Asia and Beyond," University of Hong Kong, December 11-13, 2020.

course, not all of these ongoing phenomena are attributable to the BRI, but many are BRI-related. They do not necessarily lead to more converging interests nor more harmonized ties, but they do enlarge the China factor in all the regional states' external equations.

Infrastructural Imprints: Connecting the Connectivities

The BRI's infrastructural imprints are best illuminated by China-backed port and railway projects in Southeast Asia. Figuratively, they are the "dots" and "lines" on the BRI map that share several characteristics: they are near-permanent, cross-province (and intended to be cross-border), and integrated projects with developmental spillovers to multiple sectors. Despite some delays (including those caused by the COVID-19 pandemic), most of these projects are already taking shape, with ongoing efforts to connect the connectivities on the ground and at sea.

The China-related rail projects in Indonesia, Laos, Malaysia, and Thailand all go beyond one locality. Some are transnational (Vientiane-Boten; Bangkok-Nongkhai), whilst others connect the major cities and economic centers of the respective countries (e.g., Jakarta-Bandung in Indonesia; the 665-km East Coast Rail Link [ECRL], which links the rural and semi-urban areas in the east coast to the more developed parts of the west coast of Peninsular Malaysia). The 414-km railway in Laos, once completed in December 2021, will be the first China-funded Southeast Asian rail to be connected directly with China's vast high-speed rail system. From Vientiane, the railway is also designed to cross boundaries and connect with the planned 873-km Thailand-China high-speed rail. The Sino-Lao and Sino-Thai rail routes, which are expected to extend southwards to Malaysia and Singapore, are parts of the Pan-Asia railway network China seeks to construct.

The port projects across the region are introducing similar effects in parallel, via both land and sea links. China is partnering with individual Southeast Asian countries to connect the dots and lines, transforming the regional landscapes in more than one way. Take Malaysia's Kuantan and Brunei's Muara ports. Both ports are connected to their respective countries' (Malaysia and Brunei) industrial parks, economic corridors, and transport hubs. Kuantan Port, for instance, is linked to Klang Port (the largest port in Malaysia and the twelfth largest container port in the world), physically connecting the Malacca Straits and the South China Sea, thereby connecting the Indian and the Pacific Oceans. At the international level, Kuantan and Muara ports are located along the emerging seaborne freight routes with growing cross-border policy connectivities linking developmental dots in Southeast Asia with those in China. China has been promoting its western International Land-Sea Trade Corridor (ILSTC), a multimodal transportation link intended to serve as a bridge between the land "Belt" and sea "Road," connecting Chongqing to Qinzhou in Guangxi by rail, and from Qinzhou to other parts of Southeast Asia by sea. Kuantan Industrial Park is a sister park of Qinzhou Industrial Park.

Institutional Imprints: An Emerging Pillar of Regional Architecture?

It is not just tangible infrastructures. BRI-related activities have also left their imprints on institutional landscape in Asia, albeit in a more indirect and relatively neglected manner.

As a rising power with a growing range of interests around its omni-directional peripheries, China views international institutions as indispensable platforms to regularize cooperation, stabilize relations, and

shape interactions with rules which favor it. As a late comer, however, China has had to go through a decades-long process of participating in and learning from existing institutions led by others—both globally and regionally—before initiating its own.²⁷ Contrary to the conventional wisdom, Beijing is not overthrowing any extant institutional arrangements; it is participating in and leveraging them. The ASEAN-led multilateral institutions, in particular, have been key platforms of China’s “charm offensive” since the mid-1990s.²⁸

This process predated 2013, but Beijing’s BRI push has broadened and deepened its involvement in regional institution-building. While BRI cooperation has been forged primarily on bilateral ground (between China and host country), it has also been advocated for hand-in-hand with China’s active multilateral involvement at both regional and global levels.

As China continues to participate in institutions led by others, since 2013 it has started to put forward its own institutional initiatives. The earliest major step was the creation of the AIIB, proposed in October 2013 and established in June 2016. This was followed by parallel efforts to support the creation of other multilateral development banks, as well as pushing for new institutions at the sub-regional levels. In mainland Southeast Asia, China partnered with the Mekong countries to create the Lancang-Mekong Cooperation (LMC) in 2016. In maritime Southeast Asia, it succeeded in materializing the Brunei-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP-EAGA)-China Ministerial Meeting in 2018. While not all these institutional imprints are directly linked to the BRI, they are developed in tandem with—and in support of—BRI-related activities.

Like the BRI ventures, while some of these institutions are products of “China push,” others are the results of small-state pull. Infrastructural and institutional imprints go hand-in-hand, especially in the areas demanded by regional countries. The latest example is a proposal by Brunei. As the current ASEAN Chair, Bandar Seri Begawan is promoting the idea of opening branch offices of the *China International Development Cooperation Agency* (CIDCA) in every ASEAN capital. Smaller states do welcome China’s (and other powers’) growing role in Asia’s ever-expanding institutional-building, even when they are concerned about Beijing’s growing assertiveness in the South China Sea.

These multilayered, multi-domain institutional imprints are slowly reshaping the rubric of regional architecture in Asia. The BRI era has witnessed China’s new role as a promoter of China-initiated institutions, even as it continues to participate in institutions led by others.

Looking Forward: Deepening Interdependence, Growing Influence?

Over the past decade, BRI-related infrastructural and institutional imprints, together with other bilateral and regional dynamics, have contributed to a deepening multi-domain interdependence between China and Southeast Asia, and beyond. Economically, China and the ASEAN region have become each other’s

27. Elizabeth Economy and Michel Oksenberg, eds., *China Joins the World: Progress and Prospects* (New York: Council on Foreign Relations Press, 1999); Alastair Iain Johnston, “China in a World of Orders: Rethinking Compliance and Challenge in Beijing’s International Relations,” *International Security* 44, no. 2 (2019): 9-60.

28. Joshua Kurlantzick, *Charm Offensive: How China’s Soft Power is Transforming the World* (Binghamton, New Haven: Yale University Press, 2007); Cheng-Chwee Kuik, “China’s Evolving Multilateralism in Asia: The *Aussenpolitik* and *Innenpolitik* Explanations,” in Kent E. Calder and Francis Fukuyama, eds., *East Asian Multilateralism: Prospects for Regional Stability* (Baltimore: Johns Hopkins University Press, 2008), 109-142.

largest trading partner, with growing investment and connectivity partnerships across sectors. Diplomatically, China and individual ASEAN states are more interlocked in multilayered cooperative mechanisms at multilateral, minilateral, and bilateral levels. Strategically, both sides share similar outlooks on the importance of upholding inclusivity, maintaining stability, and avoiding regional polarization. In addition, most ASEAN countries are taking steps to enhance their respective defense and security ties with China.

The big question is: are these expanding imprints and deepening interdependence translating into growing Chinese influence in the region? The answer is: only to some extent. As a much stronger power than the smaller ASEAN countries, China will always push the policy envelope but it does not always get what it wants. Nowadays, while the small- and medium-sized states in Southeast Asia show a greater tendency to defer to China on issues Beijing deems its “core interests” (Taiwan, Hong Kong, and Xinjiang) than a decade ago, they are also displaying a deeper inclination to defy their giant neighbor when necessary, while diversifying their strategic and economic links when possible. Deference and collaboration are always on a selective basis. While most ASEAN states have chosen not to confront China openly on such contentious issues as the South China Sea, all of them have sought to avoid Finlandization. All have endeavored to avoid putting all their eggs in Beijing’s basket, except for the junta in Myanmar, which has no other power to turn to for support. Cambodia, a country widely perceived as a “client state” of China, has been developing strong defense and development partnerships with Japan. Laos has kept its longstanding “balanced” policy between China and Vietnam. Regarding Xinjiang, Malaysia has attempted to pursue a policy of open deference but occasionally quiet defiance. At times, even when under pressure, Malaysia has declined—without publicity—Beijing’s request to return Uighur asylees to China. On the South China Sea issue, ASEAN claimant countries and Indonesia have employed different legal means to register their disapproval of Beijing’s infamous nine-dash-line claim. On digital connectivity, Vietnam and Singapore have both shunned Huawei and ZTE as their 5G network providers. As a group, ASEAN states have occasionally shown signs of hesitation and even defiance. For instance, some member states have reacted cautiously to China’s 2020 proposal to upgrade China-ASEAN ties to “Comprehensive Strategic Partnership,” expressing concern that doing so might affect the group’s balanced relations with its other dialogue partners, especially the United States, Japan, India, and the EU.

In other words, while China’s BRI activism is growing, it has not been able to establish a sphere of influence in its southern neighborhood. It certainly has not been able to stop the smaller states from hedging. In fact, as China’s power (and assertiveness) grows, some ASEAN countries are hedging more deeply, even as they continue to engage China pragmatically in all conceivable domains. Vietnam, for instance, has stepped up its strategic partnership with the United States and other powers (but stop short of entering into alliances, while enhancing party-to-party ties with the CCP). Indonesia, too, has enhanced its defense ties with Australia, Japan, and India. Indonesia has also conducted a series of high-profile military exercises in waters around the Natuna Islands (while strengthening multi-domain ties with Beijing, e.g. through the recently held inaugural Indonesia-China high-level dialogue cooperative mechanism). Malaysia and other ASEAN states have hedged in various other ways.²⁹ It is in the DNA of weaker powers to preserve their autonomy and avoid subservience, especially when strong domestic legitimation is at work.

29. Cheng-Chwee Kuik, “Hedging in Post-Pandemic Asia: What, How, and Why?” *Asan Forum*, June 6, 2020, <http://www.theasanforum.org/hedging-in-post-pandemic-asia-what-how-and-why/>.

Domestic imperatives aside, the ASEAN states' deepening hedging is also attributable to China's "trust deficit" problem in the region. The annual surveys of regional opinion among elites by the ASEAN Studies Center at the ISEAS-Yusof Ishak Institute in Singapore indicate the smaller states' trust in China has continued to trend downwards the past few years.³⁰ This is yet another indication of the limit of China's statecraft. While inducement does persuade many countries to engage with the BRI pragmatically for developmental benefits, it does not necessarily change these countries' perceptions of China. The sources of this distrust are multiple. Besides historical baggage and power asymmetry, China's increasingly aggressive acts in the disputed waters are a major source of small-state apprehension. China's vaccine diplomacy has not helped too much. Even on the developmental front, while the BRI helps bridge the infrastructure gap, the problems surrounding BRI-related projects as noted above have widened, rather than narrowed, political and perceptual gaps between China and ASEAN countries.

Looking ahead, the future of the BRI in Southeast Asia depends not only on whether and how effectively China learns from past lessons, but also the extent to which the partnering countries can exercise host-government agency to ensure a durable and mutually-beneficial partnership. The other powers and players have important roles to play as well. The United States, other Quad members, as well as developed nations in Europe and elsewhere have pledged to provide "alternatives" for developing countries to pursue quality and affordable infrastructure-building and connectivity development. It is time to walk the talk and to do so in a non-zero sum manner: competing with China, while keeping the doors open for working with China, AIIB, and other multilateral entities on "third party cooperation" in certain mega-ventures. It would be a mistake for Washington and its allies to pay only lip service to infrastructure connectivity cooperation; and worse, to prioritize their decoupling agenda at the expense of undermining their commitment for developmental assistance and pandemic support (the areas demanded the most by regional countries). Overplaying the values-based decoupling card will only increase the danger of regional polarization while eroding the West's relevancy in post-pandemic Asia. After all, at a time when countries across the globe are battling pandemic, boosting resilience, and rebuilding their economy, low politics are high politics, and geo-economics are geopolitics.

Author's Note

Portions of this paper were adapted from the book *Rivers of Iron: Railroads and Chinese Power in Southeast Asia* by David M. Lampton, Selina Ho, and Cheng-Chwee Kuik (University of California Press, 2020). I am grateful to Fong Chin Wei, Selina Ho, Ithraha Lawrence, David Lampton, Abdul Majid Ahmad Khan, Ngeow Chow Bing, Abdul Razak Ahmad, David Shambaugh, and Tham Siew Yean for their valuable feedback to improve earlier drafts of this article. I also thank Fikry Abdul Rahman and Intan Baizura for superb research assistantship. The usual caveats apply.

30. Tang Siew Mun, Hoang Thi Ha, Anuthida Saelaow Qian, Glenn Ong, and Pham Thi Phuong Thao, "The State of Southeast Asia: 2020 Survey Report," ISEAS Yusof-Ishak Institute ASEAN Studies Centre, January 16, 2020, http://www.iseas.edu.sg/wp-content/uploads/pdfs/TheStateofSEASurveyReport_2020.pdf; Sharon Seah, Hoang Thi Ha, Melinda Martinus, and Pham Thi Phuong Thao, "The State of Southeast Asia: 2021 Survey Report," ISEAS Yusof-Ishak Institute ASEAN Studies Centre, February 10, 2021, <http://www.iseas.edu.sg/wp-content/uploads/2021/01/The-State-of-SEA-2021-v2.pdf>.