



Delhi Policy Group

Advancing India's Rise as a Leading Power



POLICY BRIEF

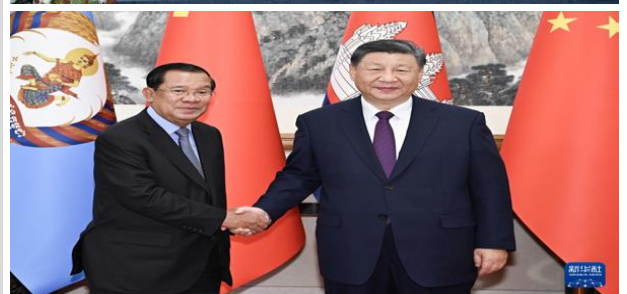
Taking Stock of China's BRI in Southeast Asia

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Cover Photographs:

Chinese President Xi Jinping meeting Malaysian Prime Minister Anwar Ibrahim at the Great Hall of the People in Beijing, on March 31, 2023. Source: [Prime Minister's Office of Malaysia](#)

Former Indonesian President Joko Widodo pressing a button signifying the official operation of the Jakarta-Bandung High-Speed Railway (HSR) during a ceremony at Halim Station in Jakarta, Indonesia, on October 2, 2023.

Source: [Belt and Road Portal](#)

President of the People's Republic of China, Xi Jinping, held talks with Chairman of the Cambodian People's Party and Chairman of the Senate, Hun Sen, at the Diaoyutai State Guesthouse in Beijing, on December 3, 2024.

Source: [Ministry of Foreign Affairs of the People's Republic of China](#)

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Taking Stock of China's BRI in Southeast Asia

by

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Introduction

China's Belt and Road Initiative (BRI) (一带一路)¹ is a grand strategy aimed at connecting China to Asia, Africa, and Europe through land and maritime networks. The initiative was proposed by China's leader, Xi Jinping, in late 2013. Xi first introduced the concept of the Silk Economic Belt (the Belt) during his visit to Kazakhstan, in September 2013, followed by the 21st Century Maritime Silk Road (the Road) during his visit to Indonesia, in October 2013. The BRI was hence initially referred to as the 'One Belt, One Road' Initiative.

The BRI is structured around a framework that includes "six corridors, six routes, and multiple countries and ports," creating a multi-tiered and multi-dimensional infrastructure network.² This initiative encompasses various components, including a Maritime Silk Road, a Digital Silk Road, a Polar Silk Road, and six economic corridors: the New Eurasian Land Bridge, the China-Central Asia-West Asia Corridor, the China-Pakistan Economic Corridor, the Bangladesh-China-Myanmar Corridor, the China-Mongolia-Russia Corridor and the China-Indochina Peninsula Corridor. To date, nearly 147 countries have signed Memorandums of Understanding with the Chinese government to participate in the BRI (however, two countries have recently exited the BRI)³.

At the tenth anniversary of BRI, the cumulative Chinese engagement through BRI crossed the US\$ 1 trillion mark, with US\$ 634 billion in construction, and US\$ 419 billion in non-financial investments.⁴ Additionally, the Ministry of Commerce (MOFCOM) of China reported that between January and October 2023, Chinese enterprises made approximately US\$ 25.85 billion in non-

¹ "Belt and Road Initiative (BRI)" The European Bank for Reconstruction and Development, <https://www.ebrd.com/what-we-do/belt-and-road/overview.html>

² "The Belt and Road Initiative: A Key Pillar of the Global Community of Shared Future". The State Council Information Office of the People's Republic of China, October 2023. <http://www.beltandroadforum.org/english/n101/2023/1010/c124-895.html>

³ Nedopil, Christoph. "Countries of the Belt and Road Initiative"; Shanghai, Green Finance & Development Center. 2025. www.greenfdc.org

⁴ "China Belt and Road Initiative (BRI) Investment Report 2023". Green Finance and Development Center, February 5, 2024. <https://greenfdc.org/china-belt-and-road-initiative-bri-investment-report-2023/?cookie-state-change=1741243475833>

financial direct investments in countries along the Belt and Road. This represents a year-on-year increase of 20.1%.⁵

Despite the substantial investments made over the past twelve years, there continues to be a divergence of views regarding the BRI and China's underlying motives. China constantly advocates that the BRI is meant for the establishment of a "global community of a shared future,"⁶ reflecting the ethos of the ancient Silk Roads. However, many analysts and observers emphasise the strategic advantages this initiative provides to China. They see this as an expertly designed blueprint to integrate China's markets, gain access to raw materials, utilise excess domestic capacity, strengthen China's periphery, gain strategic military access in the maritime domain, and enlist "all-weather friends". Under the framework, state-owned Chinese banks are extending loans at notably low interest rates, occasionally below prevailing market rates, resulting in numerous countries, including along India's periphery, falling into a debt trap. Over time, China has been systematically acquiring ports, establishing banking institutions, and providing financial support for various projects. This pattern of investment is cultivating an infrastructure and logistics framework that is increasingly dependent on Chinese capital, thereby raising significant concerns among countries and analysts regarding the implications of such dependency.

BRI in Southeast Asia

One of the flagship corridors associated with the BRI is the China-Indochina Peninsular Corridor (CICPEC). This corridor extends from China's Pearl River Delta, proceeding westward along the Nanchong-Guang'an Expressway and the Nanning-Guangzhou High-speed Railway.⁷ It passes through Nanning and Pingxiang, reaching destinations in Hanoi and Singapore. Among the 11 Southeast Asian countries, 10 have entered memorandums of understanding concerning the BRI.⁸ The corridor encompasses a land bridge that links China with the Indochina Peninsula, covering the central regions of Vietnam, Laos,

⁵ "China's investment and cooperation with countries co-building the "Belt and Road" from January to October 2023". The Ministry of Commerce (MOFCOM), November 27, 2023. <http://m.mofcom.gov.cn/article/tongjiziliao/dgzz/202311/20231103456787.shtml>

⁶ "The Belt and Road Initiative: A Key Pillar of the Global Community of Shared Future". The State Council Information Office of the People's Republic of China, October 2023. <http://www.beltandroadforum.org/english/n101/2023/1010/c124-895.html>

⁷ "What are six economic corridors under Belt and Road Initiative?". The State Council Information Office of the People's Republic of China, August 2020. http://english.scio.gov.cn/beltandroad/2020-08/04/content_76345602.htm

⁸ "Countries of the Belt and Road Initiative (BRI)". Green Finance & Development Centre. <https://greenfdc.org/countries-of-the-belt-and-road-initiative-bri/>

Cambodia, Thailand, Myanmar, and Malaysia. It is anticipated that this initiative will enhance China's collaboration with ASEAN member states. The CICPEC project is designed to improve connectivity in the region through a comprehensive network of railways and highways, thereby facilitating the flow of people, goods, capital, and information. Additionally, this region plays a vital role in realising the BRI's Maritime Silk Road, which seeks to link China's coastline with South Asia, the Middle East, and Europe through the South China Sea and the Indian Ocean.

The CICPEC initiative is perceived as a vital opportunity for enhancing local infrastructure in Southeast Asia, which requires substantial investment. Consequently, numerous countries have aligned their development strategies with the BRI. For instance, Indonesia aligned its development strategy "Global Maritime Fulcrum" with the BRI, and so has Cambodia with its "Four Corners" Strategy, and Laos with its "Land-linked Countries" development plan. Recently, during Malaysian Prime Minister Anwar Ibrahim's first official visit to China on April 1, 2023, Anwar not only restated Malaysia's support for the BRI but also endorsed the Chinese concept of "Community of Shared Future"⁹.

Under the framework of the BRI, China has provided financial support for noteworthy infrastructure projects through its state-owned banks and sovereign wealth funds while promoting foreign direct investment (FDI) initiatives by Chinese enterprises in these nations. These efforts facilitate the establishment of a comprehensive network that includes transnational economic corridors, multimodal land and maritime routes, oil and gas pipelines, and electrical grids. The new connectivity corridors are coming up as China seeks to link its western provinces to the Bay of Bengal and the Indian Ocean. These corridors have the potential for creating future security challenges for India, Japan, Australia and the United States. There is a growing urgency for the four countries to cooperate in ensuring the security of SLOCs and vital choke points for international shipping in the Eastern Indian Ocean, where China is trying to strengthen its maritime and military ties with Myanmar, Sri Lanka and Bangladesh. The strategy is to build dependencies in these countries through the BRI.

From the perspective of China, it is frequently articulated that this extensive infrastructure not only aids China in fulfilling its strategic objectives but also

⁹ Bing, Ngeow Chow. "How Will Prime Minister Anwar Ibrahim Advance Malaysia's Belt and Road Cooperation with China?". RSIS, February 14, 2025. <https://rsis.edu.sg/rsis-publication/idss/how-will-prime-minister-anwar-ibrahim-advance-malaysias-belt-and-road-cooperation-with-china/>

assists participating countries in mitigating the geopolitical risks associated with dependence on singular trade routes.¹⁰

The ambitious BRI initiative goes beyond cultural and economic diplomacy. Although many countries have given mixed reviews, some highlighting that this strategy has forced them to choose between China and the United States, it is evident that the initiative aims to achieve China's strategic goals rather than those of the other participating countries in the region.

China faces what is known as the 'Malacca Dilemma', a challenge rooted in geography that highlights the vulnerabilities of East-West trade routes for China within the Indian Ocean, particularly at critical chokepoints. With its potential to establish a transcontinental passage like the CICPEC, the BRI offers a way to connect China to multiple countries, potentially circumventing this dilemma. The 'Malacca Strait' is a pivotal entry and exit point; at the narrowest segment, the Phillips Channel, it measures only 2.8 kilometres. Accordingly, China's economy - particularly its security - remains susceptible to threats, as adversaries and non-state actors may exploit this vulnerability, placing Beijing in a precarious position regarding the protection of its strategic interests.

Investments from China

By 2024, China has emerged as a prominent investor in Southeast Asia. According to the ASEAN Investment Report 2024¹¹, China's investments in the region increased by nearly 20% compared to the previous year, with foreign direct investment (FDI) inflows reaching US\$ 17.3 billion, exclusive of the US\$ 15 billion originating from Hong Kong. It is important to note that the inflow of investments is not uniform across the region, with varying levels of engagement in different countries.

Smaller nations such as Laos and Cambodia have benefited considerably from Chinese investments, with more than half of their total FDI sourced from China. Conversely, Brunei has experienced a notable decline in investment from China, a situation driven in part by its disinvestment policy. Meanwhile, Malaysia and Indonesia continue to receive substantial FDI inflows from Chinese sources (including Hong Kong), although the largest portions of their FDI originate from Singapore and Japan. Countries such as the Philippines,

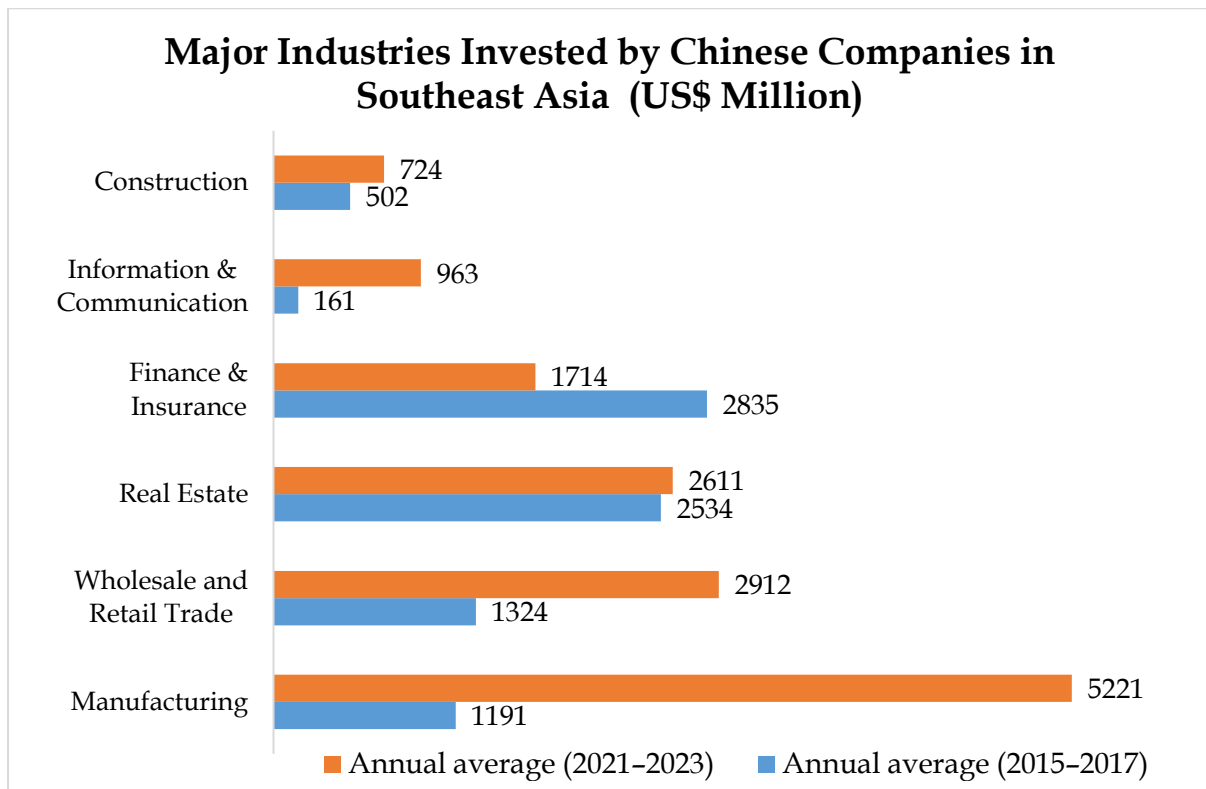
¹⁰ "The Belt and Road Initiative in ASEAN – Indonesia". HKUST IEMS Research report No. 2021-08. <https://iems.ust.hk/publications/report/research-report/uob-bri-indonesia>

¹¹ "ASEAN Investment Report 2024 – ASEAN Economic Community 2025 and Foreign Direct Investment". ASEAN Secretariat, October 2024. <https://asean.org/wp-content/uploads/2024/10/AIR2024-3.pdf>

which have actively sought to diversify their investment relationships away from China, do not rank China among their top two investors.

Figure 1 below illustrates the various sectors in which Chinese enterprises have made investments since 2015. It shows that the highest investments by Chinese companies were in the manufacturing and real estate sectors, while the lowest investments were in construction. The data suggests that although there are variations in Chinese investments across the region, these do not have a direct correlation with the 'Belt and Road Initiative' (BRI). Other factors, such as the ASEAN–China Free Trade Agreement (ACFTA) and the Regional Comprehensive Economic Partnership (RCEP), may also influence foreign direct investment (FDI) from Chinese enterprises.

Figure 1: Major Industries Invested by Chinese Companies in Southeast Asia



Source: Data from ASEAN Investment Report 2024 – ASEAN Economic Community 2025 and Foreign Direct Investment

Concerns about Debt-Trap Diplomacy in Southeast Asia

Many scholars have tried to debunk the criticism of debt-trap diplomacy, in which China lends money to low and middle-income countries that ultimately prove unsustainable. Yet, the reality is much more nuanced, and a clearer understanding of China's loans is necessary.

For instance, as of the end of 2021, Laos reported a public and publicly guaranteed (PPG) debt that constituted 89 percent of its GDP, with China standing as the nation's largest creditor.¹² However, it is uncertain how Laos plans to repay these loans, even with large infrastructure projects underway.

One such project is the China-Laos railway, which has a price tag of \$6 billion and is financed by three Chinese state-owned companies alongside a Lao state-owned enterprise, forming the limited joint venture Laos-China Railway Company Limited (LCRC) in 2016. The China Export-Import (Exim) Bank extended a loan of \$3.54 billion to the LCRC for this project, which theoretically makes the Lao government liable for roughly \$1 billion (one-third of the loan). However, it is unclear who would be responsible for this debt if the LCRC defaults. Analysts have suggested that the Lao government could bear that burden, with some estimates indicating there may be over US\$ 3 billion in hidden debt.¹³

This ambiguity in contracts is characteristic of China's BRI loans. Additionally, while the railway is intended to foster economic prosperity for both China and Laos, evidence suggests that it primarily facilitates one-way trade. Lao officials confirmed that most goods transported via the railway are imports from China.¹⁴ This situation further raises concerns about the potential of trade dependency.

Therefore, it is being claimed that while Laos is not yet entirely ensnared in a "debt trap", it is certainly in economic trouble because of BRI.

Progress of BRI 'Physical Infrastructure' Projects

BRI has made momentous strides that are often regarded as noteworthy. In Southeast Asia, the majority of BRI projects focus on the development of railways, highways, and power infrastructure. Key initiatives include the Mekong River dredging project, the Kunming-Bangkok Highway, the China-Thailand Railway, and the Jakarta-Bandung High-Speed Railway. However, the outcomes of these projects have been mixed, demonstrating variability in progress and effectiveness. Most BRI projects are executed through joint ventures (JVs) that involve collaboration between ASEAN host countries and

¹² "Lao PDR Economic Monitor". The World Bank, October 2022.

<https://thedocs.worldbank.org/en/doc/df7b578ac035fe4dad0129a278b8c850-0070062022/original/LaoPDREconomicMonitorOctober2022.pdf>

¹³ Bhatt, Anjali. "Laos Is Not in a Chinese 'Debt Trap' – But It Is in Trouble." The Diplomat, April 27, 2023. <https://thediplomat.com/2023/04/>.

¹⁴ "A year on, Laotians say high-speed rail link with China has brought them few benefits". Radio Free Asia, May 12, 2022. <https://www.rfa.org/english/news/laos/laos-china-railway-12052022173402.html>

Chinese entities, with financing provided by affiliated Chinese financial institutions.

A important project that highlights the substance of China's 'Belt and Road Initiative' (BRI) is the Nam Tha 1 Hydropower Plant in Laos, which began full operation in September 2021. This hydropower plant showcases China's industrial expertise and clean power technologies, aimed at assisting developing countries in transitioning towards more eco-friendly and sustainable development, while also fostering economic growth in a previously isolated region.¹⁵

Another prominent accomplishment within the framework of the BRI is the inauguration of the high-speed railway, referred to as 'Whoosh,' which links the Indonesian cities of Jakarta and Bandung. This railway has reduced the travel time from three and a half hours to just 45 minutes since its launch on October 2, 2023. However, there is also growing concern regarding the impact of these large-scale projects, which are often poorly coordinated, on the livelihoods of local communities.¹⁶

Most of the projects under the BRI, which were initiated in 2013, are under review. These include potential cancellations, renegotiations, and various projects that remain incomplete. For example, the high-speed rail (HSR) line connecting Bangkok and Nakhon Ratchasima—part of the railway project linking to the Laos-China Railway—is only 36 percent complete. Progress on this project, which began nearly a decade ago, has been slow due to disagreements over costs and loan terms, the COVID-19 pandemic, and challenges related to land development rights.¹⁷ These factors have contributed to significant delays, extending the completion dates of numerous projects by several years. In Malaysia, numerous megaproject agreements established during the tenure of former Prime Minister Najib Razak have either stalled or been cancelled. One of the projects that has remained is the East Coast Rail Link (ECRL), which previous Prime Minister Ismail Sabri Yakob (the country's third prime minister since Prime Minister Najib was ousted from office in May 2018)

¹⁵ "Asia Album: BRI hydropower projects send bliss of development to Laos". Belt and Road Portal, August 3, 2023. <https://eng.yidaiyilu.gov.cn/p/0VNFB9T6.html>

¹⁶ Berger, Blake H. "The Jakarta-Bandung High-Speed Railway: Indonesia's Lessons Learned". The Diplomat, November 11, 2023. <https://thediplomat.com/2023/11/the-jakarta-bandung-high-speed-railway-indonesias-lessons-learned/>

¹⁷ Strangio, Sebastian. "Thai High-Speed Rail Project Set for Completion in 2030, Government Says". The Diplomat, January 30, 2025. <https://thediplomat.com/2025/01/thai-high-speed-rail-project-set-for-completion-in-2030-government-says/>

vowed to resume in 2021.¹⁸ This US\$ 11.9 billion rail project is designed to connect the eastern and western coasts of Malaysia. However, it has undergone several rounds of renegotiation and realignment after being suspended in 2018 by then-Prime Minister Mahathir Mohamad, who criticised the terms of the deal as unfavourable for Malaysia. Such inequitable agreements with China, established under the framework of the BRI, significantly contributed to the circumstances that led to Najib's ousting and the ensuing corruption charges against him.

What is considered as part of the BRI?

Another important criticism of BRI in Southeast Asia pertains to the lack of clarity regarding its scope. The BRI encompasses a wide array of projects, which complicates the identification of specific initiatives that are officially associated with it. In recent years, the BRI has been employed by China as part of its geopolitical discourse to assert that the nation is contributing to regional development through its infrastructure projects. However, it's important to recognise that some projects initiated before 2013 are also classified as part of the BRI.

For instance, in 2012, a joint bilateral consortium known as "Two Countries, Twin Parks" was established by Malaysian Prime Minister Najib Razak and Chinese Premier Wen Jiabao. This initiative involved state and provincial governments, state-owned enterprises, and private sector actors to develop an industrial park in the cities of Kuantan (Malaysia) and Qinzhou (China), facilitating access to each other's markets. Although this project predated Xi Jinping's BRI, it has been highlighted as a signature project between the two countries under the BRI framework.¹⁹

Thus, there is a prevailing argument that China deliberately maintains a level of ambiguity within the BRI framework, thereby enabling any overseas project it undertakes (or has undertaken) to be classified under the initiative.

¹⁸ Zainuddin, Alifah. "What Happened To China's BRI Projects in Malaysia?". *The Diplomat*, October 05, 2021. <https://thediplomat.com/2021/10/what-happened-to-chinas-bri-projects-in-malaysia/>

¹⁹ Bing, Ngeow Chow. "How Will Prime Minister Anwar Ibrahim Advance Malaysia's Belt and Road Cooperation with China?". *RSIS*, February 14, 2025. <https://rsis.edu.sg/rsis-publication/idss/how-will-prime-minister-anwar-ibrahim-advance-malysias-belt-and-road-cooperation-with-china/>

Conclusion

China's BRI is a grand strategy, unparalleled in scope and ambition and far exceeding anything the world has seen before. On the surface, China's investments in the proposed BRI projects offer Southeast Asia a way to address the critical issue of inadequate infrastructure, which hampers both short-term and long-term economic growth. However, further scrutiny reveals a more complex reality. While certain projects, such as the Nam Tha 1 Hydropower Plant and the Jakarta-Bandung High-Speed Railway, have achieved success, numerous other initiatives are either experiencing delays or have been cancelled altogether.

Given these mixed results, perspectives on China's role in the region vary significantly. On one end of the spectrum, countries like Cambodia and Laos view Beijing as essential to their economic and political futures, maintaining close official ties and welcoming substantial Chinese infrastructure investments. Conversely, in the Philippines, both the elite and the public have developed a more negative sentiment toward Beijing, primarily due to ongoing tensions over disputed maritime claims. Other Southeast Asian nations find themselves in a more ambiguous or divided position regarding their relationship with China.

Thus, BRI has developed a negative connotation, prompting the Chinese leadership to reframe the initiative without completely discarding it. Rather than focusing solely on the BRI, China is promoting a narrative of 'developing the world' through two new initiatives: the Global Development Initiative (GDI), launched in 2021, and the Global Security Initiative (GSI), introduced in 2022. Considering the emergence of these additional initiatives from China, the outlook for the BRI is not as optimistic as it was five years ago. However, the BRI is likely to continue serving as a tool of favourable narratives which help China to maintain its influence in the region and to ensure that its strategic goals and national interests are realised.



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