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Chinese influence in Southeast
Asia under the Belt and
Road Initiative:

The cases of Cambodia and Thailand

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Abstract.

This paper examines the growing presence and influence of China in Southeast Asia, focusing particularly on Cambodia and comparing its situation with that of Thailand. Cambodia has increasingly deepened its economic ties with China, largely through the Belt and Road Initiative (BRI), resulting in significant infrastructure investments and economic dependencies. Meanwhile, Thailand, a neighboring ASEAN member, presents a contrasting case with a more diversified economy and historical ties to both China and the West. Through a comparative analysis, this study explores whether Thailand's approach offers insights and potential solutions for Cambodia to mitigate risks associated with overdependence and heavy reliance on China. The examination encompasses economic engagements, infrastructure projects, and bilateral relations between Cambodia, Thailand, and China. It seeks to identify strategies that Cambodia could adopt to diversify its economic partnerships and enhance resilience against external pressures. By synthesizing empirical data and policy considerations, this research contributes to understanding the complex dynamics of China's influence in Southeast Asia. It aims to provide practical recommendations for Cambodia to navigate its economic relationship with China more effectively, drawing lessons from Thailand's experiences and highlighting avenues for sustainable economic development and strategic autonomy in the region.

Keywords. Belt and Road Initiative; Southeast Asia; Debt Trap; Foreign Direct Investment; China.

Resumen.

Este artículo examina la creciente presencia e influencia de China en el sudeste asiático, centrándose particularmente en Camboya y comparando su situación con la de Tailandia. Camboya ha profundizado cada vez más sus lazos económicos con China, en gran medida a través de la Iniciativa de la Franja y la Ruta (BRI), lo que ha resultado en importantes inversiones en infraestructura y dependencias económicas. En contra, Tailandia, un miembro vecino de la ASEAN, presenta un caso contrastante con una economía más diversificada y vínculos históricos tanto con China como con Occidente. A través de un análisis comparativo, este estudio explora si el enfoque de Tailandia puede ofrecer ideas y soluciones potenciales para que Camboya mitigue los riesgos asociados con la sobredependencia de China. El análisis abarca consideraciones económicas, proyectos de infraestructura y las relaciones bilaterales entre Camboya, Tailandia y China, con el fin de identificar estrategias que Camboya podría adoptar para diversificar sus asociaciones económicas y mejorar la resiliencia frente a presiones

externas. Sintetizando datos empíricos y consideraciones políticas, esta investigación contribuye a comprender las complejas dinámicas que tiene la influencia de China en el sudeste asiático. El objetivo del artículo es proporcionar recomendaciones prácticas para que Camboya navegue de manera más efectiva su relación económica con China, aprendiendo de las experiencias de Tailandia y destacando caminos hacia el desarrollo económico sostenible y la autonomía estratégica en la región.

Palabras clave. Iniciativa de la Franja y la Ruta; Sudeste Asiático; Trampa de la Deuda; Inversión Extranjera Directa; China.

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Acronym Index.

BRI: Belt and Road Initiative

CCFTA: China-Cambodia Free Trade Agreement

EVs: Electric Vehicles

FDI: Foreign Direct Investment

FTA: Free Trade Agreement

MOU: Memorandum of Understanding

ODA: Official Development Assistance

OFDI: Outward Foreign Direct Investment

1. Introduction

1.1. Justification and choice of topic

The topic of the Belt and Road Initiative (BRI) in Southeast Asia, with a particular focus on Thailand and Cambodia, is highly relevant in the current context of international relations and geopolitics. The BRI, launched by China in 2013, represents one of the most ambitious and far-reaching infrastructure and development projects globally done to date. With the initiative aiming at enhancing global trade and infrastructure connectivity across Asia, Europe, and Africa, with the capability of reshaping global and regional power dynamics.

Southeast Asia plays a strategic role within the BRI due to its geographic location and potential to serve as a crucial node in China's envisioned trade and transportation network. Investments in infrastructure, such as ports, railways, and highways, not only boost local economic development but also strengthen China's influence in the region, with significant implications for Southeast Asian geopolitics. Moreover, Asia-Pacific is a growing region of interest for numerous superpowers, which is why the choice of the Southeast Asian subcontinent becomes a prominent study in the current state of affairs of International Relations and geopolitics.

Overall, choosing this topic is pertinent as it allows for an exploration of how the BRI is transforming the economies and diplomatic relations of the Southeast Asian region, analyzing both the benefits and challenges some of these countries face. Additionally, it provides a deeper understanding of how China's power strategies are deployed through infrastructure and economic development projects and how these strategies affect the balance of power, not only in Southeast Asia but beyond.

From a personal perspective, my interest in this topic stems from my life experiences. Having grown up in China for a significant portion of my childhood, I have always been fascinated and enthralled by China's economic and geopolitical growth as an international actor. My years in China gave me not only an opportunity to see beyond my country and dive into numerous cultures at the same time, but it also made me aware of the different narratives that come at play in regards to this Asian superpower which I once called home. After returning to Spain, and along my various stays in different Western nations, I became aware of the diversity in images regarding China. The seemingly growing abyss between Western and Chinese ideals has, ever since, inspired me to better understand China and reflect upon the differences that both models pose.

On another hand, during my years in China, I also had the opportunity to travel and marvel the Asian continent and, in particular, Southeast Asia. This region of the world, which I have thoroughly travelled and experienced, I have found, has great potential in the years to come. In fact, since spending my childhood in China and travelling the subcontinent during the early 2000s and 2010s, I have had ample opportunities to go back and have marveled at the levels of development that countries such as Cambodia, Vietnam or Laos have experienced in such a short timeframe. In this regard, I have come across several Chinese BRI projects in the region, as is the modern newly-built Siem Reap airport or the high-speed railway in Laos which has taken me across cities and above the bays of the beautiful Mekong river. I have personally felt the positive impact that these infrastructure projects have across cities and countries in the region, as well as the seemingly positive opinion of nationals from these countries. However, perhaps due to the Western environment I have lately spent time in or due to growing media coverage regarding the so-called ‘Chinese debt trap diplomacy’, I became increasingly interested in understanding the level of dependence that some of these nations have on Chinese investment and the power of influence that China has over these countries.

In summary, the presence of the BRI in Southeast Asia is not only a topic of academic and geopolitical importance but also holds deep personal significance due to my lived experiences in the region. This research seeks to provide a detailed and nuanced view of how the BRI is reshaping economic and political structures in these countries and what this means for the balance of power on the international stage.

1.2. Purpose

The year 2023 marks the celebration of the forty-fifth anniversary since China opened up to the world. The series of reforms that sparked this not only altered the trajectory of Chinese history but also defined an entire era that continues to be relevant today. The renowned Chinese reform process of 1978, commonly associated with Prime Minister Deng Xiaoping, signified both a liberalization of the Chinese economic system and a significant embrace of international engagement (Fanjul, 2018). Following the commence of Deng’s reforms, China embarked on a journey of prosperity, wealth and of establishment of diplomatic relations with many of the world’s nations. This journey became dubbed by certain scholars and politicians as a “growth miracle”, however after almost half a century of such a journey, China’s growth and global relevance is still on the rise (Ju & Yu, 2018).

Numerous rankings acknowledge China's persistence regarding global openness, such as the Lowy Institute Global Diplomacy Index, in which China appears to be the country with most diplomatic missions, or the Real Instituto Elcano's annual Global Presence Index, in which China ranked second country with biggest global presence in the world (Real Instituto Elcano, 2021) (Lowy Institute, 2021). On another hand, as mentioned above, Deng's reforms also signified an impulse on the wealth of the Chinese nation. According to the World Bank, since 1978, China's GDP has increased at a 9% annual rate, thus becoming the country with the second highest GDP in the world (2023). Furthermore, the economic liberalization also signified the escape from poverty of more than 800 million Chinese citizens (World Bank, 2023). Finally, according to the International Monetary Fund, China managed to become the country with most exports and comes second in terms of imports, behind the United States (both in regard to the value of the goods traded) (2023).

However, there is an important factor that is crucial to mention given its effects in making Chinese global presence spike since the beginning of the reforms: foreign direct investment. During the early stages of the changes given in Beijing, inward foreign direct investment shaped the "growth miracle". The year 2002 saw China leading the rankings as the largest recipient of FDI within the developing countries category (Buckley et al., 2002). According to Buckley et al., such a high level of FDI in the country drove the development of new products and gave China access to new international markets (2002). Thus, inward FDI in China helped the country's economy develop, and had a big role to play in the forementioned "growth miracle". The economic powerhouse that China is today would look very different without the large inflows of foreign direct investment that it had in its past. Moreover, without those initial transactions, China would not appear in today's charts as the top three with most outward FDI (Dyvik, 2023).

China's outward foreign direct investment gained prominence with the turn of the century. From the years 2002 to 2018, the annual growth rate of the OFDI surpassed 28% (Chang et al., 2021). One of the greatest pieces of evidence of China's economic strength overseas came in 2012, when the country finally made an appearance at the top three in the list of source countries of FDI (Chang et al., 2021). However, the country gained even more worldwide coverage the following year, in 2013. During a presidential visit to Kazakhstan, the newly premier, Xi Jinping, stated his astounding intentions regarding OFDI with the creation of what was first called the New Silk Road, and later changed into the Belt and Road Initiative (Chang et al., 2021).

In essence, the Belt and Road Initiative is one of the Chinese big strategies designed to connect China with many corners of the world, in trade with Europe, and along maritime routes with Latin America, Southeast Asia or Africa (Yeung & Huber, 2023). According to Huang,

The Belt & Road Initiative is China's greatest international economic ambition, aiming at stimulating economic development in a vast region covering sub regions in Asia, Europe and Africa, which accounts for 64% of world population and 30% of world GDP. The Initiative is devised to reconfigure China's external sector in order to continue its strong growth. While infrastructure development plays a central role, the Belt & Road Initiative is a comprehensive one, including also policy dialogue, unimpeded trade, financial support and people-to-people exchange (2016).

According to Chinese data, the Belt and Road Initiative is present in around one hundred and forty-six countries, and China has already destined more than 1tn\$ as part of the strategy (Green Finance and Development Center, 2023).

The international arena received the news of the Chinese scheme with certain skepticism (Huang, 2016). Given the rise in China's influence in the geopolitical scene, the growing tensions in its bilateral relations with the United States and, overall, its increase in power, Western nations saw through the economic layer of the strategy and focused their worries on the political implications of participating in the project (Li et al., 2021). This growing fear materialized in the year 2017, when Sri Lanka became unable to repay its outstanding Chinese debt regarding the Belt and Road (Sharma, 2019). China, as part of the BRI, had helped construct the Hambantota Port in Sri Lanka, and given the latter's incapacity to pay back the debt, both countries agreed on a 99-year lease of the infrastructure of the port to China (Sharma, 2019). The international community became wary of such a deal, particularly given the fact that China had also already invested high sums of money in other infrastructure projects in many developing nations with doubtful capacities to repay loans (Li et al., 2021).

Geographical proximity and macroeconomic perspectives of the future have made China look to Southeast Asia as a region in which to invest (Chiang & de Micheaux, 2022). In fact, the maritime stance of the Belt and Road Initiative was actually announced in 2013 in Indonesia, showcasing the importance given to the region by Xi Jinping (Kuik, 2021). Moreover, during the first decade of the Belt and Road Initiative, all ten members of the ASEAN group joined the project (Green Finance and Development Center, 2023). As members of the Belt and Road, most Southeast Asian countries have seen their inward FDI grow (ASEAN, 2021). Chinese direct investment in the region has grown consistently, particularly since 2017 when investment in ASEAN countries almost doubled, passing from US\$6.3 billion

to US\$11.4 (Lim, 2020). As of 2022, Chinese OFDI in ASEAN is estimated to have been of about US\$18.65 billion, with a high percentage of this sum being destined to Belt and Road projects (Huld).

Following the case of the Hambantota Port in Sri Lanka, worries flourished regarding how the debt trap that ensued in the island could happen in other countries with a big presence of Chinese FDI as part of the BRI (Li et al., 2021). Many of these nations receiving some of these concerns are located in Southeast Asia, such as the cases of Laos or Cambodia ((Menon, 2023). Even though Sri Lanka is not a part of this region, it does have a geographical proximity to the area and a similar involvement in the Belt and Road Initiative as well as a familiar Chinese direct investment compared to many of the SE Asian countries. The main purpose of this paper is thus, to analyze whether or not these worries regarding the Southeast Asian region and the involvement of its countries in the Belt and Road should be sustained or not.

1.3.State of the issue

The Belt and Road Initiative is currently present in the following nine countries members of ASEAN: Vietnam, Cambodia, Laos, Thailand, Myanmar, Brunei, Singapore, Malaysia, and Indonesia (Green Finance and Development Center, 2023). Thus, the only member state to have parted from the Chinese project is currently The Philippines, following an increase in tensions with China regarding the South China Sea (Green Finance and Development Center, 2023). To be able to further understand the complete volume of Belt and Road Initiative projects happening in the Southeast Asian subcontinent, an explanation of the relation of the Chinese strategy with each ASEAN member will follow.

1.3.1. Belt and Road in Brunei

Brunei made an official entrance into the BRI by signing a MOU with China in 2018 (Sacks, 2021). Since then, Brunei has been named one of the most enthusiastic SE Asian countries regarding the BRI (Husseini, 2023). This enthusiasm has translated into an increase in trade with China. In fact, China is currently Brunei's second trading partner, and it is also the second fastest growing market for Brunei's exports (only surpassed by Singapore) (OEC, 2023). Moreover, since the entry into the BRI, China has become the largest source of FDI in Brunei (OEC, 2023).

Regarding the most important projects in the sultanate, it is important to highlight the creation of the Brunei-Guangxi economic corridor in 2014 which connects the Chinese region

of Guangxi with Brunei to facilitate trade and investment (Ong, 2021). However, the most relevant project in the Southeast Asian country is a petrochemical joint venture. Because of said enterprise, Brunei's deep-water port and its industrial complex in Muara, is operated partly by a Chinese Fortune 500-listed company: Zhejiang Hengyi (Ong, 2021). This joint venture has had an impact in Brunei's economy, as it is attributed with a 1% of the country's GDP growth of 2020 and with the creation of more than 3,000 additional jobs (Hoon & Zhao, 2023).

The petrochemical is not the only infrastructure BRI project in Brunei though, Chinese state-owned enterprises have invested around 1.2 billion dollars for the construction of the Temburong Bridge, which links both halves of the country (which are separated by water and by Malaysia) and now accounts for the longest bridge in Southeast Asia (Ong, 2021).

1.3.2. Belt and Road in Cambodia

Cambodia and China have a history of diplomatic ties that can be traced back to the thirteenth century (Kosal 2009, in Chheang & Heng, 2019). Currently, both countries maintain stable and friendly bilateral relations based on high political trust and continuous flows of economic exchanges (Chheang & Heng, 2019). The state of their bilateral relations made it so that Cambodia embraced the Belt and Road Initiative from its establishment in 2013 (Menon, 2023). Along this line, China is also Cambodia's first source country of FDI and its second trading partner (OEC, 2023). Furthermore, it is important to mention that as of 2021, almost 43% of Cambodia's external US\$9.5 billion debt was Chinese (Menon, 2023).

Cambodia is one of the biggest recipients of BRI projects, having more than one hundred of them since its 2013 start in the initiative (Wang 2022, in Menon, 2023). Many of these projects have been destined to the public transport networks in the country, such as the construction for the Siem Reap International Airport or the 190-kilometre Phnom Penh-Sihanoukville Expressway (Menon, 2023). It is estimated that China has currently constructed more than 3000 kilometers of roads in the country as part of the Belt and Road (Menon, 2023). Moreover, Cambodia, like Brunei, also has a Special Economic Zone tying it to China: the Sihanoukville SEZ. Even though this zone was a project prior to the Belt and Road, it has allowed China to invest incredibly in said city and transformed it into an industrial hotspot filled with Chinese firms (Menon, 2023).

According to Cambodian data, analyzed by Alffram, the spillover effects of BRI projects in Cambodia have been especially noted in Sihanoukville, where property prices have

skyrocketed and living costs for Cambodians have been multiplied (2022). This effect has been accentuated by the 2017 arrival of 78,000 Chinese residents to the city (Menon, 2023). However, it is also important to mention the creation of Cambodian jobs (estimated to be of around 20,000 in the SSEZ), thus contributing to Cambodia's socio-economic development (Chheang & Heng, 2019).

1.3.3. Belt and Road in Indonesia

As has already been mentioned, Xi Jinping launched the 21st Century Maritime Silk Road (which later became part of the BRI) in Indonesia in 2013 (Kuik, 2021). This fact showcases the importance of the Chinese strategy in Indonesia, which is currently the third biggest recipient of BRI infrastructure projects. Moreover, China represents stable economic flows for Indonesia as China is already Indonesia's biggest trading partner and its biggest source of FDI (Damuri et. al, 2019).

Regarding BRI projects in Indonesia, the vast majority of them also fall under the category of public transport infrastructures (Damuri et. al, 2019). These include the 1,513km long Sulawesi Railway or the joint venture formed for the construction of the Jakarta-Bandung High-Speed Rail project with the participation of Indonesian and Chinese state-owned enterprises (Damuri et. al, 2019). However, Chinese FDI in Indonesian islands has also focused on the creation of industrial parks (Pratiwi, 2023). Morowali Industrial Park has become the most known one given its magnitude and capacity to produce more than 3 million tons of stainless steel (Pratiwi, 2023). Overall, it is estimated that there are currently seventy-one Belt and Road projects being carried through in Indonesia, worth a total value of 20.3 billion dollars (Pratiwi, 2023).

1.3.4. Belt and Road in Laos

Laos is one of the very first adopters of the Belt and Road Initiative due to the fact that China was already involved in investing in the country's infrastructures prior to the commence of the strategy (Kuik, 2021). In fact, Chinese investment in the country is so high that, according to investment data from ASEAN, it represents around 77% of the inward FDI in Laos (2022). The biggest amount of investment is destined towards infrastructure projects (ASEAN, 2022). As of 2022, Laos tallied more than eight-hundred Chinese-led projects in the span of three decades (ASEAN, 2022).

The biggest BRI project carried out in Laos is the 414km Vientiane-Boten expressway project, connecting the capital city with the Chinese border (Kuik, 2021). The project was

finalized in 2021, after more than a decade since the start of the negotiations with China, and it gained worldwide attention given its high price (Kuik, 2021). The cost of the project is estimated to have been of US\$6.8 billion, which is nearly half of Laos' GDP (Kuik, 2021).

Besides the railway, there are numerous hydroelectricity projects as part of the BRI, particularly along the waters of the Mekong River (Barney & Souksakoun, 2021). In this regard, in 2021 Laos signed a concession-agreement with China allowing it the rights to manage the power grids in the country for a twenty-five-year period (Sakudo, 2023).

1.3.5. Belt and Road in Malaysia

Malay-Chinese diplomatic relations celebrate their fiftieth anniversary in 2024 (Dar & Seng, 2021). These bilateral relations have recently been openly friendly, and both countries have tended to solve their various disputes quietly and diplomatically (Bing, 2021). Regarding commerce, China is currently Malaysia's top trading partner (World Integrated Trade Solution, 2023). However, analyzing its FDI, China does not appear in the top three countries with biggest FDI to Malaysia, and at US\$759 million it lags significantly behind the United States which in 2022 had an FDI flow to Malaysia of around US\$7.947 million (Statista, 2023).

While Malaysia has not officially signed a Memorandum of Understanding to join the Belt and Road Initiative, the presence of numerous BRI projects in the country as well as the country's attendance to the Belt and Road Forums, suggest that there is some sort of understanding and embrace of the Chinese strategy by the Malay government. As with most of the other ASEAN nations, the focus of the Belt and Road in Malaysia also regards public infrastructure, particularly transport-related (Jamil, 2023). The biggest examples of these include the East Coast Rail Link, which is a rail project looking to connect both coasts of peninsular Malaysia, or the Melaka Gateway, where artificial islands were built in Malacca (Jamil, 2023). However, another set of interesting projects being developed in Malaysia include the construction and management of several industrial parks (Jamil, 2023).

The Malay view on the Chinese strategy has typically varied depending on the government in office at the time (Jamil, 2023). Some of them have embraced the BRI acknowledging the improvement that these projects mean for the development of the nation and the opportunities it offers, while others have resented it for posing important challenges regarding the dependence on Chinese workers and the increase in Malaysian debt with China (Jamil, 2023). However, despite these series of critiques, the Belt and Road is currently still strong in the nation as China celebrates its first decade of projects in Malaysia (Jamil, 2023).

1.3.6. Belt and Road in Myanmar

The Myanmar situation regarding the Belt and Road Initiative is very particular given the uniqueness of the political situation in this Southeast Asian nation. Prior to the 2021 military coup d'état, the Belt and Road Initiative was already present in the country, which had signed a joint declaration with China in 2017 regarding the strategy (Thuzar, 2023). However, the National League for Democracy government, which was in office from 2016 to 2021, was cautious with its Chinese ties and it was wary of becoming too dependent of China economically (Thuzar, 2023). This skepticism resulted in a deceleration of projects in the country (Thuzar, 2023).

However, following the forced change of government in 2021, projects started flourishing again and the BRI grew in importance (Thuzar, 2023). This acceleration in projects' development has especially been given in regard to the Chinese-Myanmar Economic Corridor, which is the flagship BRI project in Myanmar and englobes various infrastructure, energy and industrial projects (Banerjee, 2022). Some of these include the management and construction of the Mee Lin Gyaing liquified natural gas terminal; the New Yangon City urban planning project aimed at building infrastructure in Myanmar's biggest city; or the construction of deep sea ports in Kyaukphyu (Banerjee, 2022).

1.3.7. Belt and Road in Philippines

While no official statements have yet been released, it is widely considered that the Philippines abandoned the Belt and Road Initiative this past November (Javad Heydarian, 2023). This idea is widely due to the fact that the Philippine Department of Transportation issued a series of announces regarding the abrupt end of many of the Chinese infrastructure projects englobed as part of the BRI (Javad Heydarian, 2023). This news was received amidst a spark in Philippine-Chinese tensions regarding their dispute encompassing the South China Sea (Javad Heydarian, 2023).

The standoff regarding the South China Sea has marked the bilateral relations for both countries, which have not been stable since the 2012 naval dispute regarding the Scarborough Shoal (Wong, 2014). However, it is important to mention that during Philippine president Duterte's time in office (2016-2022), ties with China grew stronger than they had been since the naval standoff as the president looked to shift away from the United States (de Castro, 2017). In fact, it was during Duterte's time as president that the Philippines officially joined

the Belt and Road Initiative following a joint declaration in 2017 (Green Finance and Development Center, 2023).

One of the main points of Duterte's poverty alleviation strategy was known as the "Build, Build, Build" (Estrada, 2018). To be able to accomplish it, the Duterte administration viewed favorably to join the Belt and Road Initiative. Chinese investment in the Philippines (as part of the Belt and Road) largely focused on the development of important infrastructures in the country (Estrada, 2018). The most known Chinese-led project in the Philippines is the construction of the US\$1.45 billion Mindanao Railway in the Southern-most island of the country (Cruz & Juliano, 2021). However, this is one of the projects where the Philippines withdrew Chinese funding, and its building is currently being pursued by the United States (Rocamora, 2023).

1.3.8. Belt and Road in Singapore

Singapore's relations with China have traditionally been friendly and stable ever since the foundation of their diplomatic ties in 1990 (Singapore Ministry of Foreign Affairs, n.d.). However, within this analysis it is important to emphasize the uniqueness of Singapore's relations, given their economic strength in comparison to other ASEAN nations. According to recent IMF data, Singapore has the fourth highest GDP per capita in the world, strongly surpassing China (2024). This clearly marks a different trend than with the rest of Southeast Asian nations, where asymmetric power relations (where China is always the one with stronger power) shape the presence of the Belt and Road (Kuik, 2021). Thus, regarding Singapore, its participation in the Chinese strategy is very particular (Chan, 2021).

Singapore's engagement with the Belt and Road has been surely enthusiastic, as it was one of the very first countries to publicly express its support for the strategy during the 2014 China-ASEAN EXPO (Li et al., 2020). This support, however, has not been traditional within the BRI framework. Singapore has slanted its embrace of the Belt and Road using a 'forward engagement approach': instead of using Chinese investment to build infrastructure within its borders, Singapore partners with China to invest in said infrastructure projects based in China (Chan, 2021). In fact, Singapore's investment in China amounted for 85% of all investments from Belt and Road nations towards China (Kwek, 2017 in Chan, 2021).

Regarding the projects that Singapore helped fund in China, the most recognized one is the Chongqing Connectivity Initiative (CCI) (Chan, 2021). This project is aimed at fulfilling the Chinese objective of reducing inequality between the Eastern part of China and the Western

inland regions by promoting trade and commerce via the city of Chongqing (Li et al., 2020). However, the project is also said to promote cross-border exchanges between Western China and Southeast Asia, thus benefitting Singapore's exchanges with the region as well (Li et al., 2020).

On another hand, Singapore plays a strategic role within the BRI framework. Given its position in the region as a finance and logistics hub, Singapore has aligned itself with many Chinese stakeholders operating in the Belt and Road and provides advisory and financial services for around 60% of the BRI infrastructure projects being developed in the Southeast Asian region (Li et al., 2020).

1.3.9. Belt and Road in Thailand

Following the end of the Cold War, Thai leaders viewed that strong ties with China were not only unavoidable but also suitable, and accorded their foreign policy with such ideas in mind (Sawasdiapakdi, 2021). Since then, Sino-Thai bilateral relations have been intense. China is Thailand's biggest trading partner and the economic exchanges between both countries have grown steadily since 2009 (Sawasdiapakdi, 2021). Moreover, the bilateral relations have surpassed the economic matter, and both countries also strongly cooperate on matters of defense (Sawasdiapakdi, 2021). With Thai positive views regarding their deep ties with China, it is no surprise that Thailand's government embraced the Belt and Road Initiative shortly after its announce (Sawasdiapakdi, 2021).

However, Thailand's response to the Belt and Road has also been particularly cautious, and projects selected within its framework have been limited and their progress has been relatively slow, especially when compared to the strong Belt and Road presence in Thailand's neighboring countries. (Sawasdiapakdi, 2021). Nonetheless, the projects which have been adhered to are mostly related to either transport infrastructure or improvement of trade (Punyaratabandhu & Swaspitchayaskun, 2021). Examples of these include four large high-speed railway construction projects along the entirety of the country and the establishment of the Eastern Economic Corridor as a special economic zone to promote development (Punyaratabandhu & Swaspitchayaskun, 2021). The slow progress of these projects, however, has increased general skepticism regarding the Belt and Road in Thailand and numerous policymakers in the country have harshly critiqued the Chinese initiative and Thailand's embrace of it (Punyaratabandhu & Swaspitchayaskun, 2021).

1.3.10. Belt and Road in Vietnam

Vietnam and China hold deep ties which transcend the economic field (Vu, 2023). At the end of 2023, during an official visit from Xi Jinping to Hanoi, both countries agreed on encompassing their relations within a “community of common destiny” framework (Vu, 2023). According to Chinese media, such framework is said to encourage political ties between both countries, “as the world’s top two ruling Communist countries”, within a long-term perspective of growth (Xinhua, 2023). However, both countries find rising tension regarding their stances on the South China Sea (Nguyen, 2023). These unstable relations have been translated into the presence of the Belt and Road in Vietnam, where the country at times commends the Chinese Strategy, but at others finds growing insecurity due to the risks tied to it (Do, 2023).

Regarding the presence of the Belt and Road in Vietnam, it is important to mention that many Chinese investment projects in Vietnam from the past decade have now been included into the Belt and Road, increasing the official data of projects in the Southeast Asian country (Do, 2023). Out of these projects, Vietnamese citizens and policymakers have tended towards a skeptical approach given projects being significantly delayed; rising tensions regarding the South China Sea and the notable role that maritime infrastructure as part of the BRI has in said sea; and a wholly negative view of Chinese penetration in the Mekong River and in neighboring countries (Nguyen, 2023). These factors have overall, played an important role in creating a cautious narrative in Vietnam with regards to the Belt and Road Initiative (Nguyen, 2023). Examples of such a thoughtful approach include the denial of the Chinese company Huawei as the major developer of the 5G network in the country, or the refusal of a Beijing loan to build a major high-speed rail in Vietnam (Nguyen, 2023).

1.4.Theoretical framework

1.4.1. International Relations Theories

When analyzing the possible stretch of dependency or influence that the Belt and Road Initiative could cause for certain Southeast Asian nations, it is important to embed this question within the theoretical framework of the International Relations field. While the Belt and Road Initiative has been recently studied through the lenses of many and varying International Relations’ theories, for the case studied within the frameworks of this paper, I find two main theories which can explain the pursuit of Chinese influence within the Southeast Asian subregion: realism and neomarxism.

From a realist perspective, the Belt and Road Initiative (BRI) is a strategic maneuver by China to enhance its power and influence globally, and in this case, in Southeast Asia. It

serves as a tool for China to project its economic and military power by investing in infrastructure projects across the region, and beyond, thereby possibly creating economic dependencies that grant China significant leverage over these countries' policies. The development of strategic infrastructures, such as ports and railways in both Cambodia and Thailand, could also serve as enhances of China's military logistics and mobility. By securing access to essential resources and diversifying supply routes, the BRI ensures China's long-term resource security, crucial for its sustained economic growth, and with a particular sense of urgency right now, due to the deep recession being faced by the Asian giant.

In Southeast Asia, the BRI strengthens China's regional dominance, reduces the influence of rival powers like the United States and India, and serves as a counterbalance to U.S. initiatives and alliances in the region. This is of particular relevance right now, due to the growing interest in the Global South or the Asia-Pacific region in which both China and the United States have several geopolitical interests. In fact, such is the case, that both superpowers have recently seen a growth in their animosity due, partly, to the growing Chinese assertiveness in the South China Sea and the Malacca Strait. Economically, it helps sustain China's growth by opening new markets in a fast-growing region and exporting surplus industrial capacity. Lastly, politically, the BRI enables China to cultivate goodwill and alliances, promoting its development model as an alternative to Western paradigms, thereby enhancing its soft power and ideological influence throughout the spread of ASEAN (Jamali et. al, 2024; Brooks, S. G., & Wohlforth, 2016; Waltz, 1979; Gilpin, 1981).

On another hand, it is also important to exemplify, through the lense of a theory, why and how do partakers of the BRI decide to do so, in the case being, Southeast Asian nations. From a realist perspective, one could argue that countries in Southeast Asia decide to take part in the Belt and Road Initiative primarily to enhance their security and strategic position in the region. By engaging with China through the BRI, these countries can gain significant economic and military benefits, such as the development of critical infrastructure that boosts their logistical capabilities. Moreover, this partnership with China provides a counterbalance to the influence of other regional powers like the United States and India, helping to maintain a balance of power in the region. Furthermore, the influx of Chinese investment and the construction of infrastructure projects contribute to national economic growth, which in turn strengthens their overall global power and influence. Finally, by anticipating in the BRI these countries can gain allowance to leverage China's rising dominance to their advantage, securing

resources and strategic assets that are essential for their long-term security and prosperity (Jamali et. al, 2024; Brooks, S. G., & Wohlforth, 2016; Waltz, 1979; Gilpin, 1981).

However, one could also view China's growing presence in the Southeast Asian region from a neo-Marxist perspective. The BRI can be viewed as an expression of capitalist expansion and modern imperialism, with China acting as a key player in the global capitalist system in Southeast Asia. The initiative facilitates the export of surplus Chinese capital into new markets, reflecting the Marxist concept of capital seeking new avenues for profit to avoid crises of overproduction. This integration, as has already been mentioned, often creates economic dependencies, where recipient countries become indebted to China, leading to unequal development and deepened global inequalities. In Southeast Asia, the BRI can also be seen as a form of neocolonialism, where China exerts control through economic dominance, securing access to natural resources primarily for the benefit of Chinese industries. Labor dynamics within the BRI reflect exploitative practices, with poor working conditions and suppressed labor rights, often benefiting local elites allied with Chinese interests, and in many cases, even, purely benefitting Chinese nationals living in BRI member countries. As such, the initiative exemplifies China's model of state capitalism, promoting state-led capitalist expansion while potentially spreading authoritarian governance structures. Ultimately, under said theory, the BRI essentially represents China's attempt to establish itself as a global hegemon within the capitalist system, reshaping global economic governance and promoting its ideological and cultural influence worldwide, with significant impacts in the Southeast Asia subcontinent (Cox, 1981; Harvey, 2007; Wallerstein, 2000; Gills, 2000).

1.4.2. Concept definitions

One of the major fears of the propelling of the Belt and Road Initiative, particularly in developing nations is what is known as 'debt trap diplomacy'. The understanding of this term proves crucial for the analysis which will later ensue. Such term was first coined in 2017 by the Indian author Brahma Chellaney, in the aftermath of the Hambantota Port deal (Liu, 2022). Later on, Peter Fabricius came to define the term as "Beijing reputedly lending large sums to poorer countries, mostly in Africa, to build infrastructure, with the intention of seizing the infrastructure as collateral when the country inevitably defaults on the interest repayment" (2020).

There have been numerous scholars studying Chinese intentions regarding the investment in BRI projects and whether or not Chinese officials promote any sort of debt trap

diplomacy. Opinions on the matter are invariably split. On one hand, researchers such as Jones and Hemeiri argue that Chinese investment as part of the BRI is based on economic factors only and interests from both parties involved (2020). Others to have debunked the debt trap myth have been Brautigam (2020) or Kairy (2021), both showcasing that the traditional Western narrative tends to be damaging of the Chinese image and claiming there are very few articles supporting of the Chinese BRI project (Liu, 2022). Likewise, Haderiansyah et. Al argued that recipient countries also have power of negotiation and as such, must be aware of their countries' financial status and agree to debts that can be withstood (2020). Thus, many of these scholars state that the creation and spreading of the concept of the Chinese 'debt trap diplomacy' falls along the lines of the well-established narrative against anything Chinese (Liu, 2022). On top of this, scholars who view the concept of a Chinese debt trap as a Western anti-China campaign, argue that debt trap diplomacy has evidently not been created by the Chinese, but rather by the West and has been an ongoing policy ever since the sparks of European colonialism or American interventionism (Brautigam & Rithmire, 2021).

These views contrast with those of Chellaney, who views the Belt and Road as a way for China to pursue its geopolitical interests in certain countries and regions of the world (2017). Similarly, Himmer & Rod conclude that Beijing officials loan money to BRI nations with a full knowledge of their financial struggles (2022). However, these researchers were unable to find concluding evidence that the reason for China to carry out such loans were for any sort of geopolitical interests (Himmer & Rod, 2022). Regarding the spread of Chinese 'debt trap diplomacy', other scholars have argued that Chinese policymakers carry out BRI projects aware of the financial risks tied to the loans that they send out, thus making it a win-win situation for China: where if the country does in fact repay the loan, China takes away a clear financial gain, and on those occasions similar to Sri Lanka where countries are fully indebted, China benefits from their investment by other geopolitical gains (Jones & Hemeiri, 2020).

Following on, another key concept relevant for this paper is that of Foreign Direct Investment (FDI). More broadly, FDI can be understood as the investments made by a company or individual based in one country into business interests located in another country. In fact, the OECD defines FDI as the "cross-border investment in which an investor resident in one economy establishes a lasting interest in and a significant degree of influence over an enterprise resident in another economy" (2023). This type of investment tends to involve acquiring ownership or controlling interest in foreign businesses or assets. It is important to understand that FDI can take various forms, including mergers and acquisitions, building new facilities,

reinvesting profits earned from overseas operations, and intra-company loans (OECD, 2023). FDI plays a crucial role in the global economy, promoting economic integration, enhancing productivity, and fostering technological transfer. It is particularly significant for developing countries as it provides access to capital, technology, and managerial expertise that might otherwise be unavailable. This paper will be particularly centered around FDI sent by China into Southeast Asia, particularly as part of the Belt and Road framework. In this sense, China's FDI tends to focus on infrastructure development and construction, typically directly done by Chinese enterprises and, on some occasions, under joint ventures tying Chinese companies with national businesses from the receiver country (Green Finance and Development Center, 2023).

The effects of FDI on bilateral relations between countries can be profound and have been deeply analyzed in the past by numerous scholars, both from the social and the economic sectors. When regarding the sociopolitical or geopolitical effects that investment (in the form of FDI) can have on a country and its bilateral relations, scholars found that when a country invests significantly in another, it can create stronger economic ties and interdependence, potentially leading to improved diplomatic relations and cooperation in various fields (Strange, 1989; Lipsey, 2002; McCaffrey & Dunning, 1995). However, it has also been understood that this economic leverage also translates into a power of influence where the investor country can (depending on the circumstances up to a certain point) sway the policies and decisions of the recipient country to align with its interests. This influence can manifest in numerous ways, such as favorable trade agreements, support in international forums, or political and strategic alignments. The strategic deployment of FDI thus has become a tool for enhancing the investor country's geopolitical footprint and influence (Strange, 1989; Lipsey, 2002; McCaffrey & Dunning, 1995).

For the case of this paper, authors have repeatedly stated how China exemplifies the strategic use of FDI to pursue its national interests on the global stage. By investing heavily in infrastructure, energy, and various industries across Asia, Africa, and Latin America, through the Belt and Road Initiative, China not only fosters economic growth in these regions but also cultivates political alliances and secures access to essential resources. These investments often come with conditions that bind recipient countries more closely to Chinese interests, such as preferential trade terms, political support for China's positions in international institutions, or agreements to use Chinese technology and labor. As such, through its extensive FDI activities, in summary, China enhances its geopolitical influence, supports its Belt and Road Initiative,

and solidifies its status as a dominant global power, demonstrating how economic tools can effectively further national strategic objectives in international relations and in the global arena (Ramasamy et al., 2012; Kolstad & Wiig, 2012; Dollar, 2016).

1.5. Research questions and objectives

The following paper is set to display the effects that a notable presence of the Belt and Road Initiative in Cambodia could have on the Southeast Asian country. As has been seen with the analysis of the Belt and Road in the entirety of ASEAN countries, Cambodia is one of the countries with largest Chinese presence, while at the same time, it is dealing with a weak and fragile economy, making it one of the most propense ASEAN members towards a debt-trap situation with China, similar to the one experienced in Sri Lanka due to the Belt and Road Initiative. This paper's objectives are thus, to understand Cambodia's economic and socio-political dependence to China catered by the Belt and Road Initiative's presence in the country. By understanding this dependence, this paper will set out a clear view of those areas in which Cambodia has a higher level of dependence and set out a series of recommendations moving forward, in order to make use of the opportunities that the BRI poses for the country, but, at the same time, avoid a debt-trap situation in the country like the one that Sri Lanka is still recovering itself from. The research questions which have motivated this paper are thus, as follows:

- Does Cambodia have an overdependence on China?
- Does China have significantly large powers of influence over Cambodia?
- Can Cambodia learn anything from other Southeast Asian nations, particularly Thailand, on how to deal with an overdependence on China while having the clear gains which the BRI poses for developing nations?

1.6. Methodology

To understand the depth of Chinese influence in Cambodia, in particular since the birth of the Belt and Road strategy and its appearance in the region, the following paper will carry out a comparison between the presence of China in the country, with the presence in neighboring Thailand. The choice of these two countries comes from their very different approaches and relations with China and their acceptance or skepticism regarding the Belt and Road Initiative. A comparison between these two countries is useful due to their divergence of

policies and stances regarding Chinese influence in the region. Thailand's approach towards the Belt and Road, as has been seen above, is much more distance than that of Cambodia. And, following a deeper analysis, Thailand may or may not prove as an example for Cambodia of a Southeast Asian nation which, while still being part of the Belt and Road and benefitting from the opportunities it poses, does not excessively rely on Chinese influence or economy for its country's development.

As part of this comparative approach, this paper will deeply analyze several variables which are indicative of Chinese presence in both of these countries. These variables have been chosen due to their span within a society and include the economic and social fields. For the analysis of these variables, the use of national official documents, Thai, Cambodian and Chinese have proved to be essential. However, it is important to reiterate, the lack of official documents and transparency, particularly in the case of China, which has posed a big obstacle for the realization of this paper. In this sense, whenever possible, the use of Chinese documents has been used, in order to stay as aligned as possible with the reality of Chinese presence in ASEAN. However, in those instances in which these documents have been found to be inaccessible, the use of Western media has also proved to be key for the analysis of this paper.

2. Economic systems of countries being analyzed

Cambodia and Thailand represent two very different economies within the Southeast Asian region. On the one hand, Cambodia has the second smallest economy of the ASEAN group, with a GDP of \$29.5 billion (as of 2022). Cambodia is still a lower middle-income country, with around 18% of its population living below the poverty line, making the country more dependent than others in the region in foreign aid and investment (World Bank, 2022). On another hand, Thailand has experienced massive growth in the last four decades. This growth can be seen in the rise of its GDP, which had managed to surpass the \$500 billion figure in 2018 (even though it is currently below due to the ongoing recovery process of the pandemic) (World Bank, 2022).

2.1. Brief analysis of Cambodia's Economy and its economic relation with China

Prior to the pandemic, Cambodia's GDP had been on a significant 7% annual average rise (IMF, 2022). In fact, in 2015 the country had finally achieved the official status of lower middle-income country and it represented one of the fastest-growing economies in the world. However, despite this growth, according to an IMF analysis, the country still showed important

economic vulnerabilities (2022). Following the Covid-19 pandemic and the crisis that ensued, Cambodia's economy suffered important shocks due to the absolute halt of some of its most important sectors (such as the closing of factories and the stop to the country's garment exports) (IMF, 2022). Because of this crisis, growth contracted to around 3%, unemployment increased significantly, there was a rise in business bankruptcies and the amount of people living below the poverty line was on the rise again (IMF, 2022; World Bank, 2022). As of 2024, Cambodia's economy does seem to have begun its recovery process from the pandemic crisis and the annual GDP growth rate has managed to bounce back to a 5,2% in 2023 while the government forecasts a GDP increase of 6,6% for 2024 (World Bank, 2023). This recovery is largely due to a rebound of Cambodia's most important sectors, which mostly include, manufacturing and international tourism (Asian Development Bank, 2024).

In the context of this paper, it is important to highlight the role China plays within Cambodia's economy. The first free trade agreement signed by Cambodia was with China (CCFTA) in 2020 (although it came into effect in 2022), reinstating the strong economic ties that lie between both countries (Ministry of Commerce People's Republic of China, 2024). On top of the CCFTA, Cambodia and China also hold a Regional Comprehensive Economic Partnership (RCEP), which China established in 2022 along the entirety of the ASEAN region. The RCEP is used as a tool to lower trade barriers and enhance economic integration in order to boost cooperation between the Asia Pacific region (ASEAN, n.d.). Regarding these significant trading tools, in this context it is also important to remember the creation of the Sihanoukville Special Economic Zone, which has already been mentioned as part of a Chinese Belt and Road project in Cambodia and manages to reduce the cost of the bilateral trade between both countries by having a favorable tax regime (Menon, 2023). Moreover, China leads the way in international tourism to Cambodia, which has proved key for the economic recovery of the country following the pandemic (Cambodia Ministry of Tourism, 2023). All of these tools thus, pose excellent examples of how China is strongly becoming a reliable economic partner and support for the Cambodian economy, beyond the work of the Belt and Road Initiative. However, it also showcases that Cambodia, not only through the Chinese strategy, is reliant on China for the growth of its economy, which could deepen the influence of China in a country which already suffers from a brittle economy in the region, which has been weakened since the start of the pandemic as its growth has been halted.

2.2. Brief analysis of Thailand's economy and its economic relation with China

Thailand is currently accounted as the second-largest economy in the Southeast Asian region, only overpassed by Indonesia, with a GDP of \$495.42 as of 2022 (World Bank, 2024). Prior to the pandemic, Thailand's economy demonstrated robust growth, with an average annual GDP increase of around 4-5%, establishing it as a relatively stable and prosperous nation in Southeast Asia (World Bank, 2024). The country achieved upper middle-income status in 2011, reflecting significant advancements in economic development and poverty reduction and standing out from its neighbor countries which had not yet achieved said status. Despite these gains, Thailand faced underlying economic vulnerabilities, such as high dependency on tourism and exports (World Bank, 2024). The onset of the Covid-19 pandemic brought severe disruptions, particularly to these key sectors. Tourism, a critical component of Thailand's economy, nearly ground to a halt, while manufacturing experienced substantial setbacks. Consequently, the economy contracted by approximately -6.1% in 2020, leading to increased unemployment, business bankruptcies, and rising poverty levels (World Bank, 2024). However, by 2024, the economy began to show signs of recovery, with the annual GDP growth rate rebounding to 3.2% in 2023 and a forecasted increase to 4.5% for 2024, driven largely by the revival of tourism, manufacturing, and export sectors (World Bank, 2024).

China plays a significant role in Thailand's economic landscape. The Thailand-China Free Trade Agreement (TCFTA), signed in 2003 and implemented in 2005, underscores the strong trade and economic ties between the two countries. Additionally, both nations are part of the Regional Comprehensive Economic Partnership (RCEP), established in 2022, which aims to lower trade barriers and enhance economic integration across the ASEAN region (ASEAN, n.d.). These developments illustrate China's role as a critical economic partner for Thailand.

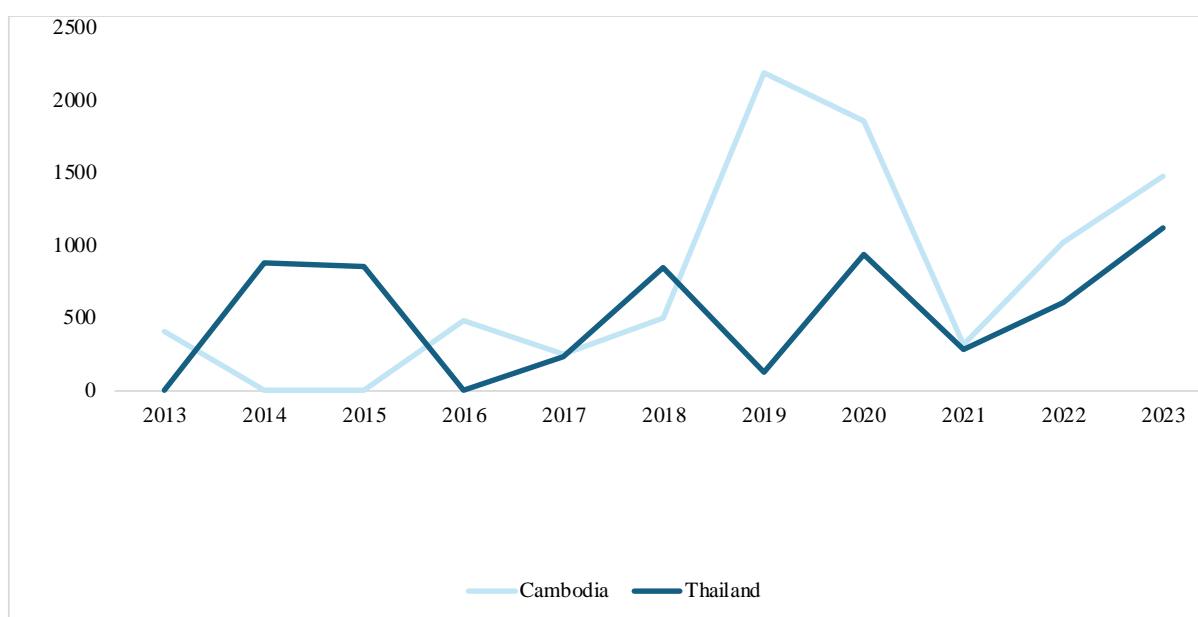
Overall, however, it is important to emphasize that Cambodia's weaker, less developed economy is thus slightly more dependent on China. Cambodia has a smaller and less diversified economy, heavily reliant on a few key sectors such as garments, construction, and tourism, where Chinese investment and trade play a pivotal role. The country's first free trade agreement was with China, highlighting the depth of their economic ties. In contrast, Thailand has a more diversified economy and established trade relationships with multiple global partners as an upper-middle economy (contrasting with Cambodia's lower-middle income), reducing its reliance on any single country, including China. This diversification provides Thailand with greater economic resilience and less dependency on Chinese economic support for further development.

3. Inward Foreign Direct Investment

In recent years, Chinese outward FDI's stock has grown at an impressive rate. In fact, it's 2022 outward FDI stock was of \$2.93tn, which accounted for an interannual 5% increase compared to 2021 (Irwin-Hunt, 2024). China's boost of outward FDI has been so significant that it has now become the third largest source-country of FDI (Irwin-Hunt, 2024). Just over ten years ago, in 2012, China was not even part of the top ten countries by outward FDI stock (Irwin-Hunt, 2024). This growth has been, in great part, spurred by the inclusion of new partners and projects within the BRI framework (Irwin-Hunt, 2024).

In ASEAN countries, China remains the third largest source of FDI, behind the US and the EU (as a bloc) (Huld, 2023). However, Chinese investment in the region is of great significance. Data from 2022 shows that China's FDI in ASEAN countries reached \$18.65 billion, representing 11.4% of China's overseas direct investment (Huld, 2023). Singapore has historically been China's top destination for investment, however, in recent years, the country's share of Chinese FDI has decreased, giving room for new partners in the region (Huld, 2023). This change showcases how Chinese investors are looking for lower cost choices in Southeast Asia, and are thus, increasing their investment in countries like Thailand or Cambodia (Huld, 2023).

GRAPH I: Chinese investment in Cambodia and Thailand since the establishment of the Belt and Road Initiative (in millions USD)



Source: Own elaboration from data by China Global Investment Tracker (2024).

While the above graph has been done using data of overall investment, not only FDI, it comes in hand to showcase how both Cambodia and Thailand received little Chinese investment during the initial stages of the Belt and Road Initiative, in the early 2010s. However, with the progress that the Belt and Road Initiative has taken in the region, both countries have seen a clearly notable increase in the amount of investment that they have received from China. Which also further proves the rebound effect that a decrease in investment in Singapore has had for other Southeast Asian nations. It also becomes evident, however, that while Thailand's level of Chinese investment has been relatively stable over time, rarely surpassing the billion-dollar figure, Cambodia has seen a clear spike in investment since 2018, which is significantly larger than that of Thailand. Moreover, it has been estimated that this level of investment would have been probably maintained had the Covid-19 pandemic not drastically affected the Chinese economy, which is the main reason behind the clear slump in investment, both in Thailand and in Cambodia in 2021. However, as China saw its Zero-Covid policies disappear and a phased and gradual return to pre-pandemic levels in many aspects of the economy, investment returned to both Southeast Asian nations.

3.1. Inward Foreign Direct Investment in Cambodia

Net inflows of foreign direct investment in Cambodia have been on a steady rise since the turn of the century. According to data from the World Bank, net inflows of foreign direct investment in Cambodia have risen from \$81 million in 2003 to \$3.58 billion in 2022, currently representing roughly a 12% of its GDP (2022). This spectacular rise in inflows of FDI has been noticed by macroeconomic analysts, such as FDI Intelligence, which puts together a yearly list of the prospects for FDI around the world. In the latest release of this list, Cambodia was featured as the top country with a growing FDI momentum (Dojan & Barklie, 2023). According to its analysis, in 2023, Cambodia received inflows of FDI five times as should have been expected due to its GDP (Dojan & Barklie, 2023).

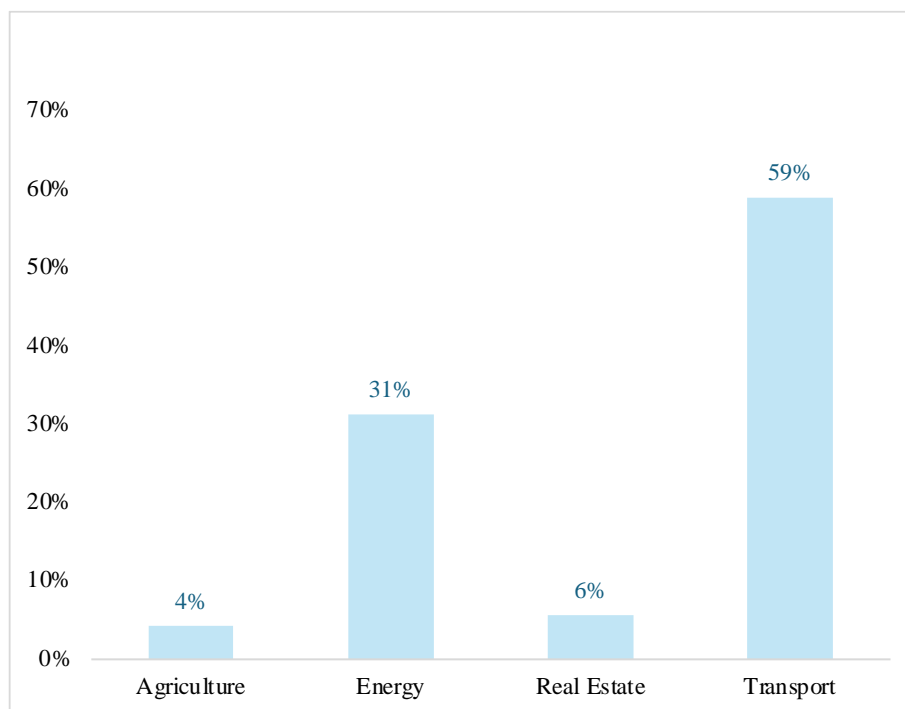
3.1.1. Foreign Direct Investment from China in Cambodia

Even though China has historically been a strong investor in Cambodia, Chinese investment in the country spiked in 2021, despite the possible downturn effects that the pandemic could have produced (Devonshire-Ellis, 2022). In fact, said year Chinese FDI to Cambodia grew 67% compared to the previous year, as investment amounted to \$2.32 billion in 2021 (Devonshire-Ellis, 2022). According to data from the World Bank, this figure represents more than half of the yearly inward FDI in Cambodia (2022). The following year,

2022, was of particular importance regarding the commercial relationship between Cambodia and China due to the effective entry of the FTA between both countries (Ministry of Commerce People’s Republic of China, 2024).

In regard to the sectors of Chinese investment in Cambodia, the most relevant are energy and construction projects. This latter sector has grown in importance ever since the birth of the Belt and Road Initiative, where infrastructure projects are given the spotlight (Calabrese et al., 2022). Such is the case that Cambodia makes the top-twenty list of countries with biggest amount of Chinese construction (Calabrese et al., 2022). Said construction tends to be linked with the transport sector, which accounts for almost 60% of overall Chinese investment in Cambodia. This has a clear link with the Belt and Road Initiative and its presence in the country, due to the importance that China has traditionally gave to boosting transportation systems in those countries on board with the BRI. In fact, some of the most important BRI projects in the country are closely related to the construction of transport infrastructure, such as the newly built Siem Reap International Airport.

GRAPH II: Chinese investment in Cambodia by sectors (2013-2023)



Source: Own elaboration from data by China Global Investment Tracker (2024).

Chinese interests behind the construction of foreign airports are rooted in a series of factors. Economically, these investments enhance trade routes, reduce transportation costs, and open new markets for Chinese goods, overall, largely benefitting China's export-led economic growth. Airports are also profitable, generating returns through passenger services, cargo handling, and retail concessions. However, strategically there may be different interests at lay. Controlling airports in key locations can increase China's geopolitical influence and provides leverage over international logistics. On another hand, investing in foreign airports strengthens bilateral relations, demonstrates commitment, and fosters dependency, translating into political support and increased influence, especially in developing countries, such as the case of Cambodia. Lastly, airports have dual-use potential for both civilian and military purposes, supporting China's global reach and strategic flexibility. In this regard, it is important to mention the growing rumors regarding the establishment of a Chinese military base in Cambodia (Meszaros, 2018). While not an official military base, China has helped fund Cambodia's Ream Naval Base, strategically located in the Gulf of Thailand which is a crucial area for maritime trade due to its proximity to the South China Sea and the Strait of Malacca (Pollock & Symon, 2023).

On another hand, the graph also shows a clear inclination towards investment in energy projects. A big number of these projects are strongly related to hydropower, with China being the number one investor in Cambodian hydroelectricity projects (Menon, 2023; Belt and Road Portal, 2023). Overall, as part of the Belt and Road Initiative, China has invested in seven hydroelectric dams in the country, becoming the largest investor in these sorts of electricity projects in Cambodia (Menon, 2023). These hydropower initiatives may have a positive enhance on Cambodian sustainable development, as they contribute to energy security, attract further investment, and create jobs. Moreover, they enhance access to electricity in the country, fostering community development and reducing urban-rural disparities, while also offering a renewable energy solution (Belt and Road Portal, 2023). While Chinese and Cambodian views regarding these projects tend to be favorable, Western skepticism has risen due to the creation of said dams. According to Western media, these dams, constructed in several Southeast Asian counties along the bays of the Mekong River, give China unprecedented leverage over these countries. Not only have they significantly damaged the ecosystems of the river, to which many of these countries, such as Cambodia, are dependent on, but they also give China excessive power by granting it management of water levels in these countries, due to China owning upstream dams since the Mekong River begins in China's Tibet's plateaus (Eyler, 2020).

Lastly, Chinese investment is somewhat focused on agriculture and real estate, which are sectors not only important for Cambodia's economy, but for its post-pandemic recovery and for the future sustainable development of the country (World Bank, 2023).

Overall, after having analyzed the main sectors receiving Chinese investment in Cambodia, it becomes evident that these are notably centralized, as there is not a wide range nor diversity in the projects to which Chinese investment is centered. Moreover, both of the most significant sectors receiving said investment (which account for 90% of total investments), are two strategically important sectors for China and for the ongoing development of Cambodia. While an optimistic approach to Chinese investment in these sectors will see it as extremely beneficial for the Southeast Asian country, Western scholars remain growingly wary and skeptical of it. Chinese FDI in Cambodia remains increasingly more important for the country, given that it represents more than 50% of overall IFDI received by the Southeast Asian country. Other nations sending OFDI to Cambodia include other Asian countries, such as the Republic of Korea, Singapore or Malaysia (Vanyuth, 2024). However, their investment is relatively small in comparison to that of China, with Korea (the second-largest investor) barely reaching a 10% of the overall inward investment in 2019, which significantly contrasts the surpassing of 50% offered by China (Ministry of Foreign Affairs and International Cooperation of the Kingdom of Cambodia, 2020).

3.2. Inward Foreign Direct Investment in Thailand

Thailand's 2022 net inflows of FDI were of \$11.23 billion (World Bank, 2023). This figure has been growing, ever since the infamous 1997 Asian financial crisis (World Bank, 2023). However, this growth has not been completely stable, and it has been clearly affected by other crises, such as the 2008 financial crisis, but especially by the Covid-19 pandemic (World Bank, 2023). Following this crisis, however, Thailand had managed to return to pre-pandemic levels of net FDI inflows by 2021 (World Bank, 2023). Such was Thailand's recovery in inward FDI that by 2023 the country received the most foreign investment applications since 2018 (Lloyds Bank, 2024).

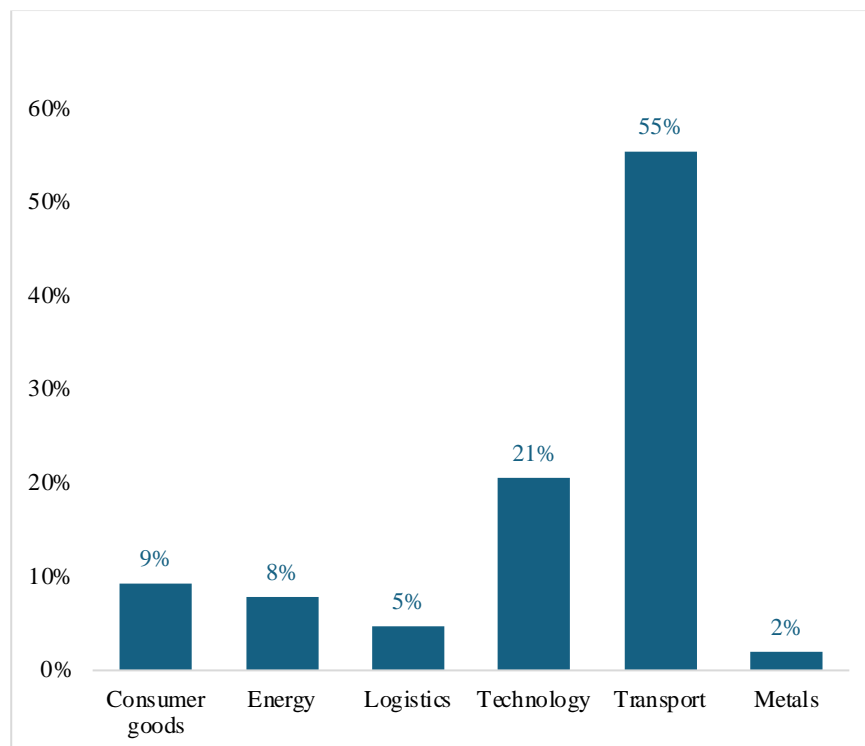
Historically, inward flows of FDI to Thailand have proved essential for the impressive growth of the country's economy, as proves the fact that by 2017, Thailand's share of inward FDI represented more than 50% of the country's GDP (OECD, 2021). Moreover, the Thai government is still heavily reliant on FDI for its sustainable development agendas looking into

the future, in spite of the decrease in inward FDI it has faced during the pandemic (OECD, 2021). An example of this, is the dependence on foreign investment for the ultimate goal of progressing from a middle-income country into a high-income country by 2037 (OECD, 2021).

3.2.1. Foreign Direct Investment from China in Thailand

China became Thailand’s primary foreign investor in 2023 (Daye, 2024). This soaring of Chinese investment in Thailand can also be seen in the number and value of investment applications. China applied to invest in more than four hundred projects comprising a value of around \$7.4 billion, representing a 39% of the combined value of all foreign investment applications (Lloyds Bank, 2024). This shows a clear shift in the global arena, since up to 2017, Thailand’s top global investors included the United States, Japan and Singapore, and China was down to sixth, according to data from the OECD in the Bank of Thailand (2021). As has repeatedly been mentioned, following a decrease in Chinese FDI in Singapore, as well as a larger spread of the Belt and Road Initiative (which is relevant to remember Thailand only joined in 2017), other member countries of ASEAN begun receiving more Chinese FDI, as is the case with Thailand.

GRAPH III: Chinese investment in Thailand by sector (2013-2023)



Source: Own elaboration from data by China Global Investment Tracker (2024).

In regard to the sectors which receive larger amounts of Chinese investment, it is crucial to mention the transport sector, which is currently the receiver of more than half of the total Chinese FDI from 2013-2017. As to this sector, it is important to mention the construction of transport infrastructures (many of which are accredited BRI projects), such as the ongoing construction of the China-Thailand high-speed railway meant to connect Thailand with Laos and China, to promote further Southeast Asian and East Asian connectivity and integration (Meng, 2023).

Another example of transport infrastructure projects carried out by Chinese investment, include a recently announced megaproject in the Ranong and Chumphon provinces of Southern Thailand consisting of the construction of deep-sea ports and a land bridge linking the Indian Ocean with the South China Sea. While still in a negotiation phase, said project would ease trade across the Strait of Malacca, currently one of the biggest geopolitics hotspots due to its importance in global trade (Ehrlich & Crispin, 2024). The announcement of said projects, especially Thailand's interest in it being carried out by China, is particularly surprising due to the negative narrative which had been deepened in regard to Chinese infrastructure projects in the country. The forementioned railway has been marked by long delays and a growing unpopularity regarding Chinese workers on said sites, which, overall, deepened negative opinions about the BRI within Thai policy workers (Sawasdipakdi, 2021). Thus, the Thai desire for major Chinese investment regarding these projects in Southern Thailand showcase a slight shift in these negative views.

China, on another hand, has various interests in investing in a trade and shipping link between the Thai provinces of Ranong and Chumphon, creating an alternative to the Strait of Malacca. Strategically, this alternative route would reduce China's vulnerability to disruptions in the heavily trafficked and narrow Strait of Malacca, a critical chokepoint for global trade. Economically, it would possibly offer a more efficient and cost-effective route, decreasing transit times and boosting trade efficiency. Most importantly, by diversifying its trade routes, China would ensure more resilient supply chains, mitigating risks from geopolitical tensions, piracy, or natural disasters, prone in the area. Furthermore, this project would enhance China's energy security by safeguarding crucial energy imports and provides logistical flexibility for military operations, contributing to China's broader strategic interests in Southeast Asia.

Another aspect in which China has publicly held investments in Thailand's transport sector is in the development of Thai electrical vehicles (Lloyds Bank, 2024). Increasing the annual electric vehicle manufacturing to 30% by 2030 is one of Thailand's biggest sustainable

development aims, and to be able to carry it out, the Southeast Asian nation has signed numerous contracts with some of the biggest Chinese producers of said vehicles, such as, BYD or Foxconn (SKAGGS et. Al, 2024). These negotiations for Chinese companies to increase their investment in Thailand, however, did not garner as much international preoccupation as some of other Belt and Road projects carried out in the region, due to the fact that the electric vehicle sector does not have the geostrategic relevance as, for example, the construction of dams along the downside of the Mekong river or as the creation of alternative route to the Strait of Malacca. However, the investment that these Chinese firms are proposing to Thailand has the ability to further reach Thailand's 2030 sustainable objectives, which, will have an overall positive income in a country, which according to the Air Quality Life Index, accounts for some of the most polluted cities in the world (2020).

Following on with Graph III, it becomes evident that, beyond the transport sector, Chinese investment in Thailand is not nearly as centralized as it is in Cambodia. It remains clear that Chinese investment is more diversified in this case, as there are many other numerous sectors receiving Chinese funds. In this sense, however, it is crucial to mention investment in technology. While not receiving a huge amount of investment, as Cambodian sectors for instance, it is relevant to mention it due to its strategic environment. As to technology, it is said that, as part of the BRI, the Chinese multinational company Huawei, will be investing in the Southeast Asian country as main developer of the national 5G network (Chivvis et. Al, 2023). In contrast to the development of EVs, the big possibility of Huawei developing Thailand's 5G network did arise a series of concerns for Western nations. Huawei's development of 5G networks in developing nations is worrying for Western countries due to security risks and concerns regarding the Chinese enterprise. Moreover, there are a series of concerns due to potential loss of technological dominance and increased Chinese geopolitical influence. Thailand is not the first country to announce that the Chinese firm is the biggest bidder pursuing 5G in the country, and the spread of international 5G networks carried out by Huawei is seen as a threat by many nations. For China, however, this partnership represents economic opportunities, strategic leverage, and a path to technological leadership. Finally, for Thailand, who is hoping to become the first Southeast Asian nation with fully developed 5G networks, this is seen as a major opportunity to modernize its growing country and pave the way for full-scale digitalization.

Overall, it has been seen that Chinese FDI in Thailand is mostly catered around the transport section, which holds a very relevant place not only for the further development and

modernization of the country, but also for the integration, connectivity and access along the entirety of the region due to Thailand's strategic location. However, it has also been appreciated that while Thai policy workers have had skepticism in the past, regarding Chinese FDI, there are ongoing signs that this skepticism is fading, as Thailand is counting on China in strategic projects and developments of the country which has taken China to becoming the number one foreign investor in the Southeast Asian country. This being said, Chinese investment in Thailand is lower than in neighboring countries and is more scattered in regard to its presence along sectors of the Thai economy. While there are certain projects which attract and will continue to attract Western concerns, Thailand has traditionally tended to opt out of Chinese investment in areas of security concerns or key sectors of the Thai economy.

4. Chinese Diaspora

The term 'Chinese Diaspora' is typically used to refer to those people who are and identify as Chinese but do not reside in China (Goodkind, 2019). Chinese migration historically grew significantly during the 19th century following a newly established right under the Qing Dynasty which allowed Chinese citizens to leave China (Gómez Díaz, 2007). Since then, migration from China has grown exponentially. In fact, the number of Chinese living overseas doubled between 1990 and 2017 (Goodking, 2019). Nowadays, China has some of the biggest rates of migration and has become the top receiver of international remittances (Goodking, 2019). In terms of regional trends, ASEAN is the region of the world with the largest number of overseas Chinese, as "more than 73% of the world's overseas Chinese live in ASEAN countries" (Wang et al., 2017).

There are numerous papers from Western scholars, institutes and governments reporting how Beijing may be making use of the millions of overseas Chinese to exert certain influence on other countries. Recently, these papers have risen their concerns due to the increase in power of the United Front Work Department (UFWD) (Kurlantzick, 2023). The UFWD is a Chinese organization which traditionally treated and managed the Chinese diaspora. However, since coming to office, Xi Jinping has expanded the powers of the organization so that Western powers feel that it now has much more leverage to promote Chinese interests abroad (Kurlantzick, 2023). Given this increase in concern for the potential influence that overseas Chinese may or may not have in recipient countries, it is important to

understand the level of influence that the Chinese diaspora is currently having in Cambodia and Thailand.

4.1. Chinese Diaspora in Cambodia

According to the latest data available published by the Cambodian Interior Ministry, in 2019 there were more than 250,000 Chinese nationals living in the Southeast Asian country (representing around 60% of all foreign residents living in Cambodia) (Tann, 2019). This figure has been steadily growing since 2013 due to the increasing presence of the Belt and Road Initiative (Tann, 2019). In fact, the biggest hubs of Chinese workers in Cambodia are those cities with bigger BRI projects being undertaken, the best example of this being Sihanoukville (Ellis-Petersen, 2018).

As has been already stated, China, under the Belt and Road, has pursued a massive reform project in the city of Sihanoukville, converting it from a beach town into a big casino-filled metropolis (Ellis-Petersen, 2018). To fulfill said project in the city, major Chinese construction and electricity companies had to be deployed (Ellis-Petersen, 2018). This allowed for a massive increase in the presence of Chinese workers in the city. In fact, it is currently estimated that around 20% of the city's population is made up by Chinese nationals (Ellis-Petersen, 2018). However, Sihanoukville is not the only Cambodian city to have seen a spike of Chinese workers due to BRI projects. The country's capital Phnom Penh and the tourist capital of Siem Reap have also experienced an increase due to other important BRI projects underway such as the construction of airports or highways (Ellis-Petersen, 2018).

Regarding Cambodian opinion of such inflow of Chinese workers, it is interesting to note the skepticism that Cambodian workers portray, at least according to international press (Keeton-Olsen & Yuan, 2019). There have been numerous popular complaints regarding the loss of opportunity to boost employment in Cambodia with BRI projects given that most of the workforce of these projects is traditionally Chinese (Tann, 2019). These complaints dwell further due to the fact that such an increase in Chinese presence has catalyzed an increase in Chinese restaurants, hotels and garment businesses, creating what Cambodians believe to be a vicious circle where all money is reinvested in Chinese enterprises (Ellis-Petersen, 2018). Moreover, in the specific case of Sihanoukville, Chinese citizens live completely isolated from their fellow Cambodian workers creating a chasm which only fuels the Cambodian resentment of the Chinese given their higher salaries and what they view as an invasion of their town

(Keeton-Olsen & Yuan, 2019). The Chinese press has tended to critique this international media narrative, claiming it to be used as part of the “information warfare” against China (Kent, 2021).

Insite of possible divisions between Chinese and Cambodian workers, it is important to mention that during the last few decades, Chinese culture has steadily inserted itself within the Southeast Asian nation. In 2009, the first Confucius Institute was inaugurated in Cambodia and for ten years it remained the only one in the country (Rany, 2024). However, since 2019, three new institutes have been opened in various universities along the country (Rany, 2024). Confucius Institutes are funded by the Chinese government and foster the promotion of the Chinese language and its culture, which is why the sudden increase from one to four remains symbolic (NATO Strategic Communications Center of Excellence, n.d.).

On top of the diffusion of Confucius Institutes, it is also relevant to note the signing of a memorandum of understanding between both governments in 2022 making the study of the Chinese language mandatory as part of the school curriculum (Gerin, 2022). This is crucial for the understanding of the intrusion of Chinese influence in Cambodia. Following China’s rise in power and influence in the international arena, Mandarin has become an incredibly useful soft power for China, which is why the compulsory study of the language in Cambodia remains so significant (Ifeanyi Odinye, 2018).

Lastly, due to the growing presence of Chinese culture in Cambodia, Cambodian media outlets have also witnessed an increase in Chinese statal media enterprises in their country. The Cambodian media sector suffered an important blow in public trust in 2017 when the Cambodian’s People Party started exerting major control over information to secure the elections (Loomis & Holz, 2020). Following this upheaval in the Cambodian media sector, Chinese statal news outlets seized the opportunity to displace international media companies that that were suffering from such political control (Loomis & Holz, 2020). Since then, China has inserted itself as the biggest foreign media provider of Cambodia, appealing to Cambodians by broadcasting in the Khmer language in their state-run outlets, but also investing in national Cambodian pro-government media actors (Loomis & Holz, 2020).

4.2.Chinese Diaspora in Thailand

The Chinese diaspora in Thailand is one of the most significant ones in the world. As of 2022 Thailand was the second country with the largest amount of overseas Chinese, only

surpassed by Indonesia (OCAC, 2022). According to the data provided by the Overseas Community Affairs Council, in 2022 there were more than 7 million overseas Chinese living in Thailand, which, taking into consideration Thailand's total population of 71 million, means that almost 10% of the whole Thai population is Chinese (OCAC, 2022).

The notable presence of overseas Chinese in Thailand dates back through history and is incredibly engrained in Sino-Thai bilateral relations (Skags & Stephens, 2024). Waves of Chinese workers going to Thailand have been recurrent since the 1970s, with a big proportion of these having fully assimilated to the Thai community (Skags & Stephens, 2024). Many of these Sino-Thai are involved with major Thai businesses, and it is many of them who advocate for granting the Belt and Road Initiative a bigger role in Thailand to deepen business ties with China (Skags & Stephens, 2024). On top of this, Thailand has already had numerous prime ministers with Chinese ancestors (Skags & Stephens, 2024).

As to the immersion of Chinese culture in Thailand, a very characteristic approach of Chinese influence has been the inclusion of Chinese state-owned media in the country. These state Chinese media businesses have reached numerous agreements with their Thai counterparts in the last couple of decades to supply free Chinese media content throughout Thailand (Skags & Stephens, 2024). Interestingly, the broadcasting of these media outlets is done both in English and in Thai, as well as in Chinese, in order to reach the totality of the Thai population, and thus, serve as an important tool to counterbalance the traditional predominance of Western media (Skags & Stephens, 2024).

As with the case of Cambodia, it is relevant to mention the affluence of the Chinese language in Thailand. Historically, the Thai government perceived the spreading of Chinese as a threat to a unified Thai culture. However, in recent years this has changed and Thai people now view Chinese as an important business language and a lingua franca for the region (Zhou, 2021). This has catalyzed the flourishing of Chinese language schools, which had previously been forbidden (Zhou, 2021). Nowadays, Thailand is the Southeast Asian country with the largest number of Confucius Institutes, with sixteen of them established along the country (Skags & Stephens, 2024). On top of these, China counts with twenty-one Confucius Classrooms located in local Thai schools (which serve the same purpose as CIs but are established in schools rather than in universities) (Skags & Stephens, 2024). With this impulse, Chinese has become the number one elective foreign language taught in Thai schools and there is a growing number of Chinese-curriculum international schools in the country (Bangkok Post, 2023).

5. Chinese cooperation and development

When analyzing how engrained Chinese influence is in the countries being studied, it is relevant to take into consideration Chinese foreign aid in them. Foreign aid has long been understood as an important soft power tool “to improve diplomatic relations with recipient governments, increase support for specific policy positions and more generally ‘shift public opinion in a way likely to leave [donors] safer from transnational threats and more able to obtain cooperation from the countries to which they send foreign aid” (Dietrich, Mahmud & Winters, 2017 in Blair, et. al, 2022).

Since China’s entrance in the international arena as an emerging power, the country has increased its spending in foreign aid, and, as with every other donor country, its allocations tend to pursue strategic objectives (Toettoe, 2023). However its economic growth, China has remained categorized as a *developing* country, and it uses said definition to bond with other developing countries over such a similarity. In fact, in the latest Chinese foreign aid policy, published in 2021, the document begins reinstating this fact and appealing to the Chinese wish of supporting every other developing country (State Council Information Office of the People’s Republic of China, 2021).

Regarding the 2021 Chinese strategy for international cooperation and development, it is endorsed both around China’s international history and a Chinese approval of globalization (State Council Information Office of the People’s Republic of China, 2021). According to the strategy, China has five big approaches towards cooperation and development: “(i) Promoting a global community of shared future is the mission of China’s international development cooperation: (ii) Pursuing the greater good and shared interests, with higher priority given to the former, is the underlying guideline; (iii) South-South cooperation is the focus; (iv) Belt and Road cooperation is a major platform; (v) Helping other developing countries to pursue the UN 2030 Agenda for Sustainable Development is a key goal” (2021). Given that the Belt and Road Initiative is a main point in its own, and taking into consideration that engaging in South-South cooperation is another of the primary approaches within the Chinese cooperation strategy, it is inevitable to draw a connection with how China endorses cooperation and development in ASEAN countries via the Belt and Road Initiative.

5.1. Chinese cooperation for development in Cambodia

The current Cambodian development strategy is embedded in the National Development Strategy Plan 2019-2023, which sets the development objectives for the set timeframe, and in the Development Cooperation and Partnership Strategy (DCPS) which establishes guidelines for Cambodia's relationships with its partners (Royal Government of Cambodia, 2019).

Chinese foreign aid to Cambodia can be dated as far back as 1956, when the Chinese government began offering important grants to the Cambodian government (Ny, 2022). Nowadays, even though China still offers significant grants, the BRI has shaped Chinese aid and it is also granted in the form of hard and soft infrastructure, particularly for construction (Ny, 2022). This is of great interest to the Cambodians, who stated in their National Strategic Development Plan for 2019-2023 that infrastructure is one of the biggest priorities for the country, and that to accomplish it, they require large sums of aid and investment (Ny, 2022).

Within the 2021 Chinese cooperation and development strategy, Cambodia is mentioned more than a dozen times. Most of these mentions regard well-known Belt and Road projects carried out in Cambodia, which China consider as part of their cooperation and development approach, as was already stated. Regarding this, the latest Chinese policy claims China is cooperating with Cambodia in its development of necessary infrastructure, such as highways or bridges (State Council Information Office of the People's Republic of China, 2021). On top of this, the strategy also argues that through the construction of this infrastructure, China is also achieving its South-South Cooperation goal, given that it is connecting Cambodia with its Mekong neighbors.

Another way in which the BRI is used as a cooperating and development tool, according to China, is that the initiative is being used to 'build air transport hubs' (State Council Information Office of the People's Republic of China, 2021). In its strategy, China states the growing relevance of air travel and China's aid in building notable airports in Cambodia, such as the one in Siem Reap, promotes a sense of security and development in the country, as well as being a promoter of the country's economy by boosting tourism and trade (2021). Finally, the policy mentions Chinese help, also through the BRI, in its support in constructing medical facilities across the country to promote and boost public health in developing countries, such as Cambodia (2021).

Besides the aid in cooperation and development within the framework of the BRI, the official document also states other ways of Chinese cooperation and development with

Cambodia. Firstly, a big area in which China is cooperating with Cambodia is in the training field. The policy makes mention of diverse Chinese projects of training different technicians across many sectors, such as the field of agriculture, for instance (State Council Information Office of the People's Republic of China, 2021). The agricultural sector is of vital importance for Cambodia given its relevance in the economy, as is food and water security, and beyond the training, China has also helped with the development of irrigation systems across the country as well as with agricultural planning to stabilize rice production, the most important crop of the country (State Council Information Office of the People's Republic of China, 2021). Other sectors which have received similar sorts of aid include healthcare, scientific investigation or digitalization (2021).

On top of training programmes, according to the Chinese State Council Information Office, China has been involved in numerous restoration projects in the ancient city of Angkor Wat to preserve cultural relics (2021). Furthermore, the country has supported Cambodia by advocating for the pursuit of the UN 2030 Agenda. Examples of this support can be seen in multiple Chinese projects for the creation of maternal and childcare sites; its boost of poverty alleviation programs around local Cambodian villages; a steady promotion of vocational education; or through the establishment of a South-South Climate Cooperation Fund to address climate change (State Council Information Office of the People's Republic of China, 2021).

5.2.Chinese cooperation for development in Thailand

Over the last decade, Thailand's economic growth has meant a shift in the country's status from recipient to donor of Official Development Assistance. Following Thailand's Ministry of Foreign Affairs latest data, Thailand offered around \$13.7 million in ODA in 2018 (Thailand Ministry of Foreign Affairs, n.d.). The vast majority of this aid was given through bilateral cooperation programs and training courses, along fifteen different countries in four regions of the world (Thailand Ministry of Foreign Affairs, n.d.). Understandably, the predominant region receiver of Thai aid is Southeast Asia, in particular, the countries to have benefited the most out of this aid have been Cambodia, Laos and Myanmar (Thailand Ministry of Foreign Affairs, n.d.).

Having understood Thailand's role as a donor of ODA, it is still important to mention that even though the country's status has changed, it is still a receiver of certain kinds of foreign aid. Even if small, particularly in comparison to Cambodia, Thailand does still have ties to

foreign aid as a recipient. As such, it has continued to receive aid in the form of technical assistance, especially related to science and technology (Thailand Ministry of Foreign Affairs, n.d.). Overall, Cambodia's biggest donors include Japan, the United States and Germany, with China not making an appearance in the top ten (Thailand Ministry of Foreign Affairs, n.d.).

China's small involvement in cooperation and development in Thailand is also showcased in the 2021 Chinese cooperation and development policy in which Thailand is never mentioned (State Council Information Office of the People's Republic of China, 2021). The data provided by the Thai Ministry of Foreign Affairs, however, does claim that its country receives Chinese aid as part of a technical cooperation agreement in the matter of technology and innovation, however it is not as notable as the aid provided by Western powers (n.d.). This cooperation works via the technology cooperation agreement signed by both governments in 2013 and still in place. Through this agreement, China has helped boost four key projects: the China-Thailand High Speed Rail Joint Research Center, the Remote Sensing Satellite Data Sharing and Service Platform, the China-Thailand Technology Transfer Center, and the China Thailand Youth Scientists Exchange (Embassy of the PRC in Thailand, 2023). Furthermore, cooperation in this department deepened in 2023 when, following the ten year anniversary of the technology cooperation agreement, both governments signed a MOU to implement a Science and Technology People to People Exchange Plan (Embassy of the PRC in Thailand, 2023).

In conclusion, Cambodia's economy demonstrates a significant dependency on China, largely due to extensive Chinese investments and aid through initiatives like the BRI. This relationship has fostered substantial infrastructure development, economic growth, and social projects, positioning China as a key partner in Cambodia's development strategy. However, this reliance also brings concerns about economic sovereignty and the potential for increased Chinese influence over Cambodia's internal affairs. In contrast, while Thailand benefits from similar Chinese investments and trade partnerships, its more diversified economy and broader range of international partnerships provide a buffer against overreliance on any single country, enabling it to maintain a more balanced and resilient economic stance in the region.

6. Conclusions

6.1. Main findings

This paper has granted insight into two different models within the Southeast Asian subcontinent and their regard for the Belt and Road Initiative and the power of influence that China has within the region. Following my analysis, it has been shown how Chinese influence in the region has grown over the recent decade as part of the Belt and Road Initiative. This has been shown to happen along various sectors, including in Chinese presence abroad, a growing Chinese leverage due to an increase in cooperation for development in the region, but, most importantly and evidently due to a clear spike in investment in the Southeast Asian region.

While Thailand has indeed also experienced a notable growth of Chinese presence in the region, the case of Cambodia is clearly much more pronounced and is cause for concern among several aspects. The close comparison between Cambodia and Thailand showcases how Cambodia is becoming significantly more reliant on China among many of society's sectors. Within the influence that China has over this Southeast Asian nation it is remarkable to mention how the Chinese diaspora in Cambodia has clearly picked up since the establishment of the Belt and Road. The growing presence of Chinese nationals in the country has already begun altering Cambodian cities, school curriculums, media outlets and information and Cambodian local businesses, which have suffered an important blow from this growth. While one could argue that Thailand also accounts with impressive presence of Chinese citizens in the country, what remains important about the Cambodian case is how this has spiked due to the BRI and heavily increased in recent years, which significantly contrasts with Thailand's stable and historical presence of Chinese influence.

Furthermore, regarding cooperation and development, it has also been proved how Cambodia is risking overdependence on China and how this compares to Thailand. Cambodia depends significantly more on Chinese cooperation and development than Thailand, primarily due to its smaller, less diversified economy and greater need for external investment in key sectors such as infrastructure, agriculture, and healthcare. China's involvement in Cambodia includes substantial grants, loans, and direct investments under the Belt and Road Initiative (BRI), which have financed vital projects like highways, bridges, airports, and special economic zones. This heavy reliance on Chinese aid makes Cambodia vulnerable to economic and political influence from China, potentially compromising its sovereignty and limiting its ability to independently navigate its development path.

However, the most important aspect to mention when understanding how Cambodian dependence on China has grown in recent years is that of Chinese FDI in the country. This FDI has also gained momentum from the inclusion and acceptance of Cambodia as part of the Belt

and Road Initiative. This paper's findings suggest that Chinese investment in Cambodia is notably centralized around increasingly significant sectors of the Cambodian economy, particularly, the energy, transport and agriculture sectors. China has also gained impressive significance for Cambodia in this aspect, as it has managed to position itself as the number one main investor to the country, contributing with more than half of the overall Cambodian IFDI. This has a major connotation for a country with a vulnerable economy, such as Cambodia, which is still en route to recovery following the Covid-19 pandemic. In this regard, it is possible to say that Cambodia is indeed nearing overdependence from China, especially in economic terms, which could worry the international arena and in particular Western scholars. On top of investing in sectors of notable importance for the Cambodian economy, China is also investing in certain sectors which could bring further leverage for the country and are indeed, perhaps even more, preoccupation. The biggest example of these investments is the development of a Cambodian naval base in the shores of the Southeast Asian country, with unofficial statements suggesting that it may actually become China's first foreign military base in the Asian continent.

Regarding whether or not there are any lessons to be learnt from Thailand by Cambodia, my findings suggest that there are fewer than initially anticipated. While Thailand has managed to farther distance itself from Chinese influence over recent years, it is still vulnerable to strategic Chinese investments. Due to Thailand's larger, more stable economy than that of Cambodia, the country is indeed less dependent on Chinese investment and finance via cooperation or development. Furthermore, the country's recent struggles with Belt and Road projects, as well as growing animosity in the South China Sea struggle, suggested that Thailand would be less interested in projects from the BRI. However, recent announcements suggest the contrary, as China is looking into investment in Thailand in crucial sectors, not only for the country, but for the region's interconnectedness as well. This being said, regarding Thailand, Cambodia could follow through with its decentralization of Chinese investment in order to avoid a domination and heavily reliance on Chinese aid for the maintenance and development of certain sectors of strategic importance for the economy. On top of that, it is interesting to point out how Thailand does accept Chinese investment but is particularly keen on accepting it in projects with fewer future consequences of dependence and strategic reliance, such as the accepted investment on the manufacturing of EVs, which, while boosting the country towards further sustainable development and reducing costs of creation of said vehicles, proves relatively benign.

6.2. Future outlook

Overdependence of Cambodia on China could have several profound effects across multiple dimensions, impacting Cambodia itself, China, the Southeast Asian region, and international relations overall. For Cambodia, this overreliance translates to economic vulnerability and potential political influence. With a significant portion of Cambodia's infrastructure and development projects funded by Chinese investments and loans, any economic fluctuations or policy shifts in China could have direct and severe repercussions on the Cambodian economy. Additionally, the reliance on Chinese financial support might lead to a situation where Cambodia faces difficulties in repaying its debts, risking a debt trap that could compel the country to make strategic concessions to China, such as leasing land or strategic assets, such as occurred during the forementioned Hambantota case in Sri Lanka.

From China's perspective, this dependency on the part of Cambodia provides considerable strategic leverage. China can use its economic influence to further its geopolitical goals, securing vital trade routes and possibly establishing military bases within Cambodian territory. This influence extends to economic advantages as well, ensuring a steady market for Chinese goods and services and securing access to essential natural resources. Moreover, China's role in aiding Cambodia's development bolsters its image and soft power in the region, promoting its model of governance and economic growth as an alternative to Western paradigms.

In the broader Southeast Asian region, Cambodia's increasing reliance on China could heighten geopolitical tensions and impact regional stability. Other ASEAN member states might view the growing Chinese presence in Cambodia as a threat to the regional balance of power. This is particularly pertinent in the context of the South China Sea, a region already fraught with territorial disputes. China's strategic foothold in Cambodia could enhance its ability to project power into the South China Sea, exacerbating tensions with other claimants like Vietnam, the Philippines, and Malaysia, and potentially leading to regional instability. Furthermore, this overdependence might weaken ASEAN cohesion, as differing national interests and allegiances to China could create rifts within the organization.

Finally, on the global stage, Cambodia's reliance on China reflects broader shifts in global power dynamics, illustrating China's rising influence in developing countries and challenging Western dominance. This scenario could prompt countries like the United States and European nations to reassess their foreign policies towards Cambodia and the broader

Southeast Asian region, potentially increasing diplomatic and economic efforts to counterbalance Chinese influence. Additionally, international financial institutions and other nations might reconsider their economic policies and aid programs in the region to mitigate China's monopolistic influence. Overall, Cambodia's overdependence on China has far-reaching implications, affecting its own economic and political landscape, regional stability in Southeast Asia, particularly concerning the South China Sea, and altering global power dynamics and international relations.

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