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STRATEGY IN EAST AND
SOUTHEAST ASIA: BEIJING'S
DISCOURSE AND DEVELOPMENT
FINANCE SINCE THE 2000s**

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CONTEMPORARY CHINESE STRATEGY IN EAST AND SOUTHEAST ASIA: BEIJING'S DISCOURSE AND DEVELOPMENT FINANCE SINCE THE 2000s

The Asian region has become inhabited by few rising powers since late 20th century, triggering the debate on multipolarity and power transition in the region. On the one hand, shared historical past and sociocultural background may provide point of convergence and strengthen the existing stable state of affairs. On the other, comparable development challenges produce similar aims and strategies, fostering competition for scarce resources and leading to a regional zero-sum game. It ought to be especially true in the face of the rising China. Contemporary regional agenda of East and Southeast Asia, hence, is claimed to be substantially affected by Chinese power politics and ambitions, especially regarding mutually beneficial cooperation on development. Thus, discourse analysis of the respective context and agenda should be applied in order to study compatibility of national and regional goals. To do this, the author studies dominant approaches to Chinese regionalism and outcomes of economic policy focusing on the case of development finance. The analysis is performed using mixed research methods, including Foucauldian discourse, content analyses, descriptive statistics, and geographic mapping. The distribution of development aid and investments has highlighted that financial assistance might be politicized and used as a tool for subtle promotion of Chinese policy objectives, rather than as a driving force of collective regional development.

JEL Classification: Z

Keywords: Chinese foreign policy, development, development finance, East and Southeast Asia, regionalism

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Introduction and the research design

Throughout last two decades one could observe several examples of Chinese realpolitik, including the Belt and Road Initiative (BRI), which helped China concentrate a major part of regional dynamics around itself. This current stability system framework is often referred to as the Asian concert (Delahunty, 2015; Gordon, 2012). Although the Chinese government insists on cooperative and mutually beneficial character of the regional leadership—being the largest economy, major producer and exporter, technological developer—its policy actions correspond to national geopolitical objectives. Previous studies showed that global dominance of the neorealist approach to international relations had pushed China towards more assertive actions to enhance its power status and guarantee security, especially in the closest neighborhood (Ye, 2012). Hence, provision of stability inside the region has become one of the primary goals for China as a self-proclaimed responsible great power which fulfills its respective duties and obligations.

Contemporary Chinese politics and the whole peaceful rise course are naturally based on coalition building, participation, and institutional inclusiveness, especially among developing and rising states of Asia. China engages in formation of multiple cooperative ties within the region and outside following from shared interests, goals, and challenges which are relatable for the majority of developing countries. Most prominent examples besides the BRI include bilateral and multilateral provision of development aid through BRICS, local cooperation projects, regional forums (e.g., Forum on China-Africa Cooperation). Yet, the key global actors—the US, the EU, Japan—perceive these actions as an expression of expansionist and imperialist tendencies which distort the formerly established zones of influence. Therefore, there is a growing possibility that the region will become subject to power competition and proxy conflicts along with existing territorial tensions. It is only logical then to inquire how Chinese economic and foreign policy account for such negative externalities.

Regional cooperation on development has become the cornerstone of international agenda, which makes the matter a relevant research subject. Provision of development assistance and investments can be currently seen as the dominant Chinese political strategy, yet it remains underrepresented in non-financial studies. In the absence of foreign policy studies based on data analysis, forecasts, and contemporary empirics, applied mixed methods approach of this paper and analysis of time-series data present a relevant addition to the body of literature. The main research problem or the puzzle of the study is that available research on Chinese developmental and foreign policies does not take into the account the historical and ideological prerequisites, while the author believes that historical and cultural path-dependence are crucial factors affecting foreign affairs of

developing countries like China. Its background of being centuries-long powerful empire gave origins to the contemporary great power politics.

Therefore, the research question of the paper is whether the status-based policies of China, especially starting from the early 2000s, had a positive impact on regional development. As follows from the current Chinese moral realism-based foreign policy approach (Wang, 2011), integration enhancement and economic cooperation are components of its strategic behavior as a rational actor. Although most regional integration and development initiatives are either introduced or supported by China, that does not necessarily mean that its actions create favorable conditions for regional growth. The hypothesis points out that in aggregate terms Chinese foreign policy and development assistance may be considered beneficial, however on individual state level they are likely to produce both winners and losers. In other words, national political interests determine distribution of finance, which contrast to official government rhetoric is far from being mutually beneficial and nondiscriminatory.

The analysis of the available aid and investments data has highlighted an existing discrepancy between the shares of aid received by recipient countries—the variation pointed to an underlining political factor. An inference was made that regardless of the win-win discourse, either China's own motives or factor of political alignment ultimately defined distribution of development aid. This is likely to exacerbate regional inequality rather than help other states grow, which deepens the gap between least developed and rising countries and may trigger tensions. If compared to the traditional donors' (members of the OECD) approach, Chinese neo-tributary system might be less beneficial in the long-run perspective, but nevertheless for the government it remains a significant soft power tool.

Methodology

Liberal neo-institutional and structural realist approaches are insufficient for analysis of Asian orientalism, where social component is culturally and historically inherited (Carroll, Hameiri and Jones, 2020). This makes state apparatus and other government institutions dependent upon the social structure and forces. Drawing upon the social conflict theory of the Murdoch school, studying instrumental role of institutions in power struggle between various social groups and individual agents is an insightful approach. Extrapolated beyond the state-level onto the regional scale, one may study contemporary regionalization and integration through the prism of nations: most of them share multiple cultural and ethnic traits, enabling generalization into a coherent Asian civilization, or a regional society (Acharya, 2012). It is possible to infer that the social interactions of key players shape regional development, following from primary interests and priorities of the core powers.

Individual stake in the overall development process and its applicability for alliance- and cooperation-building turned “development” into a frequent rhetoric topos in Chinese government

statements. Therefore, in the analysis author focuses on the issue to conclude whether the rise of China and its interference with regional order speeds up the development or imposes fragmentation. The study is performed with the means of both qualitative and quantitative methods following from the applied critical realist methodology: constructivist case study of Chinese foreign policy formation and development discourse is performed using content and Foucauldian discourse analyses of primary and secondary sources. Having indicated historical and ideological prerequisites to contemporary course, author examines growth trends and effects by giving an outlook on annual Asian Development Bank (ADB) forecasts since 2000s and development finance data provided by Custer et al. (2021) and AidData research laboratory.

The primary interest of the paper is development as a comprehensive multidimensional process including both economic growth, technological advancement and rise in living standards. To estimate China's effects on regional development, author chose development finance (official development aid and other official flows (ODA and OOF) because a) it is an official government soft power tool, b) unlike few other instruments it is quantifiable, and c) it targets all sectors, including humanitarian aid, emergency reaction, debt reduction, poverty alleviation, construction, and infrastructure. As far as ODA has grown to be a popular measure, it enables comparison of China as a prominent non-traditional donor to traditional ones—members of the OECD Development Assistance Committee (DAC). Asian countries receive aid from multiple donors, and whereas in both cases the tool is likely to be politicized, Chinese assistance is particularly interesting as its ideology and cultural heritage shape donorship equally as much as geopolitics.

The data analysis has highlighted several interesting trends, namely total or partial exclusion of a few regional powers from Chinese assistance program, mismatch between similar economic records and drastically different shares of aid flows. This made it possible to infer that perhaps, there are intervening political factors and other unobserved variables which made such polarized distribution possible. Hence, the concluding part of data discussion directly addresses political underpinnings of bilateral relations between the cases where economic performance is not likely to explain aid recipience.

Approaches to Chinese regionalism: Beijing versus its critics

The existing literature on regionalization in Asia is relatively abundant, however, almost all materials treat the process either as a matter of power distribution or purely economic interactions among actors. The PRC government emphasizes both peacefulness of its rise and responsibility as one of the key characteristics of Chinese regional and global leadership. The responsible great power (RGP) concept is often used to contrast Chinese expansion and outsourcing to Asia, Africa, Latin

America with Western colonialism, highlighting cooperation and mutual advantages—as opposed to domination, exploitation, and slavery (De Santis, 2005). Rather, the transnational Chinese community connects people and firms into a coherent society, using the benefits of a large Chinese diaspora and relocation of production lines (Xia, 2001; Lin, 2011). The “China effect” is translated not only into employment rates but also into global prices—i.e., significant decreases in prices for consumer goods and commodities are beneficial for export-oriented (UN ESCAP report, 2019). Yet, this type of cooperation serves mostly Chinese securitization and leads to growing dependence of developing states on loans and investments (Humphrey and Schmitz, 2006).

Considering regionalization in a broader sense as a process of trade and investments’ concentration leading to regionalism, majority of scholars use mainstream theories and focus on distribution of power and institutional arrangements that are facilitated by key regional actors (Hiroyuki, 2019). As follows from Waltzian neo-realist approach, during a decline of one group of actors and rise of other poles, possibility of power turbulence is extremely high. So, building alliances and enhancing economic cooperation is a rational strategy that serves interests of the major Asian actors, and importantly prevents interference from the West. This agenda shapes Chinese national interests and security priorities but does not explain neither ideological underpinnings nor developmental consequences for the region, which creates a certain research gap.

Asia has transformed into a population of advanced and multiple catch-up economies joining global competition for power and resources. However, regardless of an expected rivalry and balancing, major regional actors opt for preservation of the status quo and work on cooperation based on mutually reinforcing shared benefits (Pan and Lo, 2017). The respective part of the paper focuses on the impact made by China on formation of formal and informal institutions, especially normative and ideological components thereof. Discussion of pro-Beijing ideational approaches, namely the “Greater China”, the RGP, Eastern civilization as unobserved factors of status, ideology and image sheds some light on factors which shape Chinese regional policy.

The Greater China

According to Shambaugh (1993) and Wang (1993), the Greater China has been often referred to as the unified body of mainland China, Hong Kong, Macao (in some interpretations including Taiwan) which on contemporary international arena presents nothing other than the most powerful regional actor. Scholars broadly define the Great China concept as the restoration of previously existing Chinese empire (Harding, 1993; Jacques, 2009). Current Chinese foreign policy course, insistence on mutual benefits and focus on regional development contribute to regaining the former status of the Middle Kingdom of Asia, which is a Chinese national priority, rather than a regional one.

Drawing upon the historical account, Hardin (1993) concludes that tributary system which was based on the idea of distinctiveness and superiority of Han population over surrounding barbarians had led to strong connections between the top of the pyramid—China—and the subordinate vassal states which adopted Chinese culture, language, and style of living. Indeed, the closest territories now associated with Greater China comprised the inner circle of the vassals who had regularly sent ambassadors and paid tributes. In exchange, it granted them a right to engage in trade relations with China. Currently, Hong Kong takes care of most Chinese commercial actions, fueling the biggest stock market in the area. Taiwanese exports to China head the ranking at 28% benchmark, which makes China its largest trading partner. Similarly, China has been one of core partners for Hong Kong since liberalization, by 2016 accounting for 55,23% in trade volume (WB WITS data, 2016). Growing economic interdependence has pushed states towards rapprochement through a variety of trust-building initiatives and regional formations (Shambaugh, 1993).

The phenomenon is often explained through the notion of Asian sovereignty—highlighting its discursive and informal character (Kim, 2018a). Community building in Asia was ever-present as part of hegemonic power enhancement and retainment: Confucianism has created the common cultural and moral grounds such that different nations and populations voluntarily united under Chinese soft power. Contrast to modern Europe and Westphalian notion of sovereignty, ideology of Asian countries was built on hierarchy and strict order. (Kim, Fidler and Ganguly, 2009). One could consider the Chinese empire an effective example of the Hobbesian Leviathan. In addition, the common colonial past facilitated unanimity of actors on multiple regional issues. Therefore, majority of states perceive the rise as a revival of the system established long before European intervention, which has deeper underlying rationale than what is captured by power transition and other mainstream theories.

Even after gaining independence from the metropolises, historical precedent of Chinese hegemony enabled introduction of the Asian concert based on both ideational convergence and power. The peaceful character of interrelations is officially reinforced through the Principles of Peaceful Coexistence, which promote nonaggression, noninterference into sovereign domestic affairs, preservation of territorial integrity (Lo, 2010). Inclusion into the global system and being accountable to international law encouraged China to shift from dominating, hegemonic governance towards an organized regional leadership, which does not contradict neither international legislature nor local customs. This approach is based on constructivist premises and can be referred to as “pooling sovereignty” of nation states (Carroll, Hameiri and Jones, 2020). The process does not create an EU-like supranational entity but aggregates efforts of local social forces into a single community of developing states which becomes a shared common pool resource.

Origins of the Eastern civilization

Legitimacy of the former Chinese hegemony was not publicly questioned, rather the vassals complied with it because of centuries of moral and cultural practice. It can be explained through the Foucauldian approach: the most powerful actor defines existing discourse, constructs frameworks, concepts, and meanings. In ancient and medieval Asia, China had managed to establish a hierarchy and make other states consent because it was the most powerful actor. The culture of neighboring states directly depended upon China, therefore, by preserving the hierarchy and subordination other regional powers expressed their respect and gratitude—their political structure and idea of international order was solely based on Confucianism, propagating mutual trust and respect (Zhang, 2015). As an institution, tributary system could last even longer if it were not for the exogenous shocks triggered by colonizers. One can see the output of adopting Western institutions in the example of the ASEAN: its statute promotes traditional classic understanding of sovereign power and shapes the current region, which undergoes multiple challenges.

Ones of the most prominent issues include fragile interdependence based on trade relations, absence of high-level arbitration and management, as well as regulatory presence of key international institutions. Catch-up modernization drives contemporary harmonious dynamic, but it will persist until the economies advance (Baldwin, 2008). Up to now, most regional economies are far from maturity stage and high-quality production, so integration and collaboration are crucial. Having boosted domestic production to the level of developed states, need in support and issue-based cooperation will probably fade, and, hence, regional connectivity will do as well. At the same time, the number of actors preferring bilateral agreements to multilateralism is significantly high—concentration and the number of regional trade agreements (RTAs) is so intense that scholars often use the “noodle bowl” metaphor to depict inconsistency and incoherent character of regional organization (Baldwin, 2006). Therefore, although balance between state actors and social forces is present, its foundations are historical and ideational—they are both deep and fragile.

The neo-tributary system differs from the ancient mode of regional governance: on the one hand, sovereignty reflects re-introduction of statism in international affairs, while on the other, repositions importance of the ideopolitik (Kim, 2018b) The key objectives to speed up development then lie with realist dimension, but have constructivist base, which triggers old and new trends—reintroduction of authentic concepts. The model endorsed in Asia is referred to as regulatory regionalism rather than integration (Carroll, Hameiri and Jones, 2020; Korwatanasakul, 2020). The crucial difference is that the former does not concern aggregation of individual states’ agency and delegation of sovereign power to a higher institution. On the contrary, it focuses on construction of a governing framework to ensure status quo through institutions which are highly dependent on regional social drivers.

With this regard, as far as tributary system was based first and foremost on the informal governing principles of Confucian legitimacy, and only secondly on military coercion, the social component has always played a more prominent role in intrastate relations in the region. He (2020) suggests that this “neighborhood diplomacy” captures the essence of contemporary Asian regional dynamics, as instead of integration it produces a cooperative balance among the participants. The scholar argues that the so-called “plus character” in organizations remains one of peculiar traits, as it puts an emphasis on the hierarchy of powers—the plus members are often the key actors. It shows a dichotomy between a tighter coalition of several smaller states vis-à-vis a few leading nations, like Japan, China.

It is concerning that, regardless of their number, regional institutions remain mostly issue-based coalitions—this strategy is actively pursued by developing nations in bargaining with great powers (Narlikar, 2003). On the regional level, the ASEAN practically illustrates this trend. Similarity is clear in the Shanghai Cooperation Organization (SCO): regional security, great power interaction between Russia and China, and vitality of energy sector present the key objectives. Energy dominates other priorities because of ongoing resource hunt and strategic importance of the sector, especially for Russia (Pradt, 2020). Energy-based coalition is as well present in India-China relations as the two converge on the point of similar challenges, including shift towards alternative and renewable energy resources. However, although securitization remains a priority, China is extremely active in its developmental ambitions, especially through the BRI. Specifically, cooperation in energy—gas and oil extraction—boosts Chinese investments into regional infrastructure, majorly in railroad construction, to provide cost-effective transportation.

Another approach to Asian integrity is considering it a single civilization. Inheritance of the Han culture has given way to pragmatic economic and political relations. With this regard, the concept of “family resemblance” of Wittgenstein² is of illustrative help (He, 2020). Specifically, continuous ideational and cultural transfer from the core—China—to neighboring peripheries had created commonality between contemporary Asian states that were part of the empire. As seen from an immediate effect of the rise—other developing countries, especially India, can comprehend and even share China’s strive for regaining former image, but would not become subordinates under current power distribution. It is interesting then to examine whether China contributes to Asian integration processes and sustainable development, or, on the contrary, triggers fragmentation of the existing system through domination over regional dynamics.

² See Pompa, L. (1967). Family resemblance. *The Philosophical Quarterly* 17(66), 63-69.

According to Pakhomov (2021), connection between contemporary Asian nations started as strictly hierarchical culturalization of the peripheries because of the enduring rule of Chinese empire. For a long time, China had primacy in establishing norms of legitimacy, power succession and state formation, therefore neighboring states had little to no alternatives regarding the matter. Total control provided stability, while ideational soft power ensured obedience and reduced the need in military interventions. The approach matters for contemporary Chinese foreign affairs because cultural assimilation and large Chinese minorities in other Asian countries enable Chinese extra-territorial claims. The whole tributary system was centered on the idea of ethnic Chinese superiority which made imperial policies largely race-based with a clear division into “**华人**”— ethnic Chinese, “**中国人**”— Chinese citizens, and others (Gonzalez Vicente, 2017). This linguistic distinction is present till now and is actively used by the government to overcome physical borders and project power over sovereign territories: it is articulated as responsibility to protect citizens, and right to extradition.

The data analysis thus ought to include both Eastern, Southeast, and Southern subregions into the sample. Chinese empire lasted for centuries, and nearly all contemporary Asian nation-states or parts of their territories were once part of the empire under the rule of a particular dynasty. Being a Chinese vassal insured cultural and ethnic assimilation. Therefore, even though currently “sinophobic” sentiments are growing in Central Asian and Southeast countries, most of them shares ethnic similarity with the Chinese and host a Chinese minority population (Peyrouse, 2016). Throughout the entire period Chinese emperor communicated with ambassadors from Brunei, Cambodia, Korea, Nepal, Thailand, Manchuria, and even Japan—to mention a few. As far as present-day physical borders do not fully correspond to former geographic divisions, parts of contemporary Afghanistan, India, Uzbekistan, Kazakhstan, Tajikistan, Russia (the Siberia) were once Chinese vassals (Chan, 1968). Although the latter share least ethnic similarity, former subordination to the Middle Kingdom positions them under the umbrella of the neo-tributary system. Especially that most of them remain catch-up economies, Chinese assistance is supposed to be influential.

Outcomes of Chinese regionalism

One of the core objectives of the paper is to show that China’s involvement with regional development is unlikely to satisfy the needs of all states and create an egalitarian community of equally developed and industrialized Asian powers. Quite the opposite, it benefits some more than the others, which is not counterintuitive but contradicts the neo-tributary framework and official discourse on mutual benefits. However, what is worth examining is the nature of said Chinese assistance. Thus, the section starts with overview of regional development dynamics in Asia since early 2000s and proceeds with analysis of Chinese development finance distribution.

Regional economic transformation

In the aftermath of the Asian financial crisis until 2004 economies focused mostly on rehabilitation and catching-up on pre-crisis growth rates. Tight connection to the US dollar is often cited as the trigger of a domino effect and depreciation of national currencies, similarly regional recovery was associated with economic conditions in the US. Being one of the largest industrialized countries, the US guaranteed demand on commodities and manufactured goods produced in Asia (Asian Development Outlook, 2001). China-Hong Kong and South Korea-Mongolia pairwise trade skyrocketed since 1990s boosting regional net export to roughly 30% increase by 2002. The period was marked by a growing trend in formation of value-chain manufacturing, outsourcing and relocation of components' production, especially in technologies and devices, to subregions with cheaper labor supplies—Southeast Asia—already in 2004, aggregate GDP grew by 7.3% for the first time after the crisis (ADO, 2005).

Advanced economies directly defined the demands for Asian tradable goods, so whenever they were at the trade surplus stage—export exceeding import—Asian countries had a consumer market. By the end of the decade, the financial crisis made it obvious that global conditions hindered potential for long-term sustainable development and growth and emphasized importance of economic self-sufficiency (ADO, 2008). At the same time, temporary slowdown in international trade enabled Asian economies to accumulate capital and continue internal transformation, concentrating on domestic demand and consumption, infrastructural and industrial modernization. Consequently, the region has grown into an emerging capital and labor powerhouse (ADO, 2010).

China and Taiwan positioned themselves as global producers of toys and technologies, particularly electronic devices, and components—up to now, manufacturing of semiconductors remains a priority for both economies. South Korea gained a separate niche in devices, producing high-quality mobile phones, gadgets, and cars. Other rising countries, including Malaysia, Philippines, India pursued institutional reforms in property rights and business conditions to attract corporations' subsidiaries and investors. In near absence of foreign direct investments (FDI) from industrialized countries which were still recovering from crisis, key Asian actors—including China—have engaged in intraregional investing. As a result, Asia became its own major trading partner, and by 2010 it has developed into a local investor (ADO, 2011). This signaled the beginning of most recent trends in South-South cooperation across regions, self-sufficient internal development, and popularity of development finance instrument (ADO, 2015).

As seen from Chinese modernization, stage-based development and growth management was performed with the means of domestic macroeconomic and fiscal policies, and control over resource

allocation. The shift from heavy-industry to the tertiary sector illustrated gradual development of the system into a more mature economy, whereas others, including Thailand, Cambodia, Sri Lanka, majorly concentrated on creation of investment-friendly conditions and strategic industries, such as tourism. The correlation between China's performance and regional activities was strengthened through the protectionist struggle against the US starting from 2018: even though neither national nor regional performance suffered dramatically, both global and territorially concentrated value-chains were affected by the trade war (ADO, 2018). This shows that in just two decades China had become a central player in both large-scale global and regional economic agenda, which is undoubtedly beneficial for domestic economy, but may be disruptive for other rising Asian countries.

Distribution of Chinese development aid

Taking into the account highlighted dependence on the investments, aid, and other official flows as development boosters, paper proceeds with discussion of China's role in Asian development. Chinese regional outbound ODA, OOF and other governmental flows highlighted a puzzling trend—some countries were overflowed with Chinese capital, while some were excluded from assistance program. Thus, in this section author provides an account on how China shaped its development assistance since the 2000s, who are major recipients of aid, and what pattern can be traced from the current policy approach.

To begin with, it is crucial to outline that China is a non-traditional donor—it is not included into the DAC—so its assistance activities are not accountable to OECD tracking mechanisms and definitions of flow classes. This considerably constrains data collection and analysis. The second limitation comes from the fact that Chinese and OECD concepts of ODA differ. The latter includes grants, donations, and concessional loans oriented towards development in a particular sector or being of a multisectoral character; the loans are ought to be granted on specific terms, namely interest rate, grace period, determined by the OECD (OECD, 2020). In case of China, ODA-like flows may include both governmental and commercial loans and grants. Therefore, cumulative results for aid disbursements are estimated separately for all three types of flows, defined by Custer et al. (2021): ODA-like flows, OOF-like flows and other (government financing commitments which lacked detailed information to be specified as either of the two primary flow classes). Conceptual differentiation between classes might be subjective, however, as far as the study aims to highlight possible discrepancies and patterns in Chinese approach, the author acknowledges respective limitations, but assumes they are unlikely to affect the theoretical inferences drawn off them.

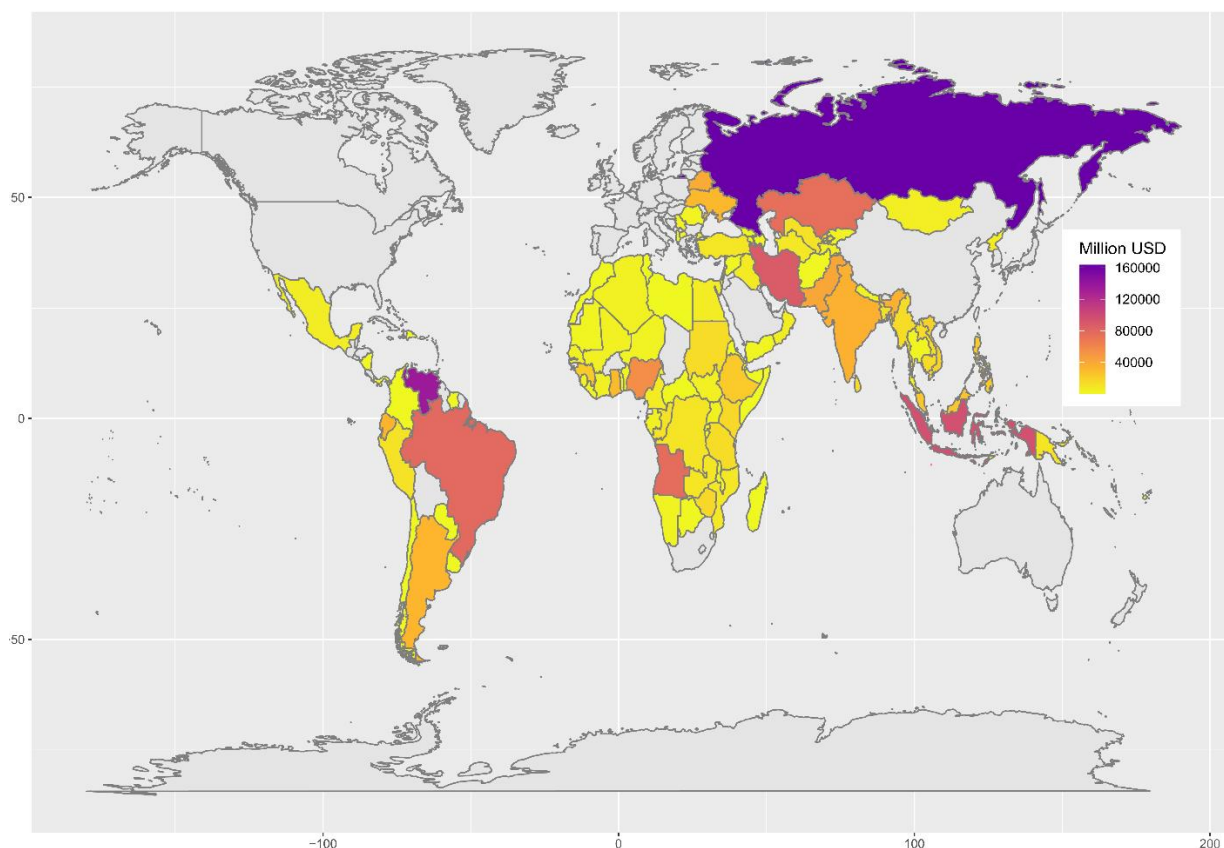


Figure 1. Global distribution of Chinese foreign development finance, 2000-2020, Million USD

Source: Author's calculations, data provided by Custer et al. (2021), AidData laboratory.

Note: Estimated total ODA-like, OOF-like, and unspecified development-intent flows. The calculations correspond to values in nominal USD.

As seen from the Figure 1, government assistance provided by China is geographically spread to all continents, covering over 90% of the developing Global South, including Russia and several East European countries. The blank spots left on the map are mainly traditional Western donors. Interestingly, according to the data, Russia and Venezuela have been top recipients of aid during the period of almost twenty years. Both cases were recipients of OOF-like flows in the form of loans, rather than development aid. Keeping in mind Russia-China cooperation projects on gas extraction Yamal region and Arctic in the far North, significant capital lending is explainable. The new power plants are supposed to provide massive energy supply to the East Asia, beside the Power of Siberia pipeline, which was as well constructed under China's assistance. Similarly, Venezuela is said to receive multiple grace period loans for oil and gas, stemming from China's demand for energy supplies. Yet, these cases can be useful illustrations of growing indebtedness to China among both developing and fairly developed countries.

Available data for the period 2000-2020 shows that overall, the Asian region, including all its sub-regions, accounted for about one-third of total financial resources, followed by Africa. Whereas

aid allocation among African countries is relatively even, distribution of funds inside the Asian region is more thought provoking. First, a few states were partially or completely marginalized, which potentially reflects little to no support from China. Second, the figures show a discrepancy between the cases, especially interesting in pair-wise comparison of countries with similar growth rates, but opposite amounts of aid and vice versa.

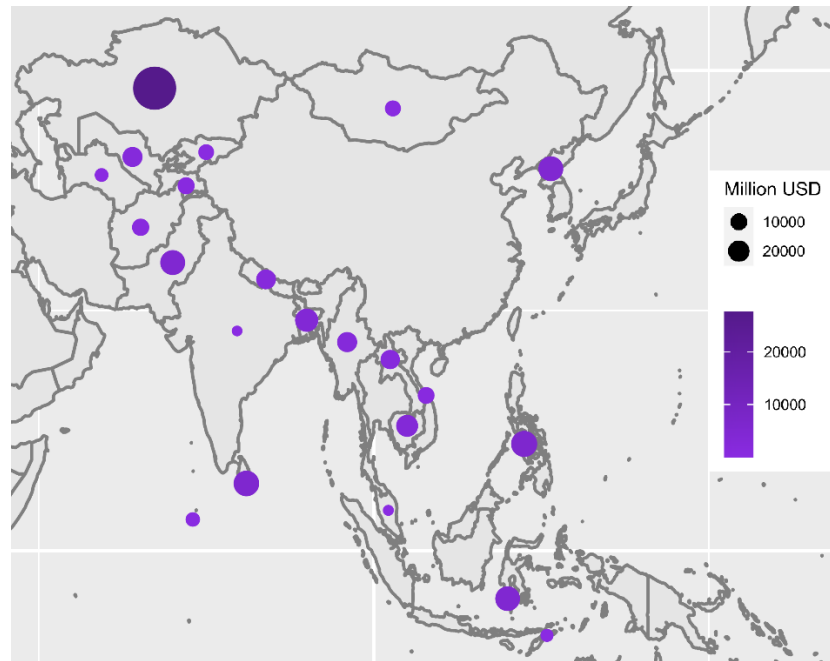


Figure 2. Chinese ODA-like flows into the Asian region, 2000-2020, Million USD

Source: Author's calculations, data provided by Custer et al. (2021), AidData laboratory.

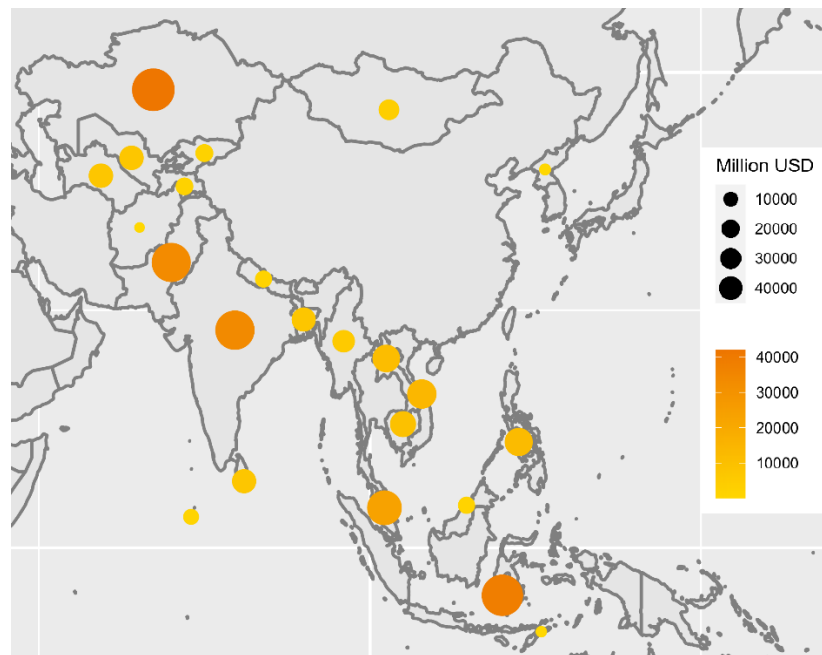


Figure 3. Chinese OOF-like flows into the Asian region, 2000-2020, Million USD

Source: Author's calculations, data provided by Custer et al. (2021), AidData laboratory.

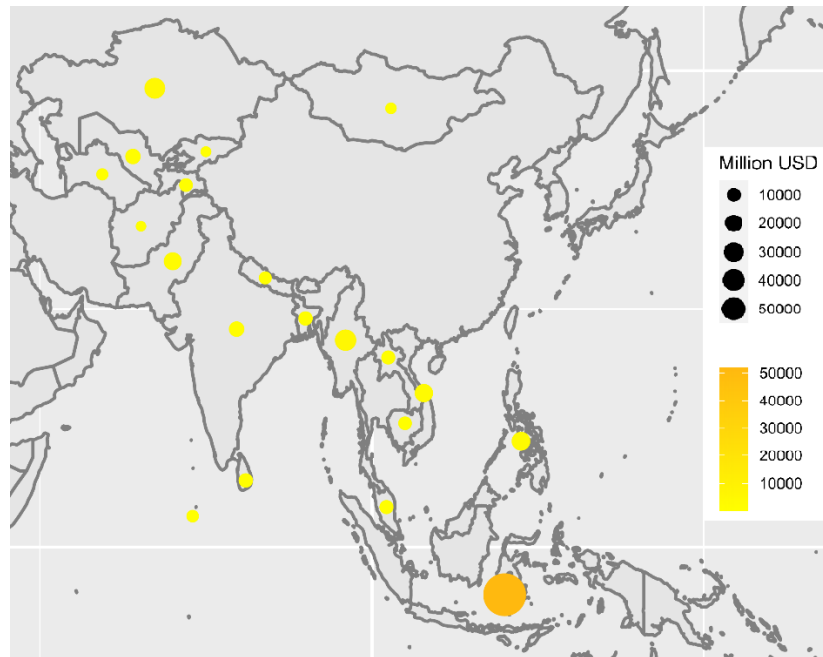


Figure 4. Other Chinese unspecified development-intent flows into the Asian region, 2000-2020, Million USD

Source: Author’s calculations, data provided by Custer et al. (2021), AidData laboratory.

ADB data on GDP PPP and GDP PPP per capita growth during the period shows that several regional countries, such as Tajikistan, Mongolia, Kyrgyz Republic, Bhutan grew with relatively same rates, but the aggregate amounts of aid were different and followed unmatched patterns of distribution by flow class (See Figures 2-4). Same is fair for Cambodia, Laos, and Brunei—countries grew with almost identical rates, but the first two received substantial shares of OOF, while data on Chinese aid to Brunei is absent. The issue is the same in case of Bhutan. On the one hand, there might be an institutional factor at stake—cases which had the same GDP PPP growth might have different levels of law enforcement, quality of business environment, infrastructural development, which makes some economies less attractive for investors.

Some, including Custer et al. (2018) argue that China sees aid and assistance as part of its outbound investments: it protects dividend growth through securitization of favorable domestic conditions. On the other hand, author believes that factor of political alignment is more powerful than pure economic gains, especially that ODA donorship is by far less profitable as an economic tool. Therefore, where economic conditions and securing profits cannot explain Chinese assistance framework, there might be a political underpinning. For instance, China-Bhutan relations have been tensed and subject to territorial dispute on shared borders in the Himalayan region. The two do not maintain diplomatic relations, keeping economic interactions at bay as well. Prospects for conflict resolution vanished after Bhutan allied with India in China-India territorial disputes, therefore

regardless of sharing cultural and historical ties with Tibet, Bhutanese government keeps distance (Mathou, 2004).

Almost total absence of ODA to India—contrast to substantial OOFs (Figure 3)—is thus unquestioned: mutual territorial claims in the Himalayas persist for over 50 years. Similarly for Bhutan, absence of development aid and trade facilitation through China as a central regional player is determined by political considerations (Walcott, 2010). Being former Chinese vassal, it could have been more involved into regional and bilateral processes, like Nepal, and benefit from benign financing. While pursuing developmental, particularly, infrastructural projects China often claims its presence in the disputed territories, fueling the tensions. Offering aid could be an efficient measure for both compliance with development agenda and peacebuilding. The mismatch between the rhetoric of the peaceful rise and actual financial support highlights the political nature of ODA.

Paralleling cases of India and Bhutan, Brunei has also been limited in received assistance. Import of Chinese goods accounted for around 35% of Brunei's total import in 2018. This reflects the objectives of Brunei's "National Vision 2035" regarding inclusion into global and regional network system (Hamdan and Hoon, 2019). In this sense, participation in the BRI would be crucial to country's development, as it would attract more investments. According to OECD, Brunei is considered developed since 1996 like United Arab Emirates, Qatar, so it is not an officially eligible recipient, but is an investment-dependent economy. Brunei-China partnership on the BRI supposes construction of a corridor to the South China Sea through Brunei's territory, which is both a political move and economic goal for China (Hamdan and Hoon, 2019). Therefore, although under Xi administration, interaction between the two resumed, ambiguities arise concerning its advantages.

OOFs to Thailand, Malaysia, Indonesia have been more generous than aid, pointing to intervening variables: factor of political alignment, conflict, Chinese grand strategy. Pakistan and Kazakhstan, on the other hand, pioneered ODA recipients due to long-term cooperation on the BRI, highlighting their strategic importance for China. China has obliged itself with provision of \$46 billion to Pakistan for development of infrastructure and energy. As far as port of Karachi is a strategic point connecting the land-based BRI and Maritime Silk Road, the China-Pakistan economic corridor implies enhancement of the network and amenities around the port, which attracts investments (Bhattacharjee, 2015). Similarly, although Kazakhstan possesses the most developed infrastructure, compared to other Central Asian countries, it received the largest share of aid oriented toward transportation, technologies, public sector (Lall and Lebrand, 2020). The recent China-Kazakhstan friendship agreement might be considered an example of successful diplomatic relations and communication between the elites.

On the one hand, the twenty-years period highlights formation of two camps, namely the countries which receive minimal shares of total ODA and OOF flows, and the top recipients. Having accounted for differences and similarities in economic growth, it can be concluded that development aid is considerably politicized as a soft power tool. Therefore, the shares and classes of financial flows may indicate if China prioritizes respective recipients for economic or political purposes. Overall, aid serves national interests rather than egalitarian regional development. This is considerably different from both the discourse that China currently promotes and ideological prerequisites which suppose that all former subordinate territories ought to receive assistance depending on their needs.

Conclusion

Overall, the study focused on the development in the Chinese foreign policy discourse and empirical evidence on whether China makes a positive impact on Asian development and regionalization. The entire Chinese approach to foreign affairs' management is subject to historical and cultural factors which remain considerably understudied. Its current great power behavior and responsible great power approach were shaped by centuries of hegemonic rule and being one of the oldest civilizations. Having gained enough material capabilities, the 2000s have highlighted a more assertive turn in Chinese politics, and a greater emphasis has been made on cooperation with developing countries following the start of the second decade.

Contemporary regional structure is built upon the idea of cultural and ethnic similarity, especially ensured by Chinese diaspora in all Asian countries. The takeaway from this is that during the entire period of dynastical China nearly all regional neighbors at some point used to be its subordinates. Therefore, being a responsible great power China currently claims to assist all nation-states from small to big regardless of economic or political factors. This neo-tributary system is beneficial for PRC both as an instrument of power projection and for economic security purposes. However, China's development assistance is likely to deepen inequality and polarization among the recipients of its ODA: even if cumulative indices rise, in the long-run sustainable development in individual cases may be hindered. As far as approaches taken by the OECD and China are systematically different—Chinese aid is more uneven and chaotic—in the long-run it may be less beneficial for Asia compared to traditional aid format.

Although, during the period of interest Asia has received more aid, compared to other regions, distribution per country and per flow class highlighted certain discrepancies. Some actors like Bhutan, Brunei and even India were neglected as parts of assistance program. Others, like Pakistan, Kazakhstan, Indonesia became top recipients and key partners. Thus, the data analysis outlined a few trends in Chinese development assistance to Asia as being subject to a) national motivation (aiding

key participants of the BRI) and b) bilateral political relations (countries pursuing rivalry political course or claiming disputed territories are less likely to receive aid but are still eligible for ordinary lending). Chinese financial support and community building are rational and majorly defined by its economic and geopolitical objectives, rather than shared culture which it publicly promotes. Distribution of development financing thus is not likely to fully correspond to the framework of neo-tributary system, which presupposes inclusion of all former vassal territories under the umbrella of beneficial assistance.

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