

China's Infrastructure Investment in the ASEAN Region: Approach and Effects

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Abstract

Since joining the World Trade Organization in 2001, reformist China has sought to expand its global trade and has successfully achieved substantial export surpluses. To sustain its growth, China has revived its historical Belt and Road Initiative since 2013 with large investments overseas, and this was expedited by its “surplus production capacity” that could be put to good use overseas. This paper focuses on the rationale of China's trade and diplomatic expansion. In the ASEAN region, China's investment has been most characterised by infrastructure development, and as a form of aid. The study examines its approach, and investment categories, using a case study on Myanmar which China has the strongest interest in Southeast Asia as it provides a key strategic access from Yunnan to the Indian Ocean. Difficulties and opportunities are also dealt with and analysed from a few perspectives including one which is geopolitical strategic in substance. Overall, ASEAN has maintained its neutral stand while keeping good relations with the United States, Japan and India.

Keywords: China, infrastructure investments, investment rationale, ASEAN, Myanmar

Introduction

Infrastructure is symbolic of network building which facilitates the flow of goods, people and services that generates wealth and power. After the advent of economic reforms in the early 1980s, China has sought to transform its world outlook radically in two modernist ways. Domestically, it seeks to improve human living conditions by encouraging technological innovations and public-cum-private business undertakings as a counter-measure to fight widespread poverty. Internationally, it commits itself to a developmental build-up in trade and

other exchanges, and to gain global respect and influence (Scissors, 2015), one of which is The Belt and Road Initiative (BRI). The BRI was first publicly unveiled by Chinese paramount leader Xi Jinping in September and October 2013 during his respective state visits to Kazakhstan and Indonesia, shortly after the U.S. Secretary of State John Kerry announced the establishment of the Indo-Pacific Economic Corridor during his U.S.-India Strategic Dialogue in June 2013. The U.S. deliberate exclusion of China in the beginning was strategically seen as a counter-balance to a rising China seeking increasing influence in the region.

Indeed, the BRI, which covers quite identical routes of the Indo-Pacific Economic Corridor, represents two fundamental elements of China's foreign policy and international engagement. First, it is an historic conjuncture signalling that China was prepared for more extensive global investment after having accumulated sufficient capital since its opening up in the 1980s for overseas investment. Having made much progress in technological know-how and manufacturing, the BRI, in fact, is symbolic of the export of Chinese capital, an upgraded model of export capital (Wang & Li, 2017).

Second, as a major rising power in East Asia, it is natural that China has to play a greater leading role with its neighbours in an international arena where the U.S. behaviour is seen to be highly hegemonic, showing inadequate respect to regimes of different political ideology and governance (Wilson, 2020). China is a case in point.

The present paper examines China's overseas investment during the last two decades along its BRI routes, analysing investments in general and infrastructure in particular. Having dealt with China's growth-led motivation as its key rationale, the discussion of infrastructure investment is focused on its close Southeast Asian neighbours. The paper moves on to study specifically the case of Myanmar, a country providing a critical strategic exit corridor from the southwestern part of China, which joins the Indian Ocean. The final section will look at China's achievements and the difficulties faced in a competitive commercial and geopolitical world where between great powers, there is a hegemonic conflict which creates international tensions whereby conflict resolution may have to be constantly sought through negotiations.

General Trend of China's Overseas Investment and Its Strategies

Since its opening-up to global integration from the early 1980s, China has progressively evolved from labour-intensive manufacturing to a more sophisticated capital and knowledge intensive economy. As domestic labour and land cost rises, coupled with an extent of Renminbi's appreciation, China has required to restructure its economic investment strategy by moving part of its labour-intensive industry to less developed countries abroad. This approach would be seen as a self-innovative facilitator towards uplifting itself to higher technological ladder in the global supply chain mechanism (Wang & Li, 2017).

By doing so, it would help China to shake off the middle-income trap, to expedite its poverty reduction effort, and to get prepared for another phase of take-off characterised

by surge in overseas investments. As revealed by the China global Investment Tracker documents, about US\$ 630 billion of aggregate investments were made between 2005 and 2015 in the top 10 listed countries, with the U.S. at the top receiving some US\$90 billion, followed by Australia, Canada, Brazil and Britain. Dramatic investment in finance and transport, resources exploration and real estate purchases including construction activities were recorded (Zhang *et al.*, 2019; Scissors, 2015).

In addition to China's global trade ambitions, another key factor that has led this country on the rise to expedite its overseas investments is the overcapacity of manufacturing materials, also known as surplus production capacity, and slumping economic growth after over a decade's two-digit growth since joining the World Trade Organization in 2001 (Yu, 2021). By overcapacity which is the legacy of centrally planned economic system in China, it means there is oversupply of raw materials, semi- or finished products from manufacturing plants, mainly state-owned, arising from weaker market demand at the global scale. This includes in particular steel and aluminum products as a result of China's large scale infrastructure plan at the domestic front (Liu & Gao, 2016; Wang & Li, 2017). Following strictly its five-year plans, China's state enterprises have to respond to politically motivated and GDP-led national ambitions, aimed at catching up quick with the U.S. economy. Consequently, the international market demand of Chinese products, which is influenced by uncertainty and fluctuations, has met with an oversupply situation, especially when it is hit by recessions such as the 2008 financial crisis in the U.S.

As can be seen from Table 1 below, the rate of growth in China's investment from 2003 to 2015 was highly impressive. This growth feature followed almost immediately after China joined the WTO in 2001, moving from US\$200 million to US\$91.09 billion during that period, a rise of over 450 times. For its proximity and geopolitical strategic position, ASEAN as a region received the highest proportion of investments along the vastly distributed Belt and Road routes which also cover West Asia, Russia, South Asia, Central Asia, Eastern and Central Europe. Significantly in 2008, the year particularly marking the U.S. financial crisis where China had basically avoided being hit, China's investment accelerated continuously in ASEAN, reaching US\$53.05 billion or 58.2% of the total.

Table 1

China's Direct Investment in ASEAN and Other Countries along The Belt and Road Path, 2003–2015

Year	ASEAN (US\$100 million)	%	Other countries* (US\$100 million)	%	Total (US\$100 million)	%
2003	1.2	60.0	0.8	40.0	2.0	100.0
2004	2.0	52.6	1.8	47.4	3.8	100.0
2005	1.6	23.9	5.1	76.1	6.7	100.0
2006	3.4	28.3	8.6	71.7	12.0	100.0
2007	9.7	29.9	22.7	70.1	32.4	100.0

Year	ASEAN (US\$100 million)	%	Other countries* (US\$100 million)	%	Total (US\$100 million)	%
2008	24.8	54.8	20.5	45.2	45.3	100.0
2009	27.0	59.6	18.3	40.4	45.3	100.0
2010	44.0	56.9	33.4	43.1	77.4	100.0
2011	59.1	59.0	41.1	41.0	100.2	100.0
2012	61.0	45.8	72.3	54.2	133.3	100.0
2013	72.7	57.2	54.3	42.8	127.0	100.0
2014	78.1	57.3	58.3	42.7	136.4	100.0
2015	146.0	77.3	45.0	22.7	189.0	100.0
Total	530.5	58.2	380.4	41.8	910.9	100.0

Source: Census and Economic Information Center (CEIC) and China's Ministry of Commerce data, 2017.

* Inclusive of West Asia, Russia, South Asia, Central Asia, Eastern and Central Europe and Mongolia.

Sector-wise, as brought up earlier, export of Chinese manufacturing to ASEAN was substantial as all countries, except Singapore, are technologically situated at a lower level than China and their cost of production is overall slightly or much lower. More importantly, such industrial shift could help build a localised brand that facilitates product sales to local market or elsewhere.

Table 2 shows clearly that other than mining activities whereby China seeks to supplement material needs to its industry, three key infrastructure-related sectors (electricity, construction and transport) stand highly visible in China's investments in ASEAN states. Power-related infrastructure in many populous states such as Myanmar, Vietnam, Indonesia and the Philippines is particularly weak. Given their relatively weak economic base, skilled labour and development capital, foreign friendly financial aids in this area can be expected a welcoming factor as they are critical to their national growth (Wang & Li, 2017).

Table 2

Sectoral Distribution of China's Investment in ASEAN and Other Countries along The Belt and Road Path, 2003–2015

Sector	ASEAN (US\$100 million)	%	Other countries* (US\$100 million)	%	Total (US\$100 million)	%
Manufacturing	436.5	41.0	628.3	59.0	1064.8	100.0
Electricity	129.6	36.1	229.1	63.9	358.7	100.0
Mining	55.3	28.2	140.7	71.8	196.0	100.0
Construction	55.7	53.8	47.9	46.2	103.6	100.0
Transport	33.8	44.2	42.6	55.8	76.4	100.0

Sector	ASEAN (US\$100 million)	%	Other countries* (US\$100 million)	%	Total (US\$100 million)	%
Tele-communication	3.1	8.6	32.9	91.4	36.0	100.0
Sales	13.9	55.8	11.0	44.2	24.9	100.0
Commercial Services	8.8	45.1	10.7	54.9	19.5	100.0
Design Development	1.7	11.5	13.1	88.5	14.8	100.0
Headquarters Building	5.7	67.1	2.8	32.9	8.5	100.0
Research & Development	0.8	16.7	4.0	83.3	4.8	100.0
Technical Support	0.0	0.0	2.6	100.0	2.6	100.0
Others	0.6	25.0	1.8	75.0	2.4	100.0

Source: Census and Economic Information Center (CEIC) and China's Ministry of Commerce data, 2017.

* Inclusive of West Asia, Russia, South Asia, Central Asia, Eastern and Central Europe.

Rationale of China's Infrastructure Move

Scarcity creates values and it is true that the Indo-Pacific region where the sea silk road passes, has a serious lack of infrastructure essentially needed as a means to promote economic growth and regional integration. It is estimated that this vast region in which ASEAN states are an integral part, would require an annual infrastructure investment of US\$0.7 trillion for many years to come if it were to achieve a high-speed growth (Wilson, 2020: 64). Accordingly, the Asian Development Bank (ADB) has also evaluated that the spending of US\$55 billion in 2018 on infrastructure in ASEAN was far from being adequate to meet its real needs. The ADB moreover affirmed that existing financial institutions such as the World Bank and the ADB will have great difficulties filling that funding gap (Yu, 2021). Taking this opportunity and as a signal of good neighbourliness, China as a donor nation and as a late comer after the U.S. and Japan, has since the turn of the 21st century, launched infrastructure investment programs in diverse measures. These include the form of foreign direct investment, aids, loans and technical assistance offered to host countries (Wilson, 2020).

Arguably, infrastructure is generally seen as the basic and essential need to support economic operations and efficiency, lack of which there runs a great risk of lagging behind in global competition in trade and daily administrative performance. Even for developed nations, without constant upgrading and updating of their infrastructure, they will most likely be overtaken by others equipped with more competitive infrastructure. Besides reinforcing domestic connectivity, overseas investments by a rising China would also require a stronger infrastructure outside China to strengthen the connectivity with its home-based commanding city centres. In an increasingly market-oriented Chinese economy, in the expression of Henri Lefebvre, such production of an extended economic and geopolitical space beyond one's national borders would mean efforts in search of more efficient operations (see Purcell, 2003).

For China seeking to challenge the U.S. global dominance in the global market-led economy, infrastructural linkages would help to reinforce its geostrategic objectives and secure a more sustainable economic growth (see Funfgeld, 2019; Gong, 2020).

As a close neighbour of China, ASEAN represents a key region of 700 million people with which integration by trade and other exchanges is critical. It is also a top diplomacy priority region to implement China's BRI. At the 2017 ASEAN-China Summit in Manila, Li Keqiang, the Chinese premier, stressed the importance of linking their cooperation in business, culture and other fields to a shared future, known as Community of Common Destiny "featuring common ideals, common prosperity and common responsibility" (Hoang, 2019: 229; Funfgeld, 2019). Seeing the importance of China's economic relations with the ASEAN, China's President Xi Jinping has been highly enthusiastic in expanding its FDI into the region. From 2013 to 2017 alone, China had overtaken the U.S. as the largest FDI exporter to Southeast Asia. In 2017, Chinese FDI made up 8.4% of the total as against the U.S. at 3.2% (Hoang, 2019, Table 2). Evidently, infrastructure investment is a key objective of such link. In terms of trade, China's trade volume with ASEAN has seen significant growth since the BRI started in 2014. ASEAN's mutual trade with China, for example, had grown from the third place behind the U.S. and the European Union in 2017 to the first place in 2020 (Yu, 2021).

Role of Infrastructure and Its Renewed Content in Economy

During the 1990s as China undertook to expand its manufacturing, the value of ASEAN exports to China rose by four times. Since joining the World Trade Organization in 2001, the trend continued to surge while more foreign investment from developed nations was redirected from Southeast Asia to China, in support of its manufacturing expansion. As a whole, however, China's capture of the world manufacturing market does not harm Southeast Asian countries. Evidence has shown that as China exports more, more Southeast Asian exports are made towards China in terms of raw materials and complementary parts and components (see Ravenhill, 2006; Zhang *et al.*, 2019). In this sense, the infrastructure expansion in Southeast Asia is a supplementary instrument towards its export services. A mutual benefit or a win-win outcome is therefore achievable between these two major trade partners.

Infrastructure Investment in ASEAN: Case of Myanmar

Ever since the Sino-Myanmar trade was legalised in 1988, cross-border flows in goods and people have increased tremendously. Infrastructure investment has been seen as a major vehicle of power competition in the Southeast Asian region (Wilson, 2020; Le Bail & Tournier, 2010). The choice of Myanmar as a case of Chinese infrastructure investment in this paper is primarily due to the sheer size of investment and a peculiar option. By size, it means China is now Myanmar's largest investor and trade partner in ASEAN. Of the total foreign investment capital of US\$20.24 billion brought into Myanmar during the period 1988–2018, 25.96% came

from China involving predominantly state-owned enterprises. The great majority of Chinese investment was focused on power sector (57%), oil, gas and mining (18%) while the rest was placed on ports, rail and road, tele-communications, industrial parks etc (Nan Lwin, 2019).

Being peculiar is the fact that Myanmar had a socialist-led self-imposed isolation policy ever since its military coup in 1961 until the country joined the ASEAN community in the late 1990s. The consequence of such isolation had rendered Myanmar to become one of the poorest countries in Southeast Asia on per capita income basis, and particularly lagging behind in infrastructure. China's choice of Myanmar as a trade partner is more based on geostrategic ground on the top of energy supply and border security. This is a kind of trade-off, contradictory to the usual business factors associated with, for instance, high efficiency of the public service, skilled labour, quality of existing infrastructure and domestic pro-business organisational structure in favour of foreign investments (Zhang *et al.*, 2019; Borja & Rivera, 2021).

All factors virtually considered, China has opted Myanmar more for geopolitical rationale, and a political climate where a military dictated regime could also be seen as a more stable and compromising partner of collaboration. More significantly, the geopolitical factor is of primary importance because Myanmar shares the common border with the landlocked southwestern province of Yunnan, from which access to the Indian Ocean is wide open via Myanmar. For China, such connectivity will help to pave a smooth and alternative path among its landlocked western inner provinces at three significant levels with the outside world, namely the inter-provincial connectivity linked to Tibet, Sichuan, Guizhou and Guangxi provinces, cross-border connectivity and cross-national connectivity with China's southern neighbours (Vietnam, Laos, Thailand, Bangladesh and India). Additionally, Myanmar's topographic features such as its north-south oriented Irrawaddy River basin along which its existing rail and road infrastructural framework has been built play a facilitating role in communications. Such framework is an enabling agency for easy flow of goods and people from southwestern China to the Indian Ocean coast stretching as long as 2,600 kilometres. Seaports from Myanmar are also linked directly and strategically to the Indian Ocean and the Straits of Malacca (Yao, 2017). Upgrading Myanmar's deep-water port at Kyaukphyu is categorically important as China presently is highly dependent on 80% of its oil imports from the Middle East via the Malacca Straits (Myers, 2020).

Investments by predominantly Chinese state-owned enterprises made in the financially weak Myanmar may be interpreted as having high level of security risk. One aspect is the "debt trap" involving substantial amount of loan allocated to high-cost infrastructure projects such as ports and telecommunications set-ups (Wilson, 2020). China's infrastructure programmes have been offered to host countries in the form of FDI, aids, loans and/or technical assistance. The aid terms have been offered rather generously as China as a donor has to counter challenges from other offers from Japan and the U.S. Among the infrastructure programmes launched in the Indo-Pacific region, China by 2019, with its low-price factor and more generous loan terms, had appeared first with an estimated budget of US\$1 trillion by beating the other two

rivals (US\$200 from Japan, and US\$60 billion from the U.S.) (Wilson, 2020: Table 1; Ravenhill, 2006).

Key Infrastructure Items

Besides promoting the “China-Myanmar Economic Corridor” which has been planned to bring mutual benefits, China’s aids to Myanmar in infrastructure building are substantial (Myers, 2020). As argued earlier, cross-border rails and roads would not only provide a short-cut connectivity from Yunnan to the Indian Ocean but also help the development of small- and medium-sized towns in Yunnan Province and Myanmar, including trade. Two road corridors, *inter alia*, had been built or improved joining Kunming and Myanmar; one of which has followed largely the route built by Kuomintang during the early stage of Sino-Japanese War (1937-1945) to circumvent the blockade imposed by the Japanese. The other is the axis that links Yunnan with Thailand via north-eastern Myanmar (Kunming-Baoshan-Mangshi-Ruili-Muse-Lashio-Mandalay) (Le Bail & Tournier, 2010).

Rail extension from Yunnan to Myanmar plays an equally important role in reinforcing linkages between China and Myanmar. As far back as almost 80 years ago, a Yunnan-Myanmar rail network was conceived by the Kuomintang government but it was discontinued after an initial take off when the Japanese army launched its invasion of British Burma. Currently, there are six main rail networks being planned with Chinese capital involvement, as follows (Yao, 2017; Nan Lwin, 2019):

- a) Kunming-Ruili Line: It passes Chuxiong, Dali, Baoshan and exits through the border town Ruili in Yunnan;
- b) Dali-Lingchang-Qingshuihe Line: Total distance 202 km, it is a Class 1, electricity-run passenger train;
- c) Puer-Lingchang-Qinshuihe Line: Total distance 161 km, it will also be linked to Laos via Myanmar;
- d) Baoshan-Tengchong Line: Total distance 120 km, from Baoshan to the coastal Myanmar city of Tengchong, which is one of the key centres along the conceptualised Bangladesh-China-India-Myanmar Economic Corridor;
- e) Muse-Mandalay Line: 430 km long, passing through armed conflict area of Shan state; and
- f) Kyaukphyu-Kunming Line: a high-cost line of US\$20 billion with a stalled rail and road construction, linking Kyaukphyu in Rakhine state to Kunming, total run 810 km.

Infrastructure development and linkages have enabled the generation of revenues through mutual trade and flow of people. By further linkages to the less developed areas, it is obvious that improved road conditions will benefit the rural sector of both sides having connections with the main axis of the communication lines. Spread effects from more developed Chinese

side are expected to reach out to the less developed Myanmar countryside. With the coming of new investors, the local economy has been driven more dynamically characterised by more job opportunities and higher incomes (Asian Development Bank, 2018). There are still other Chinese-involved infrastructure projects such as ports, mining, industrial parks, oil and gas pipeline, among others. Such a complete list is however considered unessential here in this study.

The strategic importance of Myanmar to China is further demonstrated by China's attitude following the military coup on 1 February 2021 where the military junta seized additional power from the elected civilian government led by Aung San Suu Kyi. While many Western investors have put their investments on hold, including the Asian Development Bank and the World Bank which have respectively suspended funding to government projects and stopped payments for existing initiatives, China has sought to move its planned projects forward. Maintaining its close and longstanding relationship with the military junta, China did not raise any tangible action against the junta as the West did. Indeed, three months after the coup in May 2021, the Myanmar government approved a new US\$2.5 billion energy project from China which Myanmar is badly in need. This Chinese investment is believed to be located in the Irrawaddy river delta, known as Mee Lin Gyaing power project (Asean Today, 2021).

Achievements and Difficulties

For China, achievements via economic integration with Southeast Asia are multi-fold. First, as China moves up the technological ladder at the global scale, ASEAN's export of finished manufactured goods to China has decreased but export of parts and components to China has gone up. China has been able to use its own relatively low labour cost to achieve economies of scale by occupying a substantial size of world market in low- to medium level manufactured products (Ravenhill, 2006). Supported by massive state-funded enterprises, China's "surplus production capacity" materials have found an outlet as a source of both market and foreign exchange earnings in the form of aids though the terms of loans are generous with sometimes little profits.

Second, at the geo-strategic level, the "China-Pakistan Economic Corridor" and "China-Myanmar Economic Corridor" which have witnessed a massive input of Chinese investments have enabled China to extend its access to needed resources through its two landlocked remote provinces of Xinjiang and Yunnan respectively. Reportedly, such corridor has a potential to ensure an annual supply of 12 billion tons of crude oil and 12 billion cubic metres of gas to China using the Indian Ocean short-cut path from the Middle East (Borja & Rivera, 2021). This has helped China to realise its plan to develop a more balanced western region whose economic gap has been widened with the coastal provinces since the country's opening up and reforms in the 1980s. Promoting economic growth in the lagging western region where large numbers of ethnic minorities exist is seen by the Han majority-led central authority as key towards a more unified nation discouraging divisive movements.

Challenges however abound. The BRI initiated by China has met with rival challenges from Washington coupled with India and other U.S. allies, the most significant of which in the Asian region is the Free and Open Indo-Pacific strategy (FOIP). In geostrategic sense, the South China Sea zone with rich energy reserve potential where China has extensive sovereign claims (Hartman & Nakano, 2017), it has not met with favourable acceptance by most Southeast Asian countries sharing coastal borders with the sea.

The South China Sea disputes involve sovereign claims over the Spratly Islands, Paracel Islands and other reefs, banks, shoals among countries in the region, namely Brunei, the People's Republic of China, Indonesia, Malaysia, the Philippines, and Vietnam. It is estimated that the annual global trade volume passing through the South China Sea is worth some three trillion US dollars or one-third of the global maritime trade. More importantly, it is the strategic passage, with rich fishing stocks, and deposits of crude oil and natural gas in its seabed that attract the attention of national interests.

In 2016, in reacting to a case brought up by the Philippines, the International Tribunal at the Hague ruled that there was no evidence that China had historically exercised exclusive control over the waters or resources in the disputed zone also claimed by the Philippines (Gong, 2020). The outcome, as widely known, was in favour of the Philippines, but China refused to recognise the decision offered by The Hague. In the intensifying competition for close allies between China and the U.S. in Southeast Asia, national positions may be seen as an uncertainty lying in front of China's pursuit of its massive investments in the region. This definitely includes infrastructure which requires substantial capital and technological support as well as a rather longer term to see economic return to investment. Uncertainty runs a high risk of not only in terms of return to capital but also the disruption to prevailing diplomatic ties.

On the notion initiated by Xi Jinping known as the Community of Common Destiny (CCD), China has sought to gather alliance and support from its ASEAN neighbours, previously colonised by Western powers, to confront the U.S. hegemony. The terms such as "common destiny" and "shared future" have however met with a general cautious and non-committal response from the ASEAN members. In recognition of China's importance as the largest trading partner and a large source of FDI, which to them is economically important, ASEAN has basically accepted the ASEAN-China relationship as a "new era" from which they do not deny the offer of pragmatic and financial benefits (Hoang, 2019: 241–242). From a survey conducted by Singapore's ISEAS-Yusof Ishak Institute in 2019, it is found that about 45% of those surveyed in the ASEAN states felt that China could become a power that intended to turn Southeast Asia into its sphere of influence, while less than 10% believed China was a benign and benevolent power. The level of trust was as low as 20% (ISEAS, 2019). This perspective has somehow an effect on China's joint efforts with Southeast Asian nations in infrastructure development. Practically speaking, ASEAN, as a whole, has maintained its neutral stand while keeping good terms of relationship with the U.S., Japan and India.

Despite the half-hearted spirit of many ASEAN member states, China's huge expenses on some Myanmar projects, for example, may be viewed as "white elephants". From feasibility perspective, many of such joint-venture projects have not performed to ever meet China's expectations. Debt traps have also created fears amid cash-poor Myanmar officials and this had led to dilution of the gigantic hydroelectric Myitson Dam project (US\$3.6 billion) which has been replaced by a much smaller one. Moreover, it is not up to China that could ever effectively dissolve or coordinate the administrative weaknesses or problems of interdepartmental departments within Myanmar which have been in existence for many decades prior to China's investments (Myers, 2020).

Unstable political situation arising from insurgencies in particular is, however, a worry to China. Dozens of minorities which make up about 45% of the Myanmar population are spread out in less developed areas sharing borders with foreign countries, such as Wa, Shan, Karen, Arakans, Mon, Kachin ethnic groups which have adopted confrontational policies against the central government. As such, for projects that the central government has approved at the national level may be objected at the local regional level. Along the China-Myanmar Economic Corridor, for instance, China's intended development in a territory populated by ethnic Chinese community has drawn suspicion from the local warring Ethnic Armed Organizations about China's aims (Borja & Rivera, 2021).

Dealing with minority oppositions to the central government, China has adopted its usual non-interference policy by treating them as internal affairs. But such approach does not bring approval from local minority groups when project sites fall within their controlled territory. At this stage, what China might be able to do is to show Myanmar its own model of minority autonomous regions as a way to satisfy local demands.

Change in political party rule in national governments is another impasse that may hinder or lead to cancellation or drastic modifications of contract agreements initiated by previous governments. A valid case is Malaysia where, after the fall of ruling party UMNO's Najib Razak in May 2018 general elections, the succeeding Prime Minister, Mahathir Mohammed, had cancelled the Kuala Lumpur-Singapore high-speed rail. Debt trap is another issue that a country having a small taxation base and national revenue like Myanmar has good reasons to be cautious in taking in large projects funded by China given its low and unsustainable repayment capacity. A general fear which the West has chosen to believe is that more investments from China may mean closer ties but also implies a stronger influence over Myanmar's domestic policies. As such, smaller infrastructure projects are believed to be more commercially viable than megaprojects as they are now, and economically less reliant on China (Borja & Rivera, 2021; Yu, 2021).

Conclusion

Over the last 40 years, reformist China has experienced economic take-off coupled with substantive technological breakthrough and export surpluses. To sustain its growth, China has

sought to expand its global trade by reviving more rigorously its historical Belt and Road Initiative since 2013. Its neighbouring region, ASEAN, has been chosen for exporting its “surplus production capacity” materials and, in particular, infrastructure involvement.

Out of fear of over dependence on China, ASEAN’s general preference for a multipolar balance in the region has largely ruled out China’s monopolistic influence in financing capital, and infrastructure investment. Overall, ASEAN, from their collective official viewpoint, wishes to see no rivalry between the U.S. and China in the region, and they have expressed that their neutrality is not negotiable. They welcome nevertheless both big powers in fighting international terrorism. As China moves in deeper to ASEAN, they want the U.S. to be committed to their regional affairs (Council of Foreign Affairs, 2016).

To the U.S. as the existing global hegemonic power, ASEAN which is far from North America is seen yet to be an adjacent region to China in which Chinese influence could easily expand. With its fast rising investment and trade exchange with the ASEAN community, China’s has indeed changed its once low profile stature in its economic and political relations with the region where the U.S. has a variety of interests (Vaughn & Morrison, 2006). When such skeptical view is perceived by the U.S., China will inevitably be countered as a new challenger.

The “China Dream” from the Chinese perspective may be a self-imposed ambition of restoration of the ancient glory which serves to arouse a sort of nationalism to build a strong China through a peaceful rise. But to the West with a recent imperialistic past which accepts no peaceful rise claimed by China as such, the “China Dream” could have been interpreted as “China Threat”. Most probably, China is more inclined to engage the Global South, one of which is ASEAN, rather than putting herself at a risk by challenging the U.S. (Po, 2018). As such, China’s infrastructure development support in Southeast Asia can be seen as more a pursuit of confidence rebuilding of national pride, economic growth and defence consolidation, rather than the seeking of power dominance in its neighbouring regions. Nonetheless, meeting the strong demand of the Southeast Asian countries in infrastructure is one aspect, whether recipients and investors involved can achieve a balanced win-win result is another matter (Yu, 2021). This represents an intriguing follow-up investigation when more evidence emerges as a result.

To its allies and sympathisers, China is believed to be in perpetual preservation of world peace as its fundamental foreign policy since the founding of the People’s Republic in 1949. A couple of decades later, out of its surplus production capacity, technological upgrading and need for an enlarged world trade or whatsoever reasons, China’s massive overseas investments, inclusive of the infrastructure engagement in ASEAN have alerted the U.S. of its hidden challenge to the American global dominance and a superpower since World War II. Despite negative responses from the West, infrastructure engagement from China in Southeast Asia, as part of its global trade expansion program, is expected to continue and perhaps at a more massive scale in the foreseeable future.

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Notes

- 1 The concept of Indo-Pacific Economic Corridor, also known as the Indo-Pacific region, was initiated by the U.S. which has reference to the potential of the Indo-Pacific Economic Corridor in which Southeast Asia is an integral part. This Corridor has high prospects for investments and trade in the global economy and a geostrategic importance between major powers in the world. This vast region covers Australia, Bangladesh, Bhutan, Brunei, Cambodia, Fiji, India, Indonesia, Japan, Laos, Malaysia, Maldives, Myanmar, Nepal, New Zealand, Papua New Guinea, Philippines Singapore, Sri Lanka, Taiwan, Thailand, Timor Leste, U.S., Vietnam.
- 2 ASEAN and Southeast Asia are used interchangeably in this paper, though Timor-Leste, a small nation is still pending its admission to the ASEAN community.
- 3 The official visit of the Chinese President, Xi Jinping, in January 2020 indicated his assurance that China is committed to initiate multibillion dollar BRI projects in Myanmar. That visit saw the signing of 33 new memoranda of understanding with Myanmar (Myers, 2020).