



SEMINAR REPORT

February 2022

Book Launch and Discussion

RIVERS OF IRON: RAILROADS AND CHINESE POWER IN SOUTHEAST ASIA

by David M. Lampton, Selina Ho
and Cheng-Chwee Kuik (Authors)

21 July 2021

SEMINAR REPORT

Book Launch and Discussion

Rivers of Iron:

Railroads and Chinese Power in Southeast Asia

by David M. Lampton, Selina Ho and Cheng-Chwee Kuik (Authors)



Organised by International Studies Center

21 July 2021, Facebook Live



INTERNATIONAL STUDIES CENTER

Book Launch and Discussion

Rivers of Iron: Railroads and Chinese Power in Southeast Asia

Publisher

Printed in February 2022 (200 copies) by International Studies Center,

Ministry of Foreign Affairs, Bangkok

E-mail: isc@mfa.go.th

Printing

P. Press, 129 Sukhumvit 81, On-nut, Suan Luang, Bangkok 10250

Tel. 02 742 4754

Publications of the International Studies Center are available for download at isc.mfa.go.th

National Library of Thailand Cataloging in Publication Data

Book launch and discussion "Rivers of iron: railroads and Chinese power in

Southeast Asia".-- Bangkok : International Studies Center,

Ministry of Foreign Affairs, 2022.

38 p.

1. Railroads -- Political aspects -- China -- 21st century. 2. Southeast Asia --

Foreign relations -- China -- 21st century. 3. China -- Foreign relations --

Southeast Asia -- 21st century. I. Title.

385.0959

ISBN 978-616-341-109-9

Book Launch and Discussion

“Rivers of Iron: Railroads and Chinese Power in Southeast Asia”

Authors:

Dr. David M. Lampton¹

Dr. Selina Ho²

Dr. Cheng-Chwee Kuik³

Moderated by

Dr. Anuson Chinvanno⁴

Anuson Chinvanno

Good evening to our audience and panelists in this book launch and discussion. Good morning to Professor Lampton, who is joining us from the United States. Today we will look at a new book that came out earlier this year. It is called *Rivers of Iron: Railroads and Chinese Power in Southeast Asia*. The book was launched on April 1, in Singapore, hosted by the Lee Kuan Yew School of Public Policy. In May, there was another launch in Indonesia organised by CSIS. So, it is a privilege for the ISC to be able to launch this book in Thailand today. The subject of “Railroads and Chinese Power in Southeast Asia” seems to have caught our imagination, as it is an integral part of the fascinating subject of great power competition in Southeast Asia as well as the subject of China's relations with Southeast Asian countries.

Searching quickly through the internet, I noticed that, in 2020 and 2021, there have already been published in English at least six or seven books on the subject of China and Southeast Asia. So, it is a subject that a lot of people are interested in. The book that we will discuss today examines China's efforts to create an inter-country railway system connecting China and its Southeast Asian neighbours. It looks at the political strengths and weaknesses of the plan, as well as the capacity of the recipient countries to resist, shape, and even take advantage of China's wide-reaching

¹ Professor Emeritus, School of Advanced International Studies, Johns Hopkins University

² Assistant Professor, Lee Kuan Yew School of Public Policy, National University of Singapore

³ Associate Professor, Institute of Malaysian and International Studies, National University of Malaysia

⁴ Director, International Studies Center (ISC), Thailand

actions. Also, it seeks to explain how domestic politics in the Southeast Asian countries shaped their varying external responses and behaviours.

Today, the presentation and discussion will be by the three authors of this book, starting with Professor **David M. Lampton**. He is Professor Emeritus at Johns Hopkins University's School of Advanced International Studies (SAIS) and Research Scholar and Fellow at Stanford University's Asia-Pacific Research Center, from which he just returned to SAIS' Foreign Policy Institute. **Selina Ho** is Assistant Professor and Chair in the Master in International Affairs Program at Lee Kuan Yew School of Public Policy, National University of Singapore. The third author, **Cheng-Chwee Kuik**, is Associate Professor and Head of the Centre for Asian Studies, the Institute of Malaysian and International Studies at the National University of Malaysia, and a nonresident fellow at the Foreign Policy Institute, SAIS, Johns Hopkins University.

While the book deals with the questions of railroads and Chinese power in Southeast Asia, I am sure most of our audience is probably more interested in the question of Chinese power in Southeast Asia rather than the railways per se. So, let me now pass the floor to Professor Lampton to start off the discussion.

David M. Lampton

Thank you. I want to welcome all of those in our audience and wish you all good evening if you are in Asia and good morning if you are in the Americas as I am. The book *Rivers of Iron: Railroads and Chinese Power in Southeast Asia* is about the issue of Chinese power and how Americans and people around the world might think about Chinese power. But it's also, very importantly, about the power, influence and agency of Southeast Asian countries in their interaction with China.

I think in the United States there has been a tendency to look at China as an unconstrained great power bestriding a continent changing everything in its wake. Of course, China is influential; it is powerful; and it does have impact. But very central to our book is the idea that the peoples and countries around China's periphery, particularly in Southeast Asia, themselves have agency influence and can shape the degree to which China achieves its objectives, or does not, or has to modify its vision as it interacts with others. So, the underlying model here is one of "reciprocal influence". Of course, China is bigger economically and militarily in almost every regard than any single neighbour. So, we have to take that into account. Compared with other recent books that

have been written about China and its dealings with Southeast Asia, this book, I think, is distinctive inasmuch as it starts out from a kind of “reciprocal influence model” rather than unidirectional Chinese exerting power concept.

I want to take this opportunity to thank, publicly, Dr. Anuson for not only hosting and moderating this programme, but in the course of our project, he was continually a major intellectual contributor to our thinking and guiding us as we did our field and documentary research throughout what eventually was 9 countries, China, the seven Southeast Asian countries between Kunming and Singapore, plus we had to look at Indonesia because it has a very large-scale high-speed rail project underway, though it is not part of the topic of this book directly. I also want to acknowledge that because this was a project that covered 9 countries, it obviously took a long time, about five and a half years. It involved field research and interviews in a large number of countries, localities, multilateral organisations, multinational corporations, and so forth. Therefore, it required financial support and we certainly want to thank the Smith Richardson Foundation, Stanford, and my home school of SAIS, for the financial support they provided for this project.

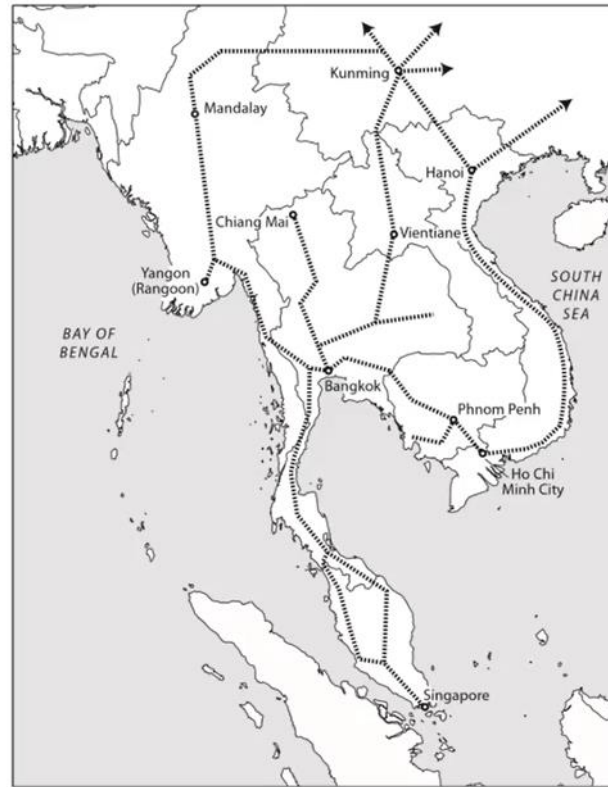
I also want to thank all of the people we talked to in Thailand. Thailand is very central to the project that we are talking about and we had nothing but cooperation from all of the people we met in Thailand. I think, particularly memorable and worthwhile, is the field research trip in 2017, from Bangkok all the way up to Nong Khai and then into Laos and all the way to China's border. In that effort, we were greatly assisted by Professor Jantima Kheokao from the University of the Thai Chamber of Commerce in Thailand. We thank her in the book and we want to thank her again publicly. That very important field trip could not have happened without her assistance. Also, what is very interesting and memorable in our research in Thailand was the trip from Bangkok to Nong Khai along the route of both the existing rail system and the path of the future rail system. We talked to all the station masters along the way and people in the path of the railroad. So, we want to thank all of the localities and the State Railway of Thailand, which was very cooperative.

Now to the subject of the book, there has been a lot of talk in the United States and, indeed, in China about what has been variously referred to as “decoupling”, that is, breaking or loosening the economic bonds of interdependence between China and the United States, or to be less dependent on international supply chains; the Chinese would call this “self-reliance”, whereas the United States would say “a sort of independence of supply chains in strategic areas”. Of course, some of this decoupling has already occurred and probably more will follow. In any case, it is

about how China built its industry, acquired the financing of its domestic rail system and, then, built an export rail industry that would be capable of exporting high-speed rail to its periphery, becoming a global export industry like Boeing aircraft has been for the United States. I think that is China's vision of a world class industry, driving both international economic competition plus its own internal development.

This vision that China has of the inter-state high-speed rail system in Asia is, however, not a Chinese idea. So, a principal point in our book is that, in some sense, while BRI is importantly and accurately a Chinese initiative, the effort to build an inter-state high-speed rail system really comes out of the vision of the late 19th century European colonialists – the British and the French – and then later on, in World War II, the Japanese. But then in the post-World War II system, ASEAN and Southeast Asian countries, Malaysia, in particular, develop their own vision of rail connectivity in Southeast Asia. Importantly, what has happened in recent times, since 2000, is a convergence between Chinese capabilities and the Southeast Asia vision of rail connectivity in their own region. So, the Chinese seize on the Southeast Asian idea and provided Chinese technology, financing and so on to help partner with Southeast Asian countries. So, I think an important theme is that not all good ideas, or for that matter, bad ideas come from China. But China is responsive to its neighbours as well as taking the initiative. So, this is what I would call the Southeast Asian train upon which the Chinese have jumped.

The Evolving Pan-Asia Railway Network Vision



Source: Lampton, Ho & Kuik, *Rivers of Iron*, 5

Now, I think you can see the vision that I am talking about. This book is really derived from some version of this map published in a newspaper, I believe it was the Straits Times, which I was looking at one day. It shows you, essentially, three North-South lines of High-Speed Rail radiating from Kunming down to Singapore by three paths: one to the West through Burma down to Mandalay and then to Bangkok and then on down the Malay Peninsula to Singapore; another line, the central line, going to Vientiane then Bangkok and then Singapore; then another line to the East from Kunming to Hanoi, Ho Chi Minh City, Phnom Penh, Bangkok and Singapore.

This map triggered a question in our minds: can these lines, a set of interconnected lines, be built? What would be the effects? What would be the difficulties both political and technical of building such a system? So, we started with a very simple observation and question. The observation is that China, in partnership with the seven Southeast Asian countries shown here, broadly speaking, wants to increase connectivity by rail. The question is: can China do it? How can China and its partners do it? What problems will they face? And what are the prospects for

success in what kind of time frame? If a reasonable fraction of this vision materialises in the next decade-plus, what would be its economic and other effects?

Now, just to give you a sense of the scale of this. Each of those three lines that I have identified and that you can see on this map is longer than the transcontinental railroad in the United States. The transcontinental railroad was built between 1863 and 1869 and it transformed America from being a divided country. Indeed, we were in the Civil War when it started but it united our country. East and West coast linkage set the stage for American power projection into the Pacific and into East Asia. It transformed the American economy and knitted it together. So, one of the basic questions, and it certainly relates to Chinese power and the American experience with such infrastructure, is: Will it change the economy, politics and global power? What would be the effect of this system linking together China, which has 20% of the world's population, with the seven Southeast Asian countries? What are the problems and what will be the impact? These are the issues that we are concerned about in the book.

Now, in order to answer those simple questions, you had to have a pretty collaborative research project. Our data really came from several sources. One was on the ground. You really do not understand the problem until you are on the ground and see it with your own eyes. So, a big part of our undertaking was on-the-ground field research. We visited each of the affected eight countries. We conducted interviews in over 158 organisations. Also, we did extensive documentary research: local newspapers, documents from multilateral organisations, government documents, and so forth.

I just want to note in passing, however, that we received cooperation in China when we started this project, and indeed I should say throughout the project. But our first set of interviews in China was done probably five and a half years ago. So, we got a very good, early start in China with the interviews. If we had deferred interviews in China till the end of the project, because of political changes in China itself, access would have been sketchier. We were quite fortunate that we began our interviewing in China when it was at a relatively open stage. I do want to thank our Chinese interlocutors who were quite forthcoming and revealing.

I want to also say that the book is about a lot of other, what you might call, bigger issues. One of the questions we addressed in the book is what is the role of the infrastructure in development? One of our important findings is that China's leaders, and we think Southeast Asian leaders, believe that infrastructure drives development. So, early in the development process, you

must build infrastructure to drive urbanisation, drive resource flows, concentrate activity along the connectivity line. In that sense, it seems to us that the Southeast Asian countries that we interviewed generally are sympathetic with the idea that infrastructure is needed and China, because of its own domestic system, its export industry and its financing, is in a position to play a significant role, even though there are many divergent points when you get down to the negotiations.

So, the book is importantly about the role of infrastructure in development. I think the United States is becoming aware that it also needs to speak to Southeast Asian desire for infrastructure and connectivity. Therefore, US policy is responding to the fact that China thus far has been able to provide much more resources and attention to this issue than many in Southeast Asia might feel comfortable with. Consequently, the US is beginning to emphasise infrastructure building in its own development policy. Secondly, in this book we learn a lot about how domestic politics in Southeast Asian countries and China affect their foreign policy. Each of these countries has its own distinctive political constraints, institutions, economic levels, culture, and history of dealing with China. So, each country has its own story but an important part of the common story is how the Chinese political system works. Why does Southeast Asia see the face of China that it sees as they interact with China on this rail project? Certainly, another broad area is what is the vision that China has? Why is it doing this? What are its purposes and then what will be the geoeconomic and geostrategic implications of such large-scale Chinese participation in infrastructure building such as this project?

Let me just wind up by trying to specify a few interesting findings. First and foremost, I have mentioned it directly but I want to emphasise, countries like Thailand and I would say Malaysia and Singapore, indeed all of them but particularly those, have agency in dealing with China. The image of these countries in the US is that smaller countries on China's periphery are putty in Beijing's hands. They do not have much agency and China is overwhelming. But I think the case studies in the book adequately demonstrate that some Southeast Asian countries have more agency than others. I would say Laos and Cambodia may have less agency. Thailand and Malaysia and Singapore may have more. But all of these countries have at hand resources to shape the degree to which China achieves its objectives.

Secondly, related to that question, what are Chinese purposes? I think Southeast Asian countries generally do recognise the enormity of the Chinese vision. The Chinese vision is

essentially to orient economic, social and human flows to China, making China the economic hub of Asia. What you see before you in terms of the Southeast Asian economic corridor from the Chinese viewpoint is only one of five other economic corridors that are part of BRI. So, this is part of a vision that China is implementing to make itself the economic and resource hub of East Asia. Of course, it has implications for Japan. It has implications for the US. It has implications for all of its neighbours, including Southeast Asians. So, I think we need to candidly recognise the scope and power of the Chinese vision.

A final finding relates to the Chinese political system. I think Southeast Asian countries really see two faces of Chinese power: one is certainly economic power; the other is military and strategic power. The question that often arises is as follows: “Does China have an economic or strategic/military vision?” I supposed the honest answer is: both. Maybe it does not really matter whether it was the economic motivation or the military motivation that came first. The fact is that they feed on each other as China gets assets and people located in countries all around its periphery, as long as more Chinese workers, multinational corporations, state enterprises, diplomats, Chinese tourists are in these areas. As China gets more assets to protect, the security apparatus of the Chinese military will follow along in the wake of that economic and resource activities beyond its borders.

So, even if the military was not an initial motive of this programme, it does have strategic military implications, including all these railroads which obviously run to major ports. China is building up huge naval capacity, civil maritime capacity, and so forth. At these nodes, where railroads meet ports, you will find China developing industrial parks with neighbouring countries and so forth. This is a comprehensive economic and strategic undertaking with implications for every country in Southeast Asia and far beyond.

With that, let me ask Selina to talk about negotiation in implementing this vision. Then, my good friend and colleague, Cheng-Chwee Kuik, will talk about the geoeconomic and geostrategic implications and why various Southeast Asian countries respond differently to this Chinese initiative.

Selina Ho

I would like to thank the ISC for organising this event. It is our pleasure to be here. I would like to stress one point that Mike was just saying, that Thailand is really the centerpiece of our book and the centerpiece of the vision of Pan-Asia Railway. As you can see from the map, all the routes whether in the East, Central or West have to go through Thailand in order to reach Singapore. So, Thailand plays a key role in this particular story that we are telling. This is the picture from the fieldwork we did in Laos. We show it because the railway in Laos will be completed by the end of 2021. The COVID-19 pandemic has not really delayed the progress of the railway in Laos.

Field Work in Laos



Source: Selina Ho

This book is really about Chinese power as the title says. What we are really interested in is exploring Chinese power and influence. What we concluded is: Chinese influence or power is really enormous, but while it is enormous and significant, it is not unlimited. This is a key message of the book that we want to put across. One of the reasons why Chinese power is not unlimited is because of agency of small states. Correspondingly, China needs to act with restraint. Great powers need to act with restraint in order to get friends, generate goodwill and gain followers. What we are really interested in is what kind of roles smaller states can play. They can initiate projects. They

can bargain, negotiate, resist, or reject. They have displayed this entire range of behaviour in our study.

Let me focus on the bargaining power of smaller states in negotiating with China. What are the conditions that determine how much bargaining power they have? Obviously, not all smaller states have equal bargaining power. There are certain conditions that determine how much bargaining power they have. Let me start with how size, wealth and location really matter. Middle powers like Indonesia and Thailand would have greater leverage than Laos and are able to bargain for better terms for themselves. For example, Indonesia was able to get the Chinese to agree to sovereign guarantee for the project as well as lower interest rate. Malaysia and Singapore are more developed and middle-income countries. This gives them much more bargaining power. Geography definitely gives Thailand a huge advantage. Thailand is really the major piece in the Pan-Asia Railway. All routes must pass through Thailand. In fact, in one of our interviews, a key Thai government advisor actually described Thailand as “a beautiful woman who can wait to choose the best suitor”. Obviously, the suitors refer to the big powers that come wooing at Thailand’s doorsteps. For Laos, geography is not an advantage. It can be bypassed on its east and west. In our interviews, there was significant anxiety among Lao officials that Laos would be bypassed.

The second condition that determines the bargaining power of small states is state capacity. Smaller states have a lot more options when they have greater capacity, that is more robust government institutions, rule of law, civil society, human resources and ability to regulate and monitor. Singapore, for instance, has state capacity. It is also not overtly dependent on China economically. Laos is heavily reliant on the Chinese economy and for Chinese technical expertise. For instance, the feasibility study for the China-Laos High-speed Railway was actually conducted by China.

The third factor that determines bargaining power is domestic politics and public opinion of these smaller states. Cheng-Chwee will touch on domestic politics later on in his presentation. Let me outline some key points here as they pertain to bargaining power. We think of bargaining as a two-level game. The first level is international bargaining. The second level is among all domestic agencies. At the second level, public opinion also plays a very big role. Leaders like Najib, former Prime Minister of Malaysia, and Indonesian President Joko Widodo have been attacked for “selling their country” to China. There are concerns over whether locals would benefit

in terms of technology transfer and job creation. Also, Chinese companies bring in their own equipment and materials from China which, in the process, sidelines local SMEs.

There is thus a very big question whether the economy of the four countries actually benefits. Negative public opinion and unhappiness over Chinese presence is something we noticed quite a bit in Thailand. There exists significant pressure on the leaders. If we come back to the two-level bargaining game, the win-set for Southeast Asian leaders is very small. In that sense, this ironically strengthens their bargaining position. When they negotiate with China at the international level (Level One), they can actually go to China and say, “look, I am actually putting my domestic position at risk, so, you should give me more concessions so the deal can pass in my country”.

Let me now turn to some of the implementation challenges involved. Chinese companies that venture into Southeast Asia encounter problems and issues they are not familiar with, because when they operate in their own country, it is a totally different system altogether. There is a lot of trial, error and learning involved. Not that there are no problems at all with implementation within China, but that the problems actually multiply when these companies go abroad. They encounter very different political systems with a very confusing array of actors and veto points. For instance, decentralisation in Indonesia has had a great impact on acquiring land. Land acquisition part is actually the first step, the first phase of the entire process in building high-speed railway.

As a result of delays in acquisition, the Jakarta-Bandung High-speed Railway Project is actually delayed for several years. As we know, democratisation came to Indonesia in 1998. The center became a lot weaker, while the Regency or local government became a lot stronger. So, the Jakarta-Bandung Project itself was actually an agreement between Beijing and Jakarta, two national governments, without consulting the Regency or local government. When the Chinese companies tried to acquire land from the Regency or local government, they encountered a lot of resistance. In total, 29 districts and 95 villages in West Java would be directly impacted by the high-speed railway construction. So, you can imagine the difficulties Chinese construction companies face, as they deal with powerful local authorities and very strong land tenure laws in Indonesia.

The second challenge of implementation for these Chinese companies is bureaucratic resistance. You can see much of this in the case of Thailand. For example, the State Railway of Thailand makes money by selling their land, but actually loses money on rail operations.

Compensation for the loss of land is the key issue when Thailand negotiates with the Chinese. There are significant legal obstacles to the construction of the Bangkok-Nong Khai High-speed Railway as well. Thailand has very strong laws in labour protection, procurement standards, land reserve and environmental protection. These laws hinder or slow down the process. To smoothen the process for the construction of the railway, Section 44 of the 2014 Interim Constitution of Thailand was issued to overcome these legal barriers.

For any infrastructure, especially for railway, which crossed many jurisdictions, having a political champion is very important. You can see this in the case of Malaysia. Former Prime Minister Najib was a very strong champion of the East Coast Rail Link as well as the Kuala Lumpur-Singapore High-speed Railway. So, when Najib lost power in the May 2018 general election very unexpectedly, the project lost a very powerful patron and was almost scuttled subsequently by the next government led by Former Prime Minister Mahathir Mohamad. Essentially after a few months of negotiations with the Chinese, the East Coast Railway was reinstated with more favourable terms for Malaysia. The KL-Singapore High-speed Rail has been cancelled as of now.

Obviously, the next challenge is technical. When I say technical, it is not just about the technology of high-speed railway. That is one challenge. It is also about the terrain and geography that Chinese companies have to deal with. This is obvious for the case of Laos, as the country is very mountainous. It is essentially a huge engineering project that requires the Chinese companies to tunnel through the mountains. In fact, a total of 170 bridges and 72 tunnels were to be constructed. Moreover, there are a large number of unexploded mines remaining from the Indochina Wars. So, this is another key obstacle. One Chinese engineer working on the project said, “we should have the United States demine the area”.

What I want to say is that there are always significant challenges China experiences as it ventures into Southeast Asia, whether when they are negotiating the terms of the project or constructing the high-speed railway. In that sense, these challenges prove that there are limits to Chinese influence and power. While Chinese power is enormous, it is not unchallenged and not unfettered. Many portions of our book focus on that. The agency of the small states is actually one of the main contributions to our understanding of Chinese power. Chapters Four, Five and Six, three chapters of the entire book, focuses on the agency of small states and what they can do to resist China. That is what I have to say for my portion. Cheng-Chwee will elaborate more on

diverse response of Southeast Asian states to China and geopolitical and geoeconomic competition among the major powers.

Cheng-Chwee Kuik

Thank you very much, Selina. I would like to thank the ISC for having us here. Sawatdee Khrap to everybody in the audience. On the basis of what Professor Lampton and Selina have presented, let me address the issue of Southeast Asian responses before talking about geo-economics and geopolitical dynamics of the entire phenomena.

The Legitimation-Pluralisation Matrix and state response to external inducement

		<i>Relative Degree of Development-based Legitimation</i> <i>(vs. Identity-based Legitimation)</i>	
		<i>Low</i>	<i>High</i>
<i>Degree of Power Pluralization</i> <i>(vs. Power Concentration)</i>	<i>High</i>	<u>Quadrant 3</u> Selective and flexible engagement • <i>Thailand</i>	<u>Quadrant 2</u> Receptive, with cyclical recalibration • <i>Malaysia</i>
	<i>Low</i>	<u>Quadrant 4</u> Limited involvement • <i>Vietnam</i>	<u>Quadrant 1</u> Enthusiastic embrace • <i>Laos</i>

Source: Lampton, Ho & Kuik, *Rivers of Iron*, 91

In Chapter Four of our book, we have this 2x2 matrix that describes and explains the type of responses across Southeast Asia. We use it to examine how smaller countries in the region respond to China-backed rail project specifically but also the Belt and Road projects in general. The four quadrants here represent four types of responses: some are more receptive than others. They are explained by two factors along the two axes. Before unpacking the factors, let us first focus on the four responses. Quadrants One and Two represent countries which are more receptive, more positive, and more enthusiastic about the China-backed projects. Example for Quadrant One is Laos, whereas Quadrant Two is Malaysia. These two countries are generally more receptive and more enthusiastic than Quadrant Three (Thailand) and Quadrant Four (Viet Nam).

You may ask: how do we measure which countries are more receptive than the others? Basically, we look at three dimensions: scale, speed, and scope. That is, the scale of the projects; the speed of negotiation and implementation; and also the scope of China-related projects (i.e., the range of China-backed infrastructure projects other than railway a given country is involved in). With all three dimensions in mind, you could see Laos and Malaysia are more receptive: their rail projects are in greater scale and faster speed, with many other types of projects involved beyond rail projects. In comparison, Thailand and Viet Nam are more cautious and less receptive. For example, China-backed ventures in Viet Nam is largely confined to one urban rail project in Hanoi. In Thailand, China-related project is limited to the rail project linking Bangkok to Nong Khai. But at the moment, only Phase one (from Bangkok to Korat) is being implemented stage by stage, whereas Phase Two from Korat to Nong Khai is still under negotiations. Viewed from these indicators, it is clear Laos and Malaysia are much more receptive than Thailand and Viet Nam.

What explains why some countries are more receptive than others? There are many domestic factors at work. Selina has already mentioned a number of these domestic conditions. To cut long theoretical stories short, let me just highlight two specific domestic factors here. The most important factor is “legitimation.” All governments and ruling elites want to justify their power and authority. Performance-legitimation: the pathway through which the ruling elites use to justify and legitimize their power through economic performance, is the most important one. Development performance is very important. Professor Lampton mentioned earlier that “if you want economic growth, you need infrastructure.” So, some countries in the region like Laos, Malaysia, Cambodia, Brunei, and others see China’s Belt and Road Initiative as opportunities to boost their development, and, hence, their receptive responses.

As for Thailand and Viet Nam, performance-legitimation is also very important but there are other pathways of inner justification that counteract and limit the extent to which performance-legitimation could push the Thai and Vietnamese elites to collaborate with China. Viet Nam’s anti-China sentiment is very strong. So, whoever in power in Hanoi would be very cautious about the extent to which they would collaborate with China, particularly on infrastructure development. In Thailand, it is not about anti-Chinese sentiment, but about the Thai identity-based legitimation. In various discussions with Thai officials during our fieldwork, we keep hearing the expression like: “this is Thailand, we do things in the Thai way”. Thais repeatedly pushed back China’s proposals and took time to negotiate with China on the rail project, unlike what happened in Laos and

Malaysia. So, identity legitimization matters. It explain why Thailand is less receptive compared to Malaysia and Laos.

Another domestic factor is the variable on the other axis: “pluralization”. This is a key factor that Professor Lampton elaborated a lot in his earlier book on China’s foreign and security policy making. For this current book, we apply pluralisation to the cases of Southeast Asian countries. By “pluralization”, we refer to the extent and manner in which political power is distributed across competing elites and the society at large. In countries where power is more centralised, for example, Laos and Viet Nam, decisions are generally made much easier and quicker; and once decisions are made, it would stay. But in countries like Malaysia and Thailand, where power is more pluralised, more decentralized, and more contested, a lot of major decisions, including those made by top elite, are often challenged and even overruled. Hence, in the case of Malaysia, you see that the country’s response to the BRI is very receptive but it is also fluctuating. There is a lot of cyclical recalibrations, adjustments, and changes. Some key decisions made by Najib were being questioned, suspended and renegotiated when Mahathir came back to power in 2018. Similar pattern happened after February 2020: the ruling elites under the Perikatan Nasional-plus government are also making some amendments to the ECRL (East Coast Rail Link) project.

My next and final slide is about geo-economic and geopolitical dynamics underpin big-power competition surrounding infrastructure and development projects. This is a list of initiatives by other competing powers who are determined to provide “alternatives” to China’s Belt and Road Initiative. These include Japan’s Partnership for Quality Infrastructure, the US BUILD Act, the EU-Asia Connectivity Strategy, and the Blue Dot Network, involving primarily the QUAD member countries. At the G7 Summit a few weeks ago, the leaders promoted a new initiative, Build Back Better World or B3W, which the G7 has promised developing countries that they are going to launch an alternative programme. The EU also announced “Globally Connected Europe”, promoting Global Gateway, and preparing to launch an “Indo-Pacific” document in September.

Competing initiatives on connectivity

Geopolitics and Geoeconomics

- Regional connectivity: *Dynamic, "overlapping circles"*
- The 1995 "**Singapore-Kunming Rail Link**" (SKRL) Proposal



Competing initiatives:

- **Japan's "Partnership for Quality Infrastructure"**
- **U.S. "BUILD Act"**
- **EU-Asia Connectivity Strategy**
- **The "Blue Dot Network"** (Quad/ Quad-Plus?)

Source: Cheng-Chwee Kuik

All these dynamics show that because of China's Belt and Road Initiative, and because of other competing powers' strategies, "geo-economics *are* geopolitics" in the 21st century. Although these projects are economic development by nature, they are very much driven by geopolitics. Towards the end of the book, the concluding chapter talks about the notion of "balanced connectivity." Southeast Asian countries all want infrastructure, all want transport connectivity, all want development. But many of the smaller countries find it hard to pursue regional connectivity-building on our own. For example, the Singapore-Kunming Rail Link (SKRL) project, Southeast Asian countries do not have adequate resources, capital or technology to materialise this after some twenty years. So, some have opted to partner with external powers. But smaller countries do not want to put all eggs in any one power's basket. From smaller countries' perspective, the more, the merrier. More alternatives are better than less alternatives. So far, we have heard a lot of initiatives. Good alternatives are concrete alternatives, when the announced initiatives are being translated into concrete capital and technology on the negotiation table. Only then we could see "balanced connectivity" taking off in the region. With that, let me end my presentation. Thank you for your attention.

Anuson Chinvanno

I would like to thank the authors for their presentation, putting forward interesting concepts that have been presented in the book. One of the major narratives coming from the West is that the countries in the region do not have “agency”. Secondly, another interesting point in the book is that, contrary to popular narrative, not all these development projects originated from China. The book correctly points out that several projects predate the BRI and are locally initiated within the region. A very good example is the Master Plan on ASEAN Connectivity that was adopted in 2010.

The next time you are in Bangkok, whenever that is possible, you will see that the High-speed Railway Project to Nong Khai is beginning to take shape. One major progress is that the Bang Sue Grand Station will start operating next month. The first train system that will use the station will be the suburban Red Line, which will start trial service from the second week of August. Bang Sue Grand Station will be the terminal station of the High-Speed Railway to Nong Khai and China. Pieces of the jigsaw are being laid down, though a little behind schedule.

One of the questions that our audience may be interested in hearing a little more is, of course, the question on the agency of small states when it deals with a big power like China. Maybe Professor Lampton would like to elaborate more on that issue.

David M. Lampton

I was hoping that there would be a question about agency. What are the specific forms it takes? First of all, each state has the capacity to have its own vision. Each of these states needs to go into negotiation with China having an idea of what they want. I do not propose to speak for Thailand, but I understand Thailand has a vision of its own as to why such a project might make sense. My understanding is that Bangkok has the same sort of geographic position as Chicago, when it was the central hub for maritime and land transportation, from north to south, from east to west, in America. If you look at the map, Bangkok is connected north-south with China as an economic hub. It seems to me that Thailand has a vision of its own centrality in the region. So, Thailand thinks about India, Myanmar, Cambodia, and Viet Nam on an east-west axis, as it also thinks about itself on a north-south axis with China. So, I would say the first thing that creates agency for the country is that it has its own idea. Another example, which Selina has mentioned,

is Laos. Laos had to have China to do the feasibility study, right? Well, if your prime contractor is the one telling you what you should want, that is a different situation. That is probably the most important thing before going into negotiations--knowing what you want.

Secondly, just take Thailand again as an example. There is an international high-speed railway industry. Japan is an important player, as well as South Korea, Canada, Germany, Italy, and France. There are many suppliers in the world. Now, China has a cost advantage. China has got all sorts of advantages. But for many years, I understand Japan and Thailand have been talking about a rail link from Bangkok to Chiang Mai. We will see what happens over the long stretch of history but the thing that the Chinese fear most is that somebody chooses Japan to build the system. So, you have alternative suppliers. I think the West is beginning a consortium to deal with Thailand, or Malaysia or Singapore. So, you have got options. Now, they may not all be equal or equally cheap or whatever, but you do have options.

Thirdly, a perfect example is Thailand, again. When China did not offer Thailand the acceptable interest rate on financing the project, Thailand said it would finance the project by itself. Now, Thailand has that option, but Laos may not have that option. Finally, the answer China fears most is non-participation. If Thailand says no, then there is no Pan-Asia Rail System, at least, with Chinese driving the train so to speak. So, I think those are some of the ways in which there is agency.

Selina Ho

Maybe I will add to what Mike just said about visions and ideas. I think one of the important things to remember is that, a lot of what China does is not based on their own ideas. They do not actually force countries to adopt these projects because it is the countries in this region that actually initiate some of these projects. The point about Chinese power and the agency of the smaller states is that whatever China proposed has been aligned with what the region wants, what the region already prefers, what the government wants, which is a development vision.

So, when there is a convergence of ideas and visions, then, you can see that these things can happen. Otherwise, I do not think that either China or other great powers can come to the region and say that you have to do this, you have to do that, without this or that being part of our own vision. We have the ability to adapt, to modify whatever China puts on the table. We take projects that are in our interest and discard those that are not. We have the ability to bargain, which

I have already mentioned. Our bargaining ability depends on a certain set of conditions that are related to our domestic circumstances. Some have more bargaining powers than others.

Cheng-Chwee Kuik

The case of Malaysia shows that host country or small country does have agency. Such agency manifests in the ability to propose, to negotiate, to push back, and also to demand what is more preferable. Malaysia is interesting because there are some ups and downs in its host-country agency. There were instances of enduring activism, but also disruptions. Let's us begin with Mahathir's first tenure. Back in 1995, he proposed the Singapore-Kunming Rail Link (SKRL). The proposal involved both China and seven ASEAN countries. This is a key example of what Mike has mentioned. So, agency means that you have your own vision and you make things happen. Mahathir did more than just proposing: in 1996 and 1997 he took efforts to create and institutionalise a Special Working Group (SWG) for the SKRL cooperation, an annual mechanism involving seven ASEAN countries and China. The Asian Financial Crisis stopped the mechanism for a few years; but it was resumed in 2002, just before Mahathir stepped down.

His successor, Abdullah Badawi, also took the initiative to propose to China for connectivity-building cooperation, not another way around. Many outsiders think that connectivity-building in Asia was all about China's push, a big power's push. They tend to overlook small-state pulls. In Southeast Asia and elsewhere, there are many instances of smaller state agency. So, Abdullah proposed to Chinese Premier Wen Jiabao to support building the Second Penang Bridge in his home state. Once Najib took over the premiership in 2009, before the 1MDB scandal, he proposed the idea of Kuantan Industrial Park to Wen Jiabao, when he and Wen launched the Qinzhou Industrial Park in Guangxi, China. Najib talked to Wen that now that we have one industrial park in China, let us have a sister industrial park in Malaysia, in Kuantan, at his home state of Pahang. These examples show host-country agency. Of course, in the case of the East Coast Rail Link (ECRL), at least in its early stage, it presented a negative example of small-state agency because of the 1MDB scandal and China's bail out. That was a case of limited and low level of small-states agency. When the 2018 election resulted in an unprecedented change of government and Mahathir's returning to power, his PH Government reasserted host-country agency by suspending the ECRL and two other projects and getting China's consent to renegotiate. Renegotiation is a strong example of host-country agency. In the case of ECRL, the renegotiation

brought about mutually acceptable arrangements that are more favorable in terms of local employment, resource mobilization, and actual operation.

David M. Lampton

One last sentence that I think actually has implications with respect to the earlier remarks. One of the Chinese interviewees involved in planning these projects said that dealing with democracies is really difficult. That is to say, you cannot get an agreement with one government because elections, independent actors of all sorts, keep changing the context. But the point is, democracies are more complicated to deal with than more authoritarian systems because there are more points you have to win over; there are more veto points.

So, I think an important point, which is not a generalised advertisement for democracy, is that pluralised states inherently have more agency in a sense that “they have more ways to throw sand in the gears”. In fact, one European representative in Laos said that even though Laos had limited financial and technological resources, there were thousand ways it could throw sand in the gears of projects that it did not like.

Anuson Chinvanno

That is a very good point. Thank you. To our audience, we welcome your comments, remarks, or questions. In the meantime, I think what we have been discussing from the beginning is somewhat contrary to popular narrative, especially Western narrative, when it comes to Chinese power. I think Selina said Chinese power is not unlimited. But Western countries seem to think that as we are China’s backyard, Chinese power in this area is unlimited. If we are talking about Chinese power in general, not only about railways, how do you see it developing in the short term? Western narratives may be correct in some sense, because when we deal with China on some other issues like South China Sea, it seems that Chinese power is unlimited.

David M. Lampton

They are all good questions, and there are many ways to think about it. On the question of the South China Sea, I think a point we made in the book is that the Chinese are capable of pursuing counterproductive and self-contradictory policies. The Chinese are fully capable of working against themselves. So, we observed in the book, for example, that to become more connected,

Southeast Asian countries have to have a certain confidence in China's orientation towards them over the long run. That is to say, there needs to be more confidence between the partner countries. But of course, in the case of Chinese foreign policy in the South China Sea, Thailand maybe less concerned than Viet Nam. In any case, China's activities in the South China Sea are not, generally speaking, very reassuring. So, in these political systems, they are looking at China as an actor and some actions are more reassuring than others.

The first problem you have is China's foreign policy in general. It has become a little more assertive, which I do not want to carry it too far. But I think it works against neighbours' confidence to become more interconnected economically and culturally to China. So, I would say some elements of Chinese policy work against creating the kind of reassuring environment that would facilitate these projects. Also an interesting question, why does the US see China as so powerful? Why does the United States not see the constraints on Chinese power we are talking about here? I think that gets to the general point in our book that every country has domestic politics that influence its foreign policy.

The US is now very divided on many dimensions in foreign and development policies, how to deal with the world, how to order and govern our own society. Frankly speaking, the image of a strong, powerful, aggressive, assertive China better serves the domestic political purpose of building a coalition to achieve power and forge a coherent policy. It may not be right, but more coherent. The only practical thing Americans agree about now is China. So, I would say this has become a unifying issue. If you want to spend 650 billion dollars on building infrastructure in the US, one of the arguments you make is: China is building its infrastructure both domestically and globally, and we will not be competitive unless we start getting into the infrastructure game. In the American setting, China has become a device to drive a domestic coalition to become more competitive, both economically and militarily.

Selina Ho

Actually, three of us, in our own ways, work on Chinese power. Mike's book was *Three Faces of Chinese Power: Might, Money, and Minds*. I am working on Chinese power as well. One of the things we need to understand is that power is very complex. It is multifaceted. So as Mike's book suggested, there are might, money, and minds, which are forms of Chinese power. What we need to do is to ask: how different are these styles of Chinese power? Which one is growing?

Which one is able to be translated as influence? Which one does not work quite so well? China can use coercion and force as you can see in the case of the South China Sea. It can set the agenda. This is agenda-setting power. It has ability to set norms, which is ideational power. BRI is an idea in itself, a way to get rich by building belts and roads. Power also includes the use of incentives, reciprocities, or quid pro quo which are actually working very well. These are different aspects of Chinese power.

China's ability to set agenda is growing if you look at the Mekong region. China is making progress by building institutions in the Mekong region and setting the agenda through the meetings and follow-up activities. This face of Chinese power is growing, especially the use of inducements through projects like AIIB and BRI. You can see how other countries are buying these ideas. Very interestingly, among ourselves, we all acknowledged that China has a place in this region. China is a dominant power, although not necessarily an exclusive power. This is a form of structural power.

But I would actually say that China is not good at using coercive power. When China uses coercion, there is a lot of push back. A lot of people react. ASEAN tries to get its act together in response to Chinese use of coercion, even though it may struggle to do so. China is looking like a big bully. When China uses coercive power in the South China Sea, countries react. Even if they do not say anything, they do react behind-the-scene. So, coercion or coercive power is not working very well for China, although China is very successful in the other aspects such as using economic incentives, institutional setting and agenda setting. We do recognise that China is a dominant power.

Cheng-Chwee Kuik

I will only add one point, based on Southeast Asian perspectives. Many smaller countries see contradictions in China's growing power and its regional roles. On the one hand, as Mike and Selina mentioned, China's power is growing. With that, China has a bigger capacity to supply what smaller states want, including infrastructure, capital, technology, development assistance, and other things that beyond what Western countries and Western institutions could supply. On the other hand, as China's power grows, China is also getting more assertive or even aggressive. Mike said just now "China is capable of working against its own interest." And Malaysia just witnessed and experienced that. On May 31, the day Malaysia and China celebrated the 47th

anniversary of diplomatic relations, 16 Chinese aircraft flew near the Malaysian airspace. We were puzzled by such an aggressive act, even though China's growing presence in the South China Sea is not new. China has stepped up its maritime presence from 2013 onwards, just like in many other places in the region. But this is the first time we saw them flying 16 aircraft to show their force as near as 40-60 nautical miles off Malaysian coast, on the day we are supposed to celebrate bilateral diplomatic relationship and friendship. So, you see one word: contradiction.

How to explain this? I think the "legitimation framework" we used in our book is relevant in explaining not only Southeast Asia but also China. The CCP (Chinese Communist Party), which has celebrated its centenary, relies on two types of legitimation: one is performance (in pursuing economic growth, preserving internal stability, and in handling national problems such as the COVID-19 situation); and the other is nationalist legitimation, which is getting more and more important. So, a lot of things we saw and messages we heard from Beijing and from US-China interactions these days, not just Xi Jinping's statement on July 1 but also Yang Jiechi's statement at the Alaska meeting, were messages about exercising and mobilising identity-based sentiments and legitimation. China is getting more powerful and it does not forget the humiliation in its history. So, I think there are two legitimation pathways that help us to understand China's seemingly contradictory behavior: performance legitimation and nationalist legitimation. Why its actions are getting more and more contradictory? China is getting more powerful externally, but it is also getting more insecure internally.

Anuson Chinvanho

I have some questions from the audience and would like to put them to you. First question is whether China has any plan or strategy to prevent small countries falling into debt trap?

David M. Lampton

I want to say I agree with the points my colleagues just made, which are really excellent. I want to add one additional thought, which I think is important about how powerful China is and how it does not work against its own interest. Parts of the book, and much of our interview work in Thailand, Cambodia and Myanmar, point to the fact that Chinese power is not only effective because of what Beijing, but sometimes succeeds by virtue of what others do, or do not do. For example, when China comes in and offers new partnership on infrastructure, the US put sanctions

on Thailand for events in 2014, put sanctions on Cambodia for human rights problems, or sanctions on Myanmar because of the role of the military and human rights issues there. The US has not provided an option for these countries, while at the same time saying that Washington is not entirely happy with the growing Southeast Asian dependence on China. So, we had long discussions in Thailand, Myanmar, even Viet Nam and certainly Cambodia, where the willingness of these countries to cooperate with the US is greater, but the US, because of its politics, puts limitations on its own willingness to deal with these countries. So, I just want to make clear that China is not the only country that can operate at cross purposes with itself.

There is a question about whether China had a plan or strategy for these countries. I think the Chinese have a vision of their situation and growth. Their own understanding of the situation is that the growth in China is declining but it is still quite considerable. It is still quite good compared to the rest of the world. But over time, China's domestic growth rate is slowing as people become richer. Its efficiency is down. It becomes harder to grow. Therefore, China has to earn money from its periphery so that as neighbours become richer and provide bigger marketplace, more economic opportunities to China, these become places for China to put its excess capacity and to make its access concrete. China's growth rate is slowing; therefore, they want to accelerate their growth in the region. Their view is that it is easier to profit economically in a rich area than a poor area. In this importantly, the PRC needs to move its labor-intensive industry south to build up its own supply chain and to be less dependent on the West and in order to keep labour costs down.

So, I would say the Chinese have the view of their own domestic economic security and growth that actually hopes to see an increasingly rich Southeast Asia. At the same time, China does not want to see Southeast Asia pulled into the Western orbit, in opposition to China. So, they want a prosperous, but nonetheless friendly, maybe even compliant, Southeast Asia. I would say the Chinese have vision of both infrastructure leading development and a desire to see Southeast Asia growing well, generally speaking, over the medium term. The Chinese vision is not entirely antithetical to what, I would understand, most Southeast Asian countries would like.

Anuson Chinvanno

I think the question is also about how the Chinese deal with the recipient countries falling into the so-called "debt trap".

David M. Lampton

First of all, as I was just saying, the vision is of Southeast Asian countries prospering, not being poor, and dependent on China. Secondly, in China, there is a big debate about China's investments abroad. There are many people in China saying, why are we loaning such large amount of money to countries that have questionable repayment capacities? Some critics say that bad loans are made, so the PRC can take over the asset. This is not exactly what most Chinese have in mind. The case of Sri Lanka's Hambantota Port is often used as an example of debt trap diplomacy. When I brought up this case, a person in China said to us: why would we want to do that? You should ask why did the Hambantota Port not prove economically viable in the first place? The answer is because there was not a lot of maritime traffic. Therefore, it was not economically viable. So, explain to me why it was a good investment to take over a port that, by definition, is economically unviable.

Now, some would say, the answer is really to provide a base for the PLA (People's Liberation Army) Navy. But the point is that it would be a controversial strategy because loaning money to countries that cannot repay at all ultimately forces Chinese "taxpayers" to shoulder that burden. China is an aging society, having more elderly people. Healthcare costs are going up. It also has COVID-19 problem. Tourism industry has suffered greatly, at least international tourism industry. They need money at home. When the Secretary of State accuses China of debt trap diplomacy, I think there is a lot of push back against that idea in China itself. Many citizens in China criticize Beijing for spending too much abroad and not enough at home.

Anuson Chinvanno

The next question: from your observation, what is the role of public perception either in pushing back or supporting a project? How do different countries exercise agency when it deals with Chinese project?

Selina Ho

Public opinion is very important in negotiation and bargaining with China. Public opinion plays a role as a restraint on the elite's or government's decision, when they actually negotiate with China. You can actually say that in a liberal democracy, public opinion plays a very big role.

That is conventional wisdom. But in countries with developing or not full-fledged democracy, public opinion may not play such a big role. We can actually argue that, in our region, public opinion will not be as restraining as it would be in the Western liberal democracies. In our book, we stated that public opinion actually plays a very big role in constraining what the government can do. So, what I am trying to say is that, at least on high-speed railway, public opinion plays a very constraining role. It does not mean that public opinion is against the project, therefore, the project would be cancelled, but it does slow down the project. It does make it necessary for the government to explain to the public. The government may also try to use public opinion to get a better deal from China. I think that is the role of public opinion as shown in parts of our book.

Cheng-Chwee Kuik

Just to echo what Selina mentioned: public opinion is not always static; it is quite dynamic. It is not that everything about China is totally good or totally bad. We have to look at the projects on case-by-case basis, depending on a number of factors. For example, projects that are shadowed by possible debt trap issue, like the ECRL before renegotiation, was seen negatively, like many other ventures that involve controversial terms. But projects that involve investment, equal partnership, and favorable terms that benefit the locals, the public opinion is generally positive. Examples include Kuantan Industrial Park and the CRRC Rolling Stock Center in Batu Gajah, in which China has been investing with the potentials of making Malaysia as the center of locomotive manufacturing for the ASEAN markets. Public opinion is positive for these projects because they bring out economic opportunities and developmental benefits. So, public opinion matters but it changes from case to case and from time to time. Public opinion about the ECRL project actually improved after the renegotiation in April 2019, because it reduced the cost and changed the partnership terms on local contents, including resources and labour employment. In short, public opinion improves when the terms of cooperation improve. It is dynamic and not black or white.

Anuson Chinvanno

Next question follows on something you have touched upon earlier but have no time to elaborate. It deals with G7's Build Back Better World. Will smaller states have space to shop around or is that an illusion as small states are made to choose one over the other?

Cheng-Chwee Kuik

My quick response to this question, which is a good question, is that from smaller countries' perspective, we do not see this issue as an "either or" issue. Firstly, smaller states do not necessarily have to choose one scheme over the others because you can always collaborate with Big-Power A on project X and Big-Powers B and C on project Y. So, I do not think this is a matter of choosing one over the other. Secondly, countries across the region want to see the competing powers "walk the talk". We have been hearing a lot of talks. Many schemes were announced back in 2018, but until today we have not really seen much concrete advancement. Hopefully the newly announced initiatives, such as the Build Back Better World and Global Gateway will lead to something concrete and sustainable. Thirdly, it is not just about connectivity cooperation, but also vaccine diplomacy. Over the last few weeks, across Asia, from Thailand Malaysia, and to many other regional countries, we have been receiving vaccines from Japan, from the United States, from the U.K. I think all of these are good and positive competition. Competition on non-military domains, including infrastructure and development, or even pandemic diplomacy, clearly fits into the point we mentioned earlier: the more, the merrier.

David M. Lampton

I think all those points are excellent. The West, at least most of the Western economies, have a problem that China does not. Basically, the governments in these democratic Western countries cannot order their corporations to have an interest. Corporations and the private sector have to see opportunity and stability. Investment opportunity in Southeast Asia must offer the prospect of return, and hopefully a good return. So, the governments in the West, in effect, have to convince, one way or another, their companies to get interested. Some countries in the West have more state enterprises than others, but the private economy in the West means that the individual investors are our participants. Therefore, they have to be induced.

I think the Western governments, are doing several things to make it more attractive for their companies to become involved. They are increasing public investment insurance. We have increased our overseas development assistance, particularly related to infrastructure in Asia. It is relatively small amount of money but it is a lot more than before. Also, the Western countries play a big role in the World Bank, Asian Development Bank and so forth. The US is encouraging these multilateral or multinational banks and financial agencies to do more. So, I would say it is harder

for the West, especially its companies, to be interested but we are beginning to make it more attractive for private companies to get involved.

Anuson Chinvanno

The next question: What should Thailand and ASEAN countries do to benefit from China's policy and investment to become a global technology force, taking into account the context of US-China technology competition?

David M. Lampton

I am not in a position to offer advice to countries that have their own understanding of their situation, but I would say the first thing and key is that in negotiating with the Chinese, an important part of the negotiation is not just the contract to supply labour, or the interest rate and so forth. These are all important aspects of a negotiation with China but a very important part is technology transfer. In the case of Thailand, we were impressed with the degree in which the Thai government and the negotiators negotiated with China so that the Thai workers and engineers received training that, in the end, would be a part of technology transfer to Thailand with the rights to use that IPR subsequently.

So, I would say ASEAN should have negotiations that involve indigenous innovation. This is a bridge to a future, in which Thailand and other Southeast Asian countries have more control over technology and management. It might be, in any given project, at the beginning might choose to have Chinese advisors and so on. For some countries, there ought to be a process by which technology is gradually transferred to the host country. The partner country should get its people trained and receive the rights to use the technology to build its own brands. That was what China did when it negotiated to get high-speed rail technology from Japan and France. It negotiated from a more dependent position initially but got long-term rights to use the technology. Now, China has its own brand-name industry. So, I would say, do not just focus only on interest rate and land development rights, important though they are, but also focus on long-term technology transfer and training of personnel.

Selina Ho

I think that what Mike is offering is really a positive view of what countries can do to take advantage of that. But in a way, not quite directly answering the question that has been posed to us, I would say that the US-China technology competition is posing some danger for us in the region. I was recently looking at all the 5G networks and which countries sign up to which network: which country signed up to Huawei; which country signed up to Nokia and Ericsson or developing their own indigenous 5G capability, like South Korea. There is a potential for the region to be bifurcated into technology spheres.

What I am trying to say here is that I absolutely agree with Mike that there are benefits but we are also mindful of what this challenge, that is technological competition between US and China, is exerting on us. We need to make sure that we will choose our providers according to our own national security interest and what our own economy needs right now. Our national interests are important but we need to be mindful as to how these choices actually play out in the entire region. We might actually end up having a bifurcation of technology in the region.

Anuson Chinvanno

The point just made by Selina is something that ISC has been working on with our Thai colleagues since last year. We are trying to see whether in the end, the region would be forced to choose which system to use. This “taking side” issue is something quite worrying. Maybe, we could arrange a discussion to exchange experiences and views in the region. I think it is something that would make a big impact on the ASEAN countries.

Cheng-Chwee Kuik

I think Mike and Selina have already made many important points. So, let me just talk about the role of the private sector. Other than the government, the private sector can also play an important role in partnering with multi-level entities in connectivity cooperation. The CP Group in the EEC project collaborates with various external actors, including a Chinese company to take part in the construction of high-speed railway connecting the three airports. So, it is not only the government, but also the private sector. The kind of technology transfer Mike was talking about is clearly not just through the government’s actions, but also the entities outside the government.

On the issue of digital sector, just to add to what Selina mentioned -- I think to a large extent, it is not up to smaller countries in the region; but up to whether and how the Biden administration will implement the so-called “decoupling”. At the moment, we are seeing a number of policies started by Trump actually being continued. Decoupling is one of that and we know that decoupling involves a number of sectors.

Smaller countries are positive when some American and Japanese firms started to move from China to Southeast Asia. Viet Nam and other countries are being benefited. But I think the sensitive aspect is really about digital connectivity. At the moment, you see ten ASEAN countries are making quite different choices. Viet Nam and Singapore are very cautious while others are more welcoming to Huawei. Recently, the Malaysian government chose Ericsson, a Swedish firm, over Huawei. I think we will see more dynamics on this issue.

Anuson Chinvanno

I would like to end our discussion on an issue we touched upon earlier. It is something important and connected to the question of Chinese power in Southeast Asia: rising nationalism in China. The question is, “how would Chinese nationalism affect our relations with China?” These days, nationalism can be exercised or spread through social media quite easily. It is something that can be worrying for the policy makers. How do we deal with rising Chinese nationalism?

David M. Lampton

First of all, I agree very much that what we call “rising nationalism” is China’s challenge. It is obvious that rising nationalism is also a global phenomenon, with authoritarian strongman leaders in many countries. China may be the most important case of rising nationalism. We could argue about that. But certainly, “America First” is intrinsically a nationalistic idea. So, it is not limited to China. That is my first point.

But when we talk about Chinese nationalism, we are talking about the whole narrative in China that every school child from earliest days is imbued with. Indeed, young people all over the world are imbued with one or another national story, some more harmful than others. China’s national story is one about bullying and containment. That is the core element of China’s story and much PRC policy flows from it. Of course, this produces assertive PRC behavior and

defensiveness in the West, and then, the West reacts to what China does. I see it as a kind of rising spiral of nationalism, both in China and elsewhere, leading to more difficulties.

Now, as it relates to Southeast Asia in particular, I think when you see rising nationalism in China, you see rising concern with security. When you see rising concern with security in China, you see rising desire in Beijing to exert increasing control over its periphery. If you look at friction points with China, they include East China Sea, South China Sea, Tibet, Xinjiang and even sometimes Mongolia—Taiwan for sure. When China feels insecure, there is rising nationalism. It is a security challenge.

So, I think that this rising nationalism reflects both internal insecurity in China that it faces an increasingly hostile periphery, which it needs to control. I am hopeful about interdependence and interconnectivity because the only way you are going to break down this sort of aggressive nationalism is to create tangible economic and other interests among countries that give decision-makers a growing stake in cooperation. So, I am torn between rising nationalism and increasing fragmentation and increasing desire to exert control on the periphery on the one hand, but also believing that we need to foster connectivity and interdependence to give important groups in each society an interest in cooperation with the other. If we have rising nationalism, and decreasing connectivity or increasing Balkanisation, that seems to me very bad for everybody's security.

Cheng-Chwee Kuik

Just to jump on what Mike has mentioned and get back to what we discussed earlier about rising nationalism. Yes, it is the Chinese ruling elites who choose to mobilise the nationalist sentiments, and I completely agree with Mike that there are also spiral action-reaction processes. Over the past few weeks, after the G7 Summit, some Chinese media were relating and comparing the G7 with the Eight-Nation Alliance during the Boxer Rebellion 120 years ago. Some might argue that with or without the top-down mobilization of such sentiments, Chinese people do feel that certain external groups are increasingly targeting at China.

Many policy elites in Southeast Asia understand the sensitivity. For example, all ten ASEAN countries have been very cautious about the notion of “Indo-Pacific” and keeping distance from the Quad. When we talk about Indo-Pacific, we talk about the ASEAN version, the ASEAN Outlook on the Indo-Pacific. We try to keep distance from the Quad version of the Indo-Pacific.

Many in China see the Quad as an anti-China containment group. ASEAN countries do not want to add fuel to the action-reaction cycles.

Anuson Chinvanno

We have reached the end of the session. I hope our audience will go out, buy and read the book. I think the important thing about this book is in the conclusion that the co-authors have made, and which we have discussed today. They made an interesting alternative narrative to the idea of Chinese power in Southeast Asia. I would like to thank the three authors, Professor David Lampton who joins us from the United States, Selina Ho from Singapore, and Cheng-Chwee Kuik from Malaysia, for making time for this discussion.

Annex 1

Brief Biography of Authors

David M. Lampton

David M. Lampton is Professor Emeritus at Johns Hopkins University's School of Advanced International Studies (SAIS) and Research Scholar and Oksenberg-Rohlen Fellow at Stanford University's Asia-Pacific Research Center. He is the author of *Following the Leader: Ruling China, from Deng Xiaoping to Xi Jinping*, among others.

Selina Ho

Selina Ho is Assistant Professor and Chair (Master in International Affairs Program) at Lee Kuan Yew School of Public Policy, National University of Singapore. She is the author of *Thirsty Cities: Social Contracts and Public Goods Provision in China and India*.

Cheng-Chwee Kuik

Cheng-Chwee Kuik is Associate Professor and Head of the Centre for Asian Studies, the Institute of Malaysian and International Studies at the National University of Malaysia, and a nonresident fellow at the Foreign Policy Institute, SAIS, Johns Hopkins.

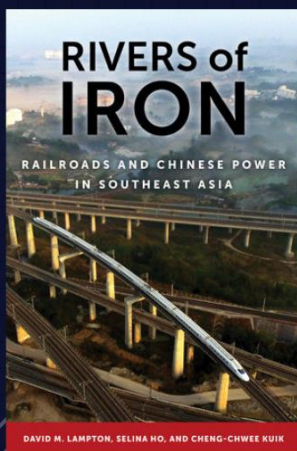


INTERNATIONAL STUDIES CENTER

BOOK LAUNCH & DISCUSSION

RIVERS OF IRON:

Railroads and
Chinese Power
in Southeast Asia



AUTHORS



Dr. David M. Lampton

Professor Emeritus of China Studies,
School of Advanced International Studies,
Johns Hopkins University



Dr. Selina Ho

Assistant Professor in International Affairs,
Lee Kuan Yew School of Public Policy,
National University Singapore



Dr. Kuik Cheng-Chwee

Associate Professor and Head of the Centre
for Asian Studies, Institute of Malaysian
and International Studies,
National University of Malaysia

WEDNESDAY
21 JULY 2021

19.00 - 21.00 hours
(Bangkok, GMT +7)

MODERATOR



Dr. Anuson Chinvanno

Director,
International Studies Center



Facebook Live:
International Studies Center (ISC)

Photo of the Event



(Upper Row) David M. Lampton and Cheng-Chwee Kuik

(Lower Row) Selina Ho and Anuson Chinvanno

The International Studies Center (ISC) aims to encourage the studies and analyses of relevant policies and issues in various aspects of diplomacy and international affairs, including foreign policy, international economics, international law, and international and regional organizations, as well as to create opportunities for policy and issue related discussion for the benefit of the formulation and conduct of diplomacy and foreign policy, while promoting public awareness and understanding of major foreign policy issues, through such activities as lectures, seminars, experts discussion, publications and broadcast.

Seminar Report is a series in ISC's publications which records proceeding from seminars, discussions and book launches organized by the International Studies Center.



INTERNATIONAL STUDIES CENTER (ISC)

The Government Complex (Building B, 8th Floor),
Chaengwatthana Road, Bangkok 10210, Thailand

email: isc@mfa.go.th

website: isc.mfa.go.th