



ChinaMade Review

Review of Murray Hiebert, 2020, *Under Beijing's Shadow: Southeast Asia's China Challenge*.
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Tim Oakes, May 2021

The spatial form of China's emerging Belt and Road Initiative (BRI) is sometimes described as more of a hub-and-spoke pattern than a network of distributed connectivity. That is, while the BRI has been touted as an investment in infrastructural linkages throughout Eurasia, the major corridors of activity, along with the actual projects themselves, have been, in practice, negotiated in strictly bilateral terms between China

and each target country. The BRI's vision of 'Asian connectivity' is decidedly China-centric. Nowhere has this been more the case than in Southeast Asia where, as Murray Hiebert's comprehensive account makes clear, China has pursued its projects bilaterally in order to take advantage of differences among and competition between Southeast Asian states while at the same time blunting unified opposition to its unpopular South China Sea claims and practices.

In *Under Beijing's Shadow*, Hiebert argues that this bilateralism has clearly been to the detriment of Southeast Asia as a whole. Yet for all the relative advantages that Beijing's approach has garnered for China's investment prospects throughout the region, those projects have generally been slow to develop with many facing unexpectedly stiff social opposition, unforeseen political and economic complications, and unintended outcomes that have forced China to reconsider and recalibrate its approach again and again. In 2015, Southeast Asia was identified by China as a priority region for investment in physical connectivity (Yu 2017, 119). By 2020, however, there seemed to be a shifting away from large-scale infrastructure investments oriented around the connective corridors that are foundational to the BRI, such as the China-Myanmar Economic Corridor. Instead, China was recalibrating its investment priorities around smaller-scale, more economically feasible projects such as 'safe city' surveillance technologies, and mobile payment and e-commerce platforms (Thiba 2021). This is perhaps not surprising given that China remains something of a newcomer when it comes to large-scale foreign investment; it has always been more of a trading powerhouse.

Hiebert's book offers a detailed country-by-country look at the political, social, cultural, and economic issues swirling around China's increased presence in Southeast Asia. It helps provide a context for understanding the fitful and evolving nature of China's efforts to promote the BRI in Southeast Asia, and it does this by taking a decidedly Southeast Asian perspective on these efforts. Ultimately, it helps us

understand how the evolution of the BRI, and in particular China's shifting investment priorities and aims, are very much contingent on the dynamic and highly diverse qualities of Southeast Asian societies themselves.

Under Beijing's Shadow organizes the countries of Southeast Asia into three broad groupings, based on how they relate to China. The 'Near Abroad' countries of Myanmar, Laos, and Cambodia are often assumed to be more likely to support Beijing's policies. For instance these countries have no South China Sea claims, and they are less able to resist China's economic gravity and security needs. Yet in these countries seemingly ripe for allowing China's unfettered investment access it has not been easy going for Beijing. Key projects in Myanmar, such as the Myitsone Dam, Yangon New City, Kyaukphyu Port, Letpadaung Copper Mine have either been frozen, scaled back, or indefinitely delayed. Laos has borrowed heavily to fund a new rail line that will eventually connect Kunming with Vientiane, Bangkok and, ultimately, Singapore, and has approved the establishment of numerous special economic zones and real estate investment projects, all of which have offered (or potentially offer) very little contribution to the country's GDP because of the low employment typically resulting from most of these projects. Cambodia perhaps best fits the assumption of a state offering China open access, but even here there have been challenges, with much Chinese investment going into unsustainable real estate ventures like Koh Pich, casinos that are dominated by Chinese gamblers, and relatively small-scale light industry development rather than connective infrastructures. Hiebert argues that as China's involvement grows, it is met with an increasingly cautious welcome by the public throughout the region. He claims that a 'China Model' of authoritarian state apparatus backed by a controlled market economy holds some attraction for some Southeast Asian countries, but notes that the political and social complexities of the region have prevented any meaningful transfer of such a model from occurring.

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The second grouping of countries includes Vietnam and Thailand, two states for whom the 'China Model' as defined by Hiebert might seem attractive. Yet these states tend to play more of a 'balancer' role between China and the United States, and neither receives much BRI-related investment relative to neighboring states. Hiebert calls Vietnam a 'hard balancer' due to its high level of support for the US and lingering tensions with China over South China Sea claims, not to mention the brief border war of 1979. Vietnam consequently receives the lowest amount of BRI-related investment from China in Southeast Asia. Meanwhile Thailand – what Hiebert calls a 'soft balancer' – receives the second-lowest amount; China's presence there is much more focused on soft power initiatives such as Confucius Institutes, student exchange, and tourism. Nevertheless Chinese capital views Thailand as their gateway to Southeast Asia, according to Hiebert, and this is perhaps most evident in the relative success of the Eastern Economic Corridor and the Rayong Industrial Zone which by 2016 had 80 Chinese firms, \$2 billion investment, \$6.5 billion annual sales, 20,000 Thai jobs and 2,000 Chinese jobs.

The final grouping consists of China's 'maritime periphery' where the impacts of China's South China Sea claims are more direct. Here the shift from 'hard' to 'soft' infrastructure investments is also evident, where megaprojects like Malaysia's East Coast Rail Link (ECRL) and Indonesia's Jakarta-Bandung High Speed Rail have been slow to develop or have been faced with pushback and renegotiation. The ECRL has been beset by the 1MBD corruption scandal and has exemplified for many the problems underlying China's initial 'no strings attached' approach to BRI infrastructure diplomacy. Two major pipeline projects were also suspended by Malaysia due to disputes over construction and financing. Meanwhile major real estate projects such as Forest City and TRX City have seen fitful development (including China's own efforts to limit the outflow of private Chinese investment in these kinds of developments).

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Amid these setbacks, though, there has been a significant roll-out of soft infrastructure investments, including Alibaba's first 'digital free trade zone' (which involves a virtual world trade platform linking Chinese and Malaysian firms), and Yitu Technology's new research and development center in Singapore, which has been installing Singapore's surveillance camera program, called 'Lamppost-as-a-Platform'. Alibaba and Tencent have both been active throughout the region, investing in local e-commerce firms like Lazada and SEA Ltd. And in the Philippines, much of China's investment has gone into online gaming operations which are aimed at clients in China and which employ over 100,000 Chinese speakers to market products and process payments. Gambling revenues in the Philippines have shot up as a result, increasing from \$1 billion in 2016 to more than \$4.1 billion just 3 years later. At the same time, the Philippines has become a haven for Chinese tech firms shunned by the US, like Huawei, which supplies the equipment for the Safe Philippines security and surveillance project.

The strength of Hiebert's well-researched account, which offers something of a snapshot of China's presence in Southeast Asia during 2019-20, is in providing a single-stop resource that reviews in considerable detail the breadth and diversity of China's various forms of involvement throughout the region. This involvement is viewed strictly from the Southeast Asian perspective, however, which is both a strength and a weakness. While it is useful to understand that 'global China' does not operate around the region indiscriminately, building infrastructures, special economic zones, and digital platforms wherever it wants, it would also be helpful to see more of the ways China's presence connects back to the domestic political economy within China itself. The domestic drivers of global China are a key component for understanding how and why China's investment patterns emerge the way they do, but obviously the foreign context within which they become embedded is crucial as well. Hiebert's book concentrates on the latter of these factors.

In addition, the book's country-by-country framework mimics the hub-and-spoke bilateralism by which China approaches Southeast Asia, and thus misses the opportunity to explore a more networked analysis which would help us see the ways many of these projects entail linkages not simply between China and a particular Southeast Asian country, but among a host of other actors as well, including partner firms in

third countries, laborers from around the region, and global sources of technology transfer. Infrastructure are, in other words, assemblages of multiple agents that are not always contained within the geopolitical frameworks of nation-states (Goodfellow & Huang 2020). China's projection of state power via these complex and dynamic assemblages is fraught with difficulties that emerge within the assemblages themselves (Mohan & Tan-Mullins 2019), as much as from the intentional push-back from state actors and civil society organizations that Hiebert focuses on. As Han & Webber (2020, 2) note, "whether BRI-related Chinese investment in foreign infrastructure construction can advance the Chinese government's geopolitical and economic interests is not clear: not only do Chinese builders co-construct projects with non-Chinese players, but Beijing's role in forging Chinese firms' business expansion overseas is limited."

Under Beijing's Shadow shows us on a broad scale a landscape that confirms the relatively limited capacity that China actually has in pursuing its interests through infrastructural diplomacy. It also reveals how this has seemingly resulted in an apparent shift toward softer, more profitable projects related to e-commerce, digital surveillance, and logistics that depend less on Beijing's official state capacity to support them and more on the straightforward logics of capital accumulation that drive global China wherever it touches down.

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