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+Analysis+of+Lao's+Interests+in
+the+Kumning-
Viantiane+High+Speed+Railway
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Submission date: 12-Jul-2023 09:59AM (UTC+0700)

Submission ID: 2129909238

File name: 9.+Emil+Dariskiyah+-+Analysis+of+Lao's+Interests+in+the+Kumning-
Viantiane+High+Speed+Railway+Project+with+China.pdf (405.81K)

Word count: 5091

Character count: 25966



Analysis of Lao's Interests toward Kuming-Viantiane High-Speed Railway Project with China

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Article Info

Article history:

Received October 17, 2022

Revised Desember 8, 2022

Accepted December 20, 2022

Available online December 20, 2022

Cite:

Dariskiyah, et.al. (2022). Analysis of Lao's Interests toward Kuming-Viantiane High Speed Railway Project with China. *Global-Local Interaction: Journal of International Relations*, 2(2).

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Abstract

This paper talks about an analysis of Lao's interest in working with China on the High-Speed Railway (HSR) project between Kuming, China, and Viantiane, Lao. Using a method called "foreign policy analysis," this paper looks at four factors that Lao considers when deciding whether or not to work with China. The first is that Lao is close to China and has a similar climate. Second, China's strength in the economy. Third, the stability of China's political system. Fourth, China's population, which has to do with the tourism industry and improving Lao's human resources. The authors of this paper say that the results show that a number of indicators make it possible for Lao to connect to the rest of the world through the HSR project, make more contributions to the region, and become more competitive on both the regional and international levels.

Keywords: China, Foreign Policy Analysis, High-Speed Railway, Lao

Introduction

The High-Speed Railway (HSR) project is a big deal in international relations, especially when it comes to how China uses HSR as a diplomatic tool to help its own goals abroad. HSR is China's main product and strategy to get ASEAN countries to join the Belt Road Initiative (BRI). Lao is a landlocked country that is hard to get to, which makes it hard for the economy to grow quickly. China's Belt and Road Initiative (BRI) HSR project is a breath of fresh air for Lao because it will help the country's economy grow. (CRI, 2022).

In 2010, Lao and China signed a Memorandum of Understanding (MoU) about the development of areas around railway stations in the capital and provinces of Oundomxay, Vientiane, and Luang Prabang. This was done to help the industrial and logistics development of Lao. China's HSR project meets the connectivity needs of developing countries like Lao, which need infrastructure to move more goods, services, and people to help the country's economy. The HSR project is very promising for connecting Lao and China because it will make travel times shorter and provide a high level of safety. Lao joining China's HSR project shows how much it wants to improve its own conditions through connectivity. The Lao government hopes that HSR will help improve Lao's economy and export-import activities.(Rowedder, 2020). The HSR line between Lao and China is scheduled to be built starting in 2016 and finishing in 2021. The 414-kilometer-long rail line was built so that passenger trains could go 160 kilometers per hour and freight trains could go 120 kilometers per hour. The Lao-China HSR project has 170 bridges and 72 tunnels. (Yoshida, 2022). This research is important because it uses the theory of foreign policy analysis to find out why Lao is working with China on HSR projects. First, Lao is a country in Southeast Asia. Out of the ten ASEAN countries, it has the seventh-best economy. Despite this, Lao still wants to build the HSR with China. Second, Lao does not have a sea, so it is



known as a "land lock" country. Lao needs to improve its infrastructure, like the HSR project, to make its economy better. This is important for the country's economic growth. Third, the HSR infrastructure project can help connect Lao not only to China but also to other Southeast Asian countries that are part of the big BRI project. Some of these things help Lao reach its goal of becoming a land-connected country as part of its economic reform. By looking at some of China's potential and the HSR project, the land-linked vision hopes to help Lao' economy grow the most. (Anam & Ristiyani, 2018).

Lao thinks that China's program to build a high-speed rail line can help it open free markets between countries and regions. The author's research on why Lao and China should work together on the planned High-Speed Railway (HSR) includes: First, China's location makes it easy to connect to Lao, which makes the Lao HSR landlocked. Second, China's population can help Lao with trade and the flow of foreign tourists from China to Lao. Third, China has natural resources that can be used to meet the needs of the Lao people. Fourth, China's stable political system allows the HSR project to improve relations between China and Lao. Fifth, work is being done to make it easier for the Lao economy and commodity market to grow with the help of Lao-China HSR connectivity.

Analytical Framework

According to Valarie M. Hudson's book, "Classical Foreign Policy Analysis and Contemporary Theory," Hudson's views on foreign policy analysis can be affected by a number of outside factors. First, a country's location, which is how other countries will figure out how to work together. Second, the state and ability of the destination country's economy, which affects economic strength in foreign policy. These situations can make people dependent and help them get what they want. The third is a country's system and political situation, which can be taken into account when a country wants to encourage and build cooperation that benefits both sides. Stable political conditions and systems can encourage a country to be open to opportunities for cooperation that are good for both sides. Fourth, a country's population makes it possible for other countries to make money and take advantage of profitable opportunities. Some of these instruments will affect a country's political direction when it makes a decision, and some of them will be seen as reasons for a country to work together. (Hudson & Day, 2020). In this study, the above instruments (variables) will be used to figure out why Lao agreed to work with China to build the HSR between Kunming, China and Vientiane, Lao. Lao thinks that HSR cooperation will be a big chance to improve its own economy through connectivity and make Lao a country that is connected to the outside world. (Walsh, 2009).

Research Method

This research is a type of explanatory research that uses a method called "literature study" to explain why Lao is working with China on the Kunming-Vientiane HSR project. Data from both first-hand and second-hand sources, like journals, theses, books, and scientific articles that are related to the research topic. (Salmaa, 2021).



Discussion

Geography Landscape of China as an Openness Opportunity for Lao Connectivity

As a Land Lock country, China's location right next to Lao is one of the reasons why Lao wants to work with China on HSR development. With rail lines going directly to China, the project will become a part of Lao's plan to make the country's economy more connected and mobile. Through the HSR project, it sends a good sign that Lao's economy is growing. HSR will give Lao new ways to get around, increasing and maximizing the economic potential in every part of the country. The HSR line will make it easier for industrial areas, logistics warehouses, trade areas, and residential areas to grow. The HSR development project will include the station in Vientiane, which is the capital of Lao, as well as stations in Vangvieng district, Vientiane province, Xay district, Oudomxay province, and Luang Prabang province. It will also connect to the Chinese region of Kunming. Lao will benefit from the HSR path from a geographic point of view, and it will be the only way for Lao to grow and improve its economy. The Lao government thinks that this project to make cities grow quickly will lead to social and economic growth and help Lao make more progress. (Pantusah, 2022) .

Geographically, Lao HSR will be good for both Lao and China. Lao will be able to travel more easily to China and several other Southeast Asian countries that are also building HSR with China, like Thailand. As for China, the location of Lao will make it a bridge between China and Thailand, up to Malaysia and Singapore. (Chen and Dicarolo, 2021). The 414 km rail line project will be passed by passenger trains going 160 km/h and freight trains going 120 km/h. Lao thinks China is a successful country and understands how important it is for ASEAN countries like Thailand, Cambodia, Malaysia, and Singapore to be physically connected. Lao thinks that cooperation between Lao and China will lead to progress because China is working to connect ASEAN. (Somsack, 2020).

The population of Lao is expected to reach 8.23 million in 2030, 9.48 million in 2050, and 9.72 million in 2063, according to statistics. (Department of Economic and Social Affairs Population Division: Lao Population, 2022) In the future, HSR can make it easier for people to move around in China and Lao, and it can also help China make the most of its own economic potential so that it can share it with other countries that are connected to China. Lao is able to get around geographical barriers and work with neighboring countries because of HSR. This gives Lao the chance to reach its full potential. Lao and China will build the HSR to make it easier for goods from Lao to be processed in China. This is also to make it easier for trade between the two countries, which is good for both and gives Lao a chance to strengthen and improve its economy.

In the northern part of Lao, many Chinese companies have been set up and are now running. These include sugar, cassava, corn, and timber factories. All of these are common goods that can be found in more than one country. China invests a lot in three countries: Cambodia, Lao, and Vietnam. This includes foreign aid like trade in the agribusiness and mining sectors. The Lao people's economic activities depend on the natural resources that belong to their country. The HSR will make it easier for the Lao people to access global markets, which will speed up the country's economic development.

As an industrial country, China is very dependent on agricultural goods and industrial raw materials from Southeast Asian countries like Malaysia, the Philippines, and Thailand. Most of China's goods are also sent to Lao, Cambodia, and Vietnam. These include



technology, machinery, and consumer goods made in China. So that, from a geographical point of view, the development of HSR can help Lao and China keep doing business with each other. On the other hand, China is Lao's second-biggest trading partner after Thailand, which helped build the HSR route's infrastructure. So that Lao will benefit greatly from China's presence through the HSR project in the future. (Investments et al., 2008). With the HSR project, Lao has the chance and potential to reduce unemployment, improve the quality of its human resources, get technology from China, build up its infrastructure, improve connections, and make it easier to get to. HSR connectivity also makes it possible to lower transportation costs, which can affect the price of goods and services. So, it is possible that new centers of economic activity will pop up along the corridor, which will help Lao move goods and people between China and ASEAN.

China's Economic Strength and Lao's Potential in the HSR Project

The Lao-China Trade and Investment Cooperation Forum is a place for economic cooperation between Lao and China. Cooperation between Lao and China is important to keep bringing businesspeople from the two countries together and to increase cooperation between companies in Lao and China. Aside from that, Lao pays special attention to how it manages agriculture, the energy industry, special economic zones, urban real estate, and tourism so that it can become a driver of the national economy by bringing in investors and tourists from China. In 2015, China was Lao's biggest export market. The value of the transactions reached USD 2.57 billion, which was an increase of 108.7 percent and put Lao second among the ten ASEAN countries. On the other hand, China is Lao's biggest source of foreign investment. Lao has many different kinds of Chinese investments, including hydropower projects, the mining industry, agriculture, real estate, and the development of industrial zones (ACC Secretary-General Attended Lao-China Trade and Investment Cooperation Forum, 2022). As of 2013, China had more than 800 projects worth \$4 billion in Lao. China and Thailand are the two countries that buy the most Laotian goods. In 2015, China's imports from Lao came in first, beating Thailand. The table that follows shows this.

Table 1. Total Product Exports from Lao to China 2010-2015 (in thousand US Dollars)

2010	2011	2012	2013	2014	2015	Total
222832	105346	107743	366671	705209	1039451	2547252

Table 2. Total Product Exports from China to Lao 2010-2015 (in thousand US Dollars)

2010	2011	2012	2013	2014	2015	Total
483623	476255	937094	1722577	1839475	1212287	6671311

Based on the export and import data between Lao and China above, even though China exports more to Lao than Lao exports to China, Lao is an important part of China's ability to keep industrializing. The first is that Lao connects China to markets in Southeast Asia. Second, Lao is a source of raw materials for China's growing industrial sector. Third, Lao could be a place where Chinese goods and skilled workers can sell.

Lao also sees that China's economy is entering a new normal stage where growth will continue at a higher rate. Innovation in the production and investment sectors is what drives China's economic growth. The Lao-China HSR project is part of China's Belt and Road



Initiative (BRI) because it will help promote economic and social development in areas along the Lao-China HSR line and make sure that people along the rail line will benefit from the project. In 2003, 1.5 percent of Lao' foreign direct investment (FDI) came from China. In 2013, China invested more than \$5 billion USD in Lao, making it the country with the biggest investments there. In 2015, Chinese money went into the energy, mining, dam, and forestry industries. China also built a Special Economic Zone (SEZ) in That Luang Marsh, which is close to Vientiane. China plans to build residential areas, green spaces, commercial centers, hotels, shopping centers, and entertainment venues in the SEZ. (Songwanich, 2022). The following is Chinese investment data in Lao from 2010 to 2015.

Table 3. Chinese Investment Data in Lao 2010-2015

Year	Investment Value (US\$)	Sector Investment Share (%)		
		Electricity	Agriculture	Industry
2010	2850	30 %	23%	9%
2011	3550			
2012	1850			
2013	2640			
2014	500			
2015	100			

Source: Investment Promotion Department, Ministry of Planning and Investment, Lao

China's influence in Lao is shown by the growth of trade and investment. On the other hand, Lao is trying to stop being so dependent on Vietnam and the West. The Asia Development Bank (ADB) is an important part of China's BRI program in Lao and Southeast Asia in general. Many large infrastructure projects can't be done with the money that Southeast Asian countries, especially Lao, have. China's economic growth still needs help from other countries, both as suppliers of raw materials and as markets for Chinese products. Aside from that, the growing number of Chinese projects and companies in Lao shows that China has other economic potential. From 2010 to 2015, the following table shows how many Chinese companies and projects were active in Lao.

Table 4. Data on the Number of Chinese Projects in Lao in 2010-2015

Year	Number of Projects	Percent (%)
2010	84575	5.89%
2011	127620	5.95%
2012	192784	6.83%
2013	277092	7.77%
2014	449099	9.43%
2015	484171	7.72%
Total	1615341	43.59%

Source: China's foreign direct investment statistics over the years

From the table above, you can see that the number of projects China does in Lao each year is going up by a factor of 10. As for how many Chinese businesses are in Lao, there are a lot.

Table 5. Data on the Number of Chinese Companies in Lao 2010-2015

Year	Number of Companies



2010	11.308
2011	13,829
2012	12,956
2013	13,785
2014	13,777
2015	15,500

Source: Path Lao News

Based on some of the information in the tables above, it seems likely that China is trying to increase its economic influence around the world in a way that is consistent with its own economy. As China's close neighbor, Lao is the back door for China's expansion in Southeast Asia. Through the HSR project, it is hoped that it will become infrastructure that makes it easier for economic and strategic cooperation between the two countries to reach a new level. This will be done by creating a distribution network, connections, and mobility of goods and services that are more effective and efficient in terms of cost and travel time. The HSR project can help China and Lao work together more in a wider area, build up industrial capacity, and cut down on distribution costs. It can also help Lao's economy change, which will lead to joint development between Lao and China. China's HSR project will help connect remote areas of Lao to the internet and make it easier for Lao to trade with China and other countries in Southeast Asia.

China's political stability affects the future of the HSR Project

The idea of building a train line from China to Lao started in 2001. But the two countries confirmed it for the first time in 2009. In 2010, they started talking about the project, and in 2015, they reached an agreement on the HSR development cooperation project. Lao and China came to an agreement on the development of the HSR by talking about both technical and political issues. The HSR being built is the first cross-country HSR in the Southeast Asia region, and it is being built by two countries with very different economic, technological, and political capabilities. Politically, the agreement Lao signed also includes Lao's thoughts on the political situation in the Southeast Asian Region and also in China. Politically, Lao sees China as a strategic partner that could help it get out of the land lock trap. China's neighboring country Lao is also a good economic partner for China. Sincerity, trust, and mutual help are the foundations of the diplomatic relationships between the two countries. This means that the leaders of the two countries will continue to work to deepen cooperation in many areas (Corben, 2015).

Lao and China are both close and have similar political systems. Where the two countries were both hurt by Japanese aggression in World War II. As the two countries fought together against colonialism, a deep friendship grew between them. In 2015, Chinese President Xi Jinping said that China is willing to work with Lao based on the ideas of long-term stability, friendship, and being good neighbors. He also said that he wanted to promote strategic partnership cooperation between Lao and China. Lao and China should work together in a way that builds trust, helps both countries, and creates a shared community. Lao sees a strong political commitment from China to keeping bilateral cooperation at a high level, both through annual meetings and meetings between the leaders of the two countries. For Lao to agree to the Lao-China HSR project, one of the most



important reasons is that China is willing to improve its relationship with Lao through the BRI project in Lao. A type of cooperation that helps both sides and leads to a win-win solution. It also brings the interests of the two countries closer together at a higher level. China wants to work more closely with Lao to improve how their departments work together and how they share work experiences and run state affairs. China also has a strong long-term commitment to expanding cooperation with Lao in other areas, such as education, tourism, culture, and youth. (China, 2015).

Lao is the first stop for China's BRI project, which aims to increase China's influence and access to markets in Southeast Asia. On the other hand, through the development of HSR, Lao is trying to balance the influence of Western powers in the country. China's policy, which is carried out through the BRI, is in line with Lao's national development plan, which aims to improve the country's infrastructure and increase its domestic capacity so that it can compete with other countries in the region. Lao has a chance to benefit from China's growing influence through the BRI, which will help Lao's domestic politics and economy. Through the HSR project, Lao and China can strengthen their political ties and work together to promote development and peace in the region and around the world. Politically, the HSR project can be a way for the two countries to work together in a friendly way and strengthen their relationships with each other.

Lao's Tourism and Human Resources Sector and China's Demographic Potential

Lao gets some of its foreign currency from tourism, as well as from trade and foreign investment. As the country with the most people in the world and the one that is right next to Lao, China offers a lot of opportunities for foreign tourists to travel from China to Lao. From 2009 to 2015, more Chinese tourists came to Lao. This can be seen in the following table.

Table 6 . China Tourism Data to Lao in 2009-2015

Year	Number (percent)
2009	128.266 %
2010	161.854%
2011	150.791%
2012	199.857%
2013	245.033%
2014	422.44%
2015	511.436%

Source: Statistical Report on Tourism in Lao, 2015

Based on the table above, the tourism industry is very important to Lao because it has helped improve the country's economy, which can be seen by the number of foreign and domestic tourists. (Manivong, 2014). The HSR development project is one way that the Lao government is trying to bring more tourists from China to Lao. HSR will connect different parts of Lao directly to China and make it possible for Lao to create new economic zones. Communities in both countries will benefit in terms of comfort, safety, shorter travel times, and much cheaper travel costs compared to using an airplane. Aside from that, when it



comes to the number of people in China, Lao sees this number as a chance for tourists to visit Lao.

With more than a billion people living in China, a high rate of economic growth, and a per capita income that is higher than Lao, this will be a good thing for the domestic market in Lao, especially the tourism industry and a skilled and experienced workforce. People in both countries can build new network nodes and work together in different fields, such as education, cultural exchanges, and improving the quality of human resources through the exchange of students, academics, culture, sharing of knowledge, and experience, which leads to a sense of mutuality, trust each other and have a positive effect on stronger bilateral and socially stable relationships.

In January 2014, Lao and China started a project to improve employment services and information about the labor market. The project, which is part of the South-South Cooperation Project, has a budget of USD 500,000. Its goals are to increase efficiency and participation in the country's labor market, reduce unemployment, and make it easier for job seekers and employers to share information. The ultimate goal is to boost productivity, which is the key to economic growth and reducing poverty. Lao thinks that the condition and number of experts in China can be used to help strengthen and improve services and the quality of human resources in Lao. Both through training and an apprenticeship in China (ILO, 2015).

China is also trying to balance the demand for workers in China, especially in the agricultural sector and rural areas. Where, a lot of Chinese people moved to cities to work and left the agricultural sector in the countryside. Lao could use these conditions as a chance to enter the labor market or become a supplier of agricultural products to China. According to data collected by the National Bureau of Statistics, the number of people working in rural areas went from 400 million in 2010 to 350 million in 2014. The number of people working in cities went from 350 million in 2010 to 400 million in 2015. In 2015, China has a potential labor force of 793 million people. This number makes China the country with the most workers in the world, ahead of India, Indonesia, and Bangladesh. (Devonshire-Ellis, 2014) . Lao has two benefits as a neighboring country. First, Lao can join the labor market in the agricultural sector. Second, through cooperation and projects with China, Lao can use a professional workforce to build and develop the country's human resources. So, China's demographics can be good for the tourism industry in Lao, but they can also be good for other industries in Lao. Before the project starts, during the project, and after the project is done and the train is running, the HSR project gives people the chance to work together on long-term projects in different fields. The HSR project is a two-way street that creates opportunities in other areas. This is a win-win situation for both countries involved.

Conclusion

Lao is a landlocked country that depends on agriculture and mining for its economy. To trade and invest, it needs lines that connect it to markets. China is a neighboring country that is right next to Lao. The Lao-China HSR project gives the two countries a lot of great opportunities. Lao decided to join the HSR project because China is close and has a strong economy, stable government, and a growing population. The Lao-China HSR network, which linked Thailand's major industrial areas and ports to China's high-speed rail system. The



agreement between the two parties to build the HSR made Lao the first country in Southeast Asia to have a fast train that goes across the country. The HSR itself is part of a large Chinese project in Southeast Asia that is part of the BRI. Lao also has an advantage because it is connected not only to China but also to neighboring countries like Thailand, Malaysia, and Singapore.

Lao's cooperation with China on the HSR gives it a chance to increase its influence and bargaining power in its diplomatic relationships with other countries in Southeast Asia. Lao will have a political and economic partner in China for a long time. China's important role in HSR development in Lao is a chance for Lao to become more involved in the global economy. HSR is a part of Lao and China's efforts to form a comprehensive strategic partnership, and it's a good idea for both countries.

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