

• Article •

The Impact of Political Stability and Institutionalization Levels in Host Countries on the Advancement of Belt and Road Initiative Projects An Analysis Based on Four ASEAN Countries

Qinyun Shi^{1,*}

¹ School of International Relations, Sichuan International Studies University, Chongqing, China

* Corresponding Authors: Qinyun Shi. Email: 594396720@qq.com

Received: 19 October 2024 Accepted: 27 October 2024 Published: 25 November 2024

Abstract: With the advancement of the Belt and Road Initiative, cooperation between China and ASEAN countries continues to deepen. Numerous cooperative projects, particularly in infrastructure construction, are influenced by various factors during their promotion and implementation. The successful implementation of Belt and Road projects is closely related to the political stability and institutionalization levels of host countries. Countries with high political stability and strong institutionalization can effectively promote the smooth execution of projects, whereas those with low political stability and weak institutionalization face a higher risk of project failure. Through case studies of Singapore, Thailand, Laos, and Myanmar, this research validates a model of four causal mechanism combinations, revealing the impact of political stability and institutionalization levels on the advancement of Belt and Road projects.

Keywords: Belt and Road Initiative; Political Stability; Institutionalization Level

1. Introduction

The Southeast Asia region plays a key role in the implementation of China's Belt and Road Initiative, driving regional connectivity and expanding trade exchanges. According to statistics from the International Institute for Strategic Studies in 2023, there are a total of 358 Belt and Road projects co-constructed between China and ASEAN countries, including successful cases such as the China-Laos Railway, the Jakarta-Bandung High-Speed Rail, and the East Coast Rail Link.

Belt and Road cooperative projects bring significant development opportunities to Southeast Asian countries, but due to their large scale and the involvement of numerous interests, they often face various challenges during implementation and advancement. Among these challenges, the political stability and institutionalization levels of host countries are critical factors affecting the smooth progress of projects. Political stability determines the continuity and predictability of policies, while the level of institutionalization pertains to the completeness and enforcement of laws, regulations, and

administrative procedures. Together, these elements create the macro political environment that influences the successful implementation of projects.

By selecting Singapore, Thailand, Laos, and Myanmar, this study analyzes the domestic political and institutional environments of these countries during the advancement of Belt and Road projects. It aims to validate and reveal the impact of different combinations of political stability and institutionalization levels on Belt and Road projects, providing new perspectives for understanding the implementation of these projects in various political contexts.

2. Literature Review

Currently, academic research analyzing the factors influencing the advancement of international cooperation projects from the perspective of host country political stability and institutionalization levels can be broadly divided into two categories. The first category focuses on the impact of insufficient domestic political stability in host countries on project advancement. Scholars generally agree that political turmoil encompasses various forms, including regime or government changes, political, religious, and violent conflicts (Martijn Burger, 2016). These instability factors weaken the host country's government's control over international cooperation projects. When events such as wars or conflicts occur, they are likely to cause casualties to projects and personnel, which in turn affects project costs and schedules (Wang Yanfen, 2020). Additionally, political turmoil deteriorates the investment environment in host countries, exacerbating the operational risks for foreign enterprises, making expected returns difficult to estimate, and thus lowering investment levels (Brandon Julio, 2012). Research in this category consistently argues that political instability in host countries is a significant constraint on the advancement of Belt and Road projects.

The second category of research focuses on the negative impact of weak institutions in host countries on project progress. Some scholars point out that weak institutions typically manifest as the decline and ineffectiveness of political systems, insufficient internal integration capabilities, and poor external risk response and mitigation abilities (Zhang Lijin, 2019). Such a weak institutional environment leads to inefficient project management and execution, often failing to ensure the effective fulfillment of transnational contracts, thereby increasing the risk of disputes and project interruptions (Hallward Driemeier, 2015). Moreover, institutional uncertainty can bring about higher political risks, negatively impacting transnational cooperation and investment (Xu Shao, 2020). These studies emphasize that weak institutions in host countries hinder the progress of Belt and Road projects.

In summary, existing research tends to isolate factors such as political stability and institutionalization levels that influence Belt and Road projects, failing to fully consider the potential complex interactions among these factors, leading to limitations in research perspectives. Therefore, this paper constructs a comprehensive analytical framework to explore the interactive effects of host country political stability and institutionalization levels. At the same time, this paper employs a cross-country comparative research method, selecting Singapore, Thailand, Laos, and Myanmar for

case studies, revealing the similarities and differences in how political stability and institutionalization levels impact projects in different countries.

3. Analytical Framework

In the context of international cooperation and development, the political stability and institutionalization levels of host countries do not operate as entirely independent factors; rather, they intertwine and jointly influence international cooperation during project advancement. Political stability reduces the uncertainty and risks faced by cooperative projects by providing a predictable policy environment. When the political environment is relatively stable, international cooperation projects encounter fewer policy fluctuations and lower risks. Institutionalization levels safeguard the legal rights and interests of projects through established laws and regulations. When the level of institutionalization is high, the risks of property disputes and contract enforcement faced by international cooperation projects are lower, allowing for smoother progress. The degree of realization of international cooperation projects is a result of the resonance between host country political stability and institutionalization levels.

3.1 Political Stability and International Cooperation

Political stability plays a crucial role in the advancement of transnational projects. Nie Yunlin (2000) defines political stability in his book *Political Modernization and Political Stability* as a state of orderly social and political development, characterized by ‘the regularity of social development,’ ‘the orderliness of social and political life,’ and ‘the continuity and adherence of government transitions.’ Samuel Huntington (1989) notes in *Political Order in Changing Societies* that political stability encompasses two fundamental elements: ‘order’ and ‘continuity.’ Order implies that the political system is relatively free from violence, oppressive politics, and division, while continuity suggests that key components of the political system do not change significantly. Jackson and Stark (1971) state that ‘political stability generally includes the absence of violence and protests against the system.’

Combining these scholarly views, it can be concluded that political stability has characteristics such as orderliness and continuity. A well-ordered political environment in the host country provides a relatively safe political and social setting for the smooth implementation of cooperative projects. Specifically, political stability means effective maintenance of domestic order, reducing the risk of disruptions due to social unrest or conflict. Given that transnational projects typically require a long time to complete, a stable domestic order is vital to preventing violent events, which are crucial for the successful implementation of cooperative initiatives. Moreover, political stability also reflects the continuity of government in policy-making and foreign affairs. The higher the stability of the government, the lower the political risk, and the more stable the international cooperation environment. Changes in internal leadership and policies in the host country can affect cooperation

progress, leading to interruptions or changes during planning, implementation, and management stages.

Regarding the measurement indicators for political stability, different scholars have proposed various criteria. Gao Li (1997) suggests that the evaluation system for political stability should include four interrelated indicators: political order, political institutions, political orientation, and political participation. Zhang Tihuo (2007) argues that it should encompass six aspects: the continuity of basic political institutions, the institutionalization and proceduralization of leadership transitions, the balance of foundational class relations, the institutionalization of political participation, the orderliness of the political process, and the consistency of political culture. Based on the above analytical indicators, this paper measures political stability from two dimensions: government authority and policy continuity.

3.2 Institutionalization Levels and International Cooperation

The definitions of institutionalization by scholars from different countries vary in emphasis. John Gerald Ruggie (1998) approaches it from a sociological perspective, defining institutions as mechanisms that coordinate and standardize behavior, guiding it in a particular direction. Yu Jianxing (2013) defines institutionalization as the fulfillment of various requirements at the outcome level, viewing institutions themselves as a determinate existence that can objectively and effectively influence their normative subjects.

In the context of international cooperation, the role of institutionalization is particularly significant. Ronald Coase (1937) pointed out that institutions are the primary force determining economic development. Specifically, the existence of institutions can lower transaction costs, which facilitates the smooth progress of international cooperation projects. Moreover, efficient institutions can eliminate or reduce uncertainty in social interactions, ensuring the successful advancement of international cooperation projects. For Belt and Road projects, the level of institutionalization in host countries directly affects legal protections, investment risks, and the sustainability of projects. Countries with high levels of institutionalization, through stable institutional arrangements, reduce information asymmetry and execution risks in transnational cooperation, attracting more foreign investment and projects. Conversely, in countries with low levels of institutionalization, the lack of clear institutional norms leads to issues such as corruption, bureaucratic inefficiency, and policy inconsistency, which not only increase transaction costs but may also result in project interruptions or failures.

Regarding the measurement of institutionalization, Samuel Huntington (1989) proposed four evaluation criteria: adaptability, complexity, autonomy, and cohesion of organizations or procedures. Yu Jianxing (2015) measures institutionalization from three dimensions: constraints, continuity, and generality. This paper assesses a country's level of institutionalization based on three dimensions: rule of law, government effectiveness, and economic institutions. First, the rule of law refers to the degree of perfection and enforcement of a country's legal system, including aspects such as the universality

and consistency of laws, judicial independence, strength of property rights protection, and efficiency of contract enforcement. A sound rule of law environment provides security for economic activities and is a crucial factor in attracting foreign investment. Second, government effectiveness reflects the ability of the government to formulate and implement policies, as well as the quality of public services provided, involving the professionalism of the administrative system, scientific policy formulation, and transparency and efficiency of administrative procedures. A country with efficient administrative management, strong policy implementation capabilities, and effective responses to citizen needs indicates mature government operations and a high level of institutionalization. Third, economic institutions primarily refer to the maturity of market mechanisms and the completeness of economic management systems. This includes market openness, competitive environments, the development level of financial systems, and the coherence of industrial policies. A sound economic institution is conducive to the efficient allocation of resources, providing a favorable operational environment for transnational projects. In contrast, countries with imperfect economic institutions may face market imbalances and lack of regulatory transparency, increasing operational costs and risks for projects.

3.3 Analytical Pathways and Research Hypotheses

The core issue explored in this paper is the impact of host country political stability and institutionalization levels on the implementation of Belt and Road cooperation projects. The dependent variable is whether Belt and Road projects progress smoothly according to the agreed timeline and are completed. The smooth progress of projects depends on their completion within the established timeframe and not being hindered by government interventions, such as delays or temporary suspensions, or by local opposition and protests during execution. If cooperative projects encounter obstacles in these areas, they are deemed to have failed to implement smoothly.

Based on this, this paper proposes the mechanisms through which the political stability and institutionalization levels of host countries influence Belt and Road infrastructure projects. First, political stability affects the continuity of government decision-making and the strength of policy implementation. Higher political stability ensures that projects are less likely to be disturbed during government transitions or social unrest. Second, the level of institutionalization determines the adequacy of a country's administrative system and legal framework. Countries with high levels of institutionalization can provide clearer policy guidance and execution guarantees. The interaction between the levels of institutionalization and political stability in host countries leads to different outcomes in project advancement. Countries with high political stability and high levels of institutionalization are better equipped to ensure timely completion and successful acceptance of projects. Conversely, if either factor is weak, projects are more likely to face obstacles and delays. The specific hypotheses are as follows.

Hypothesis 1: In countries with high political stability and strong institutionalization, bilateral cooperation projects are likely to be implemented smoothly and completed on time, as stable government decision-making and a robust legal system provide necessary support.

Hypothesis 2: In countries with low political stability but high institutionalization, projects may initially progress well, but political instability could lead to renegotiations or interruptions, threatening long-term development.

Hypothesis 3: In politically stable but institutionally weak countries, projects can advance but may face execution challenges or delays due to inefficiencies, legal ambiguities, and corruption within the administrative system.

Hypothesis 4: In countries with low political stability and weak institutionalization, projects face significant challenges, with a high risk of delays or stagnation due to frequent government changes, incoherent policies, and a lack of supportive legal frameworks.

4. Case Studies

This study selects Singapore, Thailand, Laos, and Myanmar as case studies, ensuring comparability by excluding potential confounding factors. First, China maintains stable diplomatic relations with these four ASEAN nations, particularly under the Belt and Road framework, where investments and infrastructure projects face minimal external interference. Despite Thailand's long-standing military cooperation with the U.S., it has not significantly obstructed Chinese infrastructure initiatives. Second, all four countries prioritize economic collaboration with China, especially in infrastructure. China is Singapore's primary trade partner, and the two nations have close financial and infrastructure ties. Similarly, Thailand, Laos, and Myanmar engage extensively with China in infrastructure projects, where Chinese investments play a crucial role. Lastly, while these countries differ politically and economically, they exhibit similarities in business-government relations and economic regulation, having transitioned from government-led to market-oriented reforms. This consistency in the political and economic environment allows for a clearer analysis of the impact of institutionalization and political stability on Belt and Road project outcomes.

The theoretical framework categorizes project outcomes into three types: successful implementation, delays or adjustments, and project suspension. Representative cases are selected to test the hypotheses based on these outcomes. The analysis will trace the project progression through three key phases: signing, planning and execution, and addressing obstacles. By examining strategies, decision-making processes, and outcomes at these stages, this study aims to uncover the causal mechanisms linking the variables of institutionalization and political stability to project progress.

4.1 Singapore

As a highly developed country in Southeast Asia, Singapore plays a unique and crucial role in advancing the Belt and Road Initiative. This analysis will specifically examine Singapore's political stability and institutionalization levels to gain a comprehensive understanding of how these factors significantly impact China-Singapore cooperation.

4.1.1 Political Stability of Singapore

Singapore is consistently regarded as a politically stable country, characterized by high levels of security and political stability, supported by a relatively strict regulatory environment. The political stability in Singapore stems from its authoritarian regime. Since independence, the People's Action Party has held a long-term ruling position, earning significant recognition among the populace. In the foreseeable future, no substantial changes are expected in the ruling party or the domestic political landscape. Moreover, the Singaporean government possesses strong control and policy-making authority, enabling it to swiftly and effectively respond to domestic and international challenges and emergencies. This highly centralized political structure allows the government to maintain social order and economic stability through robust administrative measures. The government's high level of authority effectively prevents political risks such as coups and social unrest that could disrupt project advancement, thus providing a solid political guarantee for the smooth implementation of Belt and Road Initiative projects.

4.1.2 Institutionalization Levels of Singapore

In terms of institutionalization, Singapore creates favorable conditions for the efficient advancement of Belt and Road Initiative projects through a robust rule of law, effective government operations, and a sound economic system. In recent years, Singapore has consistently ranked among the top globally for its business environment, characterized by efficient government services, a well-established rule of law, and transparent market regulations. Singapore boasts a world-leading legal system known for its transparency, fairness, and efficiency. This legal framework not only provides high predictability and security for domestic political and economic activities but also offers a stable legal structure for foreign investment projects. According to the World Justice Project's 2021 Rule of Law Index, Singapore ranked third globally among 139 countries and regions, leading Asia in terms of legal environment excellence. In BRI projects, Singapore's comprehensive legal system ensures that every stage of the project meets legal requirements, from contract signing to construction permits and final inspections, all under strict legal oversight. Furthermore, through initiatives like the Smart Nation program and e-government projects, the Singaporean government significantly enhances administrative efficiency, reduces bureaucracy, and accelerates project approvals. Additionally, Singapore's sound economic system provides long-term economic support and market guarantees for the smooth implementation of cooperative projects. Its economic policies focus on market openness and attracting foreign investment, with the government offering incentives and financial support for foreign cooperative projects, ensuring the free flow of capital and effective resource allocation.

4.1.3 Smooth Progress: The China-Singapore (Chongqing) Strategic Connectivity Demonstration Project

Under the framework of the Belt and Road Initiative, the Singaporean government has ensured the smooth progress of collaborative projects, such as the China-Singapore (Chongqing) Strategic Connectivity Demonstration Project, through its highly stable political environment and strong

institutional framework. The government has provided robust support at the policy level, demonstrating how political stability and high institutionalization guarantee successful project implementation.

During the project signing phase, Singapore exhibited high political stability and elite unity, ensuring the successful advancement of the China-Singapore (Chongqing) Strategic Connectivity Demonstration Project. The government leveraged its international standing and long-standing diplomatic relations with China, utilizing high-level dialogue mechanisms to facilitate the smooth signing of the project. In November 2015, under the joint witness of President Xi Jinping and Prime Minister Lee Hsien Loong, the governments of both countries signed the Framework Agreement on the Construction of the China-Singapore (Chongqing) Strategic Connectivity Demonstration Project, marking the project's official launch. President Xi and Prime Minister Lee expressed their expectations and exchanged views on the project during their meetings in 2016 and 2017.

In the project's early stages, Singapore established a dedicated intergovernmental cooperation mechanism to ensure policy coordination. The highly centralized political system and long-term governance by the People's Action Party enable the government to quickly adjust policies, ensuring stability and predictability in project advancement. By closely collaborating with the Chinese government, Singapore provided comprehensive policy support, offering institutional safeguards for the collaborative project. For instance, Singapore and China established a multi-level management coordination framework, with the highest level being the China-Singapore Joint Coordination Council, chaired by the two countries' vice premiers. The second level consists of working committees formed by multiple ministries from both sides, while the third level includes a Joint Implementation Committee comprising representatives from the Chongqing municipal government and Singaporean ministries. This multi-tiered coordination mechanism not only ensures policy consistency and efficient execution but also promotes coordination and balance among the interests of all parties involved.

During the planning and execution phases, the Singaporean government implemented a series of innovative initiatives, providing strong support for the continued advancement of the China-Singapore (Chongqing) Strategic Connectivity Demonstration Project. In October 2018, the Singapore Economic Development Board and the Monetary Authority of Singapore jointly established the Asian Infrastructure Office, creating new opportunities for collaboration between Singaporean and Chinese enterprises under the Belt and Road Initiative. This office aims to facilitate cooperation on infrastructure projects, particularly in fundraising, project development, and risk management, thereby providing stronger financial support and professional services for the smooth advancement of the project.

Finally, Singapore's rule of law provides solid protection against various legal challenges during project execution. The transparent and highly institutionalized legal framework ensures that any potential legal disputes can be resolved swiftly through lawful means, preventing delays due to legal issues.

Through a series of policy supports, administrative coordination, legal safeguards, and international cooperation experiences, Singapore has ensured the successful signing, planning, and implementation of the project. Today, the China-Singapore (Chongqing) Strategic Connectivity Demonstration Project has made significant progress in transportation logistics, financial services, information communication technology, and aviation, reflecting Singapore's high political stability and level of institutionalization.

4.2 Thailand

Thailand, located in the heart of Southeast Asia, holds significant strategic importance in advancing the Belt and Road Initiative. This analysis will delve into Thailand's political stability and institutionalization levels, examining how these factors influence the implementation process of China-Thailand cooperation projects.

4.2.1 Political Stability of Thailand

Thailand's political stability exhibits a complex dual characteristic. On one hand, the country boasts a mature constitutional monarchy framework and a relatively well-established government institutional system. The military, monarchy, and judiciary collectively provide institutional support for maintaining social stability, allowing government operations to persist even during periods of political turmoil. On the other hand, Thailand faces challenges related to political transitions. Since 1932, the military has played a special role in Thai politics, making the country one of the most coup-prone and power-transition-intensive in the world. Since King Bhumibol's ascension to the throne, Thailand has experienced nearly 20 coups. Entering the 21st century, Thai politics has remained turbulent, particularly with the rivalry among different political factions posing challenges to policy coherence. Since 1997, Thailand has seen seven changes in prime ministers, with only one government serving a full four-year term. In May 2008, the Yellow Shirts led large-scale protests against the government of Samak Sundaravej, occupying the Government House, the Foreign Ministry, and other government offices, severely undermining social stability. Additionally, the tumultuous political landscape has sparked numerous domestic protests and regional conflicts. In April 2010, clashes erupted between riot police and Red Shirt demonstrators, resulting in serious injuries to both a soldier and several protesters. The instability of Thailand's political situation directly impacts the government's authority and decision-making continuity. Frequent policy changes make it easy for large infrastructure projects to be disrupted by political shifts during their implementation.

4.2.2 Institutionalization Levels of Thailand

Despite political turmoil, Thailand maintains a relatively high level of institutionalization. Firstly, it has a comprehensive legal system that covers various fields, from criminal law to commercial law. Although the constitution has undergone multiple revisions, the current 2017 Constitution provides a clear legal framework for the country. Judicial institutions, such as the Constitutional Court and the

Supreme Court, retain a degree of independence, allowing them to supervise and check the executive and legislative branches.

4.2.3 Midway Adjustments: China-Thailand Railway

The China-Thailand Railway project, as a representative case of Belt and Road Initiative cooperation, has experienced numerous changes and adjustments since its inception, leading to significant delays primarily due to Thailand's political instability and policy shifts.

As early as 2011, the two countries reached a principled consensus on high-speed rail cooperation and signed six documents, including a Memorandum of Understanding on the Bangkok-Chiang Mai high-speed railway. During Premier Li Keqiang's visit to Thailand in 2013, further momentum was given to the project, and both parties signed relevant agreements, outlining plans for collaboration in high-speed rail construction. That same year, the Thai parliament passed a bill allowing the government to borrow funds for infrastructure development, advancing the project's practical implementation.

However, just a year later, Thailand's political landscape underwent a major change. Severe political conflicts erupted, leading to the constitutional removal of Prime Minister Yingluck Shinawatra on May 7, 2014, and the dissolution of her government. The military took control and announced a suspension of all major infrastructure projects exceeding 2 trillion baht initiated during Yingluck's tenure, causing a temporary halt in the China-Thailand Railway project's progress. After the military government led by General Prayuth Chan-o-cha came to power, the National Council for Peace and Order approved a 860 billion baht plan for the 2015-2022 Transportation Infrastructure Development, reopening the possibility of collaboration on the railway project. Following a review of large infrastructure projects from Yingluck's era, the Prayuth government signed a Memorandum of Understanding on railway cooperation with China, allowing the high-speed rail project to restart. Despite political instability causing interruptions, the government was able to leverage its relatively sound institutional and formal bureaucratic structure to facilitate the project's advancement once again.

Even with the Prayuth government pushing for a restart, ongoing political turmoil and changes in regime continued to pose challenges to the project's progress. Legal issues and differences in cooperation terms between China and Thailand led to delays at multiple critical junctures. In 2017, Prime Minister Prayuth utilized powers granted by the temporary constitution to lift certain legal obstacles, allowing the project to continue. In December of that year, construction on the first phase of the China-Thailand high-speed rail officially commenced.

In Thailand's political environment, while a higher level of institutionalization can support the project's advancement following policy changes, political instability introduces risks of uncertainty and delays.

4.3 Laos

As an important neighbor of China, Laos is the first country along the China-South China Peninsula Economic Corridor to sign a cooperation document for jointly building the Belt and Road Initiative. The following analysis will explore how Laos's political stability and institutionalization levels influence the progress of China-Laos cooperation projects.

4.3.1 Political Stability of Laos

Laos enjoys a relatively high level of political stability, with the Lao People's Revolutionary Party serving as the sole ruling party since the establishment of the Lao People's Democratic Republic in 1975. This one-party political system exhibits a unique stability advantage, effectively avoiding power struggles and the occurrence of military coups or violent seizures of power, thereby maintaining a relatively good political order. This political structure enhances government authority, allowing it to sustain a stable domestic environment. Moreover, from the perspective of policy continuity, the Lao government's decision-making often reflects a high degree of consistency, further reinforcing political stability. The long-term rule of the Lao People's Revolutionary Party ensures the longevity and predictability of policies. Due to a centralized decision-making process, the government can maintain coherent policies over extended periods, facilitating the formulation of long-term development plans and the steady advancement of international cooperation projects.

4.3.2 Institutionalization Levels of Laos

Compared to its high political stability, Laos exhibits a relatively weak level of institutionalization. While the one-party system achieves a high concentration of power, it also results in a lack of institutional checks and balances. In this environment, decision-making and transactions often rely more on political power and personal networks than on formalized processes.

Firstly, Laos has a lagging rule of law, with incomplete laws and regulations leading to arbitrariness in administrative and judicial bodies. For instance, in key areas such as land acquisition and resettlement, the inconsistent enforcement of regulations often depends on ad-hoc decisions by local governments rather than a robust legal framework. Additionally, due to inadequate legal structures, foreign enterprises face increasing implicit costs. Although Laos and China have signed agreements to avoid double taxation, Laos' domestic tax laws do not clearly outline procedures for resolving conflicts with such agreements. In practice, tax authorities selectively enforce laws based on their interpretations of agreements, leading to subjectivity and inconsistency in execution. Secondly, corruption is a serious issue within the Lao government. Prime Minister Phankham Viphavanh has acknowledged that "corruption is severe in Laos. The law is ineffective, and officials at all levels engage in embezzlement. They abuse their power, practically robbing the nation." This rampant corruption undermines the government's policy execution capabilities and efficiency, while also eroding public trust in the economic system, thereby stifling foreign investment.

4.3.3 Project Delays: China-Laos Railway

The signing phase of the China-Laos Railway project progressed smoothly, showcasing the positive role played by Laos as a politically stable country in the context of the Belt and Road Initiative. The Lao People's Revolutionary Party, as a one-party regime, maintains high government authority and consistent decision-making. In 2015, Laos and China officially signed the cooperation agreement for the railway, marking the project's formal launch.

However, despite the successful signing phase, various issues arising from Laos's low level of institutionalization became apparent during the planning and execution stages of the China-Laos Railway. The inadequately developed regulatory and coordination mechanisms in Laos's administrative system posed significant challenges, with land acquisition and resettlement emerging as major obstacles in the early stages of construction. Although the Lao government's decree on "Compensation and Resettlement Management for Development Projects" provided a foundational framework for addressing these issues, the lack of established standards and compensation mechanisms in practice led to complex and inefficient land acquisition processes, resulting in delays at the project's onset.

In addition to land issues, the clearance of unexploded ordnance (UXO) also progressed slowly due to administrative inefficiencies. Laos is one of the countries with the highest density of unexploded ordnance in the world, and the cleanup is both complicated and costly. The responsible administrative department faced challenges in communication and coordination, further delaying the project's progress.

In response to these challenges, the Lao government implemented a series of temporary measures and coercive strategies to advance the project, attempting to compensate for the shortcomings in institutionalization. For instance, regarding land acquisition, the government often resorted to administrative orders to expedite the process. While these actions alleviated some resistance in the short term, they also sparked public discontent and protests in certain areas, particularly concerning land compensation. In light of this situation, the government swiftly intervened to control the unrest and continued to push forward with the project.

Overall, although the China-Laos Railway faced numerous difficulties during its construction due to Laos's low level of institutionalization, the government's reliance on its high political stability and the use of temporary measures enabled the project to progress. However, these challenges also highlight that a lack of a comprehensive institutional framework not only affects project efficiency but may also pose risks to the project's long-term sustainability.

4.4 Myanmar

As a convergence point of the "China-Myanmar Economic Corridor" and the "Bangladesh-China-India-Myanmar Economic Corridor," Myanmar holds an important strategic position in advancing the implementation of the Belt and Road Initiative. The following analysis will examine how Myanmar's political stability and institutionalization levels impact the progress of

China-Myanmar cooperation projects, with a focus on the challenges of project implementation amid its turbulent political landscape.

4.4.1 Political Stability of Myanmar

Myanmar has long experienced a state of political instability, characterized by a fragile government authority, particularly influenced by regime changes, party struggles, and military interventions, which hinder the government's ability to effectively maintain order across the nation. Consistent negative values in Myanmar's stability index, as reported by the World Bank over the years, reflect the ongoing political turmoil in the country. Since gaining independence in 1948, Myanmar has undergone frequent regime changes, marked by several military coups. General Ne Win's coup in 1962 initiated an era of military rule, followed by another coup in 1988 that resulted in the dissolution of the constitution and parliament. The most recent military coup on February 1, 2021, again overturned the elected government, restoring military control. Over the decades, Myanmar has failed to achieve sustained political stability, with frequent changes in regime undermining the establishment of long-term authority and governance capabilities. In addition to the instability of the central government, Myanmar faces complex ethnic issues and challenges from local armed organizations. Continuous conflicts between local ethnic armed groups and the central government in regions such as Rakhine and Kachin further diminish the effective control of the central authority. This persistent unrest not only impacts local economic development and social stability but also reduces the overall governance effectiveness of the state.

The political instability in Myanmar is also evident in the lack of policy continuity. The frequent changes in regime and the weakened position of the government often result in a lack of consistency in policy formulation and implementation, hindering the effective execution of long-term developmental policies. For instance, under U Thein Sein's administration, a policy opposing coal power was enacted, halting ten coal power projects due to environmental concerns; conversely, the National League for Democracy government actively promoted coal power development. Although there were signs of policy stability during the transition from military rule to an elected government, many previously established policies were canceled or suspended following the 2021 military coup. Particularly in terms of economic reform and development strategies, policies frequently undergo significant changes with shifts in regime. The lack of a long-term stable policy framework prevents Myanmar from providing a safe and predictable environment for foreign investment, thereby impacting economic growth and infrastructure development progress.

4.4.2 Institutionalization Levels of Myanmar

Myanmar also exhibits significant deficiencies in its level of institutionalization. First, the legal system in Myanmar is relatively weak, with a poorly defined legal framework. Although Myanmar attempted to implement certain democratic reforms after 2010 in an effort to establish a more rule-based society, this process has encountered numerous obstacles. The legal system remains

heavily influenced and controlled by the military, particularly following the military coup in 2021, which further deteriorated the rule of law environment. This instability in legal and institutional frameworks introduces considerable uncertainty for international cooperation projects, especially regarding infrastructure development under the Belt and Road Initiative. Investors face not only the risk of policy changes but also the issue of inadequate legal protection. For example, the existing legal framework in Myanmar often fails to provide sufficient guarantees in areas such as contract enforcement, intellectual property protection, and dispute resolution. Second, the effectiveness of the Myanmar government is at a low level. In terms of administrative management and the provision of public services, the government exhibits clear inefficiencies and incompetence. Corruption is pervasive at all levels of government, with the distribution of public resources often controlled by local powers or the military, which hinders the effective advancement of public policies and infrastructure projects. Third, the construction of Myanmar's economic institutions is severely lagging. Although the government has implemented a series of measures to open up the economy since 2010, aimed at attracting foreign investment and promoting market-oriented reforms, these measures have failed to eliminate the control of the military and business interest groups. The military and its affiliated enterprises have long monopolized key economic sectors in Myanmar, including energy, mining, and infrastructure, severely limiting the competitive environment in the market.

4.4.3 Project Interruption: The Myanmar-China Myitsone Hydropower Project

The Myanmar-China Myitsone Hydropower Project has faced significant difficulties, virtually stagnating since the announcement of its suspension by the U Wabansheng government in 2011, and has yet to make positive progress. Initially, the project was signed in 2006 through a cooperation agreement between the China Power Investment Corporation and the Myanmar government, with plans for joint construction. Under the then military government, policy-making was relatively centralized, and the project aligned with Myanmar's urgent energy development needs, thus encountering little internal political opposition at the time of signing. However, as the project progressed into the planning and execution phases, Myanmar's low level of institutionalization emerged as a major obstacle.

In the early stages, Myanmar lacked a robust legal framework for environmental protection and enforcement mechanisms. The country had not yet established an environmental protection agency, and there were no specialized institutions responsible for reviewing environmental impact assessments. The transparency and accountability mechanisms for project planning and execution were notably inadequate. The absence of clear regulations and administrative norms resulted in insufficient evaluation of the project's impacts on local communities and ecosystems, inciting strong opposition from domestic and international environmental organizations. Furthermore, the project's transparency was heavily questioned.

As time progressed, political turbulence within Myanmar directly impacted the advancement of the project. In 2011, Myanmar began a partial democratization process, which brought significant

policy uncertainty with changes in government. Under pressure from both domestic and international opposition, the new administration announced the suspension of the Myitsone Hydropower Project. Simultaneously, the conflict between the Kachin Independence Army and government forces posed a tangible threat to the project's advancement. Since August 2011, the Kachin Independence Army has controlled the main transport route from China to the Myitsone project site, frequently obstructing the entry of construction materials and exacerbating the difficulties in project progress. Although the Myanmar military attempted to restore control through force, it failed to effectively reopen the transport route. By 2013, all Chinese construction units and equipment had withdrawn, leading to a complete halt in the construction of the Myitsone project. Despite the establishment of the "Myitsone Project Investigation Committee" by the new government in August 2016, there have been no clear indications of a restart for the project to date.

In summary, the progress of the Myitsone Hydropower Project has been constrained by the dual influences of Myanmar's low level of institutionalization and political instability. The project has faced challenges not only due to an inadequate regulatory and legal framework during the execution phase but also due to interruptions caused by regime changes and internal conflicts.

5. Conclusion

In the context of the Belt and Road Initiative, the cooperation between China and ASEAN countries has deepened significantly. This study analyzes case studies from Singapore, Thailand, Laos, and Myanmar to reveal the mechanisms and pathways through which two key variables—political stability and institutionalization levels—affect the implementation of Belt and Road cooperation projects. The research finds that the degree of political stability and institutionalization plays a decisive role in project success or failure. In countries with high political stability and robust institutional frameworks, a stable policy environment and efficient legal enforcement procedures provide a solid foundation for the smooth advancement of projects. Conversely, in nations experiencing political turmoil or with relatively underdeveloped institutional structures, project implementation often faces challenges such as regime changes, social conflicts, and administrative inefficiencies, resulting in delays, frequent adjustments, or even project stagnation. This finding has significant practical implications for cooperation between China and ASEAN countries, particularly in advancing Belt and Road projects. Thus, it is essential to gain an in-depth understanding of the host country's political ecology, power structures, and institutional environment to formulate targeted cooperation strategies.

Based on these findings, this paper proposes the following policy recommendations: First, establish a multi-tiered risk assessment system. In addition to traditional economic feasibility analyses, factors such as the host country's political stability index and the completeness of its institutions should be incorporated into the preliminary project evaluations to comprehensively identify potential political risks. Second, adopt differentiated cooperation strategies based on the unique characteristics of host countries. For politically stable and institutionally sound nations, enhancing policy alignment

and establishing long-term communication mechanisms can facilitate the institutionalization and sustainability of cooperative projects. In countries with insufficient political stability, it is crucial to increase flexibility and adaptability in project design while creating a multi-stakeholder coordination mechanism. For nations with low levels of institutionalization, promoting the establishment of collaborative mechanisms involving government and business participation can help address local institutional weaknesses. Third, foster institutional innovation in cooperation mechanisms. Building on traditional bilateral cooperation frameworks, the introduction of internationally recognized third-party organizations can ensure fair resolution in case of disputes. By implementing these strategies, cooperation in Belt and Road projects can better navigate the complex political environments of host countries, promote stable implementation and long-term development of projects, and create more favorable conditions for win-win cooperation between China and ASEAN countries.

Acknowledgement

None.

Funding Statement

This article is the result of the Chongqing City University Students' Innovation and Entrepreneurship Training Program Project "Political Risk Assessment and Countermeasure Research for Countries along the Western Land-Sea New Corridor"(Project No. 202410650033) and Sichuan International Studies University Learning Community Project "Political Risk Assessment and Countermeasure Research along the Western Land-Sea New Corridor" (Project No. SXCYPB2024041).

Author Contributions

The author confirms sole responsibility for the following: study conception and design, data collection, analysis and interpretation of results, and manuscript preparation.

Availability of Data and Materials

The data for this study are derived from publicly available literature and news reports, which have been listed in the references.

Conflicts of Interest

The authors declare that they have no conflicts of interest to report regarding the present study.

References

- [1]. Matjigan, P., Ivankovic, I., & Rickles, B. (2016). High-Risk Business: Political Turmoil in the Arab World and Greenfield Foreign Direct Investment. *World Bank Economic Review*, 30(2), 126-156.

- [2]. Wang, Y., Wang, T., & Wang, L., et al. (2020). Comprehensive Evaluation System for the Investment Environment of China's Construction Industry in Belt and Road Countries. *Construction Management Research*, (1), 1-19.
- [3]. Julio, B., & Yook, Y. (2012). Political Uncertainty and Corporate Investment Cycles. *Journal of Finance*, (1), 45-83.
- [4]. Zhang, L. (2019). Institutional Civilization Construction: A Fundamental Guarantee for Promoting Political Security in the New Era. *Journal of Inner Mongolia University (Philosophy and Social Sciences Edition)*, 51(4), 39-45.
- [5]. Hallward-Driemeier, M., & Pritchett, L. (2015). How Business is Done in the Developing World: Deals versus Rules. *Journal of Economic Perspectives*, 29(3), 121-140.
- [6]. Shao, X. (2020). Chinese OFDI Responses to the B&R Initiative: Evidence from a Quasi-Natural Experiment. *China Economic Review*, 61, 101435.
- [7]. Nie, Y. (2000). *Political Modernization and Political Stability*. Hubei People's Publishing.
- [8]. Huntington, S. P. (1989). *Political Order in Changing Societies*. Shanghai Sanlian.
- [9]. Song, X. (2011). Modern Social Transition and Political Stability. *Journal of Chifeng College (Philosophy and Social Sciences Edition)*, 32(5), 71-74.
- [10]. Jackson, R. J., & Stein, M. B. (1971). *Issues in Comparative Politics: A Text with Readings*. St. Martin's Press.
- [11]. Lin, L., & Zhang, Y. (2018). *Empirical Analysis of the Impact of Host Country Political Stability on Chinese OFDI: Based on Data from 43 Countries along the Belt and Road Initiative*. In *Proceedings of the 2018 Annual Meeting of the Emerging Economies Research Association and the 6th Emerging Economies Forum on the Community of Shared Future*. Nanjing Agricultural University, Financial College, Center for Fiscal and Financial Research.
- [12]. Yin, P. (2024). *Research on the Trade Potential and Influencing Factors of China and BRICS Member Countries*. International Trade Economic Cooperation Research Institute. Ministry of Commerce.
- [13]. Luo, Y. (2020). *Political, Economic, and Cultural Determinants of Chinese Enterprises' Foreign Investment*. [Master dissertation, Xiamen University].
- [14]. Song, X. (2011). Modern Social Transition and Political Stability. *Journal of Chifeng College (Philosophy and Social Sciences Edition)*, 32(5), 71-74.
- [15]. Zhang, T. (2007). Research on the Political Stability Evaluation System. *Guangxi Social Sciences*, (11), 151-153.
- [16]. Ruggie, J. G. (1998). *Constructing World Polity: Essays on International Institutionalization*. Routledge.
- [17]. Yu, J., & Guan, S. (2013). Measurement and Institutionalization of Local Government Social Management. *Academic Monthly*, (6), 17-26.
- [18]. Coase, R. (1937). The Nature of the Firm. *Economica*, 4, 386-405.

-
- [19]. North, D. C. (1994). *Institutions, Institutional Change, and Economic Performance*. Sanlian Bookstore.
- [20]. Huntington, S. P. (1989). *Political Order in Changing Societies*. Shanghai Sanlian Bookstore.
- [21]. Yu, J., & Qin, S. (2015). Institutionalization: Connotations, Typology, Generative Mechanism, and Evaluation. *Academic Monthly*, (3), 109-117.
- [22]. Liu, Y. (2024). Domestic Politics of Host Countries and the Advancement of Belt and Road Infrastructure Projects: A Case Study of Cambodia and Myanmar. *Southeast Asian Studies*, (01), 88-112+157.
- [23]. Pi, H. (2021). *Business Environment, Foreign Direct Investment, and Trade Complementarity*. [Master dissertation, Capital University of Economics and Business].
- [24]. Zhao, A. (2023). A New Era of High-Quality Cooperation Between China and Singapore. *China Foreign Trade*, (05), 8-11.
- [25]. Gou, W. (2018). Analysis of Intergovernmental Project Cooperation and the Development of an Open Economy in China: Based on the Practice of China-Singapore Cooperation. *Development Research*, (06), 37-41.
- [26]. Kuik, C. C., & Rosli, Z. (2023). Laos-China infrastructure cooperation: legitimation and the limits of host-country agency. *Journal of Contemporary East Asia Studies*, 12(1), 32-58.
- [27]. Wang, L. (2023). Multiple Stakeholders, Power Games, and the Effectiveness of China-Southeast Asia Infrastructure Cooperation. *Contemporary Asia-Pacific*, (01), 125-156+160.
-

Disclaimer/Publisher's Note: The statements, opinions and data contained in all publications are solely those of the individual author(s) and contributor(s) and not of MOSP and/or the editor(s). MOSP and/or the editor(s) disclaim responsibility for any injury to people or property resulting from any ideas, methods, instructions or products referred to in the content.