

# The Sino-Thai Cooperation under the Framework of Belt and Road Initiative

(1839 words excluding citations)

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## 1. Introduction

Since the announcement of the Belt and Road Initiative (BRI) in 2013, China has already invested in multiple countries to enhance its vision to improve regional connectivity. Nowhere were the impacts of the Chinese BRI more pronounced than in Southeast Asia – China’s immediate neighbor. China has so far invested in 9 out of 10 ASEAN countries, leaving only Vietnam.

In the case of Thailand, the Sino-Thai cooperation under the framework of BRI has been limited to only one project – the construction of Thailand’s northeastern high-speed railway (HSR) that will link with Laos’ Vientiane-Boten HSR line that will in turn connect to Yunnan and China’s entire HSR system. However, in contrast to the construction of the China-backed Vientiane-Boten HSR line which will begin its operation in December 2021 as scheduled despite the impact of the COVID-19 pandemic, the Sino-Thai northeastern line has been progressed at a much slower pace.

Given Thailand’s locational importance in enhancing the regional inland connectivity and Thailand’s closer relations with China, it is puzzling why the Sino-Thai cooperation under the BRI has not been more extensive and intensive. In this article, I argue that the limited scope of cooperation and the tardiness of implementation are the result of the need of Thai political elites to balance between delivering growth and maintaining the narrative of autonomy and independence. In the subsequent section, I describe the status of the Sino-Thai HSR project followed by explanation for why the project has experienced a great delay in the last section.

## 2. The Northeastern HSR Line: Thailand’s Only BRI Engagement

Despite the conventional wisdom about Thailand moving closer to China following the 2014 coup, Bangkok’s participation in the Chinese BRI has been, in fact, limited. The Sino-Thai northeastern HSR line remains, so far, the country’s only engagement with China under its Belt and Road Initiative. There has been a rumor about the Chinese government eyeing to invest in the construction

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of the Kra Isthmus Canal – a canal that would connect the Gulf of Thailand to the Andaman Sea and would thus provide a shorter alternative to the existing route through the Straits of Malacca. The canal perfectly fits China’s vision of the 21<sup>st</sup> century maritime Silk Road and its String of Pearls strategy. However, despite multi-year discussions on the project, the Thai government is still reluctant to give it the green light, primarily due to a national security concern. Opponents view the canal as a physical separation between Thailand’s most southern provinces – the area most populated by Malay Muslims – to the rest of the predominantly Buddhist country. Given an ongoing conflict between ethnic and religious separatist insurgent groups and Thai authorities in the deep south, the construction of the canal could intensify the situation.

Not only has the Sino-Thai cooperation under BRI been limited in scope; its progress has also been delayed. In September 2014, the Thai Government under Prayut Chan-ocha, who came to power in the 2014 coup d’état, penned a memorandum of understanding (MoU) with China to cooperate on the construction of the northeastern railway line. The construction was set to start in 2016 and be completed in 2022 (Bangkok Post, 2014). However, seven years after the agreement had been signed, the Thai government completed only 3.5 kilometers of the 609 kilometer-long northeastern HSR (Prachachart, 2021).

The delays are the result of several disagreements between the Thai and Chinese agencies. The first disagreement is related to the investment proportion. Initially, the Thai and Chinese governments agreed to form a joint Special Purpose Vehicle (SPV), in which 40 percent of the investment came from the Thai government and 60 percent from the Chinese counterpart, to oversee the construction of the project. As a leading investor, the Chinese government requested development rights alongside the northeastern railway – the request that was not warranted by the Thai government due to domestic political pressure.<sup>2</sup> Eventually, the Thai government abandoned the SPV idea and decided to self-invest in the project.

The second disagreement arose over the issue of interest rates. At the beginning, Thailand looked for a loan from the Chinese government to finance the project. However, an interest rate of three percent offered by the Chinese government exceeded Thai government’s expectation of a lower than two percent interest rate. After many rounds of negotiation and refusal from the Chinese government to lower the interest rate, the Thai government decided to find alternative sources of capital to finance the project.

In addition to these two major issues, other disagreements include the construction plan, total costs, and employment of Chinese engineers and laborers (Crispin, 2016). At the current stage, the Thai government has decided to only use Chinese technologies for the construction and operation of the railway, while allowing private companies to participate in the construction through a tendering

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<sup>2</sup> The Chinese Embassy, however, denied that Chinese authorities ever made such request and that the allegation made by some Thai media was unfounded (See China Daily, 2016).

process. The northeastern railway is set to be completed and open for service in 2027 – five years behind the original plan (Prachachart, 2021).

The delay, however, is not a sign of Thailand not wanting to cooperate with China. After all, the relations between the two countries have grown closer than ever. In 2016, China surpassed the United States as Thailand's largest arms supplier. The Thai navy bought two submarines from China despite heavy criticism over their usability and necessity (Bangkok Post, 2021). With regards to the northeastern railway construction, the Prayut government even accepted the Chinese agency's proposal to reduce the line speed from 250 to 180 kph to accommodate China's objective of using the line for freight shipment. The Prayut government only reversed the line speed back to 250 kph when the two countries could not agree on the investment proportion.

Given the examples of closer relations between the two countries, it is puzzling why Thailand has not embraced the BRI more extensively. Why does it take a long time for the HSR construction to materialize? In the next section, I explain how this puzzling behavior is a result of Thailand's domestic politics, specifically how different factions of Thai political elites compete to maintain their political authority and legitimacy.

### **3. Delivering Economic Growth While Maintaining the Rhetoric of Autonomy**

Thailand's dream to pursue the HSR development has, in fact, preceded the Prayut administration. The plan to cooperate with China on the HSR construction was firstly conceived under the Abhisit Vejjajiva administration (2008-2011). Nevertheless, internal political problems had led Abhisit to dissolve the parliament before a deal with the Chinese counterpart was concluded. The HSR development plan was later picked up by Yingluck Shinawatra who won the landslide election in 2011. However, despite the common vision for HSR development, the Yingluck administration decided to pursue the project differently. Instead of relying solely on Chinese technologies, the Yingluck administration intended to open an international tender, allowing foreign companies and agencies with advanced HSR technologies to compete in the process. Additionally, the Yingluck administration also aimed to use domestic financial resources, instead of pursuing a joint investment with the Chinese government.

Despite some changes in details, the fact that the plan for HSR development persists through Thailand's three consecutive administrations shows how important the project is to each government's legitimacy to rule. According to Kuik (2013, 2017, 2021) and Lampton, Ho, and Kuik (2020), ruling elites usually employ three pathways of legitimation: (1) *procedural* legitimation through democratic elections, rules of law, and social justice; (2) *performance*-related legitimation that includes delivering economic growth and development; and (3) *particularistic* narratives such as nationalist, ethnic, or religious sentiments. All ruling elites employ more than one pathway of legitimation, but the combination varies based on political demands and public mood.

#### 4. Conclusion and Future Expectations

At the gist of it, the HSR allows the Thai government to deliver economic fruits to their constituencies, therefore enhances their *performance*-related legitimation. The Yingluck and Prayut administrations both altered the HSR development plan to appeal to their coalitional bases. “The HSR was merely a tool of politicians to gain voters from the provinces because the politicians persuaded the provincial voters that the HSR would bring higher economic growth to their area” (Aiyara, 2019, p. 336). For the Prayut administration, who came to power through a coup d’état followed by a non-transparent general election, electoral constituencies seemed to be their secondary target. For them, the ability to deliver Thailand’s first HSR is already in and of itself an indicator of success and that the completion of the HSR, both the northeastern and the newly added eastern lines, would trigger national economic growth.

In addition to the *performance*-based legitimation, the Thai government, particularly the Prayut administration, also pursue the *particularistic* narrative of Thai autonomy and independence. The fear of being controlled by foreign nations have existed in the mindset of Thai people for centuries. “Selling the nation” has been a standard criticism of a political actions against another. Oftentimes, this narrative has triggered public sentiments against the target of criticism (Sawasdipakdi, 2021). To mitigate such tension, the Prayut administration declined the request from the Chinese government for land rights alongside the railway, leading to the delay.

Adding to the need to balance between the *performance*-based legitimation and *particularistic* narrative that caused the delay in construction is bureaucratic inertia. The bureaucrats were reluctant to agree to the Chinese counterpart and implement the project in fear that the construction might have been against the law, especially when the project skipped the tendering process (Aiyara, 2019; Sawasdipakdi, 2021). According to the law on the procurement of public works, an open and transparent bidding process is a requirement. Anxious about the potential penalties once the Prayut administration loses power, the bureaucrats “would pursue HSR construction only if the government exercised Article 44<sup>3</sup> to protect the officers who participated in the project legally” (Aiyara, 2019, p. 341).

In April 2021, the Thai government again announced that the train could fully operate in 2027. However, this was not the first time the Thai government has announced a completion date for the project. Dates were announced and continuously pushed back. Although the *particularistic* narrative of independence and autonomy may no longer serve an obstruction to the project as the plan has changed towards an open tendering process and reliance on domestic sources of capital, the ongoing political turmoil could shift the government’s attention away from the project. With these in mind,

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<sup>3</sup> Article 44 refers to a section in the 2014 interim constitution of Thailand. It gives the National Council for Peace and Order (NCPO) leader, Prayut Chan-ocha, an absolute authority to issue any order.

it is difficult to predict when the Sino-Thai HSR – the only project under BRI – will become the reality.

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