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Shaping the Belt and Road Initiative

An exemplary case study on Cambodia and Myanmar

Bachelor Thesis

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List of Abbreviations

ASEAN - Association of Southeast Asian Countries

BRI - Belt and Road Initiative

BIT - Bilateral Investment Treaty

CPP - Cambodia's People Party

CMEC - China-Cambodian Economic Corridor

CNRP - Cambodian National Rescue Party

EU - European Union

FDI - Foreign Direct Investment

NLD - National League for Democracy

ODA - Official Development Assistance

UN - United Nations

US - United States

Please note: Myanmar is Burma (Burmese)

Introduction

The idea of a new Silk Road became reality in 2013, when President Xi Jinping proposed the ‘Silk Road Economic Belt’ during his visit to Kazakhstan. The global infrastructure development strategy would stretch across Asia Pacific, Africa, and Central and Eastern Europe and would create greater regional connectivity and mutually beneficial cooperation. Today it is more familiar as the ‘Belt and Road Initiative’ and encompasses both overland and maritime routes as “it is meant to restore the historic Silk Road Economic Belt and the Maritime Silk Road” (Huyen & Tang, 2020, p. 223). There are many different views that offer unique interpretations on the Belt and Road Initiative, its outcomes, and the underlying Chinese intentions. Until now, research conducted on the Belt and Road Initiative has mainly focused on the influence of China.

Theories on Chinese foreign policy depict an image of the Belt and Road Initiative as part of a Grand Strategy. According to Leverett and Bingbing (2017) it is a crucial factor that will determine the world system and the inter-state relations in the 21st century. Indeed, the influence of the country is growing and its engagement and leverage in global affairs has significantly increased over the last few decades. Minghao Zhao (2015) even states that “China seems quite determined to reshape its global posture in a bold and creative way” (Zao, 2015, p. 97). The geo-political and geo-economic project in combination with the so-called “March Westwards” intends to consolidate the Chinese role on the world stage and to narrow the gap between the United States and China (Ma, 2012). The Chinese government even depicts the initiative as a new model of international cooperation that will lead to positive sum gain for all participating nations and its citizens (Silvius, 2020). However, this perception on the Belt and Road Initiative is contested by Jones and Zeng (2018), who offer a different interpretation. According to them, Chinese influence and intentions are overestimated and the Belt and Road Initiative is nothing more than a loose and indeterminate scheme that is heavily influenced by bottom-up competitive lobbying.

Others state that the Chinese are pursuing a debt-trap diplomacy, through which they provide easy loans for huge infrastructure development projects in host countries. Many of these recipient states have buried themselves into deep debts, as they are not able to financially support their own activities anymore and therefore continue to rely on Chinese funds. A geo-economic strategy could be used to fulfill the underlying geo-political ideologies. Calinoff and Gordon (2020) state in their research that some scholars even go further, arguing that the provision of loans to host countries can result in a new form of Chinese colonialism, in which states engage in “debt-for-equity swaps” with the Chinese government (Calinoff & Gordon, 2020, p. 62). But Jones and Hameiri (2020) contest the idea of debt-trap diplomacy. In their case

studies on infrastructure development projects in Sri Lanka and Malaysia, they have come to the conclusion that most of these controversial projects have actually been initiated by the host governments themselves and that local elites, engaging in the Western financial market system, should be held responsible for these excessive debts. Moreover, Brautigam and Rithmire (2021) believe that the Chinese debt-trap diplomacy is a myth, which is shaped by US' rhetoric and the debtor countries themselves and which casts China as an underhanded and unreliable partner. However, the strategic partnerships between the Chinese state and a recipient country is not a one-way street. More recently, Calabrese and Cao (2021) have stated that the domestic context of the host countries also shapes the outcome of the Belt and Road Initiative. Jones and Hameiri (2020) contribute to the discussion by stating that developing-country governments “determine the nature of BRI projects on their territory” (Jones & Hameiri, 2020, p. 3). Host countries are in the position to force the implementation of the Belt and Road Initiative countries to their will, in order to pursue their own objectives.

Each of these views portrays the Chinese Belt and Road Initiative in a distinct manner. Throughout this research, all three perspectives will come up for discussion to discover how they contrast and to what extent they might overlap. The article will focus on the cases of Cambodia and Myanmar, which are both host countries for upcoming Chinese infrastructural development projects, and pursues to shed light on the reality of the Belt and Road Initiative in these regions. Thus, the research question of this study will be: **“What factors shape the outcome of the Belt and Road Initiative?”** The interplay between local and international factors will be analyzed and the three interpretations will be tested to discover how to interpret the BRI. The aim of the research is to view the Belt and Road Initiative from different angles, to deviate from the typical China-centered debate and to create and contribute to a discussion on agency and control, which was first initiated by Calabrese and Cao (2021).

Chinese Presence in Southeast Asia

For almost 2000 years, China and Southeast Asia have been interconnected through economic, political, and social linkages. These linkages have created patterns and networks, which have changed and evolved throughout the years. Therefore, Chinese influence has known periods of decrease and re-emergence. These fluctuations can be ascribed to different aspects.

Until the Dutch took over the Indonesian territories in the 17th century, the Chinese dominance was unnegotiable. For centuries, China played an important role in the economic relations with Southeast Asia. Economic activities included trade in products and commodities and revenue was even used for political causes in both regions, such as investments in revolutions.. The Chinese ceramic trade was one of the most lucrative businesses to be involved in. Southeast Asia was therefore crucial to China, as it formed a large market for the sales of ceramics. These economic activities went hand in hand with technological inventions in the arms industry, in ship-building, and in the ceramics industry. However, the 17th century marked the end of Chinese dominance in Southeast Asia, as the Europeans colonized several polities and important harbors along the coast line and set up colonial administrations and practices. The time came for the Chinese to retreat from the Southeast Asian territories and to return to the mother country which was under the reign of the Qing dynasty (Wade & Chin, 2018).

The economic relations between China and Southeast Asia naturally created human movement, with merchants, migrants, and others crossing borders to see what could be found on the other side of the mountains. Along with these human flows, cultures clashed and coincided whereby ideas and beliefs spread. Religion, language, food, and social practices found their way to the most remote corners of the regions. As culture and politics interact, some believe that Chinese Confucianism constrained them from acting aggressively beyond its borders. This would ensure friendly relations between the Chinese government and the Southeast Asian countries. However, the political sphere between Southeast Asia and China remains a heated discussion. Opposition to this belief contests the idea that China merely promotes peaceful relations and argues that the country has imposed its hierarchical institutional culture and state structure with force on the region over the years. This process in particular has been the driver behind the extraordinary merging of distinct cultures (Wade & Chin, 2018).

The Chinese regional influence has therefore known times of restraint and heyday, but it cannot be denied that China has long been the major international player in Southeast Asia. The objective of a revived

version of the Silk Road was initiated when President Xi Jinping announced the grand plan to link Asia with the West, through the construction of infrastructure projects along the route and to stimulate inter-state interaction. The Belt and Road Initiative emerged and today it encompasses both a land and a maritime connection, creating economic passages and cultural collaboration. From Chinese perspective, all the countries involved will reap the rewards of the investments and will equally benefit from their participation. But the presentation and promotion of the Belt and Road Initiative as a cooperation between countries is highly criticized and attacked by theories that contest the idea of the project as a mutually beneficial undertaking. Many remain skeptical about the underlying intentions of the Chinese initiation and until this day a broad range of views on the Belt and Road Initiative exist.

Research Design and Methodology

Case selection

This research will investigate the interplay of local and international factors on outcomes of the Belt and Road Initiative by analyzing two cases, namely Cambodia and Myanmar. The case selection is based on a few factors. Both countries are located in Southeast Asia and play a crucial role in the development of the Belt and Road Initiative. Moreover, they have distanced themselves from Western influences and have both become intertwined in Chinese affairs. The relations between Cambodia and Myanmar to China are often seen as asymmetrical, as the Chinese government exercises considerable power over their territories. Furthermore, both countries experience domestic challenges, such as corruption and extreme poverty among the citizens.

Method of Data Collection, Operationalization, and Data Analysis

The majority of the data will be collected through the analysis of both primary and secondary sources: scientific articles, documents or records from libraries, depositories or the internet. First, information on the domestic context of Cambodia and Myanmar will be given, to present a basic understanding on the economy, its politics, and the socio-cultural environment of each country. Then we will continue to discuss the cases according to the three main interpretations of the Belt and Road Initiative, namely: the grand strategy, the debt-trap diplomacy, and the power of the host country. Each perspective will be tested to discover what views can be contradicted and which one holds best. Literature on the Belt and Road Initiative and reports on infrastructure development projects will provide concrete examples of the outcomes of the BRI in Cambodia and Myanmar. It is important to note that the article aims to balance between Asian and Western sources, as the risk of bias has to be taken into account. However, much effort will be invested in the readings to avoid biased information by analyzing the sources thoroughly.

Cambodia

Political economy

The political context of Cambodia is scarred by its difficult past. Under the leadership of the maoïst revolutionary Pol Pot, the communist Khmer Rouge organized a devastating genocide between 1975 and 1979, in which it is estimated more than 1.7 million people were killed. The invasion of Vietnam did not stop the Khmer Rouge until the beginning of the nineties. This extremely dark chapter in the history of Cambodia left its people, the economy, and the infrastructure in ruins, and has determined the political structure and environment in the country (Greenhill, 2013). Prime Minister Hun Sen has been the leader of the ruling Cambodian People's Party for more than 30 thirty years. His regime has few constraints and is frequently carefully portrayed as authoritarian, even though elections occur from time to time. The CPP is the dominating party in the current political multiparty system of the monarchy and is characterized by the neo-patrimonial style of governance in which Hun Sen favours his close associates: a balance between technocrats and rent-seekers. This leads to bureaucratic misconduct, discriminative law enforcement, and governmental challenges. Only a lucky few in the inner circle of Hun Sen benefit from the integration of power. Especially business people profit, as their easy access to licenses permits them to accumulate wealth and opportunities. This leads to an increase in investments in infrastructure projects, attracts investments, and boosts the credibility and legitimacy of Hun Sen and his government (Calabrese & Cao, 2021).

The largest parties in Cambodia are given the majority of the seats in parliament through a so-called 'supra-proportional' system (Calabrese & Cao, 2021). It can be argued that the aforementioned elections, in combination with the entrenched patron-client relations, function as a sham. The state does the minimum to maintain just enough economic development and growth in order to retain legitimacy, but neglects the augmenting gap between the rich and the poor. This has resulted in political resistance among younger generations and the higher educated (Kelsall & Seiha, 2017). Since 1993, people in Cambodia have been pressuring the government to enhance political freedom and to stimulate the transition to a democratic system. However, there is fear of unjust persecution due to harassment, abuse, assassinations, and unlawful imprisonment of those who undermine the power of the government. The rising popularity of the opposition party CNRP (Cambodian National Rescue Party) was terminated in 2017, as Hun Sen dissolved the party right before the national elections of 2018 (Lim et al., 2018). The national elections

“were held in a severely repressive environment that offered voters no meaningful choice,” following a report of Freedom House in 2020 (Po & Sims, 2021, p. 5).

Despite the growing political resistance in civil society and the disapproval of foreign governments, Prime Minister Hun Sen continues to live up to his strategy Vision 2050, which aims for Cambodia to become a high-income country within three decades. The improvement of infrastructure is one of the key objectives in order to diversify the economy, to stimulate economic growth and with that, to increase the popularity of the CPP and Hun Sen (Calabrese & Cao, 2021).

The volatile economy of Cambodia has experienced rapid growth since the beginning of the nineties and is fueled by high levels of foreign direct investment, foreign aid, and trade openness (Calabrese & Cao, 2021). The transition from a closed, centrally planned economy into a global market economy has led to an incredible growth acceleration, which is stimulated by the alliance between politics, technocrats, and rent-seekers. At the same time the economy has become much more complex, as the share of the industrial sector has increased and electronics and light engineering firms have replaced low-skilled labour (Kelsall & Seiha, 2017).

The growth of the Cambodian economy quickly started with the restoration of peace and security in the country, after the collapse of the post-independence government, war, and the destructive rule of the Khmer Rouge regime (Kelsall & Seiha, 2017). Between 1970 and 2010, the economy grew 2.3% on average each year, albeit very unstable. This success can be ascribed to several different factors. First of all, the opening up of the economy to the international market economy has been the driving force behind the increased trade with foreign countries and the influx of foreign direct investments (Hill & Menon, 2013). This has resulted in a partial ‘dollarization’ of the Cambodian economy, which implies that the US dollar flows in the economy, in the form of FDI, in conjunction with the Cambodian riel (Duma, 2011). These investments have empowered Cambodia in its transition to economic diversification and high-skilled labour (Hill & Menon, 2013). Also, the government receives a considerable amount of aid in the form of Official Development Assistance (ODA). In 2010, net ODA levels were at 6.9% of the gross national income of the country (Greenhill, 2013). All in all, the rapid growth has led to a decrease in poverty. This has improved education and the healthcare system, and it has suppressed mortality numbers. Nevertheless, nearly 75% of the population in Cambodia still lives under the poverty line and the country faces a huge gap in infrastructure, which could be an explanation for the advances of the government to the Chinese state (Hill & Menon, 2013).

Relations to China

Already in the 12th century Chinese migrants were an integral part of Cambodian society. But especially since the 1950's, Cambodia and China have grown close. The challenges that occurred between Cambodia and the United States and Europe have tightened these relations, as China provided funds, and military equipment and assistance, to fully support the Khmer Rouge regime (Calabrese & Cao, 2021). The economic and political relations between the countries feed off each other. Hence, over the years the countries have created an asymmetrical relationship on the basis of similar objectives and a strong belief in quid pro quo: there is always something for something (Ciorciari, 2014). Calabrese and Cao (2021) even refer to the 'Sino-Cambodian iron triangle,' which stands for the ties between the government in Cambodia, their businesses, and the Chinese government. In their article, they quote O'Neill (2019): "the Cambodian government benefits from financial support from the Chinese government and the financial and electoral support of domestic firms; Cambodian firms benefit from funding for joint ventures, as well as Cambodian government approval and protection of their investments; and the Chinese government benefits from the support of Cambodian stakeholders in joint ventures and Cambodian government protection of its investments, as well as support for its regional and global foreign policy preferences, including China's stance on the South China Sea disputes" (O'Neill, 2019, p. 132).

In recent years, Cambodia has become one of the most important trading partners of China, as it imports over \$1.8 billion in Chinese merchandise annually (Islam, 2018). This mainly consists of input for the garment industry (Calabrese & Cao, 2021). But more importantly, Cambodia is nowhere without Chinese investments. In 2012, China accounted for almost 36% of total foreign investments in Cambodia. Overall, the Chinese government has provided a substantial share of financial support and political backing over the past two decades. In return, Cambodia has taken several measures to repay the Chinese patronage, such as the easy access to resources and political backing in highly sensitive issues. Moreover, as a considerable amount of the funds has been used to improve the infrastructure throughout the country, Cambodia has been defensive over certain malpractices surrounding the development projects. The emergence of hydroelectric dams, railways, and mining projects have been controversial and have triggered many foreign governments, as environmental damage and social injustice generate conflicts. In 2012, the close relations between the two countries were reinforced, when Xi Jinping announced the objectives for the Belt and Road Initiative. Hun Sen applauded the ambitious infrastructure project, in which especially the CPP was very eager to participate. Cambodia and China would seek to improve coordination and stimulate collaboration in their affairs through a strategic partnership (Ciorciari, 2014).

Myanmar

Political economy

The politics of Myanmar have also been heavily affected by its history. Shortly after Myanmar became independent from the British colonial regime in 1948, the Burma Socialist Programme Party rejected every part of the colonial structures, turned the country into a socialist state, and nationalized the trade. Their aim was to secure Myanmar from ‘political disintegration and disorder’ (Brown, 2013, p. 211). When the country faced high rates of inflation and unemployment, the public demanded democratisation. Succeeding the Uprising of 1988, a military regime took over the power and imposed a direct military dictatorship in order to completely control the state. The process of privatization that followed was supposed to create a successful group of ambitious entrepreneurs. However, a select group of an extremely wealthy new business class, with relations to the army, emerged from liberalisation. Until this day, their dominant role in both society and economy gives these cronies the opportunity to interfere and affect the political process (Ford et al., 2015).

The first democratic elections were held in 2011, after the military junta let go a fraction of its power and created a semi-democratic system. The elections were anything but fair, as the new constitution automatically gave the military 25% of the seats in parliament. But increasing criticism of foreign countries pushed the regime to undertake major reform. This resulted in a triumph of Aung San Suu Kyi’s National League for Democracy (NLD) in the 2012 by-elections, followed by the victory of the party during the general elections in 2015. Despite the shift to a government which has been democratically elected, military influence remains persistent in politics and the economy. Although the NLD has been given some degree of authority, the process of democratization is questioned and remains very fragile. Moreover, the political environment has been built upon deeply entrenched patron-client networks. These relations between the state and business interests are symbiotic; both sides need each other to exist (Jones, 2013).

Therefore, it is clear that economic progress in Myanmar is not very likely to be happening soon. Its political economy is transitioning extremely slowly and it does not look like changes in the environment will have a positive effect in the near future. Due to economic mismanagement during the military junta, the country cannot rely on the fiscal structure and its economic system. A large share of public spending is invested in the military, which inhibits the development of human capital and indirectly stimulates the growth of an increasing informal sector, upheld by a nepotistic patron-client network. As the Burmese

government is in persistent shortage of funds, it forces them to make irresponsible decisions that are destructive for the economy of the country. Foreign Direct Investment that is concentrated in energy sources such as gas, hydroelectricity, oil, and several other extractive industries, does little to contribute to sustainable growth. Some industries do create revenue, but are extremely harmful for the environment, often also raising social costs and feeding ethnic tensions (Ford et al., 2015). In fact, most revenue does not even make it into Myanmar, but ends up in various international financial centers offshore (Turnell, 2011). More importantly, due to the increasing demand for energy resources in foreign countries, Myanmar is in desperate need for FDI to invest in the infrastructure and to keep up with the economic growth (Stokke et al., 2018). Hence, the Burmese government relies heavily upon bilateral concessional loans with other countries and financial institutions. Outstanding foreign debt is almost a third of nominal Gross Domestic Product. Much of this is owed to diverse forms of international suppliers, mainly coming from China (Turnell, 2011).

Relations to China

China began supporting the communist party in Myanmar in 1949, shortly after the country had been granted independence from the British colonists. The Burmese government was also the first to recognize the communist-led People's Republic of China. In 1954, the countries signed a treaty of friendship between the two of them, based on the act of kinship. For decades, China and Myanmar have been each other's principal protectors at the UN Security Council, but also in other places (Turnell, 2011). Besides the fact that the diplomatic, political, and security relations between the states have grown stronger over the years, the economic ties have strengthened as well. Myanmar has become one of the major markets for Chinese exports of both capital and consumer goods. Moreover, China supports the Burmese governments with the improvement of infrastructure and seeks to cooperate in the areas of energy and state-owned economic enterprises. The infrastructure projects for the Belt and Road Initiative in particular, are crucial to the Chinese government, as Myanmar provides China the alternative access to the Indian Ocean. However, this does not seem to have any positive impact on the industrial and economic development in Myanmar. In the long term, the burden of the Chinese loans are becoming increasingly problematic for the Burmese government (Kudo, 2006).

After the democratic elections in 2011, the Chinese government found itself in a difficult position. Myanmar pushed through a series of policy reforms to stimulate the process of democratisation and peacebuilding, and the country began to approach the international community. This undermined the position of China and the state could see its strategic stance towards Myanmar weakening (Lanteigne, 2017). Western nations re-engaged with the country and Anti-Chinese sentiment among the Burmese

people grew, especially as several Chinese infrastructure projects caused political backlash, due to the neglect of the environment and ethnic communities. But the carelessness of the Burmese government towards the genocide, or ethnic cleansing, of the Rohingya communities in Western Myanmar, increased international pressure to reimpose sanctions. Not surprisingly, Myanmar turned to the Chinese government for support and China took this opportunity to reinforce its strategic relations with Burma and pushed for the continuation of suspended infrastructure projects (Strangio, 2020). Over the last few years, several agreements for cooperation have been made to finalize the ambitious Belt and Road Initiative in Myanmar, “which will boost China’s presence in the Indian Ocean” (Lwin, 2020). Yet, China remains concerned about the instability of the country and the possible damage to their objectives it could bring about (Turnell, 2011).

The Belt and Road Initiative in Cambodia and Myanmar

In the following section of this research, the three main perspectives on the BRI will be tested. For each perspective, studies of different scholars will be analyzed. Both the Cambodia and Myanmar case will be taken into account to see if the interpretations can be substantiated by the developments in these countries.

The Grand Strategy

The intention of the Chinese government behind the Belt and Road Initiative remains unclear and ambiguous to foreign countries. Even participating countries are still confused about the ill-defined objectives of China. However, several scholars are determined that the underlying focus of establishing a modern version of the Silk Road is to pursue a Chinese grand strategy, which encompasses economic, political, and cultural aspects. The main idea of a grand strategy is to secure the territorial and political integrity of the state (Leverett & Bingbing, 2017). According to this view, Xi Jinping is determined to consolidate China's position as a hegemonic power. Islam (2018) argues that it is the desire of China to revive the economic success of the past and to show the world the prosperity of the Chinese civilisation. In order to achieve this goal, Xi Jinping emphasizes the importance of economic cooperation with the countries along the Belt and Road and the possible mutual benefits the project could generate. This geo-economic vision of the "China Dream" is shared by Mohan Malik (2017), who claims that the foreign policy initiative is built upon decades-old economic plans. "For China today, economics is strategy. Money has now replaced Maoism as the tool for gaining influence" (Mohan Malik, 2017, p. 4).

In addition, Islam (2018) also emphasizes the Belt and Road Initiative as a geo-political ambition and argues that politics have been one of the major necessities for the creation and establishment of the Silk Road. The BRI could be a tool for China to consolidate its political and economic role towards the United States and to reshape the global order. According to Greenhill (2013), China sees Cambodia as its main ally in Southeast Asia and in the Association for SouthEast Asian Nations (ASEAN). More importantly, since Western countries have cancelled their aid to Cambodia following the Rohingya crisis in 2017, the Chinese government has taken over their role as donors. The political ties have grown closer and Cambodia has turned its back on the United States. There clearly exists an underlying "contest of supremacy" (Islam, 2018, p.16) between the US and the Cambodian government. Ciorciari (2014) states that the geo-political ambition is grounded on the logic of balance of threats, as China is worried about US-led confinement in the South and Cambodia fears tensions with Thailand and Vietnam. The severe sense of insecurity in China fueled the motivation to counterbalance and to change the past passive

position towards the US (Wang, 2016). It is not the goal of the Chinese government to conquer territory for direct control, but the aim is to act the way it wants; to move in the direction it wants to move. For instance, China needs Myanmar in order to reach the Indian Ocean and to become a dominant maritime trading power (Sherpa, 2016). The deep water port in Kyaukpyu on the coastline of Myanmar is a key infrastructure project for the Belt and Road Initiative, as it provides China with oil and gas and also enables China to increase its oil product exports to the Burmese state. According to Mohan Malik (2017) it is a combination of economic dominance and geopolitical supremacy over the rest of Southeast Asia that drives China to pursue its long-term strategy.

Nevertheless, Wang (2016) concludes with the argument that there is a risk of misinterpretation on the Chinese objectives and the intentions behind the Belt and Road Initiative. It is easily misunderstood as “China’s grand strategy of geopolitics” (Wang, 2016, p. 460). This idea in particular is often made worse by the social and cultural differences between China and foreign countries. Wang (2016) argues that we should avoid the “mindless wording of strategizing the initiative” (Wang, 2016, p. 460). Stenslie (2014) is also determined that China does not have a grand strategy. The author undoubtedly believes that the Belt and Road Initiative involves a lot of strategic thinking, but the Chinese government is and will not be able to translate it into a consistent strategy. Stenslie (2014) claims the current leaders in China are not driven by ideals or beliefs and lack vision. Jones and Zeng (2018) share this view, stating that the BRI is far from a top-down grand strategy. It is “an extremely loose, indeterminate scheme, driven primarily by competing domestic interests” (Jones & Zeng, 2018, p. 1415), which is shaped by an ongoing fight for power, affecting the concept of the Belt and Road Initiative and its execution. This slows down the progress and affects agreements on huge Chinese investments, which results in delayed or suspended constructions. The construction of the Myitsone dam in Myanmar has been suspended by the Burmese government since 2011, as many groups have expressed their concern for the development of the hydropower. Also known as the ‘Myitsone shock,’ led to the re-evaluation of financial contributions by Chinese investors, whereas other parties could not wait to continue the construction of the infrastructure development project (Transnational Institute, 2019).

Following research conducted by the Transnational Institute (2019) on the BRI, it can be argued that there is no strategic blueprint. A wide range of actors with different objectives have oversight of the infrastructure projects and each province holds on to its own structure and policy framework. The coastal city of Sihanoukville is a true manifestation of the Chinese loss of control. The unchecked development by Chinese investors has created a mismanagement of capital flows that enter the village. Cambodian people do not benefit from the investments and non-governmental organizations and civil society groups have expressed their concerns for social and environmental damage (The Diplomat, 2019). More

importantly, the Chinese government has lost control over what projects can be branded as part of the Belt and Road Initiative. The special economic zone Shwe Kokko in Myanmar is one of the projects that China rejects to be a part of the Belt and Road Initiative. The industrial and entertainment project that is being developed by a private company in Hong Kong is under investigation as there have been accusations of it becoming a money-laundering hub, serving transnational gambling networks. The Chinese government argues that Shwe Kokko is merely a third country investment (Myanmar: China Says Controversial Shwe Kokko New City Has Nothing to Do with Belt and Road Initiative, 2020).

The Debt Trap

Over the years, China has been extremely generous towards the countries involved in the Belt and Road Initiative. Many states, such as Cambodia and Myanmar, have borrowed huge amounts of money to be able to afford the construction of the infrastructure development projects, supported by the Chinese government. However, there is a potential downside to this generosity, according to some scholars. The recipient states are confronted with very high interest rates on top of the debt they must repay. Currently, Sri Lanka has an estimated debt of 65 billion US dollars and is not able to pay off its debt to the Chinese government. Therefore, both states have agreed to turn debt into equity, which allows China to lease the Hambantota port for 99 years and which gives the Chinese government 80% of the shares (Var & Po, 2017). Var and Po (2017) argue that Cambodia should see this as a warning. Both state that Cambodia has to diversify its borrowing portfolio and be more critical towards lending in general. But they emphasize the overall importance of resolving domestic problems, as this will generate support from foreign countries and outweigh the power of China in the region. The Transnational Institute (2019) is also concerned that Myanmar will have to rely on the loans proposed by China to construct the infrastructure development projects. Following research conducted by the international organ, Chinese investors are allowed to sue Myanmar for lost expenses and lost future profits through an investor-state-dispute settlement mechanism. The China-Myanmar Bilateral Investment Treaty (BIT) has the power to pressure the Burmese government to pay off the debt from the public budget. The anti-Chinese sentiment in both Cambodia and Myanmar is growing, as there are worries over the loss of sovereignty and the aftermath of taking on these loans from China (Gyi, 2019).

Nevertheless, it remains unclear to what extent the Belt and Road Initiative is a means through which the Chinese government aims to expand its influence in Southeast Asia. Hurley et. al (2021) finds that there merely exists anecdotal evidence of specific actions suggesting a Chinese policy approach. They even neutralize their argument, by stating that China has participated in debt relief discussions, although the

government has “refrained from participating in multilateral approaches to debt relief” (Hurley et al., 2021, p. 19). Nevertheless, most of the infrastructure development projects are drafts of plans that have yet to be negotiated. The Burmese government has succeeded to increase its stake in the Kyaukphyu port project with 15% and has been able to reduce the costs of the deep-water port with 6 billion US’ dollars (Strangio, 2020). Hence, there is room for negotiation.

Research shows that the Chinese government is even prepared to restructure the conditions of the loans. Brautigam and Rithmire (2021) argue that China has never aimed to seize any asset from a country. This view is shared by Kratz et al. (2019), who state that asset seizures happen rarely. Debt renegotiations are more common and involve a fairer agreement between lender and borrower that usually includes extension of loan terms and repayment deadlines, and sometimes even the forgiveness and cancellation of debt. Moreover, in most cases the outcome of these negotiations tend to be in favour of the borrower, even more so when there are alternative financing sources available for the recipient state. Cambodia has received debt relief of over 490 million US dollars, as it has an important role in the Belt and Road Initiative. The government also has a low risk of debt distress, as the IMF considers the debt to be sustainable (Greenhill, 2013). According to the OCAC (2019), it is not probable that the Belt and Road Initiative can lead to a systemic debt problem, due to its willingness to cancel or restructure debt. This can be attributed to the fact that the BRI is being built piecemeal, through various fragmented interactions that are too poorly coordinated (Jones & Hameiri, 2020). There is no unilateral approach to the infrastructure development projects that often generate blowbacks due to negative environmental, social, economic, and political implications. This forces the Chinese government to alter the initial framework and its objectives. Progress on the Kyaukpyu construction in Myanmar has been stop-and-go, which reflects the lack of a unilateral approach for the BRI to function as a debt trap strategy. The Burmese government has even been able to scale back the project. Hence, China has not (yet) benefited strategically from the projects, but has experienced rather negative opposition and pushback (Jones & Hameiri, 2020).

There is no concrete evidence, which makes the allegation of debt trap diplomacy nothing more than an “ideological stick” (Calinoff & Gordon, 2020, p. 76). Instead, critiques should focus more on “the misconduct of Western-dominated financial markets and local elites” (Jones & Hameiri, 2020, p. 2). The bigger issue behind the increasing debt levels in recipient countries is the initial choice of their governments to borrow, when the state can actually not afford it. According to Weerakoon (2019), the debt problems are not made in China. Cambodia is heavily affected by the patron-client relationships, which are so entrenched into the political, economic, and social system, nothing goes behind the back of corrupt elites and powerful business people. And although the government in Myanmar has transitioned to

a semi-democratic regime, the military junta remains highly influential. The governments are unable to fulfill debt repayments as a result of the overall political and economic mismanagement in the countries.

Local factors

Therefore, the establishment of the Belt and Road Initiative also relies on the local factors that characterize the host country. The unwritten political deal between technocrats and rent-seekers in the Cambodian government, has stimulated growth in the country. Just enough elbow room is given to technocrats to back up the growing industries and rent-seekers make huge profits from political subsidies, which are then invested in patronage projects (Kelsall & Seiha, 2017). For Hun Sen it is crucial to maintain economic growth, as it will stabilize its rule and boost its popularity among the citizens, especially among the younger generations. The BRI is perceived as a means to fund infrastructure development projects and to transform Cambodia into an important economic player in the region. Consequently, it will improve the economic competitiveness of the state. This will attract the attention of yet another powerful Asian country - Japan (Leng, 2019). According to Calabrese and Cao (2021), Cambodia is well aware of the risk of becoming too dependent on China. In order to avoid such a position, the Cambodian government balances its development partners and creates competition between them. In this case, the infrastructure portfolio is split between China and Japan on purpose. For example, the Phnom Penh - Preah Sihanouk Expressway cost \$1.6 billion and was Chinese responsibility, whereas the Phnom Penh - Bavet Expressway cost \$2 billion dollars and became a Japanese project. There are several other cases that illustrate the coordination mechanism, such as the construction of the Cambodia-China Friendship Bridge and the Cambodian-Japanese Friendship bridge. This strategy has increased foreign funds and has decreased the risk of overdependence on China (Calabrese & Cao, 2021). The agency and influence of Cambodia on the Chinese government and the Belt and Road Initiative has also become more salient since the reevaluation of the Sino-Cambodian friendship in 2013. Both countries expressed their willingness to 'enhance coordination and cooperation in international and regional affairs' (Ciorciari, 2014, p. 265). A few months later, the Cambodian government joined a strategic partnership with ASEAN and Japan, which clearly showed it would not accept a submissive role towards any country, but especially not towards China (Ciorciari, 2014). Nevertheless, Leng (2019) underlines the significant importance for the Cambodian People's Party (CPP) to support the BRI, because of strong anti-Vietnamese feelings in the country. The CPP has been seen as a Vietnamese puppet by many. Hence, establishing a close relationship with the Chinese government would show that the CPP is not acting according to Vietnamese wishes. The Cambodian pro-China stance and its membership in the Association of Southeast Asian Countries (ASEAN) attracts Chinese investments and nurtures mutual friendship (Lim et al., 2018). All in all, Calabrese and Cao (2021) conclude that Cambodia uses its agency

as a means to get a grip on the Belt and Road Initiative and to pursue its goal to become an economic hub in Southeast Asia.

Myanmar uses its abundance of natural resources as strategic leverage to stimulate the economy and to nurture its political system. The country is surrounded by states that are in need of energy, in order to develop and to maintain internal peace. China is one of the countries that is very keen for easy access to these natural resources. During the Second Belt and Road Forum for International Cooperation in 2019, it became clear that the Burmese government has the opportunity to shape the BRI according to its will. Myanmar only approved 9 of the 38 Chinese infrastructure development projects, as they were not socially and environmentally responsible enough (Thein, 2020). According to the Transnational Institute (2019), both the government and civil society organizations are able to influence the ambitious initiative, as the Chinese government does not have the capacity and local knowledge to supervise and carry out the BRI activities. Hence, China is very sensitive to negative comments on the Belt and Road Initiative. Civil society organizations have an increasingly powerful position in the world and can easily “highlight any breaches of law” (Transnational Institute, 2019, p. 32) or concerns about the legality of a project. The Kyaukpyu project generated political unrest in Myanmar, which led to the renegotiation of the shareholder agreement in favour of the Burmese government. Moreover, due to the fear of the huge loans the construction would require, Myanmar decreased the size of the project (Mi Mi Gyi, 2019). Domestic political factors have also been crucial to the suspension of the Myitsone dam, as the replacement of the military junta by a civilian administration led to the political and economic reform in the country (Strangio, 2020). Local governments and scholars join forces to actively lobby and where policy entrepreneurs see their window of opportunity, they aim to push proposals onto the policy agenda of the Burmese government (Liu et al., 2017).

Nevertheless, Strangio (2020) fears Myanmar will eventually be unable to escape the Chinese web. The Burmese government will remain stuck between fear and attraction, whilst being concerned for the intentions of China. Mohan Malik (2017) adds to this that the Belt and Road Initiative is “too big to fail completely” (Mohan Malik, 2017, p. 17). China halts other countries from making policy decisions that oppose the Chinese interests, by creating economic interdependencies (debt trap?). The fact is, Mi Mi Gyi (2019) argues that Myanmar is in urgent need of Chinese capital and expertise for the development of its infrastructure, which is necessary to keep up with the economic growth. The China Myanmar Economic Corridor (CMEC) would attract a huge amount of FDI into Myanmar. Hence, the motivation of the Burmese government to continue their support for the Chinese government and their initiative. China remains a crucial partner for Cambodia as well, as a significant part of its economic growth depends on Chinese funds. The political elite feeds off of the high-rent industries that catch the investments (Kelsall

& Seiha, 2017). The Cambodian politics would not be able to survive without full support from China. The United States and the European Union have withdrawn their funding ever since the contested general elections in 2018, which functioned as a sham. Hun Sen won all seats in parliament, after excluding the main opposition party CNRP (Hein, 2020). It is believed the Chinese support for Hun Sen's regime is motivated by their preference to work together with a pro-China authoritarian country rather than a democratic state (Po & Sims, 2021). As Mohan Malik (2017) would describe the Chinese influence; "China has an economic stranglehold over Cambodia" (Mohan Malik, 2017, p. 9).

Conclusion

This article has shown that there are many interpretations of the Belt and Road Initiative, each substantiated with facts and figures that cannot be denied. However, contradictions exist between the different perspectives and it almost seems as if there is not one view that is truly solid. Seeing the BRI as a Chinese grand strategy is a view that is shared by numerous scholars, such as Islam (2018) and Mohan Malik (2017), as it is in line with its geo-economic and geo-political vision to become an economic hegemon and to secure and expand Chinese territory. However, Jones and Zeng (2018) claim that it is nothing more than a loose and undetermined scheme that is driven by competing domestic interests. According to them, there is no top-down strategy. This is substantiated by the fact that there is no control over which projects can be presented as being part of the Belt and Road Initiative, as was the problem in Cambodia (Myanmar: China Says Controversial Shwe Kokko New City Has Nothing to Do with Belt and Road Initiative, 2020). Following this argument, it is therefore not possible for the BRI to be a debt-trap strategy, as there is no unilateral approach to the infrastructure development projects as it is being built piecemeal, through various fragmented interactions that are too poorly coordinated (Jones & Hameiri, 2020). Nevertheless, the increase of Chinese loans will make the recipient state more dependent. Until now, the debt-trap diplomacy is nothing more than an ideological stick according to Calinoff and Gordon (2020). But it should definitely be a warning for the near future, as the China-Myanmar Bilateral Investment Treaty (BIT) is an example of the ability of China to pressure governments to pay off debts from the public budget. Host countries have been able to shape the infrastructure development projects according to their will, but only to a certain extent. The suspension of the Myitsone dam in Myanmar and the development coordination strategy that is implemented by the Cambodian government demonstrate the agency of these countries. However, Mohan Malik (2017) is determined that the BRI is too big to fail. Both Myanmar and Cambodia are not able to survive without Chinese funds.

Neither narrative is completely correct or incorrect. Therefore, it can be concluded that the three perspectives intertwine and complement each other. The Belt and Road Initiative can be successful in Myanmar and Cambodia, but significant improvements must be made on both sides. China must improve the transparency regarding its intentions and the organisation behind the BRI. It is crucial for the Chinese government to be less vague and inconsistent, as the lack of transparency fuels suspicion among the participating countries, which can lead to political pushbacks. Moreover, China should listen and reply to the social, political, and environmental needs of the host state, instead of striking nerves. The government and the public will be more amenable to cooperation. Host countries such as Cambodia and Myanmar still have the opportunity to determine the framework and to make sure the benefits of the BRI are equally shared. However, in order to have the agency to shape the BRI, both countries must reform in all aspects.

The economy must become sustainable, there must exist a separation between political and personal relations, and the population as a whole must equally benefit from the infrastructure development projects, without any harm being done to the environment. The relations between the Chinese government and the host countries of the Belt and Road Initiative can be compared to a hated marriage. You have to learn how to deal with it.

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