

# On the Role of Southeast Asian Countries in the Context of "Belt and Road" Policy

## -- Taking Laos as an Example

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### Abstract

**Southeast Asia is one of the important stages for our country to carry out peripheral diplomacy and promote the "Belt and Road" initiative. What is the impact of the "Belt and Road" policy in China on Southeast Asian countries? What are their roles in this policy context? This paper takes Laos as an example to analyze.**

### Keywords

**Laos; Belt and Road; Southeast Asia.**

## 1. Belt and Road Policy

Belt and Road is a great development initiative put forward by China covering Asia, Africa and Europe. Belt and Road covers Central Asia, South Asia, West Asia, South-East Asia and Central and Eastern Europe and other countries and regions, along the 53 countries, 94 cities, Amsterdam, the Netherlands, this port city is the end of the Belt and Road, Belt and Road closed here into a circle. The regions along the route are mainly emerging economies and developing countries, with a total population of about 4.4 billion and a total economy of about \$21 trillion, accounting for about 63% and 29% of the world, respectively, and are currently one of the fastest growing regions in global trade and cross-border investment.

The Silk Road Economic Belt is a new economic development area formed on the basis of the ancient Silk Road concept. It includes Shaanxi, Gansu, Qinghai, Ningxia and Xinjiang in the five northwest provinces. Chongqing, Sichuan, Yunnan and Guangxi. in 2013, proposed by China.

The New Silk Road Economic Belt, with the Asia-Pacific economic circle in the east and the developed European economic circle in the west, is regarded as the "longest and most potential economic corridor in the world".

The Silk Road Economic Belt has a vast territory, rich in natural resources, mineral resources, energy resources, land resources and valuable tourism resources, which is called the strategic energy and resource base of the 21st century. However, the region's transportation is not convenient enough, the natural environment is poor, and the level of economic development has a huge gap with the economic circle at both ends. The whole region has the phenomenon of "high on both sides and low in the middle".

The 21st Century Maritime Silk Road is a strategic concept proposed by China in October 2013.

In the Vision and Action to Promote the Co-construction of the Silk Road Economic Belt and the Maritime Silk Road in the 21st Century, jointly issued by the State Development and Reform Commission, the Ministry of Foreign Affairs and the Ministry of Commerce, it is proposed that take advantage of the advantages of the Yangtze River Delta, the Pearl River Delta, the West Bank of the Straits and the Bohai Rim economic zones, such as high openness, strong economic strength and

radiation-driven role, to speed up the construction of China's (Shanghai) free trade test area and to support Fujian's construction of the core area of the Maritime Silk Road in the 21st century.

It will fully rely on the existing bilateral and multilateral mechanisms between China and the countries concerned, and with the help of the existing and effective regional cooperation platforms, the Belt and Road aims to borrow the historical symbols of the ancient Silk Road, hold high the banner of peaceful development, actively develop economic partnership with the countries along the route, and jointly build a community of interests, destiny and responsibility with political mutual trust, economic integration and cultural inclusion.

So Belt and Road is not only economic, but also political, cultural, diplomatic and military. The economy is the breakthrough and the development goal, the political must trust, otherwise will form the economic development restriction; the culture must be mutually tolerant, the diplomacy is the means, the military is the safeguard.

## **2. Economic developments in Laos in recent years**

Statistics for 2016, population 6.76 million, land area 236800 square kilometers, total GDP159 billion dollars, per capita GDP2353 dollars. The economy and infrastructure are relatively backward, industry is very weak and population density is small. In ASEAN, Laos and China have better relations. Although rated as "the best tourist destination in the world ", all industries, including tourism, are still very weak. The geographical location of Laos is relatively special, is China's entry into the Indochina Peninsula bridgehead. Laos is the ridge and ventral center of the Indochina Peninsula, condescending radiation of the four Southeast Asian countries, geographically can be cut off Vietnam's waist sharp blade.

### **2.1 Economic development.**

In recent years, the Lao economy has maintained a relatively rapid growth momentum. In 2015, Laos GDP about \$11.74 billion, up 7.5% from the same period last year, and per capita GDP reached \$1725. Industry accounts for 32.42 per cent of the economy, services 37.87 per cent and agriculture 23.15 per cent.

### **2.2 Monetary control**

The Lao currency is Kip and is subject to conditional exchange. Kip, the United States dollar and the Thai baht can be exchanged and used in the country's market. RMB can be exchanged and used in the north of the country.

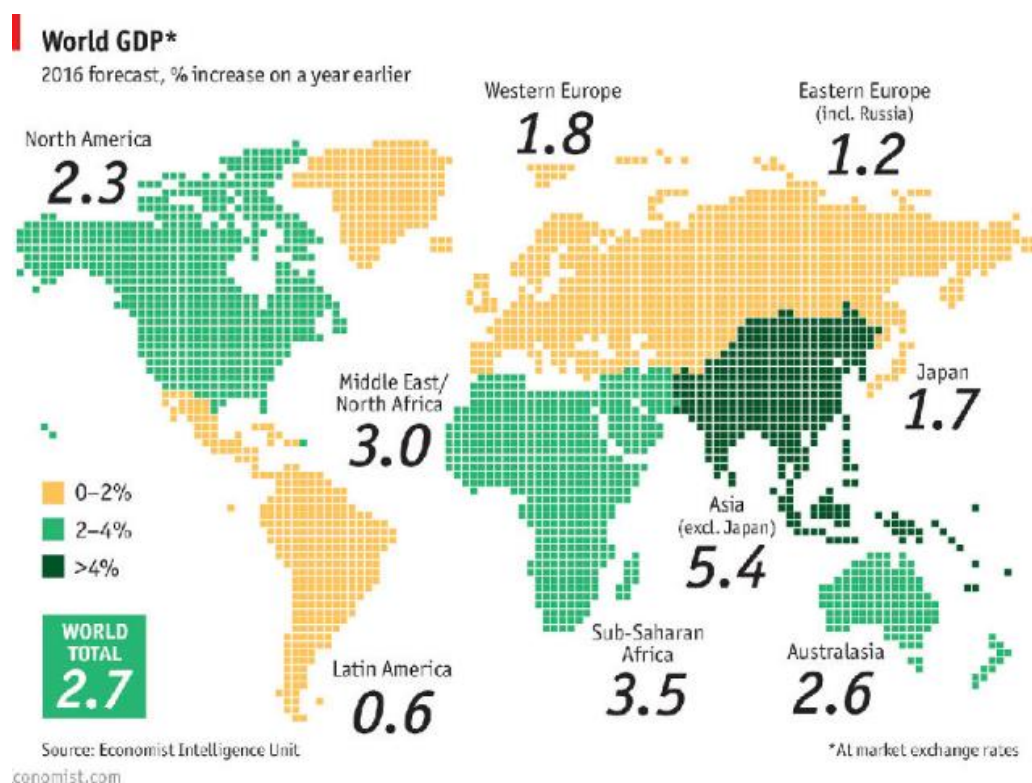
### **2.3 Foreign exchange controls**

According to Lao foreign exchange management regulations, foreign enterprises registered in Laos can open foreign exchange accounts in Lao banks for export and import settlement. Foreign exchange in and out of Laos need to be declared.

### **2.4 Banking system**

The Lao Central Bank oversees Lao commercial banks and financial institutions. There are three state-owned commercial banks in Laos, namely the Lao Foreign Trade Bank, the Agricultural Promotion Bank and the Foreign Development Bank.

### 3. Impact of Belt and Road on Southeast Asian countries



图：2016年世界各地GDP增速

As can be seen in the picture, the major economies of the world today (except China and India in Asia) are growing slowly. Economic growth in Asia is significantly faster than in the rest of the world. Countries, companies or institutions, or individuals, must follow fast-growing regions to make a lot of money, and Asia has attracted a lot of money from around the world.

The continent's infrastructure is inadequate, its foundation is weak, and its economy is developing rapidly. Asia, which accounts for one third of the global economy, is the world's most dynamic and growth-potential region with 60 per cent of the world's population. However, due to limited construction funds, some countries have seriously inadequate infrastructure such as railways, roads, bridges, ports, airports and communications, which to some extent limit the economic development of the region.

In order for countries to maintain the current level of economic growth, at least \$8 trillion is needed for internal infrastructure investment, with an average annual investment of \$800 billion. Of the \$800 billion, 68 per cent was invested in additional infrastructure and 32 per cent was required to maintain or repair existing infrastructure. The existing multilateral institutions can not provide such a huge amount of money, and the Asian Development Bank and the World Bank have only \$223 billion, and the two banks can provide Asian countries with only about \$20 billion a year, and there is no way to meet the demand for such funds. Large private sector investments in infrastructure projects are difficult because of the high demand for capital, long implementation cycles and uncertain income flows.

#### 3.1 For Southeast Asia, joining the "Belt and Road" has the right time, geographical location and harmony.

According to the "Belt and Road" five-way index report data released by Peking University's Global Connectivity Center in 2018, among the 94 countries estimated in the report, ASEAN countries overall ranked higher and were pioneers on "Belt and Road". So what role can Southeast Asia play in the future?

First of all, it is necessary to clarify, "Belt and Road" is exactly what? First of all, it is a new world economic cooperation platform, through the construction of a multi-participation interconnection network to reduce the cost of economic development of countries, with the attributes of international public goods. Secondly, it is rich in the connotation of new globalization. "Belt and Road" will connect the past Asia-Europe non-civilized trade and cultural exchange channels to open again, give it in line with the modern needs of the connotation, that is, openness, balance and benefit to the people, with a view to narrowing the regional development gap, so that ordinary people feel more, thus promoting a new round of globalization. Again, it has global governance implications. The principle of co-construction and sharing of "Belt and Road" embodies the spirit of equal partnership, and consultative cooperation and desalination of ideology embody inclusiveness, which is of great significance to global governance.

### **3.2 South-East Asia's role in "Belt and Road" consists of two dimensions: benefits and empowerment.**

(1) Be neutral and make good choices for yourself. Since the birth of "Belt and Road", it has been accompanied by controversy and doubt. At this time of the Forum, it presents two distinct features in the world narrative. One, it is synonymous with the debt trap and geographical power; the other, it is a peaceful, broad, sustainable development concept and cooperation platform. Which one is real? Southeast Asian countries should maintain independent thinking and draw their own conclusions.

Objectively speaking, "Belt and Road" is constantly improving, but there is room for improvement, but the attitude towards its demonization is useless. Southeast Asian countries generally have the need to develop national strength and improve people's livelihood, and the original intention of the "Belt and Road" initiative lies in this. In the Philippines, for example, during the forum, the two countries signed 19 business exchange agreements involving energy, infrastructure, food, telecommunications, agricultural products, tourism and industrial park development. The Philippines has received \$12.1665 billion in investment from China and is expected to bring 21,165 jobs. Philippine President Duterte, who witnessed the process, said the sooner the project is completed, the sooner the Filipino people will feel the benefits of Philippine-China relations.

Malaysian Prime Minister Mahathir said at a post-summit press conference that he initially worried that the "Belt and Road" plan would be dominated by China, and after a thorough understanding found that China did not dominate other countries through the "Belt and Road" plan, but instead contributed to the common cooperation of all countries and the development of developing countries.

This is why "Belt and Road" in Southeast Asia some cooperation projects, the process of twists and turns, but the final results, the results are good. The eyes of the host country are bright. In the future, we should promote the strategic docking between "Belt and Road" and Southeast Asian countries, standardize the operation of the project through more full communication and consultation, and at the same time attract more private enterprises and small and medium-sized enterprises to join, so that "Belt and Road" can better benefit the people of Southeast Asia.

(2) To be a lubricant for the relations of great powers and to shape the long-term influence of ASEAN. After 50 years, ASEAN has created a model for regional economic cooperation. The significance of ASEAN in the world lies in the fact that it provides a neutral geopolitical platform in the interaction of great powers, which is particularly precious in the context of changing world patterns and frequent contradictions. ASEAN can be trusted by extraterritorial countries and thus can reconcile and lubricate the relations of great powers. 10 3.10 Cooperation shows that ASEAN is an excellent platform for cooperation among major powers. Third party cooperation on "Belt and Road", Southeast Asia is also the most suitable place. By giving full play to their respective technological, financial and infrastructure capabilities, the major powers can better guarantee the level of implementation of projects in South-East Asian countries, narrow the competition and conflict areas by expanding cooperation. "Belt and Road" is China's efforts to release goodwill to all countries, including the West, on the basis of which ASEAN can play an active role in promoting "Belt and Road" as an effective platform for cooperation among countries.

(3) Practitioners of the new type of international relations, shaping the model of relations between large and small countries. The reason why China-ASEAN relations have made great progress in the 21st century lies in the sincerity of cooperation and the wisdom of handling differences between the two sides. China's investment in Southeast Asia is not matched by military forces, nor has it had a record of interfering in the internal affairs of the host country, reflecting the spirit of kinship, sincerity, favor and tolerance. In dealing with relations with China, ASEAN also embodies the attitude of consultation and cooperation, including the thorny issue of the South China Sea. Therefore, in the "Belt and Road" cooperation, China and ASEAN can precisely enrich and stabilize this relationship, and form a demonstration effect. Mahathir said there are many small countries involved in the "Belt and Road" initiative, which can discuss how to benefit from it on an equal basis with the big countries. This is useful in building a peaceful and stable world.

#### 4. Conclusion

China and Laos have enjoyed good economic and trade cooperation. At present, China is Laos' largest source of investment and the second largest trading partner. I firmly believe that based on good cooperative relations, the prospects for cooperation between the two sides are bright and the potential complementarities are very strong. Laos has abundant land resources, forest resources, fresh water resources, mineral resources, etc. China has sufficient funds, advanced technology, experience and huge market. The two countries should strengthen cooperation in agroforestry, tourism, energy, science and technology, e-commerce and the Internet.

#### Acknowledgements

This paper has received financial support from Leshan Normal university's horizontal project "Feasibility Study of LinLong Cultural City project in Zheng 'An County, GuiZhou Province" (NO.204190517). The author hereby express many thanks.

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