



ຮາງລົດໄຟຂອງໂຄງການທາງລົດໄຟ
铁 路 轨 道 首
中国中铁二局

Jagged Sphere: China's Quest for Infrastructure and Influence in Mainland Southeast Asia

GREG RAYMOND
JUNE 2021

The Lowy Institute is an independent policy think tank. Its mandate ranges across all the dimensions of international policy debate in Australia — economic, political and strategic — and it is not limited to a particular geographic region. Its two core tasks are to:

- produce distinctive research and fresh policy options for Australia's international policy and to contribute to the wider international debate
- promote discussion of Australia's role in the world by providing an accessible and high-quality forum for discussion of Australian international relations through debates, seminars, lectures, dialogues and conferences.

Lowy Institute Analyses are short papers analysing recent international trends and events and their policy implications.

The views expressed in this paper are entirely the authors' own and not those of the Lowy Institute.

KEY POINTS

- China has land borders with mainland Southeast Asia and strong strategic imperatives to develop land routes to the sea. It has both potential and motivation to pursue an infrastructural sphere of influence in the Mekong subregion through Belt and Road Initiative (BRI) projects joining southern China and mainland Southeast Asia.
- The poorer states, especially Laos and Cambodia, have been receptive to the BRI and infrastructure investment, but Thailand and Vietnam, strong states and protective of sovereignty, have been more cautious. This means China's impact is significantly varied across the subregion.
- China's Special Economic Zones (SEZs) in Cambodia, Laos, and Myanmar are in some cases dissolving borders and in others carving out Chinese-controlled enclaves, all increasing the People's Republic of China (PRC) presence and influence.

EXECUTIVE SUMMARY

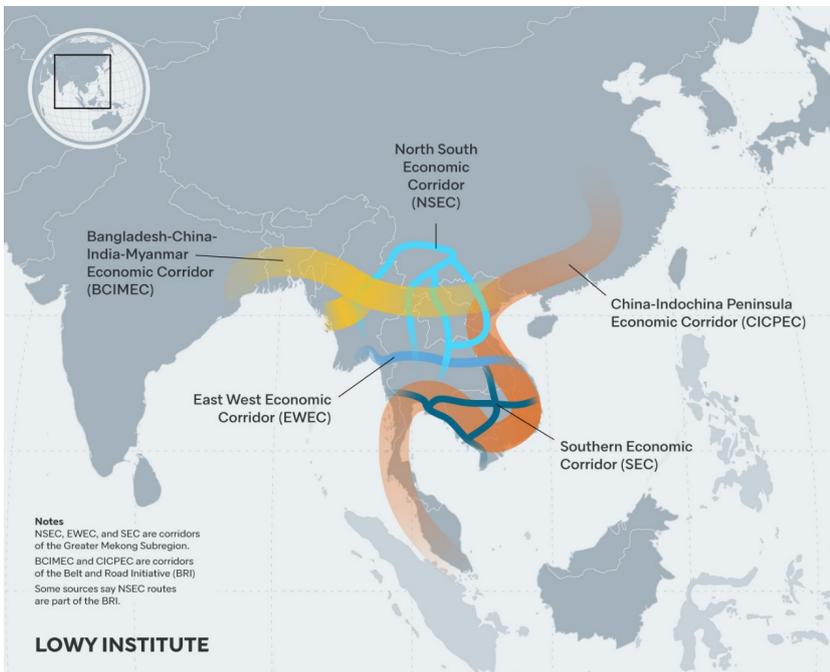
Mainland Southeast Asia is a region characterised by a vast asymmetry, between the state destined to become the world's largest economy — China — and three of the world's Least Developed Countries. This means the region risks being drawn into a Chinese sphere of influence. The connective infrastructure being developed across China's borders and traversing mainland Southeast Asia has the potential to reshape strategic geography, as well as the regional economic landscape. Closely tied to state interests, China's investment is carving out new transport routes to the sea — in the form of road, rail, and waterways — and establishing new nodes of control in the form of Special Economic Zones (SEZs). This paper assesses progress on these lines and nodes and finds a mixed picture. While the weaker governance of Laos and Myanmar means they are attracted to SEZs and vulnerable to Chinese investment and erosion of sovereignty, transport corridors are progressing more slowly. By contrast, Thailand and Vietnam are adapting to the Belt and Road Initiative in a way that serves their interests as much as China's. Other external actors, most notably Japan, will continue to play important roles. China's sphere of influence in mainland Southeast Asia therefore remains fractured and partial, as the strong states of Thailand and Vietnam seek to preserve the greatest autonomy possible. This finding will be of importance to policymakers seeking to understand how China's geoeconomic policies are playing out among the smaller states of the Indo-Pacific.

INTRODUCTION

The emerging land connections between Mekong states, and between the Mekong states and China, are significant, and historically unprecedented.

One evening in September 2019, my colleagues and I sat in a café in the northern Laos town of Luang Namtha. A car drew up and parked outside. Two young men got out and sat down for a meal. They spoke Lao and Mandarin fluently and had driven more than 3500 kilometres from the northern Chinese city of Harbin. China's infrastructural network of 5 million kilometres of road, 146 000 kilometres of railroads, 20 000 tunnels, and 230 airports is increasingly connected to mainland Southeast Asia, prompting the question of whether geography will become destiny.¹ As the Belt and Road Initiative (BRI) unfolds, and the previously remote regions of Europe and Asia become a single 'Eurasia', significant change in continental strategic geography is also occurring in mainland Southeast Asia.² Given control of transport corridors is a hallmark of geoeconomic power, increasing connectivity is of potentially immense importance.³

The emerging land connections between Mekong states, and between the Mekong states and China, are significant, and historically unprecedented. Mainland Southeast Asia – the Mekong region – comprises Cambodia, Laos, Myanmar, Vietnam, and Thailand.⁴ Like Southeast Asia writ large, it is between China on the one hand, and external powers United States, Japan, India, and Australia on the other. Historically this has mattered. During the Second World War, Japanese troops landed first in Thailand and moved down the peninsula to take Malaysia and Singapore. In the Cold War, the United States feared a succession of falling Southeast Asian dominoes as communism spread southward. Since the 1990s, Mekong states have made up half of the Association of Southeast Asian Nations (ASEAN), the regional organisation struggling, as geopolitical competition intensifies, to maintain its role as the 'strategic convenor' of the Indo-Pacific region. The geopolitical alignment of the five 'Mekong countries' is thus politically and strategically important. Both the West and China want these states neutral, if not aligned. So the question, "whither mainland Southeast Asia?", is attracting attention, especially in view of the ever-increasing flows of Chinese trade and investment, and the roll-out of China's BRI through the Indochina Peninsula.⁵



Economic corridors connect zones of production and consumption. In mainland Southeast Asia they are often Special Economic Zones (SEZs).

This paper examines China’s quest for influence in mainland Southeast Asia through the prism of infrastructural connectivity. It does this for four reasons. One, infrastructure is at the intersection of both China’s goals for national security through regional dominance, and the Mekong states’ goals for economic security through development — an intersection Evelyn Goh has called the “economics-security nexus”.⁶ Two, mainland Southeast Asia is distinctive in its physical, terrestrial connectedness to China. Yunnan, China’s southernmost province, has a 4060-kilometre long border with Myanmar in the west and Laos and Vietnam in the south. With over 48 million people, it is China’s linchpin southern province with deep connections — cultural, strategic, and economic — down into the countries of mainland Southeast Asia.⁷ Three, barring the case of Vietnam in relation to disputed territories in the South China Sea, it is development, rather than the threat or use of force, which characterises current relations between China and mainland Southeast Asia. Four, the world has arguably entered an era of geoeconomic competition. As the global shift in power from West to East has occurred, it has been accompanied by the rise of a powerful state for whom capitalism is necessarily in the service of the state.⁸ Consequently geoeconomics, the view which supposes economics to be a tool of states as they compete, is of increased relevance. Infrastructural connectivity in Southeast Asia is a key illustration of economic competition at play in the region.

These zones have been set up across Southeast Asia, extending special legal and tax treatment to encourage foreign investment.

To help throw light on how connectivity is developing, this paper considers the state of transnational Mekong infrastructure in two dimensions. The first dimension is that of *lines of access*. This means looking at transport connectivity: road, rail, and internal waterways, and the extent to which they serve China's interests or those of other states.⁹ The second dimension is that of *nodes of control*. Economic corridors exist to connect zones of production and consumption. In the mainland Southeast Asia context these nodes are often Special Economic Zones (SEZs). These zones have been set up across Southeast Asia, extending special legal and tax treatment to encourage foreign investment. In some cases, SEZs have generated significant Chinese presence in areas including construction, manufacturing, business, and industry. China's SEZs strengthen its presence and influence in mainland Southeast Asia, in some instances with evidence of a concomitant erosion of sovereignty on behalf of the Mekong states who host them.

The prevailing commentary on China's presence in Southeast Asia tends towards dramatisation. Observing the world's second-largest economy towering over the smaller states on its southern periphery, some predict the submission of the region to a "Chinese sphere of influence".¹⁰ Others warn of the region's borders dissolving as China's economic influence grows, or ASEAN splitting or ejecting some Mekong countries if they continue to drift into China's orbit.¹¹ Analysing the region in terms of China's infrastructure influence provides some important perspective on such prognostications.

The meaning of the term 'sphere of influence' has evolved considerably since first coined and is subject to very diverse interpretations.¹² This paper proceeds on the interpretation that 'sphere of influence' means predominant influence in a geographically bounded area, and argues that any Chinese 'sphere of influence' in mainland Southeast Asia will be *geoeconomic* and *jagged*. Geoeconomic, because China is using infrastructure for strategic purposes. And jagged, because the two strong Mekong states, Vietnam and Thailand, are resisting being drawn into China's orbit, cushioned by Vietnam's rapprochement with the United States, the US-Thai alliance relationship, and Japan's backing. Others, especially Cambodia and Laos, are far more accommodating. This paper documents cases of the extension of China's influence into mainland Southeast Asia, which I argue amount to Mekong states subordinating sovereignty to their economic goals. At the same time, I argue that even though China has become the primary economic partner to the Mekong region, the two larger states of Vietnam and Thailand will continue to exercise considerable agency and autonomy.

Before discussing China's lines and nodes, it is useful to first examine the goals of both the Mekong states and China.

Why do the Mekong states want infrastructure and integration?

Poverty and lack of infrastructure still plague mainland Southeast Asia. In 2017, the Asian Development Bank (ADB) estimated that across Southeast Asia infrastructure investment was needed at a rate of US\$184 billion per annum, or US\$210 billion per annum if climate change was taken into account — more than double the investment levels of 2015.¹³ The investment gap is especially pronounced amongst the four late-joining ASEAN members: Cambodia, Laos, Myanmar, and Vietnam (also known as CLMV). The CLMV countries were devastated by the wars of the twentieth century and the legacy of underdevelopment has been long-lasting.¹⁴ In 1999, the CLMV represented 8 per cent of ASEAN's total GDP despite comprising 27 per cent of ASEAN's population.¹⁵ In 2019, the average GDP per capita of the CLMV states was a tenth of the remaining ASEAN-6.¹⁶ Although the gap is narrowing, Laos, Cambodia, and Myanmar remain Least Developed Countries (LDCs), states that the United Nations describes as having “severe structural impediments to sustainable development”.¹⁷ These impediments include low levels of schooling and literacy, under-nourishment, and high levels of infant mortality.¹⁸



A street poster in Laos celebrates the 70th anniversary of the founding of the Lao People's Armed Forces. The poster reads, “Everything to protect and develop the nation”. Image: Greg Raymond.

Hun Sen, Cambodia's prime minister, touts his country's expansion of infrastructure as a marker of his "brilliance" and "competent leadership".

Unsurprisingly, the leaders of Laos, Myanmar, and Cambodia have all proclaimed infrastructure as a route out of poverty. The Lao People's Revolutionary Party has sought to maintain its legitimacy by turning increasingly to economic development, drawing on lessons from its neighbours China and Vietnam, especially as commitment to socialist ideology and memory of its "glorious" history of opposition to foreign oppressors diminished.¹⁹ Before the outbreak of post-coup civil conflict in 2021, Myanmar aimed to graduate from LDC status by 2025, with infrastructure featuring strongly in its goals. Focusing on the "rapid development of fundamental economic infrastructure", roads and ports were part of its 2016 Economic Policy, and the Myanmar Sustainable Development Plan noted that the country's development would be limited if its infrastructure gap were left unaddressed.²⁰ Hun Sen, Cambodia's prime minister, touts his country's expansion of infrastructure as a marker of his "brilliance" and "competent leadership".²¹

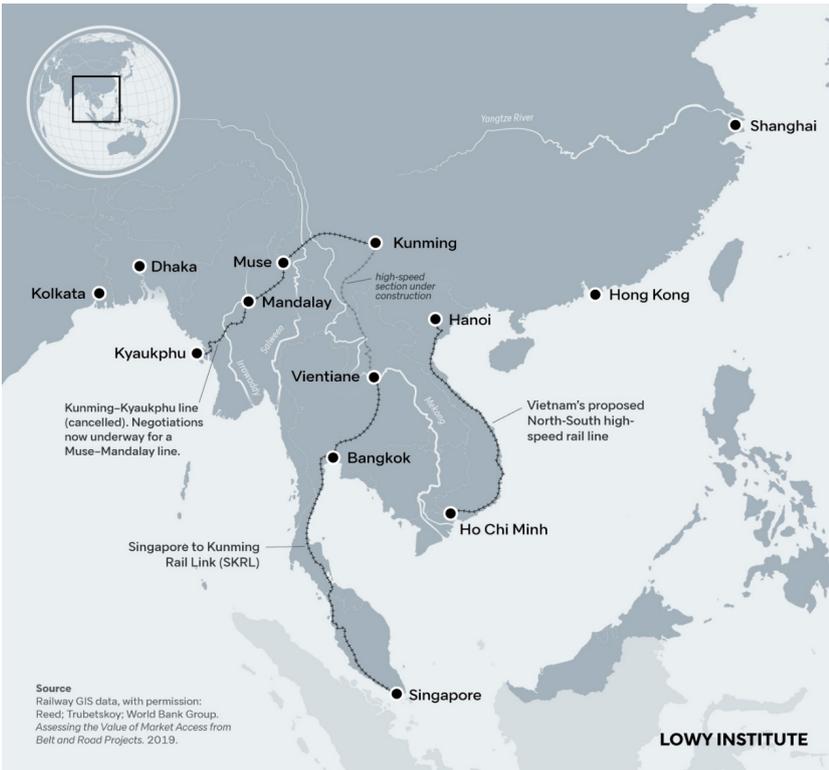
Hence the integration of mainland Southeast Asia has never been solely a China story. Connectivity has been a goal pursued equally — at least rhetorically — by the Mekong countries themselves, ASEAN, and Japan through the Asian Development Bank and the Greater Mekong Subregion Economic Cooperation Program.²² Connectivity has been core to the liberal economic agenda pursued by the Mekong states and indeed ASEAN in the post-Cold War era, to simultaneously strengthen regime security, build prosperity, and avoid conflict.

Why does China want regional integration?

The Chinese state, through its BRI and other programs, is fostering multiple road and rail linkages to its southern periphery and establishing new nodes of control in the form of SEZs. In 2020, the World Bank declared that the development of connective infrastructure currently underway in mainland Southeast Asia has "the potential to reshape the regional economic landscape".²³

Why is China doing this? First, China's leaders have always understood that infrastructural power — the capability to shape the built environment to achieve political goals — is the principal means by which states penetrate the lives of their citizens and enforce their will. In 2001, President Jiang Zemin answered critics of the Qinghai-Tibet railway, saying: "Some people advised me not to go ahead with this project because it is not commercially viable. I said: 'This is a political decision.'"²⁴ There are parallels between the programs China has used to develop its own Western provinces and those it is pursuing beyond

its border.²⁵ Both have emphasised large-scale infrastructure, government subsidies, and new transportation routes. In fact, some 'Going West' projects, like the Qinghai-Tibet railway, are becoming BRI projects as they extend beyond China's borders.²⁶



Rail linkages fostered through China's Belt and Road Initiative establish new nodes of control in the form of Special Economic Zones (SEZs). In 2020, the World Bank described the emerging connective infrastructure as having "the potential to reshape the regional economic landscape".

Second, China wants to change its strategic geography. After the First World War, Germany wanted a railway from Berlin to the Persian Gulf via Baghdad, to compensate for Britain's naval supremacy.²⁷ In our region today, Singapore's location and status as a de facto US ally points to the reasons China seeks infrastructural connectivity. Singapore sits astride the Strait of Malacca, the narrow stretch of water that cargo must traverse when passing northwards to the economic dynamos of Northeast Asia. Resident in Singapore are 15 separate US military commands, including the headquarters of the US Commander Logistics Group Western Pacific and the US Military Sealift Command Far East.²⁸ Singapore's Changi Naval Base regularly hosts US aircraft carriers, littoral combat ships, and P-8 Poseidon maritime surveillance aircraft.²⁹ A US blockade of the Strait would be feasible and would strangle China's economy. For China to change its strategic geography,

If China did acquire military bases on Cambodia's coast — a topic of intense speculation in recent years — it could greatly complicate planning for Vietnam in any conflict over the South China Sea.

through increased access to the sea, it will need to establish connectivity across mainland Southeast Asia. The Laos–China railway is one among many routes that China is pursuing to provide this redundancy. A completed Singapore to Kunming railway could mean that an additional 1.5 million tonnes of trade between China and ASEAN currently transported via maritime routes could be transported instead by the railway.³⁰ This would assist China in overcoming its 'Malacca Dilemma', in which US naval supremacy and regional alliances have the power to cut China's supply lines at will.³¹ Routes and access to the sea could provide other military advantages. If China did acquire military bases on Cambodia's coast — a topic of intense speculation in recent years — it could greatly complicate planning for Vietnam in any conflict over the South China Sea.³² Strengthening its position as a continental power in mainland Southeast Asia would assist China's contestation of the Indo-Pacific maritime environment, adding to the strategic advantage it has already secured through its Gwadar Port lease in Pakistan as part of the China-Pakistan Economic Corridor Project.³³

Third, China's building of connective infrastructure also serves its geoeconomic goal by orienting supply chains in a way that cements China as an economic hub. This is consistent with the Marxist ideology of the Chinese Communist Party (CCP), which sees economic power as the foundation of national power. China's rejuvenation and ascent to global power, its leaders believe, needs to be achieved through economic rather than military means. Infrastructure is critical to a China as a modern economy reliant on manufacturing. Writer Zhang Hong emphasises that the CCP is strongly aware that previous socialist regimes failed to obtain structurally important positions in the global economy. China's leaders, in contrast, are set on China becoming a superpower by occupying strategic, structurally advantageous positions in the global economy.³⁴

TRADE, INVESTMENT, INFRASTRUCTURE, AND A CHINESE SPHERE OF INFLUENCE

How much can trade and investment flows tell us about the geoeconomics of mainland Southeast Asia? This paper argues that the answer is 'much, but not everything'. China is the largest trading partner for the region as a bloc, and the largest trading partner for each of the countries except Laos, for which it is the second largest partner. Chinese investment, particularly in Laos and Cambodia, is also conspicuous and important, but trade and investment alone do not make mainland Southeast Asia a Chinese sphere of influence.³⁵ Cambodia trades more with ASEAN countries as a bloc than it does with China.³⁶ So does Thailand: 19 per cent of its trade is with China, but 23 per cent is with ASEAN.³⁷ This should not be surprising, as in 2019 China's share of total ASEAN trade was only 18 per cent, and mainland Southeast Asian countries are highly-outward facing — Vietnam and Thailand together have three of the world's fifty busiest ports.³⁸ Moreover, calling mainland Southeast Asia an economic sphere of influence would imply that there is something special about the level of economic interaction between mainland Southeast Asia and China, such that this geographic area warrants being demarcated as a sphere.

In fact, China's economic influence is significant and influential *across the globe*; for example, Australia has almost the same proportion of its trade with China as Myanmar does.³⁹ African and Pacific Island states are large-scale recipients of Chinese aid and investment, just as Cambodia and Laos are. And it is not only Southeast Asian states such as Cambodia that avoid criticism of China because of its economic support; the European Union (EU), like ASEAN, did not call for China to comply with the ruling of the 2016 United Nations Convention on the Law of the Sea (UNCLOS) Arbitral Tribunal on the South China Sea. Like ASEAN, the EU was prevented by its poorer members fearful of China's retaliation.⁴⁰ Therefore, infrastructure and connectivity, rather than trade and investment, should be the focus in order to understand the specific character of any Chinese sphere of influence among the Mekong states.⁴¹

Given China's geoeconomic ambitions and CLMV need, a geoeconomic infrastructure-sphere of influence might appear a foregone conclusion. But mainland Southeast Asian states are not a blank canvas, and in

African and Pacific Island states are large-scale recipients of Chinese aid and investment, just as Cambodia and Laos are.

order to grasp how integration will unfold, and on whose terms, it is important to understand the subtle blend of cooperation, competition, and quiet resistance to China's infrastructural ambitions that characterise the dynamics of the subregion. We also need to understand that while mainland Southeast Asia has three LDCs seeking to escape poverty, it also has two strong states, Thailand and Vietnam, that have held their own aspirations for subregional dominance at various times. They have the capacity to leverage their geography and protect their sovereignty to a larger degree. But before scrutinising these emerging phenomena, it is useful to briefly survey the longer arc of the integration of mainland Southeast Asia and southern China.

A SHORT HISTORY OF MEKONG INTEGRATION

For centuries, the borderlands of China and mainland Southeast Asia lay at the fringes of states and empires. Mountainous topography, geographic inaccessibility, and complex ethnic makeup made the borderlands difficult to incorporate into either Chinese or Southeast Asian states. In the nineteenth century, it was quicker to sail from Saigon to Paris than travel overland from Saigon to Luang Prabang in Laos.⁴² The colonial period did little to change this. Britain controlled India and Burma, France ruled Indochina, and Thailand lay independent, albeit vulnerable, between these spheres of influence. There was little connection.

As decolonisation and the twentieth century progressed, the emerging states built infrastructure connecting the outlying parts of their territory with their capital cities. But the divisions of the bipolar world of the Cold War held sway. Thailand was reluctant to connect to Vietnam and Laos, and vice versa, and zones of economic activity remained disconnected. Two historic events led to efforts to overcome this fragmentation, the first political, the second economic.

The end of the Cold War, and with it the end of Indochina conflict, was an important milestone in increasing connectivity. The embrace of market-based economic policies in China, Laos, and Vietnam brought more interest in subregional economic cooperation.⁴³ In 1992, the Greater Mekong Subregion (GMS) minilateral forum was founded, consisting of the Mekong states plus China's Yunnan province. Member states signed on to the theory that increasing transport connectivity would attract private capital investment in tourism, agriculture, and manufacturing, thereby reducing poverty. China saw the GMS as a means for development of its poorer western provinces, a goal which was written into the Tenth Five-Year Plan (2001–2005) and which has continued under the rubric of the BRI.⁴⁴ Although the GMS coordinates rather than finances infrastructure projects, it has been the most important forum for improving transport connectivity in the subregion.

The Asian Financial Crisis of 1997 was the second event that rallied ASEAN states around the idea of integration and connectivity. After the economic devastation, some 359 treaties and agreements were forged in pursuit of increased Southeast Asian integration, including the establishment of an ASEAN Development Fund and agreement to introduce an ASEAN Economic Community by 2015.⁴⁵ 'Connectivity'

The end of the Cold War, and with it the end of Indochina conflict, was an important milestone in increasing connectivity.

The rise of China and advent of the BRI represent the most recent chapter of mainland Southeast Asia's integration, with the BRI's budget estimated to be between US\$1 trillion and \$1.3 trillion.

became a new article of political faith within the revitalised integration agenda, and in 2010, the first Master Plan on ASEAN Connectivity (MPAC) was issued. Among the priority land transport projects contained in the plan were completing a 38 400 kilometre ASEAN Highway Network and completing the Singapore to Kunming rail link (SKRL) by 2015.⁴⁶

The rise of China and advent of the BRI represent the most recent chapter of mainland Southeast Asia's integration, with the BRI's budget estimated to be between US\$1 trillion and \$1.3 trillion.⁴⁷ President Xi Jinping announced the policy during a visit to Central and Southeast Asia in October 2013, dubbing it the Silk Road Economic Belt and the 21st Century Maritime Silk Road and then subsequently using the umbrella term One Belt One Road [*yi dai yi lu*].⁴⁸ The policy drew on older practices of infrastructure diplomacy, but this time, led by the National Development and Reform Commission, comprised a mix of economic and foreign policy objectives ranging from counteracting the United States' Pivot policy to exporting China's industrial overcapacity.⁴⁹ Xi also announced the establishment of the Asian Infrastructure Investment Bank (AIIB) in September 2013 to provide a new means of propelling connectivity, both with its neighbours and across Asia more broadly.⁵⁰ Some of the AIIB's US\$100 billion budget has already been allocated to GMS projects, such as road improvement in Laos.⁵¹

The BRI has two corridors applicable to mainland Southeast Asia, one that passes through Myanmar (the Bangladesh-China-India-Myanmar Economic Corridor (BCIMEC)) and another that traverses Thailand, Vietnam, Laos, Cambodia, and Malaysia (the China-Indochina Peninsula Economic Corridor (CICPEC)).⁵² These aim to leverage the proximity of large Chinese provinces such as Yunnan, Hainan and Guangxi, supporting their continued development by integrating with Southeast Asia. Yunnan, for example, has a GDP per capita significantly bigger than the three Southeast Asian states on its borders. Its provincial capital Kunming has a population of six million people, extensive airport services, and rail links starting to fan out in all directions. Kunming will become a primary node in China's expansion of influence deep into mainland Southeast Asia and beyond. One question is how quickly that connectivity is likely to develop.

ROAD, RAIL, AND WATER CONNECTIVITY: A WORK IN PROGRESS

Today, China's pursuit of efficient connectivity to the Indian Ocean is challenged by divergent regional agendas. There is a clear difference between Laos' unequivocal support of China's proposed rail infrastructure projects running north-south on the one hand, and Vietnam, Myanmar, and Thailand's diffidence on the other. Thailand, Vietnam, and Myanmar are emphasising an 'ASEAN sea transportation hub': an east-west arc of development stretching from Vietnam, through Cambodia and Thailand, to Myanmar.⁵³ Importantly, Japan, the most significant funder of infrastructure in Southeast Asia other than China, is bankrolling the east-west axis.⁵⁴

China's BRI Indochina Peninsula Economic Corridor will be built on the bones of the North-South Economic Corridor (NSEC) of the GMS.⁵⁵ As of 2018, the NSEC roads that traverse Laos and Myanmar were still in poor condition. Only 36 per cent of Laos NSEC roads were rated as "good", and there were no four-lane highways.⁵⁶ Similarly, only half of Myanmar's roads on the NSEC were "good" (whereas all of its roads on the East-West Economic Corridor (EWEC) were good). Myanmar had no four-lane highways on the NSEC, but 60 per cent of its EWEC roads were four-lane.⁵⁷ This picture is now changing in Laos, with new four-lane highways being built that will eventually span the country.⁵⁸ Progress on Myanmar's projects will be slow until peace returns.

Progress on rail connectivity has also been patchy. The BRI has accelerated progress on the SKRL, a key initiative of the ASEAN Master Plan for Connectivity. In 2021, the Laos-China railway will commence operations as the first significant BRI project to be completed in mainland Southeast Asia.⁵⁹ Linked directly to China's internal rail network, trains will run 414 kilometres from Boten in northern Laos to the capital Vientiane at speeds between 120 and 160 kilometres per hour, passing over 170 bridges and through 21 passenger stations.

But beyond this, further progress is uncertain. Thailand — an essential part of the SKRL route — was initially enthusiastic. Memoranda of understanding (MOUs) were signed in 2010 and 2014, but tough negotiations around shareholding structure, interest rates, and control of adjoining land meant no construction commenced.⁶⁰ In 2016, Thailand announced it would finance the entire project itself. After

Importantly, Japan, the most significant funder of infrastructure in Southeast Asia other than China, is bankrolling the east-west axis.

Thailand's prime minister was not invited to the 2017 BRI conference in a clear message of China's discontent, the Thai junta overrode bureaucratic roadblocks on use of Chinese materials and engineers. In 2019, a contract was finally signed, but only for a section of rail between Bangkok and the northeastern city of Nakhon Ratchasima.⁶¹ There is at present no agreement for the construction of the remaining section to Laos, leaving the SKRL incomplete and Laos still landlocked.



A high-speed rail link will run 414 kilometres from Boten in northern Laos to the capital Vientiane at speeds up to 160 kilometres per hour, passing over 170 bridges and through 21 passenger stations. Image: Greg Raymond.

Pre-coup, Myanmar exhibited the same caution on high-speed rail links to China. In 2011, it signed an MOU for a 1215 kilometre railway line from Kunming to Kyaukphyu. But in 2014, it cancelled the deal, citing objections from “the people and social organizations of Myanmar”.⁶² Although Myanmar signed an MOU on a China–Myanmar Economic Corridor (CMEC) as part of the BRI in 2018, the rail project has not been reinstated. Instead, negotiations are underway for a shorter rail line, which would link Muse, on the China–Myanmar border, with the central city of Mandalay. China has submitted a feasibility study, which Myanmar is having checked by a Swiss firm.⁶³ More broadly, China has proposed 38 projects under the CMEC, but Myanmar had approved only nine by mid-2020.⁶⁴ Current instability will not favour further progress.⁶⁵

Opening up waterways is another area of waning enthusiasm among Mekong states. China has been in favour of using its rivers as

commercial arteries, and Yunnan province has used the Mekong as a transport route between its cities of Simao and Jinghong.⁶⁶ In 2010 Laos, Thailand, Myanmar, and China signed the Agreement on Commercial Navigation on Lancang–Mekong, agreeing to improve navigability in the Mekong. It was envisaged that this would eventually allow the passage of ships greater than 500 tonnes.⁶⁷ But in 2018, Thailand stalled, as local communities in Chiang Rai province worried that the removal of rapids would destroy fish breeding grounds, impairing traditional livelihoods.⁶⁸ In March 2019, China agreed to relinquish the blasting program.⁶⁹

The slowing pace of north-south transport connectivity reflects a quiet nervousness about China's increasing strength, especially among the two stronger states — Thailand and Vietnam — but also Myanmar. The former two countries are watching their own visions of subregional dominance evaporate.⁷⁰ Thailand initially supported connectivity schemes with China such as the road project traversing Laos⁷¹, but Thailand has seen its relative position and influence slip.⁷² Over a decade ago, a Thai diplomat official prophesied China's rising influence among Thailand's neighbours, as Laos, Cambodia, and Burma turned to China for infrastructure investment, aid, knowledge, and technology.⁷³

This has reduced Thailand's appetite for north-south connectivity. Indeed, not only has Thailand mourned its decreased influence, it has become increasingly nervous about China's growing presence in the Thai near-north. In 2016, Thai military and intelligence officers admitted concern regarding China's activities in Laos, including 99-year leases, large infrastructure projects, and an influx of Chinese workers, stating that from "Thailand's point of view, it is scary".⁷⁴ At the same time, doubts about becoming too deeply enmeshed in China's economy are informing Thailand's reluctance to push forward some components of connective north-south infrastructure. While some analysts attribute Thailand's reluctance to complete its section of the SKRL to prohibitive costs, others cite wariness about being "drawn much further into China's orbit".⁷⁵

Vietnam has also cooled on allowing China to build north-south infrastructure. In 2019, Vietnam cancelled an international tender for the North-South Expressway, which would have run the length of the country.⁷⁶ This effectively ruled out China building the expressway. Anti-China sentiment in the Vietnamese community is part of the reason for the cancellation, with memories of the 1979 Sino–Vietnamese conflict still raw. But so is wariness about the geopolitical

The slowing pace of north-south transport connectivity reflects a quiet nervousness about China's increasing strength, especially among the two stronger states — Thailand and Vietnam — but also Myanmar.

and security implications of China's infrastructure expansion. Instead, Vietnam is now becoming the top recipient of Japanese infrastructure financing in Southeast Asia, with US\$58 billion supporting a high-speed railway between Hanoi and Ho Chi Minh City.⁷⁷

The end result is that while soft-peddling on China's plans, Myanmar, Vietnam, and Thailand are seeking connective infrastructure on their own terms. Although weaker economically, Mekong states can leverage their geography.⁷⁸

East-west connectivity is an important aspect of this geoeconomic leverage. Thailand is pursuing the Eastern Economic Corridor (EEC) at the junction point of the three GMS economic corridors.⁷⁹ The EEC, comprising high-speed rail that links three major airports,⁸⁰ will further develop Thailand's industrial heartland. Linking the EEC to the GMS will allow Thailand to leverage its geographical location to produce the 'ASEAN sea transportation hub'.



A map shows Shwe Kokko, in southeast Myanmar, as a logistical hub linking land and sea routes. Image: Greg Raymond.

Myanmar is also prioritising the EWEC, as highlighted in its national transport master plan.⁸¹ Thailand is working with Myanmar to connect a four-lane highway between Bangkok and Myanmar's Dawei port in eastern Myanmar.⁸² This will allow travel from Bangkok to Dawei in four hours, with the project commencing in mid-2021.⁸³

In their endeavours to promote east-west development, the Mekong countries can rely on Japan for infrastructure development, and there is evidence some may even be leaning towards it.⁸⁴ As a significant player in infrastructure development, Japan has sought for more than a decade to maintain its influence and restrain China's.⁸⁵ When Japan held its first Mekong–Japan Foreign Ministers' Meeting in Tokyo in 2009, funding announcements were for the EWEC and Southern Economic Corridor – not the NSEC.⁸⁶ The EWEC had more attention in Japan's daily newspapers, probably because of the high density of Japanese industry in Thailand and growing presence in Vietnam.⁸⁷ In essence, Japan seeks to retain influence by strengthening east-west links and pushing back against China's north-south economic corridors.⁸⁸

In essence, Japan seeks to retain influence by strengthening east-west links and pushing back against China's north-south economic corridors.

In the longer term, it is possible that India will join the infrastructure game in the Mekong subregion through its own goals for regional integration. Its India–Myanmar–Thailand Trilateral Highway project will link Moreh, India to Mae Sot, Thailand via Myanmar.⁸⁹ Despite India's foreign minister claiming that India "is making an all-out effort" to complete the road, progress on the 1360-kilometre link is proceeding slowly.⁹⁰ This is due to both financial problems and ongoing instability in Myanmar's Rakhine state. Another initiative, which is currently stalled, is the Mekong–India Economic Corridor (MIEC), which would connect Chennai to Vietnam via Myanmar's Dawei port.⁹¹ Analyst Pradumna B Rana argues that India will need to approach its connectivity projects in smaller chunks, with greater trade openness, more coordination internally, and with other partners if it is to become successful.⁹²

Nonetheless, it is clear that China's determination will remain. It continues to propose new projects. A think tank under China's powerful National Development and Reform Commission, for example, has been arguing that opening up Myanmar's river system could be cheaper and more secure than road routes.⁹³ In sum, the economic corridors that China, Japan, and the Mekong states have envisaged since 1992 are slowly taking shape through the growth of connective transportation infrastructure, but with Japan's support, Myanmar, Vietnam, and Thailand are seeking to ensure that not all roads lead to Kunming, and by extension, Beijing. In this goal, they can leverage geography, but China's economy and capital reserves do amount to a gravitational pull that is not easily resisted. These strengths of the PRC are increasingly facilitating new nodes of control: SEZs.

PEARLS ON LAND: CHINA'S SEZS IN MAINLAND SOUTHEAST ASIA

Visiting China's SEZs in mainland Southeast Asia can be startling. In December 2019, the author visited Myanmar's Shwe Kokko SEZ. After passing multiple checkpoints reflecting the complex ethnic politics of the region, we entered the town of Shwe Kokko through a dusty street with local vendors selling basic local products. Thereafter, a new Chinese-built enclave began. Multistorey apartments were under construction, each emblazoned with a red and yellow banner with Chinese characters. A little further along was the four-storey De Yue Ju Xin Hotel with signage in Burmese and Chinese, and rooms only available at an hourly rate. Opposite the hotel were multiple rows of adjoining aluminium-clad housing — workers cottages, many draped with washing. The worker accommodation was fronted by pleasant, wide-tiled walking paths, and interspersed with well-tended ornamental trees, pot plants, and rubbish receptacles. The main builder, a subsidiary of Chinese state-owned enterprise Minmetals Corporation, had recreated much of the appearance of a mainland Chinese city.⁹⁴



Like many other projects, construction of a Chinese casino in Shwe Kokko has stalled due to COVID-19 and the post-coup conflict in Myanmar. Image: Greg Raymond.

The high impact of Chinese investment in mainland Southeast Asia is visible in these SEZs with 'Chinese characteristics'. Based on long-term leases, they are designed to attract Chinese developers, businesses and tourists, to be built and maintained by Chinese labour and workers, and serviced by Chinese-financed and built transport infrastructure. For some, such as Dara Sakor in Cambodia, Chinese corporations have constructed transport infrastructure such as airstrips that are suited to

host military operations.⁹⁵ The absence of substantive border controls in some locales suggests particular SEZs are effectively dissolving borders, fulfilling Bilahari Kausikan's prediction that "borders would become no more than lines on a map".⁹⁶ The overall picture lends credence to the idea of a People's Republic of China (PRC) sphere of infrastructural influence.

SEZs in mainland Southeast Asia

China's success with SEZs has made it an attractive model, and one that has been replicated widely. Shenzhen in southern China has, in particular, become a symbol of economic success, famous for having "turned backwaters near the Hong Kong border into a bustling metropolis".⁹⁷ This success might explain why Asia hosts some three-quarters of the world's SEZs.⁹⁸ In 2021, the Stimson Center Mekong Infrastructure Tracker counted 61 SEZs across the five Mekong countries.⁹⁹ China is not the only country investing in SEZs in mainland Southeast Asia; Japan has also invested in SEZs in Laos and Myanmar, and Thailand has invested in Myanmar. Likewise, the Mekong states have created their own SEZs within their own territory and near their own borders with each other, sometimes to facilitate cross-border trade and the mobility of foreign labourers.¹⁰⁰

China's success with SEZs has made it an attractive model, and one that has been replicated widely.

MYANMAR:

China's investment is occurring on two distinct but related lines in Myanmar. The first comprises the official projects of the CMEC — part of the BRI. An example in this category is the Kyaukphyu SEZ that will comprise a deep-sea port and industrial zone across 4300 acres, and a "high-end housing project" on 1235 acres.¹⁰¹ The Kyaukphyu SEZ is expected to reinforce the use of Kyaukphyu as a base for overland exports of oil to Yunnan, especially if plans for the rail project were to be resumed.

The second category is a set of private Chinese investments ostensibly outside the BRI, with connections to both the Chinese state and the Chinese gambling industry. Karen state in eastern Myanmar hosts three projects of the latter type, that the Chinese businesspeople involved call 'spinach cities' because the Chinese word for spinach (*bocai*) sounds the same as the word for gambling.¹⁰² These projects are generally run by ethnic Chinese businesspeople who have adopted the citizenship of Southeast Asian countries and whose businesses are headquartered in places such as Thailand, Hong Kong, and Cambodia. One of these projects, Yatai New City or Shwe Kokko, has been made possible due to Myanmar's 'ceasefire diplomacy', in which Myanmar's

According to the design and scale of the Yatai Eco-Industrial city, economic development will stimulate the employment of 120 000 people in the surrounding region.

ethnic armed organisations are given scope to conduct their own business deals in exchange for their loyalty to Myanmar's military, the Tatmadaw. One of the figures associated with the 20-square kilometre Saixigang 'spinach city', convicted gangster Wan Kuok-koi, nicknamed 'Broken Tooth Koi', is a close associate of alleged drug trafficker Tse Chi Lop, recently arrested in Amsterdam.¹⁰³

The Yatai SEZ in eastern Myanmar may, in the long term, support more than casinos and gambling. Its developers have also promoted the SEZ's central location, its overland links to Bangkok, Kunming in Yunnan, and Singapore, and its sea-links to China, the Middle East, Africa, and Europe (via Moulmein port in Myanmar and Laem Chabang port in Thailand). The Chinese text on a map promoting the SEZ, which was published on a Thai news website, stated boldly that:

"The economic development prospects of the Yatai Eco-Industrial City are promising. According to the design and scale of the Yatai Eco-Industrial city, economic development will stimulate the employment of 120 000 people in the surrounding region."¹⁰⁴

Ultimately, one Thai report has suggested, a city with up to one million Chinese residents by 2027 would house factories manufacturing goods for export to overseas markets including Europe and the United States. These goods would be transported 160 kilometres to Mawlamyine port where China is also investing.¹⁰⁵

CAMBODIA:

Chinese-sponsored enclave SEZs in Cambodia are mostly manufacturing export-processing zones, where inputs are imported and products are exported to foreign markets; others are entertainment zones, offering casinos and resorts. Long Bay at Dara Sakor is a Chinese enclave development and casino project that will include an international airport and deep-sea port alongside its casino.¹⁰⁶ The Long Bay project, with its location and its international runway, could be dual-use. It shares a key proponent, She Zhijiang, with the Yatai project in Myanmar.¹⁰⁷

LAOS:

Perhaps the most enthusiastic Mekong state for GMS and BRI projects, Laos has used SEZs to try to spur development in remote provinces. The Laos 'high modernist' approach to development emphasises large-scale megaprojects as primary routes to development.¹⁰⁸ Disappointed by the failure of economic corridors to tie it into global supply chains

and trade, Laos' Seventh National Socio-Economic Development Plan (2011–2015) adopted a policy of encouraging SEZs.¹⁰⁹ The plan named “connectivity with neighbouring countries” as a priority for overcoming its landlocked status.¹¹⁰ Several SEZs are well advanced and extensive in area. The That Luang Lake Specific Economic Zone outside the Laos capital Vientiane was built by a Chinese developer on six Laos villages and will cover 365 hectares of land with 12 condominium blocks, public parks, sports centres, and commercial centres, expected to attract as many as 300 000 people.¹¹¹ The Golden Triangle SEZ in Bokeo province is on a 99-year lease covering 10 000 hectares, has its own security force, and is described by local expats as “not really part of Laos”.¹¹² During our 2019 fieldwork, we observed China's ‘Wujing’ special military police force protecting casinos. While currently a home for casinos and restaurants, the founder Zhao Wei's longer-term vision imagines the SEZ as a valley of shiny futuristic towers, artificial lakes, sports stadiums, industrial parks, and a pharmaceutical research centre.¹¹³ These plans are not fanciful if what is happening further north, at Boten on the Laos border with China, is any indication.



Chinese security forces, pictured here in the Golden Triangle Special Economic Zone (SEZ), were present during the author's fieldwork in northern Laos in June 2019. Image: Greg Raymond.

CASE STUDY: BOTEN SEZ

Boten, nestled on China's southern border in Luang Namtha province, is undergoing a transformation. In an earlier life, it was known as a casino town that drew in thousands of Chinese tourists who crossed the border at Boten from Xishuangbanna prefecture in Yunnan province. Hotels flourished alongside pornography outlets and massage parlours. But following the murder of Chinese gamblers in 2011, the Royal Jinlun casino was closed, and many development projects were left unfinished. Some concluded that this Golden Boten City SEZ was never "more than a transitory enclave of vice economies for Chinese tourists".¹¹⁴



Excellente Casino from Boten's first life as a casino city, increasingly surrounded by construction for the region's second life as a Special Economic Zone (SEZ). Image: Greg Raymond.

Now the arrival of the Laos–China high-speed rail has given Boten a second life; it will become a large resort city catering for Chinese tourists. Like the Golden Triangle SEZ in Bokeo province, it is one of several Laotian enclave developments in which China appears to exercise a form of extraterritoriality by administering almost every aspect of the zone.

In fieldwork conducted in September 2019, the new city was materialising rapidly. Alongside pylons for the railway, a massive program of earthworks was taking place adjacent to the R3 highway that connects Boten to Luang Namtha province. The swathes of cleared land, where the exposed red earth lay in stark contrast to the surrounding verdant forest, was transforming to become the Boten SEZ. This SEZ is expected to ultimately house 300 000 people in a

series of apartment towers sprawling over seven square kilometres. In the dioramas and images found in the foyer of the Jinlun Hotel, various parts of the new city will be interspersed with high-rise buildings, artificial lakes, public squares, and sports fields.



A diorama of the Boten Special Economic Zone (SEZ) is displayed in the foyer of a Boten hotel. Image: Greg Raymond.

During our visit to the nascent SEZ, there was little evidence that the city was in Laos, rather than mainland China. Currency and signage was Chinese, and businesses were predominantly Chinese-owned. City administration, such as parking, appeared to be under Chinese control. We witnessed, from a distance, a troop of soldiers in camouflage uniform conducting fitness drills and were advised by our Laotian driver that the soldiers were Chinese. This is consistent with Pal Nyiri's finding a decade ago, that the company then administering Golden Boten City employed a "Chinese security force".¹¹⁵ The border control point north of the city appeared to allow the free flow of vehicles into Boten and northern Laos. This absence of visible Laos authority speaks to Boten as a 'global borderland', a place where foreigners set the rules that govern daily life, not unlike a US military base in Japan or Korea.¹¹⁶

This SEZ will eventually offer zones for commerce, banking and finance, logistics, education, medical services, and tourism, rather than acting as an export-processing zone. There will be plenty of time for the city to develop; the city is founded on a 99-year lease signed in 2003.¹¹⁷ While the SEZ will be open to investment from abroad, the high-speed

rail project means the vast preponderance of such funding will probably come from mainland China.



A promotional poster (above) displays plans for the Boten Special Economic Zone (SEZ). Image: Greg Raymond. A satellite image of the same area (below) shows the extent of land clearing in preparation for the redevelopment.



The Laos government has supported this SEZ as a means of reducing the gap between “regions and provinces within the same region [sic]”.¹¹⁸ But to date, its impact for Laotian people, especially locals, appears to have been largely negative. Laos authorities relocated an entire village to the SEZ, but according to locals, few jobs or opportunities have subsequently arisen.¹¹⁹ This would be consistent with SEZs elsewhere in Laos, where despite an official policy of limiting foreign workers to 10 per cent of jobs for foreign investments, only 34 per cent of workers in the 11 extant SEZs in 2019 were Laotian.¹²⁰ State revenue has also been negligible to date: in 2017, SEZs contributed only US\$20 million to Laos government coffers.¹²¹

The Boten experience, where land adjoining a high-speed rail station becomes a residential city for Chinese investors, may be replicated at other stations at Luang Prabang, Vang Vieng, and Vientiane. This is because the deal that was done to finance the China–Laos railway may be, in effect, land for debt. While the 2016 agreement founded a joint venture, Laos–China Railway Company, with Laos holding 30 per cent and China 70 per cent, there has been no transparency on how Laos will fund its share of the total construction cost of US\$6 billion.¹²² The World Bank commented in its report on the rail project that “the funding of the existing public infrastructure program looks increasingly unsustainable”.¹²³ A Chinese insurance research company assessed that Laos borrowing for the rail project could “lead to the loss of sovereign land rights to pay off debts [italics added]”.¹²⁴ There is evidence of large-scale land clearing around stations at Vientiane, Luang Prabang, and Vang Vieng.¹²⁵

The World Bank commented in its report on the rail project that “the funding of the existing public infrastructure program looks increasingly unsustainable”.

Three reasons explain why Laos is ceding so much. First, as the World Bank assesses, the Laos business environment “continues to be governed by a deal-based rather than a rule-based approach to regulatory enforcement”.¹²⁶ Second, the quest for development dominates other considerations. Asked about the Golden Triangle SEZ, a Laos official cited a need to develop remote areas in order to protect locals from drugs.¹²⁷ Third, Laos has adopted a Chinese model of planning which relies on large infrastructure projects. In 2008, China’s Yunnan Development and Reform Commission developed a master plan for the economic development of northern Laos, which proposed SEZs along borders run by contractors who would operate and control the concessions. The Laos government adopted the plan at the 9th Congress of the ruling Lao People’s Revolutionary Party.¹²⁸

China’s motives at the Boten SEZ begin with profit seeking. The developer, Yunnan Hai Cheng Group, has interests in tourism development, real estate, hotels, and property management. It has undertaken similar developments in the city of Jinghong in the adjoining prefecture of Xishuangbanna in Yunnan, explaining the similarity of the architecture in Jinghong and Boten. The Yunnan Hai Cheng Group claims that more than 100 companies have commenced business and trade in Boten.¹²⁹

But there may be other sources of inspiration. Scholar Yos Santasombat argues that a “civilizing mission” pervades the thinking of the Chinese state and its developers.¹³⁰ The language of the Yunnan Development and Reform Commission SEZ plan is a good example:

In Laos, China is establishing powerful nodes of control and in the Boten case at least, dissolving borders through economic integration.

“The mentalities of most people are still at the starting stage of agricultural economic development, which is unsuitable for development of market economy and economic globalization. Their awareness of development, competition, openness and self-reliance and hard working still need to be improved.”¹³¹

Finally, the Boten development may also serve geoeconomic goals. Unsurprisingly, the developer celebrates Boten’s support of the BRI and “national policies” in its marketing for Chinese audiences.¹³² But beyond this, we might consider that China’s border SEZs have in the past sought to achieve economic integration on China’s terms. The famous Shenzhen SEZ is usually viewed as a test-bed for a liberalisation of the Chinese economy. But there was also a geoeconomic goal; the Shenzhen SEZ was a means of achieving economic integration between mainland China and Hong Kong in “an effort to transform the two cities into a single, synergistic mega-metropolitan area”.¹³³ It is plausible that the Boten SEZ, combined with the high-speed rail project, is a measure to accelerate the economic and territorial integration of China and mainland Southeast Asia, strengthening the north-south orientation of economic integration and placing China at the centre of Southeast Asian economic activity.

In sum, the Boten SEZ suggests that the more dramatic visions of China establishing a geoeconomic sphere of infrastructural influence are not pure fiction. In Laos, China is establishing powerful nodes of control and in the Boten case at least, dissolving borders through economic integration. Whether Laos benefits in the longer term depends on whether its companies and businesses can compete against the Chinese business networks that appear to be given prime opportunities and first mover advantages.

CONCLUSION: AN INFRASTRUCTURAL SPHERE OF INFLUENCE?

In a speech in October 2020, Xi Jinping spoke of China's desire to build dependence and protect supply lines, saying:

"[We should] continue to enhance our advantages in the entire industrial chains of high-speed rail, electrical power equipment, new energy, communication equipment and other fields...increase the dependence of international industrial chains on our country, and form a powerful countermeasure and deterrence ability for foreign parties who cut our supply."¹³⁴

In mainland Southeast Asia this means continued effort to establish new routes to the sea, change strategic geography, and make mainland Southeast Asia an infrastructural sphere of influence. China's SEZs have already granted China islands of control throughout Laos, Cambodia, and Myanmar totalling hundreds of square kilometres. The SEZs offer China geo-economic and even strategic advantage in the future if they can be linked into north-south economic corridors in order to support China's broader strategic goals in the region.

Will these efforts succeed? Mainland Southeast Asia has three LDCs, whose need for infrastructure investment is acute. This need is driving developments, such as the Laos-China rail project, that deliver China's goals. But these developments have very visible consequences. Neighbouring states are observing what has occurred in Laos and will factor this into their decisions. Moreover, even Laos rebalanced politically, away from China, after the high-speed rail decisions had been taken.¹³⁵ In addition, other external powers, such as the United States and Australia, hope to encourage the Mekong states to think carefully about infrastructure choices, through initiatives such as the Blue Dot Network.¹³⁶

Ultimately, what is most important is that mainland Southeast Asia is not homogenous and has two strong states, Vietnam and Thailand. While very different in their bilateral relations and histories with China, both are cautious with regards to Chinese infrastructure proposals. Therefore, China's drive for direct and strong transport routes to the sea are at this point incomplete, and facing a degree of inertia from states unwilling to be drawn too deeply into a Chinese economic orbit.

Other external powers, such as the United States and Australia, hope to encourage the Mekong states to think carefully about infrastructure choices.

The strong states of mainland Southeast Asia — Thailand and Vietnam, supported by Japan — are seeking their own infrastructural destinies. Vietnam and Thailand will accommodate China enough to maintain relations, but not so much as to lose their sovereignty. Myanmar, proudly independent but fractured, deeply ambivalent about China but in dire need of foreign investment, will continue to lean towards the ASEAN states and will not offer easy access. In the end, it is likely that China's dominance will remain incomplete and uneven: a jagged sphere of geoeconomic influence.

NOTES

Cover image: Workers lay tracks at the construction site of the China-Laos railway in Vientiane, Laos, 27 March 2020. The rail is the longest in Asia outside China (Kaikeo Saiyasane/Xinhua via Getty).

The author acknowledges the funding provided by the Australian Department of Defence through its Strategic Policy Grants program of 2019–20, which facilitated the author's original research for this paper.

Photographs by Greg Raymond and Anna Judith were taken on a research trip to Laos and Myanmar in 2019.

¹ "Transport Infrastructure in China — Statistics & Facts", Statista, https://www.statista.com/topics/1516/transport-infrastructure-in-china/#dossierSummary_chapter2, accessed 21 April 2021.

² Bruno Macaes, *The Dawn of Eurasia: On the Trail of the New World Order*, (London: Penguin Books, 2018).

³ Glenn Diesen, *The Decay of Western Civilisation and the Resurgence of Russia: Between Gemeinschaft and Gesellschaft*. (London: Routledge, 2019), 101.

⁴ Also known as the CLMVT states, an acronym comprising the first letter of each of the five states. This paper will use the terms 'mainland Southeast Asia', 'Mekong region', and 'CLMVT' interchangeably.

⁵ The recently concluded Regional Comprehensive Economic Partnership (RCEP, signed 15 November 2020) is likely to increase these trade and investment flows.

⁶ Evelyn Goh, "The Asia Pacific's 'Age of Uncertainty' Great Power Competition, Globalisation, and the Economic-Security Nexus", RSIS Working Paper No 330, S Rajaratnam School of International Studies Singapore, 10 June 2020.

⁷ "GDP Growth Rate — Greater Mekong Subregion", GMS Statistical Database, <https://www.greatermekong.org/stats/index-static.php>, accessed 1 February 2021.

⁸ China's economy incorporates both market-based practices and the "strong hand of the state in core sectors". Elizabeth Economy, "Opening Statement, 'A "China Model?" Beijing's Promotion of Alternative Global Norms and Standards", Hearing Before the US–China Economic and Security Review Commission 13 March and 27 April 2020, 205, <https://www.uscc.gov/hearings/china-model-beijings-promotion-alternative-global-norms-and-standards>,

- ⁹ Connectivity is also developing through electricity networks and satellite ground station networks, but these are beyond the scope of this paper.
- ¹⁰ In 2018, eminent Australian strategist Paul Dibb warned of Southeast Asia becoming a Chinese sphere of influence. Paul Dibb, “New Security Reality Demands New Australian Policy”, ASPI Strategist, 23 July 2018, <https://www.aspistrategist.org.au/new-security-reality-demands-new-australian-policy/>. In 2019, former Australian Foreign Minister Gareth Evans suggested that China was recreating “some kind of hegemonic, tributary relationship with its southern neighbours” in which Cambodia and Laos become “wholly owned subsidiaries of Beijing”. “Leadership in 2019 — An Address by Gareth Evans AC, QC”, Asialink, 22 February 2019, <https://asialink.unimelb.edu.au/stories/leadership-in-2019-an-address-by-gareth-evans-ac,-qc>.
- ¹¹ In 2019, veteran commentator and former Singaporean diplomat Bilahari Kausikan stated that “China’s natural gravitational pull is being enhanced by various infrastructure projects. These projects have geopolitical consequences, intended or not. They could in effect merge southwest China and mainland Southeast Asia into one economic space. International boundaries will of course remain as lines on maps. But they could be relegated to inconveniences or irrelevancies.” in Hoang Thi Ha, “Understanding China’s Proposal for an ASEAN–China Community of Common Destiny and ASEAN’s Ambivalent Response”, *Contemporary Southeast Asia*, 41, 2 (2019), 231. In 2020, Kausikan stated, in reference to Laos and Cambodia, that “We may have to cut loose the two to save the eight”, in “Bilahari Kausikan: Asean May Have to Cut Members if they Continue to be Led by an External Power”, 35th ASEAN Roundtable, 24 October 2020, <https://mothership.sg/2020/10/bilahari-asean-china/>.
- ¹² The term emerged during late colonialism. The Russian foreign minister told his British counterpart that Afghanistan was outside the Russian sphere of influence. Meanwhile, powers such as France, Germany, and Britain agreed to give the other a ‘free hand’ in administering their respective claims in Africa. Hedley Bull, *The Anarchical Society: A Study of Order in World Politics*, (New York: Columbia University Press, 1977), 207–215.
- ¹³ Asian Development Bank, *Meeting Asia’s Infrastructure Needs: Highlights* (Manila: Asian Development Bank, 2017), <https://www.adb.org/sites/default/files/publication/227496/special-report-infrastructure.pdf>, xvi, 6.
- ¹⁴ For example, in one year of its secret war between 1963 and 1974, the United States dropped more ordnance on Laos than it did on Japan for the whole of the Second World War. Joshua Kurlantzick, *A Great Place to Have a War: America in Laos and the Birth of a Military CIA* (New York: Simon and Schuster, 2016), 177..

- ¹⁵ ASEAN Secretariat, “Celebrating ASEAN: 50 Years of Evolution and Progress”, Jakarta, ASEAN Secretariat, July 2017, 60, https://asean.org/?static_post=celebrating-asean-50-years-evolution-progress-1967-2017.
- ¹⁶ CLMV USD\$2062 versus ASEAN-6 USD\$20 240 in ASEAN Secretariat, *ASEAN Statistical Yearbook*, Jakarta, ASEAN Secretariat, December 2020, 41, https://www.aseanstats.org/wp-content/uploads/2020/12/ASYB_2020.pdf.
- ¹⁷ United Nations Department of Economic and Social Affairs, “Least Developed Countries (LDCs)”, <https://www.un.org/development/desa/dpad/least-developed-country-category.html>.
- ¹⁸ Laos and Myanmar have faced additional challenges. The Laos economy has been primarily based on subsistence agriculture and, historically, its geography meant it was not a trading or manufacturing state.
- ¹⁹ Martin Stuart-Fox, “Laos in Asean: Dilemmas of Development and Identity”, *Asian Studies Review*, 22:2, 223–237, 231; and Simon Creak, “LAOS: Celebrations and Development Debates”, *Southeast Asian Affairs*, 2011, 107–128, 109.
- ²⁰ Ministry of Planning and Finance, Myanmar Sustainable Development Plan (2018 – 2030), August 2018, 37, https://themimu.info/sites/themimu.info/files/documents/Core_Doc_Myanmar_Sustainable_Development_Plan_2018_-_2030_Aug2018.pdf.
- ²¹ Kimly Ngoun, “Adaptive Authoritarian Resilience: Cambodian Strongman’s Quest for Legitimacy”, *Journal of Contemporary Asia*, November 2020, 11.
- ²² Some scepticism about ASEAN’s real commitment to economic integration is warranted, given levels of intra-regional trade have remained stagnant for decades at or below 25 per cent of total trade, despite the introduction of an ASEAN Economic Community in 2015. See Jayant Menon, “Regional Means and Global Objectives”, *East Asia Forum Quarterly*, January–March 2018, 7, <https://press-files.anu.edu.au/downloads/press/n4206/pdf/book.pdf>.
- ²³ World Bank, “From Landlocked to Land-Linked: Unlocking the Potential of Lao–China Rail Connectivity”, World Bank, Washington, 2020, 16, <https://openknowledge.worldbank.org/handle/10986/33891>.
- ²⁴ Alessia Amighini, “A Geopolitical Perspective on China’s Infrastructure Development”, Carlo Secchi and Alberto Belladonna (eds), *Infrastructure in a Changing World: Trends And Challenges* (Milan: Ledizioni Ledi Publishing, 2020), 103,

https://www.ispionline.it/sites/default/files/pubblicazioni/ispri_report-infrastructure_2020.pdf.

- ²⁵ Emily T Yeh and Elizabeth Wharton, "Going West and Going Out: Discourses, Migrants, and Models in Chinese Development," *Eurasian Geography and Economics*, 57:3, 2016, 286–315.
- ²⁶ Ibid, 291.
- ²⁷ Markus Brunnermeier, Rush Doshi, and Harold James, "Beijing's Bismarckian Ghosts: How Great Powers Compete Economically", *The Washington Quarterly*, 41:3, 2018, 161–176, 170.
- ²⁸ Chris Rahman, "Singapore: Forward Operating Site", in Carnes Lord and Andrew S Erickson (eds), *Rebalancing US Forces: Basing and Forward Presence in the Asia-Pacific*, (Annapolis, Maryland: Naval Institute Press, 2014), 121–122.
- ²⁹ Joey Long, "Strategic Partners: Singapore and the United States", in Andrew T H Tan (ed), *Handbook on the United States in Asia: Managing Hegemonic Decline, Retaining Influence in the Trump Era* (Cheltenham, Glos: Edward Elgar Publishing, 2018), 275.
- ³⁰ World Bank, "From Landlocked to Land-Linked: Unlocking the Potential of Lao–China Rail Connectivity", World Bank, Washington, 2020, 27, <https://openknowledge.worldbank.org/handle/10986/33891>.
- ³¹ Dorsch and Cui estimate that 82 per cent of China's oil imports, 72 per cent of its coal imports and 30 per cent of its sea-transported natural gas pass through the Strait of Malacca. Jörn Dorsch and Shannon Cui, "China's 21st Century Maritime Silk Road" in Donald Emmerson (ed) *The Deer and the Dragon: Southeast Asia and China in the 21st Century*, (Stanford, CA: Walter H. Shorenstein Asia-Pacific Research Center), 338.
- ³² For example, the People's Liberation Air Force (PLAF) would be able to launch an aircraft from a Cambodian base and land and refuel on an artificial island in the South China Sea, and vice versa, in between undertaking combat and surveillance tasks. Drake Long, "Cambodia, China and the Dara Sakor Problem", *The Diplomat*, 21 October 2020, <https://thediplomat.com/2020/10/cambodia-china-and-the-dara-sakor-problem/>.
- ³³ Gurmeet Kanwal, *Pakistan's Gwadar Port: A New Naval Base in China's String of Pearls in the Indo-Pacific*, CSIS Brief, 2 April 2018, <https://www.csis.org/analysis/pakistans-gwadar-port-new-naval-base-chinas-string-pearls-indo-pacific>.
- ³⁴ "Interview: What's Missing in the Conversation about China's Expanding Global Presence?", *Panda Paw Dragon Claw*, 4 March 2019,

<https://pandapawdragonclaw.blog/2019/03/04/interview-whats-missing-in-the-conversation-about-chinas-expanding-global-presence/>.

³⁵ China has been Cambodia's largest foreign investor since 1995, providing somewhere between a quarter and a third of its total foreign investment. Daniel O'Neill, "Playing Risk: Chinese Foreign Direct Investment in Cambodia", *Contemporary Southeast Asia*, 36:2, August 2014, 173–205, 179 cites one-third; and Mark Grimsditch, "The Cambodia Conundrum: The Belt and Road, Private Capital and China's 'Non-Interference' Policy", *Panda Paw Dragon Claw*, 25 June 2019, <https://pandapawdragonclaw.blog/2019/06/25/the-cambodia-conundrum-the-belt-and-road-private-capital-and-chinas-non-interference-policy/> cites 23 per cent for the 2000–2017 period.

³⁶ In 2018, Cambodia's trade with China was US\$8.67 billion, but US\$18.21 with ASEAN. See Lowy Institute Asia Power Index, 2020 Edition, <https://power.lowyinstitute.org/network-power/trade/bilateral>.

³⁷ Lowy Institute Asia Power Index, 2020 Edition, <https://power.lowyinstitute.org/network-power/trade/bilateral>.

³⁸ Choi Shing Kwok, "Southeast Asia's Hopes and Fears about China", Perspective, Issue 2020:12, 2 March 2020, ISEAS Yusof Ishak Institute, 2, https://www.iseas.edu.sg/wp-content/uploads/2020/02/ISEAS_Perspective_2020_12.pdf; and "Top 50 World Container Ports, World Shipping Council, <http://www.worldshipping.org/about-the-industry/global-trade/top-50-world-container-ports>.

³⁹ China makes up 32 per cent of Australia's total trade, and 34 per cent of Myanmar's total trade. Lowy Institute Asia Power Index, 2020 Edition, <https://power.lowyinstitute.org/network-power/trade/bilateral>.

⁴⁰ Cambodia is infamous for its preventing an ASEAN Communique in 2012 because it bowed to China's pressure not to include language critical of China's actions in the South China Sea. See Robin Emmott, "EU's Statement on South China Sea Reflects Divisions", Reuters, 16 July 2016, <https://www.reuters.com/article/southchinasea-ruling-eu-idUSL8N1A130Y>.

⁴¹ It could be argued that trade, investment, and infrastructure are not separable because foreign investment can drive transport infrastructure development. But high levels of trade with China are often not accompanied by Chinese infrastructure investment (for example, Australia and Thailand), and vice versa (for example, Cambodia has more investment than trade).

- ⁴² Brian Eyer, *The Last Days of the Mighty Mekong*, (London: Zed Books, 2019), 8.
- ⁴³ Vietnam withdrew its forces from Cambodia in 1989 and began its 'opening up' [*doi moi*] policy. Thailand commenced its efforts to turn 'battlefields into marketplaces'.
- ⁴⁴ Siriluk Masviriyakul, "Sino-Thai Strategic Economic Development in the Greater Mekong Subregion (1992–2003)", *Contemporary Southeast Asia*, 26:2, August 2004, 306. The region adjacent to Yunnan, Guangxi, also joined the GMS in 2005.
- ⁴⁵ David Martin Jones, "ASEAN's Imitation Economic Community", in Bruno Jetin and Mia Mikic (eds), *ASEAN Economic Community: A Model for Asia-wide Regional Integration* (New York: Palgrave MacMillan, 2016), 18.
- ⁴⁶ 2010 Master Plan on ASEAN Connectivity, (Jakarta: ASEAN Secretariat, 2010), 11, <https://cil.nus.edu.sg/wp-content/uploads/2017/07/2010-Master-Plan-on-ASEAN-Connectivity.pdf>.
- ⁴⁷ Ryan Manuel, "Twists in the Belt and Road", *China Leadership Monitor*, Fall, 2019, Issue 61, 1 September 2019, <https://www.prcleader.org/manuel-belt-road>.
- ⁴⁸ The 21st Century Maritime Silk Road aims to join China to Europe via the South China Sea and the Indian Ocean, while the Silk Road Economic Belt aims to link together China, Russia, Central Asia, and Europe.
- ⁴⁹ Min Ye, "Fragmentation and Mobilization: Domestic Politics of the Belt and Road in China", *Journal of Contemporary China*, 28:119, 696–711. In 2017, the policy was renamed the Belt and Road Initiative, but the Chinese-language term remained the same. Ankit Panda, "How Old Is China's Belt and Road Initiative Exactly?", *The Diplomat*, 11 February 2019, <https://thediplomat.com/2019/02/how-old-is-chinas-belt-and-road-initiative-exactly/>; and Ryan Manuel, "Twists in the Belt and Road", <https://www.prcleader.org/manuel-belt-road>.
- ⁵⁰ Yiping Huang, "Understanding China's Belt & Road Initiative: Motivation, Framework and Assessment", *China Economic Review* 40, September 2016, 314–321.
- ⁵¹ Tao Jun and Bui Long, "Interview: AIIB Helps Accelerate Sustainable Infrastructure, Regional Connectivity: Bank Official", *Xinhuanet*, 8 April 2018, http://www.xinhuanet.com/english/2018-04/08/c_137096006.htm.
- ⁵² "Six Major Economic Corridors under Belt & Road Initiative", *Belt and Road News*, 16 April 2020, <https://www.beltandroad.news/six-major-economic-corridors-under-belt-road->

[initiative/#:~:text=The%20Six%20Major%20Economic%20Corridors,China%20Indochina%20Peninsula%20Economic%20Corridor.](#)

- ⁵³ “Thailand’s Eastern Economic Corridor: The Next Major Economic Zone of ASEAN”, UOB Global Economics & Market Research, Quarterly Global Outlook 3Q2017, http://www.uobgroup.com/assets/pdfs/research/GMS-Focus_3q17.pdf.
- ⁵⁴ Data from Fitch Solutions puts Japan ahead. Fitch only counts pending projects — those “at the stages of planning, feasibility study, tender and currently under construction”. See Michelle Jamrisko, “China No Match for Japan in Southeast Asia Infrastructure Race,” Bloomberg, 22 June 2019, <https://www.bloomberg.com/news/articles/2019-06-23/china-no-match-for-japan-in-southeast-asia-infrastructure-race>.
- ⁵⁵ Economic corridors are “geographically defined areas” facilitating “the national and transnational movement of people, goods, services, capital, and information”. In 1998, the GMS nominated three economic corridors: a North–South Economic Corridor (NSEC), an East–West Economic Corridor (EWEC), and a Southern Economic Corridor: “Assessment of Greater Mekong Subregion Economic Corridors: People’s Republic of China”, 10th Economic Corridors Forum, 13 December 2018, (Manila: GMS Secretariat, Asian Development Bank), 1, https://www.greatermekong.org/sites/default/files/Assessment%20of%20GMS%20Economic%20Corridors_PRC_web.pdf.
- ⁵⁶ Ibid, 45–71.
- ⁵⁷ Ibid, 45–71.
- ⁵⁸ “Laos, China Keen to Boost Regional Connectivity”, *Vientiane Times*, 13 October 202, https://www.vientianetimes.org.la/freeContent/FreeContent_Laos_china_199.php.
- ⁵⁹ Despite COVID-19, the project remains on track to be complete by December 2021. Xie Jun and Ma Jingjing, “BRI Contributes Global Post-pandemic Recovery by Laying Foundation for Cooperation and Stabilizing Global Supply Chains”, *Global Times*, 25 January 2021, <https://www.globaltimes.cn/page/202101/1213878.shtml>.
- ⁶⁰ Pongphisoot Busbarat, “China’s ‘Shame Offensive’: The Omission of Thailand’s Prime Minister from the Belt and Road Initiative Summit 2017”, *Perspective*, ISEAS Yusof Ishak Institute, 19 July 2017, 4.
- ⁶¹ “Thai–Chinese High-speed Rail Contract Inked”, Xinhuanet, 29 October 2020, [http://www.xinhuanet.com/english/2020-10/29/c_139476477.htm#:~:text=29%20\(Xinhua\)%20%2D%2D%20A%20key,to%20the%20country's%20sluggish%20economy](http://www.xinhuanet.com/english/2020-10/29/c_139476477.htm#:~:text=29%20(Xinhua)%20%2D%2D%20A%20key,to%20the%20country's%20sluggish%20economy).

- ⁶² Patrick Scally, "\$20 Billion Sino-Burmese Railroad Abruptly Cancelled", *GoKunming*, 22 July 2014, <https://www.gokunming.com/en/blog/item/3278/%2420-billion-sino-burmese-railroad-abruptly-cancelled>.
- ⁶³ Nan Lwin, "Myanmar Pulls Swiss Firm to Scrutinize China's BRI Project", *The Irrawaddy*, 11 June 2020, <https://www.irrawaddy.com/news/burma/myanmar-pulls-swiss-firm-scrutinize-chinas-bri-project.html>.
- ⁶⁴ Dipanjan Roy Chaudhury, "Myanmar's Pushback against China-funded Economic Corridor Inspired by Debt Trap in S Asian States", *The Economic Times*, 22 August 2020, <https://economictimes.indiatimes.com/news/international/world-news/myanmars-pushback-against-china-funded-economic-corridor-inspired-by-debt-trap-in-s-asian-states/articleshow/77688207.cms>.
- ⁶⁵ Matteo Fumagalli, "Myanmar Coup: How China Could Help Resolve the Crisis", *The Conversation*, 9 March 2021, <https://theconversation.com/myanmar-coup-how-china-could-help-resolve-the-crisis-156524>.
- ⁶⁶ Acker, "The Geography of Political Fragmentation", 144.
- ⁶⁷ Agreement on Commercial Navigation on Lancang-Mekong River among the Governments of the People's Republic of China, the Lao People's Democratic Republic, the Union of Myanmar and the Kingdom of Thailand, 22 February 2018, 45, <https://www.jcccn.org/index.php/rule-and-regulation/15-agreement-on-commercial-navigation-on-lancang-mekong-river-among-the-governments-of-the-people-s-republic-of-china-the-lao-people-s-democratic-republic-the-union-of-myanmar-and-the-kingdom-of-thailand>.
- ⁶⁸ "รมค้านระเบิดแก่งเปิดเดินเรือน้ำโขง" [Opposition to Blasting Rapids to Open Passage of Ships in Mekong], *Post Today*, 6 March 2018, B12.
- ⁶⁹ "China Drops Plan to Blast Mekong Islets", *Bangkok Post*, 9 March 2019, <https://www.bangkokpost.com/thailand/general/1641768/china-drops-plan-to-blast-mekong-islets>.
- ⁷⁰ See eg Tuong Vu, "In the Service of World Revolutions: Vietnamese Communists' Radical Ambitions through the Three Indochina Wars", *Journal of Cold War Studies*, 21:4, Fall 2019, 4-30, 28. and "Thailand Seeks to Shape a 'Golden Peninsula'", *New York Times*, 30 April 1989, 19.
- ⁷¹ For this purpose, it loaned Laos US\$28.5 million for the construction of 85 kilometres of the 228-kilometre road between Huay Xai on the Mekong and Boten on the China-Laos border. Pasuwat Yathip, "Thailand's Foreign Policy in the post-Cold War Period: Uncovering New Actors in

the Foreign Policy-making Process towards Neighbouring Countries”, PhD thesis, James Cook University, 2015, 208.

⁷² In 1990, the combined GDPs of China’s Guangxi and Yunnan provinces were about a fifth the size of Thailand’s economy. By 2017, their combined GDP was roughly equal to Thailand’s. In 1990, Guangxi and Yunnan were together smaller than the Vietnamese economy. In 2017, they were almost double. Source: Great Mekong Subregion Statistical Database, <https://www.greatermekong.org/stats/index-static.php>.

⁷³ “คำสัมภาษณ์ นายอนุสนธิ์ ชินวาร์โณ อธิบดีกรมเอเชียตะวันออก กระทรวงการต่างประเทศ” [Interview with Mr Anusorn Chinvanno, Head of East Asia Ministry of Foreign Affairs in LTGEN Sirichai Distagul], “ผลกระทบจากถ่วงดุลทางยุทธศาสตร์ระหว่างจีนกับสหรัฐที่มีประเทศไทยในช่วงปี ๒๕๕๐-๒๕๕๔” [Effect of China-US Strategic Balance of Power on Thailand during 2007–2011], unpublished thesis, National Defence College, 2007, 123.

⁷⁴ Gregory V Raymond and John C Blaxland, *The US–Thai Alliance and Asian International Relations: History, Memory and Current Developments*, (Routledge), forthcoming.

⁷⁵ Zsombor Peter, “China Plows Ahead with High-Speed Rail Line for Southeast Asia”, *VOA News*, 28 June 2020, <https://www.voanews.com/east-asia-pacific/china-plows-ahead-high-speed-rail-line-southeast-asia>; and Thodsapol Hongtong, “High-speed Train Talks with China Back on Rails”, *Bangkok Post*, 20 September 2019, <https://www.bangkokpost.com/business/1754044/high-speed-train-talks-with-china-back-on-rails>.

⁷⁶ Le Hong Hiep, “Vietnam’s Dilemma with Chinese Infrastructure Investment: Should it Choose Growth or Security?”, *South China Morning Post*, 11 October 2019, <https://www.scmp.com/week-asia/opinion/article/3032394/vietnams-dilemma-chinese-infrastructure-investment-should-it>,

⁷⁷ Jonathan Stromseth, “The Testing Ground: China’s Rising Influence in Southeast Asia and Regional Responses”, Brookings Institution, November 2019, 6, <https://www.brookings.edu/research/the-testing-ground-chinas-rising-influence-in-southeast-asia-and-regional-responses/>.

⁷⁸ “Geographical location also provides Bangkok a unique advantage in its negotiations with Beijing. As the projected SKRL cannot bypass Thailand, Bangkok holds a strategic veto.” Shang-Su Wu and Alan Chong, “Developmental Railpolitics: The Political Economy of China’s High-Speed Rail Projects in Thailand and Indonesia”, *Contemporary Southeast Asia*, 40:3, December 2018, 503–526, 514.

- ⁷⁹ “Thailand’s Eastern Economic Corridor and What It Means for the GMS”, Greater Mekong Subregion Secretariat, 24 November 2017, <https://greatermekong.org/thailand%E2%80%99s-eastern-economic-corridor-and-what-it-means-gms>.
- ⁸⁰ Suvarnabhumi, Don Mueang and Utapao airports.
- ⁸¹ Asian Development Bank, “Myanmar: Greater Mekong Subregion East–West Economic Corridor Eindu to Kawkareik Road Improvement Project”, 14 May 2020, <https://www.adb.org/projects/46422-003/main#project-pds>.
- ⁸² Pavin Chachavalpongpun, “Dawei Port: Thailand’s Megaproject in Burma”, *Global Asia*, 20 December 2011, https://www.globalasia.org/v6no4/feature/dawei-port-thailands-megaproject-in-burma_pavin-chachavalpongpun.
- ⁸³ Chan Mya Htwe, “Construction of Highway Connecting Dawei SEZ, Thailand, to Commence Next Year”, *Myanmar Times*, 9 December 2020, <https://www.mmtimes.com/news/construction-highway-connecting-dawei-sez-thailand-commence-next-year.html>.
- ⁸⁴ Richard Heydarian, “Japan offers Southeast Asia way out of US-China rivalry”, *Nikkei Asia*, 11 December 2019, <https://asia.nikkei.com/Opinion/Japan-offers-Southeast-Asia-way-out-of-US-China-rivalry>; also “Japan Deepens Infrastructure Activity”, *Vietnam Investment Review*, 19 October 2020, <https://www.vir.com.vn/japan-deepens-infrastructure-activity-80087.html>.
- ⁸⁵ A 2009 WikiLeaks cable from the US Embassy in Japan stated, “Japan’s outreach to Mekong countries, and to Southeast Asia in general, is aimed in part to counter what the Japanese perceive as China’s growing presence in the region” and that “Embassy contacts expressed concern about the prospect for these countries to fall within China’s ‘orb of influence.’”, in “Japan Advancing Ties to the Mekong Region”, 09TOKYO2567, 6 November 2009, https://www.wikileaks.org/plusd/cables/09TOKYO2567_a.html.
- ⁸⁶ Hidetaka Yoshimatsu, “The Mekong Region, Regional Integration, and Political Rivalry among ASEAN, China and Japan”, *Asian Perspective*, 2010, 34:3 (2010), 71–111, 97.
- ⁸⁷ There were 1575 Japanese-affiliated companies in Thailand in 2006, the most numerous in Thailand. Masami Ishida, “Evaluating the Effectiveness of GMS Economic Corridors: Why is There More Focus on the Bangkok–Hanoi Road than the East-West Corridor?”, *Institute of Developing Economies, Discussion Paper No 123*, October 2007, 3, <https://core.ac.uk/download/pdf/288456865.pdf>.

- ⁸⁸ Gwen Robinson, "Southeast Asia Gains New Leverage as China and US Battle for Influence", *Nikkei Asia*, 29 May 2019, <https://asia.nikkei.com/Spotlight/The-Big-Story/Southeast-Asia-gains-new-leverage-as-China-and-US-battle-for-influence>; Hidetaka Yoshimatsu, "The Mekong Region", 99.
- ⁸⁹ Manoj Anand, "Steps to Complete India–Myanmar–Thailand Trilateral Highways", 6 October 2020, <https://www.deccanchronicle.com/nation/current-affairs/061020/steps-on-to-complete-india-myanmar-thailand-trilateral-highways.html>.
- ⁹⁰ Aakriti Sharma, "Bangladesh Keen to Join India's 'Trilateral Highway' that Includes Myanmar & Thailand", *The Eurasian Times*, 19 December 2020, <https://eurasianimes.com/bangladesh-keen-to-join-indias-trilateral-highway-that-includes-myanmar-thailand/>.
- ⁹¹ Pradumna B Rana, "Need for Reset: Modi's Cross-Border Connectivity Policy", RSIS Commentary, No 177, 8 October 2020.
- ⁹² Ibid.
- ⁹³ Nan Lwin, "China Quietly Pushing Myanmar to Back its Development Plan for Irrawaddy River", *The Irrawaddy*, 30 December 2019, <https://www.irrawaddy.com/opinion/analysis/china-quietly-pushing-myanmar-back-development-plan-irrawaddy-river.html#:~:text=China%20Quietly%20Pushing%20Myanmar%20to%20Back%20Its%20Development%20Plan%20for%20Irrawaddy%20River%20The%20Irrawaddy%20River&text=Developing%20the%202%2C161%2Dkm%20route,Sea%20through%20the%20Irrawaddy%20Delta>.
- ⁹⁴ International Crisis Group, "Commerce and Conflict: Navigating Myanmar's China Relationship", Crisis Group Asia Report N°305, 30 March 2020, p. 26.
- ⁹⁵ "A Jungle Airstrip Stirs Suspicions About China's Plans for Cambodia", *New York Times*, 22 December 2019, <https://www.nytimes.com/2019/12/22/world/asia/cambodia-china-military-bases.html>.
- ⁹⁶ In Hoang Thi Ha, "Understanding China's Proposal for an ASEAN–China Community of Common Destiny and ASEAN's Ambivalent Response", *Contemporary Southeast Asia*, 41, 2 (2019), 231.
- ⁹⁷ Prime Sarmiento, "Cambodia to Tap Shenzhen Development", *Khmer Times*, 6 November 2020, <https://www.khmertimeskh.com/50780386/cambodia-to-tap-shenzhen-development/>.

- ⁹⁸ Fabio Figiaconi and Claudia Adele Lodetti, "South-East Asian Special Economic Zones are Becoming Geopolitical", ISPI (Istituto per gli Studi di Politica Internazionale), 17 July 2020, <https://www.ispionline.it/it/pubblicazione/south-east-asian-special-economic-zones-are-becoming-geopolitical-26958>.
- ⁹⁹ Mekong Infrastructure Tracker Dashboard, Industrial Spaces, <https://www.stimson.org/2020/mekong-infrastructure-tracker-tool/>.
- ¹⁰⁰ Examples in Thailand include at Mukdahan on the Laos border and Mae Sot on the Myanmar border. Asian Development Bank, "The Role of Special Economic Zones", 8, <https://www.adb.org/sites/default/files/institutional-document/470781/role-sezs-gms-economic-corridors.pdf>; in Cambodia, many SEZs located near borders are associated with Cambodian elites with close links to the ruling party. Dennis Arnold, "Spatial Practices and Border SEZs in Mekong Southeast Asia", *Geography Compass*, 6:12 (2012): 740–751, 747.
- ¹⁰¹ Chan Mya Htwe, "Industrial Zone in Kyaukphyu SEZ to be Built at \$30B", *Myanmar Times*, 20 February 2020, <https://www.mmtimes.com/news/industrial-zone-kyaukphyu-sez-be-built-30b.html>.
- ¹⁰² The three "spinach city" projects are known as Huanya International City in Myawaddy, Saixigang Industrial Zone in Myawaddy, and Yatai International City in Shwe Kokko, and as of July 2020, occupied some 157 square kilometres. Jason Tower and Priscilla A Clapp, "Myanmar's Casino Cities: The Role of China and Transnational Criminal Networks", United States Institute of Peace (USIP) Special Report No 471, July 2020, 3, <https://www.usip.org/publications/2020/07/myanmars-casino-cities-role-china-and-transnational-criminal-networks>.
- ¹⁰³ Nick McKenzie, Chris Uhlmann, and Joel Tozer, "Drug Deals, Dirty Money and Links to Beijing: Australian Police Bring Down Asia's 'Mr Big'", *The Sydney Morning Herald*, 23 January 2021, <https://www.smh.com.au/national/drug-deals-dirty-money-and-links-to-beijing-australian-police-bring-down-asia-s-mr-big-20210120-p56vk8.html>.
- ¹⁰⁴ "ทุนจีนสร้างเมืองใหม่ ชายแดนไทย แม่สอด-เมียวดี" [Chinese Investment Builds a New City on the Thai Border at Mae Sot–Myawaddy], *Thai PBS News*, 22 January 2020, <https://bit.ly/3mG5wpP>.
- ¹⁰⁵ Ibid.

¹⁰⁶ Andrew Nachemson, “The Mystery Man Behind the Shwe Kokko Project”, *Frontier Myanmar*, 7 July 2020, <https://www.frontiermyanmar.net/en/the-mystery-man-behind-the-shwe-kokko-project/>.

¹⁰⁷ Ibid.

¹⁰⁸ Kearnin Sims, “High Modernism in a Small Country: China ‘Develops’ Laos”, in Donald K Emmerson, *The Deer and the Dragon*, (Stanford, CA: Walter H Shorenstein Asia-Pacific Research Center), 271.

¹⁰⁹ Kearnin Sims, “Gambling on the Future: Casino Enclaves, Development, and Poverty Alleviation in Laos”, *Pacific Affairs*, 90:4, December 2017, 675–700, 681.

¹¹⁰ Draft Seventh National Socio-Economic Development Plan (2011–2015), 4, https://data.opendevelopmentmekong.net/library_record/7-2011-2015-2010.

¹¹¹ “That Luang Lake Specific Economic Zone Project”, *Zawya*, 16 April 2020, <<https://www.zawya.com/mena/en/project/160420114433/that-luang-lake-specific-economic-zone-project/>.

¹¹² Sebastian Strangio, *In the Dragon’s Shadow: Southeast Asia in the Chinese Century* (New Haven: Yale University Press, 2020), 53.

¹¹³ Golden Triangle SEZ promotional video, <https://v.qq.com/x/page/d0505nfkg0z.html>.

¹¹⁴ Kearnin Sims, “Gambling on the Future”.

¹¹⁵ Pal Nyiri, “Enclaves of Improvement: Sovereignty and Developmentalism in the Special Zones of the China-Lao Borderlands”, *Comparative Studies in Society and History*, Vol. 54, No. 3 (JULY 2012), 536-537.

¹¹⁶ Victoria Reyes, *Global Borderlands: Fantasy, Violence, and Empire in Subic Bay, Philippines*, (Stanford: Stanford University Press, 2019), 2.

¹¹⁷ “A Glimpse of Boten, Golden Triangle Special Zones in Laos”, *People’s Daily Online*, 1 February 2011, <http://en.people.cn/90001/90780/91421/7278825.html>.

¹¹⁸ Draft Seventh National Socio-Economic Development Plan (2011–2015), 2, https://data.opendevelopmentmekong.net/library_record/7-2011-2015-2010.

¹¹⁹ Ore Huiying and Wan Man, “A Border Town’s Second Gamble”, *China File*, 24 November 2020, <https://www.chinafile.com/multimedia/photo-gallery/border-towns-second-gamble>.

¹²⁰ “Statement by Professor Philip Alston, United Nations Special Rapporteur on Extreme Poverty and Human Rights on his Visit to Lao PDR, 18–28

March 2019", Vientiane, 28 March 2019, 7,
<https://www.ohchr.org/en/NewsEvents/Pages/DisplayNews.aspx?NewsID=24417&LangID=E>.

¹²¹ Ibid.

¹²² Under the agreement, Laos would finance its share of the initial construction cost, US\$2.4 billion, through \$250 million from its own budget and a \$470 million loan from Export Import Bank of China at 2.3 per cent interest. This leaves Laos owing US\$1.1 billion for its share of the longer-term cost. Peter Janssen, "China Train Project Runs Roughshod over Laos", *Asia Times*, 18 August 2018,
<https://asiatimes.com/2018/08/china-train-project-runs-roughshod-over-laos/>.

¹²³ World Bank, "From Landlocked to Land-Linked: Unlocking the Potential of Laos-China Rail Connectivity" (Washington DC: World Bank 2020), 20.

¹²⁴ Beijing Insurance Research Foundation, "Country Risk Data Analysis: Laos Investment Risk Research", June 2019, 27,
http://www.bjircf.org/show.php?catid=9&id=112&fbclid=IwAR20WJTF44e_fmNpggOFY5VLb9Ffq_DxtRpyZH_3wsTct2-pET9qPPngDs; and World Bank, "From Landlocked to Land-Linked: Unlocking the Potential of Lao-China Rail Connectivity", World Bank, Washington, 2020, 47,
<https://openknowledge.worldbank.org/handle/10986/33891>.

¹²⁵ Peter Janssen, "China Train Project Runs Roughshod over Laos",
<https://asiatimes.com/2018/08/china-train-project-runs-roughshod-over-laos/>.

¹²⁶ World Bank, "From Landlocked to Land-Linked", 17,
<https://openknowledge.worldbank.org/handle/10986/33891>.

¹²⁷ Pinkaew Laungaramsri, "Commodifying Sovereignty: Special Economic Zone and the Neoliberalization of the Lao Frontier", *The Journal of Lao Studies*, 3:1, 29–56, 36.

¹²⁸ Kearrin Sims, "High Modernism", 278.

¹²⁹ "Boten Special Economic Zone to Lure \$10B Investment", Xinhua, 29 October 2019, http://www.china.org.cn/business/2019-10/29/content_75350548.htm.

¹³⁰ Yos Santasombat (ed), *Impact of China's Rise on the Mekong Region*, (New York: Palgrave MacMillan, 2015), 10.

¹³¹ Northern Laos Industrial Economic Development and Cooperation Planning Preparation Group, 2008, 15, in Pinkaew Laungaramsri, "Commodifying Sovereignty: Special Economic Zone and the

Neoliberalization of the Lao Frontier”, *The Journal of Lao Studies*, 3:1, 29–56, 40.

¹³² Yunnan Hai Cheng Group promotional video, released 16th January 2020, subtitled in Chinese and English at <https://haokan.baidu.com/v?vid=210958978594558929&pd=bjh&fr=bjhauthor&type=video>, but now removed. “We have developed southward from Yunnan of China along Chengjiang of Yuxi Pu’er, Jinghong and Mengla, as well as Boten, Phongsaly, Luang Prabang, and Bokeo of Laos.”

¹³³ Yue Man Yeung, Joanna Lee, and Gordon Kee, “China’s Special Economic Zones”, *Eurasian Geography and Economics*, March 2009, 50:2, 222–240, 234.

¹³⁴ Dirk van der Kley, “China is Fighting for the Minds of Asia, Not Australia”, *Australian Financial Review*, 2 December 2020, <https://www.afr.com/policy/economy/china-is-fighting-for-the-minds-of-asia-not-australia-20201201-p56jo9>.

¹³⁵ Bilahari Kausikan, “Dodging and Hedging in Southeast Asia”, *The American Interest*, 12:5, 12 January 2017, <https://www.the-american-interest.com/2017/01/12/dodging-and-hedging-in-southeast-asia/>.

¹³⁶ Max Walden, “What is the Blue Dot Network and is It Really the West’s Response to China’s Belt and Road Project?”, ABC News, 9 November 2019, <https://www.abc.net.au/news/2019-11-09/blue-dot-network-explainer-us-china-belt-and-road/11682454>.

ABOUT THE AUTHOR



Greg Raymond

Gregory Raymond is a lecturer in the Coral Bell School of Asia Pacific Affairs in the Australian National University (ANU) researching Southeast Asian politics and foreign relations. He is the author of *Thai Military Power: A Culture of Strategic Accommodation* (NIAS Press, 2018) and the lead author of *The United States–Thai Alliance: History, Memory and Current Developments* (Routledge, 2021). His work has been published in journals including *Contemporary Southeast Asia*, *South East Asia Research*, and the *Journal of Cold War Studies*. He convenes the ASEAN Australia Defence Postgraduate Scholarship Program, the Global China research spoke of the ANU Centre for China in the World, and is ANU Press Editor for the Asia Pacific Security series. He holds a PhD in political science from La Trobe University and an MA in Asian Studies from Monash University. Before joining the Australian National University, Greg was a policy adviser in the Australian government, including in the strategic and international policy areas of the Department of Defence and the Australian Embassy in Bangkok.

LOWY INSTITUTE

31 Bligh Street
Sydney NSW 2000

Tel. +61 2 8238 9000
Fax +61 2 8238 9005

lowyinstitute.org
[@LowyInstitute](https://www.instagram.com/LowyInstitute)