

Analyzing China's Influence by China's High-Speed Railway Diplomacy in Southeast Asia Countries

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ABSTRACT

The Belt and Road Initiative (BRI) has drawn tremendous global attention since 2013 and the land-based Silk Road Belt is seen as the most significant part of BRI. As part of these initiatives, Chinese government has been keen to expand its high-speed railway across the country's borders into Southeast Asia countries. In addition, China's ambitious global infrastructure investment is backed by massive financial resources which is an endeavor to cooperate with developing countries in Asia and beyond to fortify its rising role as a global power. Yet, such cooperation is not guaranteed and some arguments claim that the debt trap and far-reaching influence over Chinese infrastructure projects are increasingly having negative impacts, even dominating the international perceptions of overseas infrastructure projects including high-speed railways implemented by Beijing. In spite of the power asymmetry between China and partner nations as well as the latter's infrastructure investment needs, these countries need to be induced about the significant benefits of China's high-speed railways and this creates a bargaining opportunity for developing countries in Southeast Asia. Thus, these countries could offer a sense of agency in the context of China's influence in this region. The paper will seek to answer the following questions: What are the driving forces behind the land-based Silk Road Belt; What is the motivation for rail projects of China toward Southeast Asia nations? These findings reflect on whether we witness China's high-speed railway diplomacy to obtain economic goals to serve their interests as well as to support China's rising role in Southeast Asia.

Keywords- China's influence, high-speed railways, Southeast Asia.

I. INTRODUCTION

The Belt and Road Initiative (BRI) is widely considered as a geopolitical strategy to create a Sino-centric order in the entire world, especially in Southeast Asia (SEA) nations because this region is a crucial strategic partner in China's Belt and Road Initiative (China's plan to become high-speed rail power in Southeast Asia on track, 2016). As indicated by the book of David Shambaugh with the title "Where Great Powers meet", Southeast Asia is also considerably strategic to both China and the U.S. (Shambaugh, 2020). Therefore, Southeast Asia is China's "strategic throat" and is vital to its ascendancy as a world power. Plus, the SEA is known as a key link in the BRI's Maritime Silk Road which aims to connect China to South Asia, the Middle

East, and Europe through South China Sea and Indian Ocean. Xi Jinping's announcement of the BRI or "Yidai-yilu Initiative" in 2013 marked the attention toward Asia nations to restore the rising of China as a great power. Xi Jinping explained the core goals of this initiative to secure "Chinese Dream" (China's dream of rail link to S-E Asia coming true, 2016), that is, China's continuing rise, especially in economic terms which were laid out such as: the utilization of China's advantages in economy, trade, technology, and finance to build win-win cooperation with neighbor countries; construction of the two Silk Roads; encouragement to join in an Asian Infrastructure Investment Bank; internationalization of the Chinese currency, renminbi (RMB), and this helps to boost the regional financial stability. The infrastructure is made up of two hard and soft silk roads. Hard

infrastructure stands for building railways, highways, ports, and energy pipelines,... while soft infrastructure indicates diplomacy, development finance institutions, economic cooperation agreements, and multilateral cooperation forums,.... China has a variety of reasons to invest in the two Silk Roads because it has become a net importer of energy, industrial commodities, and food. Furthermore, China can export higher value-added goods including electronic parts, heavy equipment, and construction. Thus, ports and railway lines not only promote Chinese exports of advanced engineering services; but also make the way for Chinese trade and investment in neighbor countries. Whereas, the BRI initiative is seen to ensnare developing countries in debt trap and allow China to have undue influence on these countries. In addition, China is often criticized for pursuing 'debt-trap' diplomacy and luring developing nations into unsustainable loans to obtain their infrastructure projects. Some international experts claimed that when developing countries have financial difficulty, Beijing can seize their assets, thereby outspreading its strategic or military reach. One of the issues brought up by experts' examination of the BRI is how the partner nations, who currently struggle with debt, would be able to sustain their massive debt loads. The concern is that developing nations with weak domestic institutions won't be able to pay off their debt because the amount of money involved would be too much for different governments to handle and they would impede public investment and economic growth while posing challenges to sovereignty due to an ongoing reliance on China. This issue has emerged since the implementation strategy calls for Chinese infrastructure development loans to sovereign states. It is yet unclear how this project will generate enough income and economic growth to allow these nations to pay off their debts. Initially, they are susceptible to trade deficits and have poor institutions. Also, trade imbalances can lead to exchange rate depreciation, which raises the cost of debt settlement and worsens living conditions and poverty in the receivers. When a country is inundated with too much debt than it could service, it might resort to sacrificing domestic spending on welfare to pay external debt which would highlight the worsening circumstances. These nations will have a hard time attracting foreign capital, and when they do, investors will demand high returns on their investment as a source of security against high risk. On the other aspects, the driving forces of BRI are to implement a cross-continental mercantile strategy in order to become an active global economy (Arase, 2015). The story of BRI in Southeast Asia is about the power of proximity, as much as the proximity of power. From my perspective, the author thinks that SEA nations should have a sense of agency to choose contractors or bargain some demands to gain their national interest through Chinese high-speed railway (HSR) diplomacy while SEA countries should consider explicitly the standards

of projects before perceiving the HSR diplomacy. The smaller economies in Southeast Asia are attracted to the BRI because it helps bridge the developmental gaps within and across national boundaries. The degree of demand might differ from country to country. Hence, the different responses to BRI inducement across this region. Therefore, inducement depends not only on who supplies (China), but also on who makes demands (the participating nations or host country). Only to the extent that there is demand from the partner nation does inducement work. The higher domestic demand within the participating nation (eg: because of development-based performance legitimation, leader's vision, or elite's special interests), the more responsive and effective it is. This tendency may be seen in Cambodia, Laos, and Timor-Leste and even in affluent Brunei, Malaysia, Singapore. In the following sections, the author will analyze the motivations for rail projects of China to SEA countries as well as perceptions before moving to assess China's HSR diplomacy to obtain Chinese economic interests as well as its rising role in the region.

II. THE MOTIVATIONS FOR HIGH-SPEED RAIL DIPLOMACY OF CHINA TO SOUTHEAST ASIA COUNTRIES

China's HSR diplomacy is part of China's broader Belt and Road Initiative (BRI), which assumes that China's rise and its international implications are understood negatively and alarmingly that it challenges the status quo of a U.S.-dominated Asia as well as HSR diplomacy is likely to destabilize the region or to imperil the well-being of individual SEA nations (China is creating a new economic world order right under the West's nose, 2015). Southeast Asia will become increasingly significant to China as China-U.S. relations and China's relationships with other second-tier powers—that is, other Quad members and other Indo-Pacific partners, including those in Europe, get more erratic. The BRI and other instruments of cooperation and persuasion will also become increasingly crucial as Beijing shows an increasing propensity to use military coercion and political intimidation to safeguard what it perceives to be its sovereign interests in the South China Sea and on other fronts. This is partly because Beijing wants to maximize its broader interests while pursuing prestige and power, but also to counteract the negative effects of its coercive actions (Khong, 2019) (Kuik, 2017). Developmental efforts not only ensure sociopolitical stability and generate jobs for the ruling class, but they also open up prospects for patronage. This is particularly true for expensive, large-scale initiatives. However, not all governments can afford it. Only a portion of the planned infrastructure construction can be funded by the national budgets of Southeast Asian governments, except

for Singapore. Thus, these Southeast Asia nations are always looking for collaborations and outside sources to help them develop.

HSR networks seem to be expensive to operate and in some cases, it requires government subsidies unless they meet specific conditions of population size and density along the lines. In addition, pushing these projects forward might drain state funds and this negatively impacts on capacities of the host country to promote economic development in the long run. Further, it is claimed that lower construction costs compared to other bidders, the allegedly inferior quality of China's technology and infrastructure projects will lead to disproportionate long-term costs of maintenance (Zhang, 2016). In addition to being unprofitable, HSR projects are generally expensive for some SEA developing countries. Laos and Myanmar for example, are still in need of basic transportation facilities, and would therefore be ill-advised to embark on pricey rather than focusing on developing their traditional railway capacities (Kouqing Li, 2023). Moreover, China frequently provides significant funding for these projects. Some worry that an unbalanced relationship between creditors and debtors could result from the host nations' increased economic vulnerability to China. China's integrated strategy for HSR development, which includes funding HSR projects as well as pledging more investments and aid amplifies these effects. In this situation, some nations might be persuaded to accept HSR projects by Chinese contractors in order to receive more Chinese aid and investment, even if the case for HSR is not compelling, or to accept additional Chinese investments along the HSR line in order to make these profitable, thus increasing their exposure to China once more (Curan, 2016). Each country is promoted by China as an example of the new approach to China's internationalization strategy. Construction of railways in these countries follows a similar financing structure and is led by Chinese State-owned enterprises. The BRI strives to provide a draft for integrating developing countries by building infrastructure that seeks to provide a community of shared prosperity for mankind. Further, another goal of BRI is to improve connectivity using improved technical standards to build an infrastructure network connecting China to the rest of Asia, Europe, Africa,... As a development partner, China not only offers the technology and funds for infrastructure that is required, but it also stimulates more demand. While big power pushes, small states pull as well (Cheng-Chwee Kuik, 2021).

Moreover, China's HSR diplomacy in SEA countries should be considered as its wider foreign policy efforts. It is envisaged that HSR projects will improve China's reputation as a responsible power and supplier of global public goods (China looks to high-speed rail to expand reach., 2014). These projects will bring money, infrastructure, and technology. As a result, they are linked to China's general methods of economic

diplomacy as well as the BRI, which is the country's primary platform for economic engagement with the SEA countries. Although China's HSR diplomacy does not appear to be part of a larger strategy to gain influence or shift the balance of power in Beijing's favor, its impacts could nonetheless have a negative influence on the host countries and destabilize the region. We can concentrate on China's potential to threaten the SEA nations through its HSR diplomacy (The politics and costs of high-speed rail project. , 2015). Chinese resources are unquestionably significant when it comes to promoting HSR in SEA countries. With its vast foreign exchange reserves, well-capitalized policy banks, majority state-owned commercial banks, and corporate and technological skills, China has the capacity to exert significant pressure on the development of HSR in SEA. In fact, these enable Beijing to provide host nations with a potent mix of affordable prices, competitive technology, flexible HSR types, and favorable financing, all of which contribute to greater cost control for hosts. China's willingness to enable technology and skill transfers, as well as its willingness to source goods and labor locally (Will China resort to force to export high-speed rail? , 2016). Besides, some experts claim that Chinese technology is on par with that of rivals. Yet, there is no concrete proof that the overall cost of developing, maintaining, and operating HSR lines with Chinese know-how and products might be higher than that of competitors, either in the short term or long term (Kratz, 2017).

On the other sides, it is difficult to predict whether HSR developments in SEA will always be unprofitable. Some of them might very well be, but they might create impetus for the development of local economies. As a result, SEA nations must carefully weigh all options when considering HSR plans, including the prospect of providing the line with ongoing financial support for a period of years after it operates. Plus, careful planning is essential for assuring the long-term profitability of HSR projects; and ensuring their beneficial effects on the economy. For instance, given the level of economic dependence on China, Laos might be forced to accept taking assets (HSR, land, or other things as repayment for the loan or obligated to support China's political stance. According to the report, the loan in Laos would be guaranteed by all of the revenue and assets of the railway as well as two unnamed mining sites (Barney, 2014). However, Laos is a landlocked country that responded receptively to the BRI primarily because its leaders view railway projects funded by China to connect its capital Vientiane to Boten (which borders China), as a "river of iron", the means of bringing the ruling class's vision of Laos as a landlinked nation to actualize the hope of transforming Lao's economic situation and safeguarding the Lao People's Revolutionary Party's political relevancy. (David M. Lampton, 2020) In addition, China's investment through its SOE CREC (China Railway Engineering

Corporation) in 1 MDB assets was seen as direct support from Beijing to Malaysia's Prime Minister and an opportunity to incline the scales in China's favor in the anticipated bid for the Kuala Lumpur- Singapore HSR project (China's generous 1MDB bid seen reaping it big returns., 2015). China's promise to finish the Jakarta-Bandung line's construction by 2019 is in accordance with Indonesian President Jokowi's interests because he will be up for his reelection in that year and might gain from a "flagship" project being finished during his first term in office. The Jakarta- Bandung railway is a landmark project under China's BRI as it expands its presence in this region. It also represents a breakthrough step in the Indonesian government's infrastructure push under Jokowi administration (YANG MIN, 2022). Moreover, the HSR project is considered a means for China to increase its influence and compete with traditional rivals like the US and Japan. Another example is the China-Myanmar railway. This railway is from Kunming to Kyauk Phyu which was proposed in 2011. If this project was completed, the China-Myanmar railway would link China, Southeast Asia, and South Asia, and especially serve as an economic integration corridor. However, the China-Myanmar railway project was canceled due to Myanmar's public opposition with the reasons of environmental problems and national security (Scally, 2014). In addition, local and global concerns over negative impacts of infrastructure construction have contributed. HSR policy will generate material gains for China disproportionate to gains by recipient nations. For my country, Vietnam as an additional example, Vietnam has been cautious about BRI's projects because He is hesitant to accept a large number of Chinese workers or take on a ton of debt (Dollar, 2018) despite the increasingly robust bilateral trade and investment ties between the two countries (Thanh Sy Pham, 2021). Some studies have demonstrated that Chinese-funded projects trigger several negative factors including local corruption, environmental degradation, and labor-employment conflict. Some claims that Chinese financing might impose unsustainable financial burdens on recipient government and their taxpayers. Generally, the political trust will form the way recipient countries get or not because some countries regard HSR projects as providing support for Chinese political ambitions. Take Thailand as an example, while declaring no interest in pursuing any other Beijing-funded connectivity projects, Thailand spent years negotiating with China on the Sino-Thai high-speed railway under Prime Minister Prayuth Chan-ocha (Pongkwan Sawasdikdi, 2021). To curtail Beijing's swiftly expanding influence in Thailand's geopolitical domain, Thailand as the second-largest economy in Southeast Asia, pursued its own economic statecraft by investing in and attracting resources for the Ayeyawady-Chao Phraya- Mekong Economic Cooperation Strategy (ACMECS) to finance development projects in mainland Southeast Asia

(Chongkittavorn, 2020) (Pongsudhirak, 2020). On the other hand, when considered separately and without these supporting factors, China's HSR projects are unlikely to give Beijing leverage and influence. China is eager to promote the image of a friendly, responsible, and dedicated partner to neighborhood countries. For example, 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 set up an economic corridor and to construct bridges, roads, a port, a container terminal, and oil refinery facilities. Yet, Brunei's acceptance of the BRI has been distinguished by a disregard for Beijing's inclination (Lawrence, 2021). Another example is Singapore, it is a partner in China's Belt and Road Initiative, as opposed to a receiver. Singapore's involvement in the Belt and Road Initiative has taken the form of "forward engagement", whereby it has partnered with China largely on projects that are in China (eg: the Chongqing Connectivity Initiative) (Ba, 2019) (Chan, 2021). Besides, Beijing wants to gain further international markets, so these initial projects must be seen as successful and cooperation must be effective and smooth. The Chinese vision is to orient economic, social and human flows to China, so this is a part of vision that China is carrying out to make itself the economic and resource hub of East Asia. More considerably, Japan plays a strong HSR competitor in SEA region and some SEA countries might have confidence in Japanese contractors compared with Chinese ones. This limits China's room for maneuver and China could have made significant concessions and compromises or even extended assurances to ensure that their projects are trustable rather than acting as a debt trapper (China's Silk Road ambitions face obstacles, 2016). In general, from my view of points, Southeast Asia nations is coping with two facets of Chinese power: one is certainly economic power, the other is military and strategic power. It is not sure that whether economic motivation and military motivation that would come first. The fact that they will attract countries around its periphery as long as more Chinese workers, multinational corporations, state enterprises. As China get more assets, the security of the Chinese military will follow along in line of economic and resources beyond its borders. Further, Beijing's economic statecraft is not cogent or effective even though several ASEAN nations are in want of BRI-related prospects. Numerous academic publications have highlighted that the BRI is a highly disorganized, disjointed, and ill-planned scheme chiefly propelled by rival state capitalist objectives and other domestic players contending for dominance and assets (Zheng, 2019). According to several researchers, China's BRI statecraft is "self-defeating" because of its transactional and subversive tactics which frequently provoke global reaction, open resistance, and strategic

anxieties (Wong, 2021). Some additional studies draw attention to the general worries about debt-trap situations, shoddy construction, and detrimental effects on the strategy, economy, and environment (Berger, 2020).

III. CONCLUSION

China has actually demonstrated a great deal of flexibility and compromise in the negotiation and formulation of HSR projects, as opposed to acting like a bully. The BRI era has also witnessed China's new role as a promoter of China-initiated institutions, even as it continues to take part in institutions led by others. In the last ten years, China and ASEAN countries have become interdependent across multiple domains, with a growing influence from the BRI and other bilateral and regional factors. In other words, despite the fact that China's BRI involvement is increasing, it has not been able to create a sphere of influence in its southern neighbor. It has undoubtedly failed to prevent the smaller states from engaging in hedging. In fact, some ASEAN nations are hedging more thoroughly as China's aggression might increase, even they keep up their pragmatic engagement with China in all conceivable domains. Moreover, I think that China's HSR diplomacy has a limited ability to give China political and security clout as well as to alter the geostrategic equilibrium in the region. Even though some of these initiatives might ultimately turn out to be unsuccessful, it is important to consider how valuable they are for the growth of local economies. Since China has demonstrated neither a willingness nor a capacity to construct the projects without a host country's cooperation, the relevant impact of the HSR projects depends to a great part on the host countries. Additionally, the HSR projects lack sufficient economic significance to allow China to use them as a platform to advance its geostrategic objectives.

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