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Abstract:

Nowadays China's political, military, economic and cultural rise is undeniable and one of the regions where this rise is more intensely felt is in Southeast Asia. China's southern neighbourhood had been periodically shaken by the support that Communist China had given to rebel movements in the region. That support had substantially eroded China's image in the subregion. In this article we want to revise China's foreign policy in the region starting by an introduction that will allow us to understand the change operated in it. In a second part, we'll analyse the different paths through which China is advancing its hegemonic project in the region.

Keywords:

People's Republic of China, Southeast Asia, Lancang-Mekong Cooperation.

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Introduction

Nowadays, the political, military, economic and cultural rise of China is undeniable and one of the regions where that rise is stronger is Southeast Asia. In another occasion the importance of the Greater Mekong Subregion within the Japanese strategy had been analyzed¹, now it's time to analyze another unavoidable stakeholder in the region.

Precisely, its southern neighborhood had been periodically shaken by the support that the communist China had lent to insurgent movements in Southeast Asia, from Myanmar to Indonesia. That support had eroded considerably China's image in the subregion. As we'll see, the first phase of Communist China's relations with Southeast Asia were stained by an ideological discourse and Mao's vision of China as the core of an international revolution.

The decade of the 70s were a very important stage for the People's Republic of China economically and politically, both in domestic and foreign policy. In the economical field the increasing liberalization and openness of China to the international trade and investment put the country on course to the position that hold nowadays. From the political point of view, the 70s brought about the stabilization of the domestic politics after Mao's death, the end of the Cultural Revolution and the fall of the Gang of Four². Furthermore, China's foreign policy aimed to stabilize the relations with her neighbors and to normalize China's status in its neighborhood.

In this article, I'm going to make a review of China's foreign policy in Southeast Asia beginning with an introduction that will allow us to see the change operated in the relations between China and the region. In the second block, I'll analyze the different paths through which China is advancing her hegemonic project for the region, beginning with the economic field, after that the infrastructure projects throughout the region and ending with the institutional-building process around the Lancang-Mekong Cooperation.

¹ LLANDRES CUESTA, Borja. *La región del Mekong, frontera estratégica para Japón*. Documento de Opinión IEEE 49/2017. Available at: http://www.ieeee.es/Galerias/fichero/docs_opinion/2017/DIEEEO49-2017_Mekong_Japon_B.Llandres.pdf

² The Gang of Four was formed by Jiang Qing (Mao's wife), Zhang Chunqiao, Yao Wenyuan and Wang Hongwen. This group-controlled China during the Cultural Revolution and after Mao's death.

Antecedents

The Chinese influence in Southeast Asia has been constant since 200 BC. The strategic importance that Indochina and the Indonesian archipelago had for the economy and the trade routes were the cause of a considerable increase in the economic, political and cultural exchange between the peoples of Southeast Asia and China. The intensity of those exchanges was developed through a set of relations that has been called the 'Chinese tributary system' within which several political entities that appeared periodically, such as Kelantan, Champa or Sulu were integrated. Those relations had a special intensity during the Liu Song dynasty (420-479), the Sui dynasty (581-618) and the Tang dynasty (618-906).

With the rise and fall of the successive dynasties, China's influence and presence ebbed and flowed. There was a special intensity during the reign of Kublai Khan and his invasions of the Indochina peninsula or during the reign of the third Emperor of the Ming dynasty (Yongle - 永樂) and the naval missions of the eunuch Zheng He. Those missions crossed the south China sea and the Indonesian archipelago reaching eastern Africa. Nevertheless, with the arrival of the Western powers and the beginning of the 'century of humiliation' the presence and influence of China was severely curtailed. Only after the proclamation of the People's Republic of China and the end of the civil war the country will be able to play a more active role in the region.

However, and as we'll see next, even if China's foreign policy in Southeast Asia will gain strength since the 50s, it will have a very different nature. With the previous dynasties China tried to ensure the status quo in which China had the main role as the Middle Kingdom (Zhongguo - 中国) and she was the pillar of a tributary system whose Emperor was the Son of Heaven (Tianzi- 天子), but with Mao's arrival what China will want is to upend the status quo that came out of the Peace of Westphalia and World War II, a system imposed by the West.

The situation in Southeast Asia was favorable for China's subversive activities for three reasons. The first reason is a geographical one and has to do with the closeness and because of the large border (3,891 km) that shares with three countries of Southeast Asia: Myanmar, Laos and Vietnam. Secondly, the regional scenario was in a full of turbulences because of the weakening control of colonial powers over their dependencies. Indeed, the Japanese occupation of Southeast Asia during World War II provoked both the crumbling of the colonial structures and the stimulation of independence movements in several countries such as Burma, Indonesia or Vietnam. The return of the colonial powers to the region found unstable foundations and the efforts to go back to the status quo ante would prove to be useless. In the third place, the Communist Party of China had strong links with the Communist parties of Thailand, Burma, Indonesia or Vietnam. There was, then, an ideological bond that would be in place with success during the next decades, as we'll see next.

In Burma, during the first years after independence, the Communist Party of Burma became one of the main opposition forces and the Burma National Liberation Army had more than 15,000 men³. However, a big governmental offensive managed to push back a large part of the CPB. The Party had to withdraw beyond the Burmese border. During the 50s, the leaders of the CPB continued to get trained and instructed in the Chinese province of Sichuan and in Beijing but the neutral and friendly policy of U Nu's Burma with the People's Republic of China prevented a bigger support inside the country. With Ne Win's coup d'état in 1962, the situation changed radically and the CPB began again its activities with a strong support from China with military materials, equipment, advisors and "volunteers". This support will be kept until Mao Tse Tung's death and will end with the absolute collapse of the CPB in 1989.

Another Party where the Chinese support and influence was most obvious was in the Vietnamese Communist Party. Just like Burma, the Japanese invasion had crumbled the colonial structure (in this case the colonial power was France), but unlike Burma the independence would come after a lengthy war. The need for foreign support forced the Vietnamese leader, Ho Chi Minh, to ask Mao for help in order to continue their anti-imperialist fight. The mix of ideological links, security concerns and prestige motives

³ LINTNER Bertil. The rise and fall of the Communist Party of Burma. 1990. Cornell University. New York.

paved the way for the Chinese aid in Vietnam⁴. From 1956 to 1963, China provided ¥320 million in military aid and supplied a considerable number of weapons to the Democratic Republic of Vietnam including 270,000 firearms, 10,000 pieces of artillery, 5,000 radios, 1,000 trucks, 28 ships and 1.18 million of uniforms⁵. However, this resolute support from China would be reduced and would turn into an enmity after the beginning of the Sino-soviet split since the death of Stalin in 1953. This enmity was deeply embedded after China's support for the Democratic Kampuchea and it would lead to the third Indochina war in 1979.

China's foreign policy during Mao Tse Tung's period was characterized by two clear components: and ideological and anti-imperialist discourse developed in several scenarios (being Southeast Asia an important one) and the quest for a position in accordance with China's historical standing among the Great Powers of that time, the USSR and the USA. Those components would shape China's attitude in her southern neighborhood.

The ideological element was framed within Mao's thought in which China should turn into a beacon of the anti-imperialist and anti-colonial fight, a revolutionary power that had to foster and support the insurgent movements of the communist parties to liberate Asia from capitalism. According to Mao 'our country should be not only the political center of the world revolution, but also the military center of the revolution the arsenal of the World Revolution'⁶. In this moment, the weakness of China that had just got out of a Japanese invasion and a lengthy civil war, prevented Mao's vision to yield positive results owed to the lack of financial and material means with which to sustain such an ambitious policy.

From the 60s onwards, China's foreign policy is going to experiment several changes. Firstly, one of the main dynamics that is going to shape the Chinese action is the increasing separation between the USSR and the PRC. Stalin's death in 1953 and the

⁴ Wilson Center. "China Contributed Substantially to Vietnam War Victory, Claims Scholar". 2001. Available at: <https://www.wilsoncenter.org/article/china-contributed-substantially-to-vietnam-war-victory-claims-scholar>

⁵ CHEN Jian. "China's Involvement in the Vietnam War, 1964-69". The China Quarterly. 1995. Available at: <http://www3.nccu.edu.tw/~lorenzo/Jian%20China%20Involvement%20Vietnam.pdf>

⁶ Long Live Mao Zedong Thought. Available at: https://www.marxists.org/reference/archive/mao/selected-works/volume-8/mswv8_56.htm

ensuing process of destalinization started by Khrushchev, led Mao to distance himself from its previous policy of ideological unity, branding the soviet leaders as revisionists. In the second place, the experiment of the 'Great Leap Forward' conceived by Mao ended up in a terrible disaster that weakened his position in the Party. However, Mao managed to place himself once again at the top thanks to the political campaign called the 'Great Cultural Revolution' that took place between 1966 and 1976. This movement was defined by Mao as 'a great revolution that touches the soul of the people and constitutes a new stage in the development of the socialist revolution in our country, a more profound and extended stage'⁷. This decade will be one of the most radical stages both in the domestic policy and the foreign policy. Southeast Asia and other international scenarios will be affected by this turn because Mao perceived the possibility of China replacing the Soviet Union as the core of the world revolution and of him replacing Khrushchev as the leader of international communism.

This radicalized stage made the PRC to exert an increasing pressure over its southern neighbors by means of supporting insurgent movements. As we've seen previously, China increased considerably its support to the Communist Party of Burma since 1962, allowing the use of her territory as a training area and providing huge quantities of military material as well as "volunteers" coming from the ranks of the Red Guards in an event known as 'Red China invasion'. Chinese actions were also felt in Thailand where the Communist Party of Thailand was one of the tools to pressure the Thai government, which was aligned with the US in the context of the Cold War. Sarit Thanarat's coup d'état provoked an increase in the communist insurgency supported from Beijing. Another Southeast Asian country that will endure a communist insurrection will be Malaysia that in 1968 will suffer its second national emergency after the beginning of an offensive led by the Communist Party of Malaysia, a Party that had a significant support within the Chinese ethnic minority.

Because of these actions, the states in Southeast Asia will start seeing China as a security threat. The radical turn in China's domestic and foreign policy isolated her and forced some of the countries that were concerned by China's subversive actions to unite in 1967 and to create a regional organization (ASEAN) in order to ensure the stability against the wars that threatened the peace in the region. During this period, China will

⁷ The Sixteen Points: Guidelines for the Great Proletarian Cultural Revolution 1966.

have few allies in the region and the few that she had will start to opt towards the alignment with Moscow.

The 70s were a decade of change for the Chinese foreign policy. During the 60s, Mao tried to fight both the USSR and the US in what was called as the two-fist fight strategy *liangge quantou daren*. In 1972, took place a critical event with Nixon's visit to China after the normalization of the RPC's position with its entrance in the UN that occurred in 1971. In 1974, China would unveil her theory of the three worlds standing as the leader of Asia and Africa⁸ against the First and Second world. Mao's death in 1976, the fall of the Gang of Four and the leadership of Deng Xiaoping injected a good dose of pragmatism in China's foreign policy. This pragmatism led to the normalization of China's bilateral relations with the southeast Asian countries and her acceptance in the global system that she tried to upend before. China began to withdraw her material support from the insurgent movements that she had supported before in Burma, Thailand and Malaysia, giving preference to normal bilateral relations.

During the rule of Deng Xiaoping, the export of the communist revolution wasn't a goal for China's leaders anymore. Deng started to focus in the needed internal reforms in order to boost China's economic growth. The normalization of China's relations with her southern neighbors entailed that China entered politically and economically in the thriving institutional network that was emerging in Southeast Asia around ASEAN. One of the milestones in the relations between Southeast Asia and China after the end of the Cold War was the beginning of a dialogue in 1991. From then on, China integrated herself increasingly widening the channels for dialog with her partners, diversifying the fields of cooperation and strengthening and prioritizing both the economic and trading relations

In 1993, the Chinese Premier Li Peng declared that 'the development of friendly and beneficial relations with our neighbors and the effort to achieve a pacific and still environment are important traits of our country's foreign relations'⁹, with that declaration he wanted to left behind decades of suspicion and mistrust regarding Chinese intentions in the region. A year later the ASEAN Regional Forum would be created, and China would be one of the founding members. In 1996, China became a partner for ASEAN and in

⁸ SCOTT, David. *China Stands Up: The PRC and the International System*. p 41. Routledge.

⁹ HOLSLAG, Jonathan. "China's Coming War with Asia". 2015. *Political Press*.

1997, her performance during the Asian Crisis gave a boost to China's position as a reliable partner in the economic field. A year later, the creation of the ASEAN+3 group (China, Japan and South Korea) took place with the goal of becoming an important forum of financial cooperation. Since its creation ASEAN+3 has widened the scope of its dialogue progressively. The decade of the 2000's up until the arrival of Xi Jinping witnessed a deeper integration between China and Southeast Asia with the signing of a Free Trade Agreement, the Code of Conduct in the South China Sea and the Treaty of Amity and Cooperation.

In the last years, Southeast Asia has seen how the political, military or economic influence of China has increased gradually and has accelerated with Xi Jinping. The unveiling of a series of strategies, infrastructure projects and institutions have brought to light that the Chinese position in her southern neighborhood has the capacity to bring Southeast Asia back to the situation that existed during many centuries, a position within the Chinese sphere of influence and dependent on Beijing.

China and Southeast Asia today

Since 2013, China has placed Southeast Asia in the center of her geopolitical goals and has developed a series of initiatives in order to achieve an increased integration with Southeast Asia in several levels. The strategic nature that the region has for China entails the need to attract the countries within her sphere of influence through a greater interconnection and through different regional structures of Chinese origin, without neglecting the preexisting ties with ASEAN.

In order to clarify the analysis of China's strategy, this second part of the article is organized in three blocks. The first block is dedicated to the increasing economic and commercial exchanges, as well as the Chinese investment flows. The second one will analyze the boost that China wants to give to the development of infrastructures through the Belt and Road Initiative and to the institutional scheme created to sustain such a large effort. Finally, the last block will analyze the institutionalization of a dialogue through the Lancang-Mekong Cooperation.

The economic interconnection between China and Southeast Asia

China's economic rise has had a direct impact on the economies of her neighborhood. Since the opening and modernization of the Chinese economy the exchanges with Southeast Asia have only increased. One of the key elements of this growth was the signing of the 2002 Free Trade Agreement with ASEAN in Phnom Penh, that has been recently modified through a framework agreement¹⁰ to adapt it to the current needs and to deepen the multilateral trade cooperation.

The trade between ASEAN and China has reached \$288 billion in the first half of 2019 and it has turned ASEAN into the second trading partner of China, while China has become the first trading partner for ASEAN¹¹. Nowadays, China is the main importing market for all ASEAN countries and the main destination of ASEAN exports except for Cambodia and Brunei¹². Another element to bear in mind in the trade field is the possible signing of RCEP in 2020, which could turn the 15 states involved (ASEAN, China, Japan, Korea, Australia and New Zealand) into the biggest free trade area of the world.

Together with trade exchanges a considerable flow of Chinese investment has grown in Southeast Asia. We can point to two important reasons that explain this investment flow. On one hand, and as we'll see, the Chinese government has begun a scheme of infrastructure construction known as the Belt and Road Initiative and Southeast Asia is a vital component. This has entailed the creation of several projects of regional connectivity, from the construction of ports to the drawing of railway corridors, as well as energy projects. This has meant a significant investment of Chinese capital in these projects that usually hire Chinese construction firms and employ Chinese workers in the works, widening the flows between China and their neighbors. On the other hand, we've already mentioned in another document¹³ that the trade war between China and the US that provoked a constant movement of Chinese firms that are moving their factories and

¹⁰ Protocol to Amend the Framework Agreement ACFTA. Available at: <https://asean.org/wp-content/uploads/2012/10/Protocol-to-Amend-the-Framework-Agreement-ACFTA-Complete.pdf>

¹¹ China Daily. China-ASEAN trade continues to boom amid global growth slowdown, uncertainties. Available at: <https://www.chinadaily.com.cn/a/201907/23/WS5d367792a310d8305640082a.html>

¹² Observatorio de complejidad económica. Available at: <https://oec.world/en/>

¹³ LLANDRES CUESTA, Borja. *Geopolítica del sudeste asiático: Dinámicas globales y locales*. Documento Marco IEEE 11/2019. Available at:

http://www.ieeee.es/Galerias/fichero/docs_marco/2019/DIEEEM11_2019BORLLA_SudesteAsia.pdf

logistic operations towards Southeast Asia, in order to profit from the lower costs and also to avoid the tariffs imposed on the Chinese products by the US.

The economic exchange doesn't stop only in trade and investment flows. There has been a strong exchange of services, and among those services stands out the increasing importance of tourism. Chinese tourism is now an element to keep in mind for all the region. Being the most populous country on earth with more than 1.4 billion people¹⁴, added to the thriving middle class with a growing purchasing power and its geographic proximity are the key facts that explain the influence of Chinese tourism. Thailand expects to receive nearly 11 million Chinese tourists which represents 30% of the tourists in the country¹⁵; for Vietnam the percentage is similar with 5 million Chinese tourists; for Singapore they represent 20% of their visitors and for Indonesia China is the second most important market with 2.7 million Chinese visitors¹⁶. These numbers reinforce China's position as a necessary market to achieve economic growth in the region. However, the strong dependency of these countries on Chinese tourism poses a series of challenges when this flow is used for political goals, with the purpose of punishing the countries that take measures that are not aligned with Beijing's preferences. The ability that the Chinese government must channel tourism flows coming from China is, without any doubt, a weapon to keep in mind for the countries in Southeast Asia that have developed a certain degree of dependence on Chinese tourism flows.

Finally, and before turning to the analysis of the infrastructure boom, it is necessary to make a remark about the development of foreign aid that China is providing to Southeast Asia.

¹⁴ Worldometers. China's population. Available at: <https://www.worldometers.info/world-population/china-population/>

¹⁵ Reuters. Thailand expects jump in Chinese tourists in Golden Week after year-ago lull. Available at: <https://www.reuters.com/article/us-thailand-tourism-china/thailand-expects-jump-in-chinese-tourists-in-golden-week-after-year-ago-lull-idUSKBN1WG3P7>

¹⁶ The Jakarta Post. Indonesia among Chinese tourists' favorite destinations for Chinese New Year. Available at: <https://www.thejakartapost.com/travel/2019/01/24/indonesia-among-chinese-tourists-favorite-destinations-for-chinese-new-year.html>

ODA and OOF commitments of China and the US

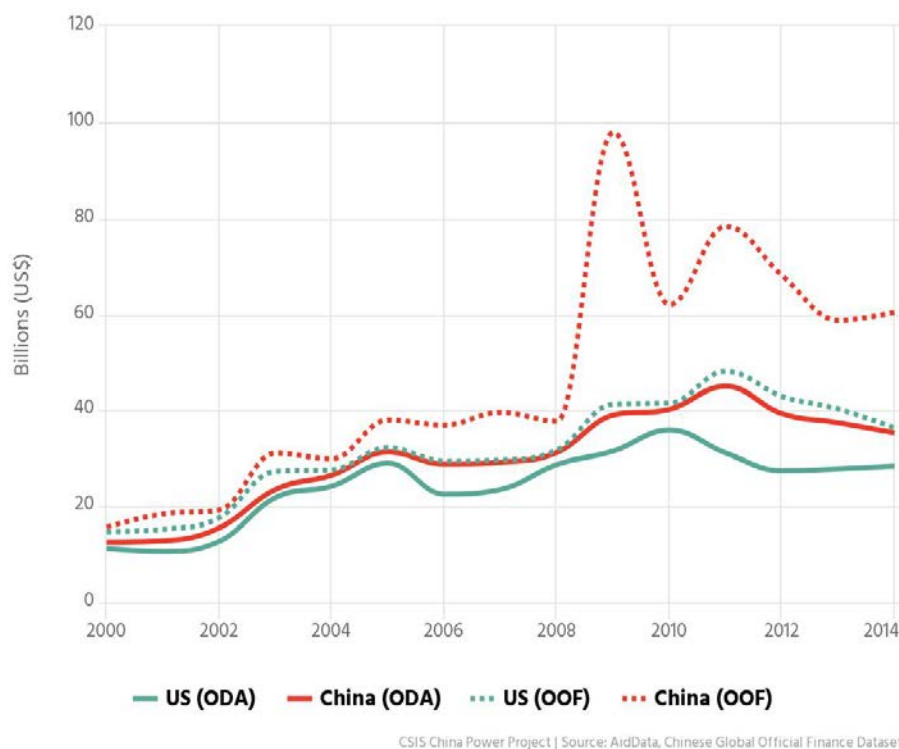


Figure 1. ODA and OOF coming from China and the US. Source: CSIS.

As we can see in the table elaborated by the CSIS' China Power Project the Official Development Assistance (ODA) has experienced a strong growth in the last years. Within that aid predominate what is termed as Other Official Flows (OOF), that's to say, a type of aid with a less concessional nature than the ODA.

The Southeast Asian countries that have received more aid projects from China are Cambodia with 168 projects, and Laos, Indonesia and Myanmar with 73, 72 and 61 projects respectively. From the year 2000 to 2014, the Chinese aid in Southeast Asia has been close to \$40 billion. Within that aid stand out the aid in sectors such as energy, transport and storage, and industry, mining and construction¹⁷.

One of the main problems created by the flourishing aid that China channels through the China Development Bank and the EXIM Bank has been the possibility that the countries

¹⁷ CSIS. China Power Project. Where is China targeting its development finance? Available at: <https://chinapower.csis.org/china-development-finance/>

accepting that aid could end up in a 'debt trap'. This debt trap begins when a country borrows an excessive amount of money, and at some point, is unable to repay the debt because of an increase in the interests. That forces the country to take political or economic decisions under the pressure of the lending country that can obtain considerable advantages whether in the political, military or economical field. After the lease of the Hambantota port (Sri Lanka) to China, the region has been shaken by a panic to end up indebted to China, even if the Hambantota case had nothing to do with a debt trap. Countries like Myanmar or Malaysia have renegotiated certain projects in order to reduce their impact on their external debt¹⁸.

Part of the attractiveness of Chinese aid stems from being considered an aid with less red tape which makes it more agile and less bureaucratic. Also, it is less demanding in key areas such as Human Rights, the respect for the working rights of the people employed in those projects or the upholding of environmental standards. In many cases the aid is tied to the construction of different types of infrastructures under the umbrella of a Chinese initiative known by many names like One Belt One Road (OBOR), Belt and Road Initiative (BRI) or the New Silk Road.

The interconnection through infrastructure, the New Silk Road

The New Silk Road is an initiative unveiled by China in 2013 that has as its main goal that of increasing the level of connectivity of China to other countries through all type of infrastructure. Nowadays the initiative has 138 participant countries. Behind this initiative there are, of course, a series of Chinese interests that aim to place the country in the global political and economic center in the next decades. Among those interests we can mention China's eagerness to increase her trade with a growing number of countries. The infrastructures that make up each of the 6 strategic corridors are aimed at facilitating the export of Chinese goods and to integrate ever more the countries where they're built into the Chinese economy. On the other hand, those infrastructures will allow a better supply of raw materials to feed the Chinese industry. Those connections with the rest of the world are vital for China and her hopes of reaching the 'Chinese Dream' of becoming a fully

¹⁸ LLANDRES CUESTA, Borja. *Geopolítica del sudeste asiático: Dinámicas globales y locales*.

Documento Marco IEEE 11/2019. Disponible en:

http://www.ieeee.es/Galerias/fichero/docs_marco/2019/DIEEEM11_2019BORLLA_SudesteAsia.pdf

developed nation in 2049, coinciding with the 100-anniversary of the proclamation of the People's Republic of China. According to Xi Jinping, 'Infrastructure connectivity is the foundation of development through cooperation. We should promote land, maritime, air and cyberspace connectivity, concentrate our efforts on key passageways, cities and projects and connect networks of highways, railways and seaports'¹⁹.

Besides connecting China with foreign markets, one of the benefits of the New Silk Road will be to promote and consolidate the internationalization of Chinese State enterprises. Those enterprises are, in many cases, the ones tasked with executing the works thanks to the state aid. They'll also have a great opportunity to invest in several sectors such as agriculture, manufacturing and technological and energy sectors along the Road. The interconnection that this initiative entails will also have a positive impact when it comes to promote the internationalization of the Renminbi as a currency for trade and to strengthen its status in the global economy. We must consider the fact that China managed to place her currency in the currency basket that make up the Special Drawing Right issued by the IMF.

Apart from the political and economic effects that could stem from the initiative, we must underline that the Belt and Road Initiative has a cultural and prestige element. The success of the New Silk Road could be an important pillar to secure the international position of China in the 21st century. To the exchange of goods and services there's a cultural and people to people exchange that intends to convey a more positive image of China, trying to place it as an appealing destination. All this would increase China's "soft power" and reduce the possible criticism that her foreign and domestic actions could beget. In its inaugural speech in the Silk Road Forum in 2019, Xi Jinping made a reference, precisely, to the concerns that this project could generate in their neighbors and in other countries such as the US. The Chinese President pointed out that 'China will enhance friendship and cooperation with all countries involved in the Belt and Road Initiative on the basis of the Five Principles of Peaceful Co-existence. We are ready to share practices of development with other countries, but we have no intention to interfere in other countries' internal affairs, export our own social system and model of

¹⁹ Xinhua. Opening remarks of President Xi Jinping. Available at: http://www.xinhuanet.com/english/2017-05/14/c_136282982.htm

development, or impose our own will on others. In pursuing the Belt and Road Initiative, we will not resort to outdated geopolitical maneuvering²⁰.

One of the regions that is going to feel the impact of the New Silk Road is going to be Southeast Asia. The initiative has conceived 6 corridors and 2 of them have a special focus on Southeast Asia. Those projects are the China Indochina Peninsula Economic Corridor and the China-Bangladesh-India-Myanmar Economic Corridor. China has perceived the lack of infrastructures in the region as an opportunity to enhance her influence. As a matter of fact, the Asian Development Bank has already pointed out that there is an infrastructure deficit in Southeast Asia of \$210 billion that if it's not closed will weigh heavily on the region's economic development²¹.

Among the main projects developed by China we can mention the railway that will connect Jakarta with Bandung financed by China Development Bank and built by Indonesian and Chinese contractors (China Railway Construction Corporation y China Railway International Group). We can also mention the East Coast Rail Link that will connect the biggest port in Malaysia (Port Klang) with the northeastern part of the country (Kota Bharu) that will have China Communications Construction as the main firm. Another railway project is the one being built between Laos and China by China Railway Engineering Group that will be in service in 2021. Regarding the construction of ports, we must highlight the port of Kyaukphyu in Myanmar. This port, once finished, will allow China to open her inland regions giving them a door to the ocean and to avoid a possible blockade in the Malacca Strait that could choke her economy. In the energy sector China is focused in the construction of hydropower dams along the Mekong, mainly through Laotian territory. China is involved in all the recently build dams in Laos and in the majority that are going to be built in the next years. All these dams could turn Laos into one of the biggest energy-generator countries of Southeast Asia²². The main financial source of all these projects will be a special fund, the Silk Road Fund and the Asian Infrastructure Investment Bank in which China has 26% of the votes.

²⁰ Ibid.

²¹ PWC. Understanding infrastructure opportunities in ASEAN. Available at: <https://www.pwc.com/sg/en/publications/assets/cpi-mas-1-infrastructure-opportunities-in-asean-201709.pdf>

²² RFA. Laos and its dams: Southeast Asia's battery, built by China. Available at: <https://www.rfa.org/english/news/special/china-build-laos-dams/>

All these projects are going to drive the Southeast Asian countries closer to the Chinese economy which will solidify the hegemonic projects of Beijing, given that the region is a key area for any Chinese attempt to position herself as the main global power. Along with these economic initiatives, there's a need for a political umbrella that serves as an institution to facilitate the Chinese presence in the region. Logically, any candidate to hegemony must build an institutional framework that will allow him to set the agenda and make clear its preferences, setting the guidelines for the other countries. Going beyond the ASEAN framework, that began with the need to contain China's destabilizing actions, Beijing initiated this institution-building process with the Lancang-Mekong Cooperation.

The regional integration: Lancang-Mekong Cooperation

Created in 2016, after the Chinese proposal to set up a cooperation framework in the 2014 CHINA-ASEAN Summit, the Lancang-Mekong Cooperation is the first regional organization lead by China and it became the mark of reference for the political, economic and social dialogue of China with the Mekong Subregion. The organization is composed by China, Vietnam, Myanmar, Laos, Cambodia and Thailand. The dialogue is organized through a series of meetings and Summits between Prime Ministers, the Ministers of Foreign Affairs and High-ranking officers and is structured around three pillars of cooperation:

- Political and Security Affairs.
- Economic and Sustainable Development Affairs.
- Social, Cultural and People to People Affairs.

Within these pillars, the organization has designated five critical areas among which we find the connectivity between countries (this is where the New Silk Road comes in), capacity for production, transborder economic cooperation, hydric resources and, finally, agriculture and poverty reduction. With the goal of boosting the organization to the fullest, China proposed the drawing up of a Five-Year Plan 2018-2022. The years 2021 and 2022 are expected to be years of 'consolidation and expansion' that will allow to scale in the complexity and magnitude both of the organization and its projects.

The Five-Year Plan has two parts that are fundamental for any organization. On one hand it designates the practical cooperation sectors in the coming years. On the other hand, it establishes a financing system that will depend essentially of Chinese funds. Regarding the first part of the plan, it outlines several fields of cooperation for the next years with the goal of achieving, for example, an integrated energy regional market, a faster issuance of visas, the creation of a Business Council Lancang-Mekong and a Lancang-Mekong Hydric Resources Center or drawing up environmental cooperation strategy throughout the Mekong.

Regarding the financing mechanism, Lancang-Mekong Cooperation will depend on a series of funds that have been created by China for different goals. In the first place, the organization is going to have an exclusive fund: the Lancang-Mekong Fund. This fund was created in 2016 and it is focused on those projects that have reduced of medium financial needs, leaving the big projects in the region to other funds. Those funds with a stronger capacity are both the Silk Road Fund and the Asian Infrastructure Investment Bank which are both strongly related to the New Silk Road. The financing sources of both instruments come from China Investment Corporation, China Development Bank and EXIM Bank China, among others.

In conclusion, the Lancang-Mekong Cooperation's goal is to secure China's primacy in this subregion. Even though there already exist other initiatives in this area such as the Greater Mekong Subregion led by the Asian Development Bank or the Lower Mekong Initiative led by the US; China has preferred to create her own initiative and that will solidify her influence, and with the passage of time and the economic integration of those countries with China, it will replace the rest of initiatives. Another effect that this project will have on the region is to achieve a degree of integration of the countries with China so intense that it will begin to erode the cohesion of ASEAN. We have to bear in mind that China has managed to put some wedges within the organization, through countries like Cambodia and Laos, that in the last years have managed to block resolutions that were against China's interests regarding the South China Sea. If the block formed by Thailand, Laos, Cambodia and Myanmar gets swallowed inside China's sphere of influence it could break ASEAN in two, rendering it useless as a mechanism of regional stabilization.

Conclusion

As we've seen in this article, China's current relationship with Southeast Asia is strongly influenced by the events that took place after the proclamation of the People's Republic of China. At first the Chinese revolutionary momentum will give some countries a reason to create a multilateral organization (ASEAN) to promote peace and stability. Then with Deng's leadership, China will open to trade and will give priority to stable relations with her southern neighborhood, strengthening bilateral relations and clearing the path for the next Chinese leaders to increasingly integrate China in the region.

In the next years, Southeast Asia is going to be one of the regions that should get the attention. The strategic nature of the region means that China is going to use every tool in the political, economic and social field in order to solidify her hegemony and expel the other Powers. As we've seen, China is building her own structure in the area and that will allow her to set the pace and lead the regional agenda. At the economic level, China has position herself in a privileged position in the investment and trade field which will make the other countries increasingly dependent and vulnerable. On the other hand, the infrastructure building projects in the region are connecting the economies of countries such as Myanmar and Laos to the Chinese economy.

The great unbalance that exists between Southeast Asian countries and China will make some of those countries to see her as their hope for their economic take-off, and other countries will see her as a threat to their independence and their sovereignty. One of the big challenges that countries like Vietnam, the Philippines or Myanmar face is knowing how to balance their relationship with China, profiting from her initiatives without falling under the complete influence of Beijing. However, everything seems to indicate that in the medium and long term China is going to have the capacity to build her own solid sphere of influence in the region putting the countries in a dependent situation with Beijing, a sphere of influence that is being called the 'community of shared future'.

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