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# The Impact of the Belt and Road Initiative in South and Southeast Asia

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## Abstract

China has undertaken a historic task to expand its economic influence across half of the world through its Belt and Road Initiative (BRI). China is willing to pursue economic advances under the Belt and Road Initiative (BRI), which are seen as beneficial by China's partners. For China, the Belt and Road Initiative provides a platform to develop ties with neighboring Asian countries while fostering the development of its own extensive high-speed rail network as a means to export high-end technology and services. The Belt and Road Initiative (BRI) has set the tone for cross-regional connectivity, fostering bilateral and multilateral cooperation, creates a platform for better understanding and awareness of the Chinese culture and creates a channel for the ease of better communication, between China and its Asian neighbors in South and Southeast Asia.

**Keywords:** Belt and Road Initiative, China South, Southeast, Asia, Fostering, Regional Cooperation, Connectivity

## Introduction

Initiated at the end of 2013, China's Belt and Road Initiative (BRI) is an infrastructure project financed by Beijing, and it aims at developing China's trade routes through Central and South Asia, all the way into Europe and Africa. 68 countries are along the way, and China is spending approximately \$150 billion a year to develop railways, ports, and other industrial complexes, which are to contribute to these member countries' economies and to the dynamism of this new Silk Road. One Belt—One Road seeks to create a wide network of land roads and maritime belts which modernizes existing trade routes while consecrating new works that ultimately creates manifold and interlocking trading routes covering East Asia, South Asia, South East Asia, Eurasia, East Africa, the Middle East, and Europe. While One Belt—One Road is initially focused on creating and refining infrastructure, the initiative also seeks to ultimately harmonize the process of commerce between borders, without forcing participating countries to develop any particular kind of governance.

The paper is discussing the impact of the Belt and Road Initiative in the South and Southeast Asian Region from sub-regional perspectives. In Southeast Asia, the implementation of the "One Belt, One Road" agenda requires a high level of cooperation and understanding between China and ASEAN and among its member states. Belt and Road Initiative (BRI) may lead to bolstered economic development and linkages between Southeast Asia and China. In the region of South Asia, it is argued that China can play a constructive role by balancing Belt and Road

Initiative with the national interests of South Asian countries in order to minimize the adverse impact of the Belt and Road Initiative.

### **The new shape of global governance in a multipolar world**

The G20 and the BRICS are parallel processes operating in an informal space outside of the post-Second World War global governance framework. China's Belt and Road Initiative (BRI) is a coordinated strategy of extensive multilateral and bilateral cooperation and diplomacy, extending from the development sphere to security, the digital economy, media, and culture. Belt and Road Initiative (BRI) emphasizes on the multipolar nature of the international system. The Belt and Road Initiative (BRI) is as a platform that promotes peace, security, prosperity, and development in a multipolar, interconnected, and globalised world.

The Belt and Road Initiative (BRI), the Shanghai Cooperation Forum, and Eurasian Economic Union strategies converge, creating a new development dynamic in Asia. China is promoting extensive geo-economic strategies with other regions – Africa, Latin America, the Middle East – linked to its own structural transformation, moving beyond traditional South-South modalities to inject major financial flows from its policy banks and investors.

Belt and Road Initiative (BRI) as a Chinese initiative ensures more effective global governance, global development, and cooperation as well as recognizes that a political and cultural diversity in a multipolar global governance system is essential elements towards a world of strategic cooperation and away from the strategic competition.

### **Belt and Road Initiative (BRI) in Asia**

In Asia, China has established mutual relations with neighboring countries for security stability, regional, economic integration. Therefore, China promotes its image, and cultural awareness in the region has been and participates in regional organizations such as ASEAN, the Shanghai Cooperation Organization, East Asian Summit, Asian Development Bank (ADB), Asian Infrastructure Investment Bank (AIIB), etc. In this way, China's soft power increases in the Asian region with the Belt and Road Initiative and likewise increases cultural awareness of China's cultural values. Southeast Asia and South Asia involve important economic interests in China, where China plays a guiding role. In effect, institutionalizing its regional engagements remains a priority of China's contemporary thinking as a strategy towards global issues (Qi Huaigao 2009, p.130).

The Belt and Road Initiative (BRI) is intended to change the landscape of Asia over the coming years through its economic ties, traditional and cultural appeal, diplomatic relationship, infrastructural partnership, multilateralism. The Belt and Road Initiative (BRI) bolsters China's relations with neighboring countries in South and Southeast East Asia.

The Belt and Road Initiative is China's contemporary most prominent foreign policy project and may impose China as the superpower in the Asian continent. The infrastructure projects of the Belt and Road Initiative (BRI) seek to spur growth in China's most underdeveloped regions and to open new markets for Beijing to export the country's excess products, as well as its technological and engineering capabilities (Cai 2017).

### **Belt and Road Initiative and Southeast Asia**

For Southeast Asia, the Belt and Road Initiative is not a new policy initiative. China and ASEAN states have enjoyed extensive economic cooperation in past decades and had previously worked together on many large-scale projects. Almost all regional states are supportive of the Belt and Road Initiative because the projects promise to meet their infrastructure and economic needs. China's financial commitments have a significant impact across Southeast Asia. China's Belt and Road initiative is ambitious, setting out a vision for China's investment in the coming years.

China has played an important role in the process of regionalization in the region. More specifically, the development of China-ASEAN relations is a case that demonstrates how China deals with multilateral regionalism in Asia. The China-ASEAN relationship has improved since both started to engage with each other more than ten years ago. Many scholars suggest that China-ASEAN is China's most successful story in practicing multilateralism since China has expanded its influence in the region through ASEAN as a regional organization (Gung and Yongian 2008, p.5).

The increasing acceptance of China's role in the region has much to do with Beijing's decision to work within ASEAN-led processes. Since 2009, China has been ASEAN's largest trading partner, and since 2011 ASEAN has been China's third-largest trading partner. Given the vitality and the economic stability of ASEAN and considering the geographical proximity of the region, a key priority of the Belt and Road Initiative (BRI) is ASEAN's burgeoning economies. ASEAN is a prominent developing economic partner for China and is the priority destination for Chinese businesses and companies.

The Belt and Road Initiative has an essential role in bridging ASEAN and China by strengthening economic connections. The Belt and Road Initiative (BRI) helps the growing ASEAN region improve its connectivity among the 10 member states by continuously developing their economic zones in Asia and beyond.

The initiative improves infrastructure and supports industrial development. Belt and Road Initiative also includes projects of developing rail networks to deliver technology and services regionally. This initiative has already seen achievements in railway construction in Malaysia, Thailand, Laos, and Indonesia. For ASEAN member states, the initiative addresses an infrastructure deficit and industrial development. While the formation of the ASEAN Economic Community in 2015 is bringing Southeast Asian economies together as a single market and production base, the belt and road initiative offers further integration by developing physical infrastructure and a robust trade regime.

With more than 20,000km of track laid, China has a more high-speed railway than the rest of the world combined (Wong 2017). Among the countries of ASEAN, Malaysia, Thailand, Laos, and Indonesia have joint projects with China, mainly in railway construction. The Asian Development Bank estimates that US\$750 billion a year need to be invested in Asia up to 2020 as developing nations strive to raise their economic productivity and deal with rising urbanization.

Implementing the Belt and Road initiative, a high level of mutual cooperation, understanding, and trust are necessary. Therefore the Belt and Road Initiative has the potential to provide long-lasting economic growth in Southeast Asia. The Belt and Road Initiative is considered to be a successful example of regional cooperation in Southeast Asia; while China's regional policy is successful.

It is significant that during the Second Belt and Road Forum held in Beijing (April 2019), top leaders from most of ASEAN member states have attended to applaud Chinese investments in Southeast Asia despite the concerns over the debt of Belt and Road projects and the South China Sea issue.

There has been significant growth of Chinese investment in Southeast Asia – not just in infrastructure, but also in areas such as manufacturing, agriculture, and services. If China's growing economic importance for the region under the umbrella of Belt and Road Initiative has led to an increase of China's soft power and influence in the region of Southeast Asia.

### **Belt and Road Initiative and South Asia**

In South Asia, the Belt and Road Initiative provides an ideal platform to develop ties with neighboring Asian countries while fostering the development of the high-speed rail network as a means to export high-end technology and services.

South Asian countries share common interests with China, in developing their economies and improving the livelihoods of their people. In 2014-15, President Xi Jinping visited key regional states and stressed on 'creative cooperation model,' 'joint building,' and 'regional large scale cooperation.'

South Asian states perceive that the joint building of the Belt and Road is not a zero-sum game but a mutually beneficial plan. The implementation of the initiative effectively improves the infrastructures of the countries along the Belt and Road, promotes the facilitation of trade and investment, and improves the industrial competitiveness of these countries.

However, China's involvement in South Asian regional institutions has been one of its more limited successful attempts at peripheral diplomacy. It is true that China and India are also competitors for regional power in South Asia, therefore, the Belt and Road Initiative (BRI) has raised serious security and strategic concerns in India. The China-Pakistan Economic Corridor (CPEC) is an investment scheme that India has formally objected to on the grounds that the route passes through disputed territory (Shah 2015). The "corridor" terminology and ambitious claims from the Pakistan side about future railways and pipelines deepened India's long-standing anxieties over Sino-Pakistani relations, which have, for decades, been built around the common security goal of counterbalancing India (Shah 2015). Indo-Pak border issues remain real as ever therefore, implementing the Belt and Road Initiative projects, China has a complex equation to face in the region of South Asia.

### **Implementing Belt and Road Initiative: Challenges**

The implementation of Belt and Road Initiative in the neighboring countries has several challenges. More specifically, in the region of South Asia, to counter China's initiative, India recently proposed the 'Cotton Route' so as to strengthen the diplomatic and economic relations between India and other countries of the Indian Ocean rim. Beyond South Asia, India has been notably effective in influencing the debate over Belt and Road Initiative by raising its concerns at the highest political levels to countries with plenty of reservations of their own. Moreover, India, alongside Japan, has reinforced the Trump administration's competitive stance toward China and encouraged the adoption of a "free and open Indo-Pacific" strategy that is partly intended as a counterpoint to Belt and Road Initiative. However, China and India can reach to an informal agreement over the scope of Belt and Road Initiative, given that there is considerable room for negotiation, even over Indian sensitivities about CPEC.

Belt and Road Initiative in South Asia demonstrates the barriers that China faces, however, China remains on the focus on trade and investments that bring development, stability and a more integrated region. The Belt and Road Initiative pursues the revival of old Silk Road adhering to the principles of joint consultation, joint building, and joint sharing. According to the economist Zheng Yongnian, "the main objective of China's going out action through the initiative of Belt and Road is not the Chinese government, but capital, and the government only plays a role of facilitating" (Mahar 2016).

It is notable that during the Second Belt and Road Forum, top leaders from the South Asia region were absent. India continues to raise concerns over the security issues and the China-Pakistan Economic Corridor, which passes through Kashmir (territory occupied by Pakistan, but claimed by India). However, from SAARC member states, only Pakistan and Nepal had top-level representation at the summit (Tiezzi 2019).

In the South Asia region, the competition continues. Dynamics in South Asia are increasingly taking on a zero-sum quality. And with improving U.S.-Indian and Chinese-Pakistani relations set against a decline in U.S.-Pakistani and Chinese-Indian relations, such dynamics are becoming mutually reinforcing. Moreover, shared concerns towards China's influence have led Australia, India, Japan, and the United States to agree on free and open Indo Pacific (FOIP) concept coupled with the revival of the Quadrilateral Security Dialogue (Quad). The

growing interests of other major powers in the Indo-Pacific region, as a result of the Belt and Road Initiative (BRI), are unlikely to be ignored by China.

China's strategic purposes using its economic leverage in the context of the Belt and Road Initiative have led to rising concerns in Southeast Asia. Southeast Asian states are concerned about the wider implications the Belt and Road Initiative may have for the region. Firstly, the Belt and Road Initiative could undermine the centrality and unity of ASEAN. Given that most of the BRI-linked projects in Southeast Asia are organized on a bilateral basis, it could weaken the current mode of ASEAN-led regionalism and over time, lead to China-centric regional economic integration. Secondly, a shared sentiment is emerging across the region that Chinese investment in strategically significant projects may lead to "debt-trap diplomacy." China has been accused of using economic development as a precursor to seeking naval base rights in maritime countries such as Myanmar, Pakistan, and Sri Lanka in the Indian Ocean region. Third, many regional states, especially those that have territorial and maritime disputes with China in the South China Sea, are concerned about the national security implications of relying on Chinese funding for major infrastructure projects. China's territorialization of the disputed South China Sea has impeded its plans for launching large-scale maritime infrastructure projects under the Maritime Silk Road (MSR). Despite China's repeated attempts to downplay the strategic implications of the Belt and Road Initiative (BRI), regional states understand the initiative greatly enhance Chinese influence in Southeast Asia and hence guard against any emergence of a China-centered regional order. However, for many of the countries of the ASEAN region, these rivalries may bring great benefits, as interconnectivity will receive a major boost. For instance, if competition remains on the level of business and finance, producers in the Philippines, or Myanmar, could see a near future in which their products can more easily shipped around the globe, bringing further investment and prosperity.

The impact of Belt and Road Initiative is differed in Southeast and in South Asia. On the one hand, in South Asia, China's role is limited because of the increased role of India in the area, as an important regional actor as well as because of the weakness of SAARC to be a consistent regional organization. On the other hand, in Southeast Asia, China's role is more increased principally due to the economic benefits as well as to historical reasons.

### **Future Prospects**

The Belt and Road Initiative (BRI) initiative pursues revival of old Silk Road adhering to the principles of joint consultation, joint building and joint sharing. Contemporarily, in international cooperation, politics and economy are two closely related inter-dependent and mutually promoting aspects. Misinterpretation about the Belt and Road Initiative would only cause some countries' misunderstanding. Whereas for regional peace, there is a need to recognize that countries have more to gain through regional cooperation. In this framework, a possible way to reduce the growing geopolitical competition between China and other major powers is to significantly transform the Belt and Road Initiative (BRI) from a China-centric initiative into a multilateral platform that also incorporates the participation of other major players.

Given complex global political and economic relations, there is a need to establish pan-regional and cross-regional cooperation mechanism based on historical experiences. In this regard, the ASEAN "10 + 3" cooperation model provides a successful example. Through this model, China, Japan, and South Korea have established an in-depth cooperation with ASEAN. It would not be difficult to bring about similar mechanism between China and South Asia or SAARC states as most of them already welcome China's regional involvement for both economic and political reasons.

In this context, it is vital to focus on level of economic openness and trade relations between neighboring countries and China (Li 2016). Low achievements in terms of China-South and Southeast Asia economic potential pertains to global slowdown in economic growth, decline in global trade and economic status, imbalances in regional development, and a gap in the development of economic and trade cooperation with China.

The recent quest for resources and markets in South Asia, along with China's willingness and ability to invest in infrastructure projects necessary to facilitate trade, has made China a desirable economic partner for other South

Asian states. Pakistan and China have already taken the lead by starting the work on China-Pakistan Economic Corridor (CPEC). CPEC, a project under Belt and Road Initiative, has increased economic significance, as it provides a transit route for energy and other resources destined for China.

With the progress and prospects of Belt and Road Initiative (BRI), mutual consensus has emerged within South and Southeast Asian states that China's investments' will bring benefits not only to China, but also will provide income, jobs, and multifunctional infrastructure benefits to the recipient countries. Therefore, there is the need for more collaboration; China is willing to improve relations with its neighbors, to secure investments along the Belt and Road and to contribute for region's stability.

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