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## THE GREATER MEKONG SUBREGION IN CHINA'S BELT AND ROAD INITIATIVE: STRATEGIC POSITION, ROLE, AND POLICY IMPLICATIONS FOR VIETNAM

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### ABSTRACT

As a strategic land bridge between China and Southeast Asia, the Greater Mekong Subregion (GMS) has become a vital focal point in the implementation of China's Belt and Road Initiative (BRI). Through mechanisms such as the Lancang–Mekong Cooperation (LMC), large-scale infrastructure projects, and soft power instruments, China is steadily expanding its presence and reshaping the regional power architecture. This article examines those strategic maneuvers, arguing that while the BRI presents significant opportunities for economic development and regional connectivity, it also poses serious risks, including debt dependency, environmental degradation, and institutional vulnerabilities. These risks, if not effectively managed, may undermine ASEAN's centrality and strategic autonomy in the region. Based on this assessment, the paper proposes that Vietnam adopt a proactive, flexible, and multi-dimensional approach to maximize gains, mitigate risks, and maintain strategic equilibrium in the subregion.

**KEYWORDS:** Greater Mekong Subregion; Belt and Road Initiative; Lancang–Mekong Cooperation; Vietnam's foreign policy; regional strategy; ASEAN centrality.

### INTRODUCTION

In recent years, amid intensifying strategic competition among major powers, the Greater Mekong Subregion (GMS) has emerged as a geostrategic space of critical importance in Southeast Asia. Situated between China and Southeast Asia—with connectivity that extends further to South Asia—the GMS has become increasingly pivotal in the geopolitical calculus of major powers, particularly China, which seeks to extend its influence through the Belt and Road Initiative (BRI).

Launched in 2013, the BRI has evolved from an infrastructure connectivity concept into a comprehensive foreign policy strategy that spans economic, political, and cultural dimensions. With its transcontinental vision and substantial resource backing, the initiative now covers nearly all key regions of Eurasia. Within this broader framework, the GMS holds a unique and strategic role: it serves both as a critical corridor linking China with Southeast Asia and as a testbed for new regional cooperation models that Beijing seeks to promote.

Over the past decade, the BRI has left a visible imprint on the GMS—not only through railway lines, energy projects, and transit infrastructure but also by influencing the institutional structure of regional cooperation. Through platforms such as the Lancang–Mekong Cooperation (LMC) and various development support mechanisms, China is reshaping the subregional order to align with its long-term strategic interests.

Yet, alongside the benefits of infrastructure and development funding, mounting concerns have emerged. These range from financial sustainability to deeper implications for national sovereignty and strategic autonomy among GMS countries. As such, China's engagement in the GMS transcends traditional development partnerships and increasingly embodies characteristics of geopolitical competition and regional power restructuring.

For Vietnam—a country located at the lower Mekong and holding strategic value within China's BRI framework—navigating this evolving landscape presents both opportunities and dilemmas. The central question becomes: how can Vietnam leverage the opportunities offered by the BRI while effectively managing the long-term challenges it entails?

## **1. The Strategic Position and Role of the Greater Mekong Subregion in the Belt and Road Initiative**

### **1.1. Geo-strategic and Geo-economic Significance of the GMS**

The Greater Mekong Subregion (GMS), encompassing Cambodia, Laos, Myanmar, Thailand, Vietnam, and China's Yunnan Province, is situated at the intersection of some of the world's most complex geopolitical fault lines. This “continental hub” not only enables the GMS to act as a direct land bridge between China and the rest of Southeast Asia but also facilitates connectivity toward South Asia and the Indian Ocean via transnational economic corridors.

Given this strategic location, the GMS has long featured prominently in China's design of the “Silk Road Economic Belt”—a key component of the Belt and Road Initiative (Hà, 2019). Several major infrastructure corridors—such as the China–Myanmar route, the China–Laos–Thailand route, and the high-speed rail linking Kunming to Singapore—serve as vivid illustrations of Beijing's view of the GMS as an indispensable node in its vision for a transcontinental infrastructure network (Li & Taube, 2019).

For Beijing, the GMS is not merely a neighboring region but a strategic buffer zone—a platform where China can amplify its influence through new models of cooperation that differ from ASEAN's traditional multilateral frameworks. The GMS offers China a venue to experiment with a hybrid approach—combining infrastructure investment, development assistance, technical cooperation, and institutional influence—to recalibrate the regional order in its favor (Sudo, 2020).

China terms this strategy as “one axis, two wings,” wherein the GMS serves as one key “wing” facilitating connectivity from China to Southeast Asia and beyond to South Asia (Lạng, 2021). The ambition goes beyond physical infrastructure and is backed by major financial initiatives such as the Asian Infrastructure Investment Bank (AIIB) and the US\$124 billion Silk Road Fund (Huy, 2017), aimed at sustaining strategic projects across the region.

### **1.2. China’s Engagement Activities in the GMS**

One of the most emblematic moves in China’s engagement with the GMS is the establishment of the Lancang–Mekong Cooperation (LMC) mechanism in 2015. Unlike ASEAN mechanisms—characterized by consensus and neutrality—the LMC operates with China at its center, directing project planning, financing, and coordination (Yeophantong, 2020).

The LMC identifies six priority areas of cooperation, including infrastructure, energy, water resource management, human resource development, and poverty reduction. Among these, China has invested most heavily in infrastructure connectivity and energy development—pillars that directly support its ambition to expand supply chains, trade flows, and economic-political influence in the subregion.

Moreover, China has developed distinct cooperation “norms,” notably through bilateral agreements within the LMC that include more binding commitments, coupled with flexible yet tightly managed funding schemes. Thematic forums and China-led development funds such as the LMC Special Fund reflect Beijing’s intent to create a subregional institutional architecture parallel to or outside ASEAN’s frameworks.

China has also translated its strategic ambitions into concrete infrastructure projects. A flagship example is the China–Laos high-speed railway, inaugurated in 2021. This railway not only enhances Laos’s access to the Chinese market but also advances China’s connectivity with Southeast Asian seaports—an undeniable geoeconomic and supply chain advantage (Chen, 2022).

Alongside transport infrastructure, China has heavily invested in the energy sector, especially hydropower—a highly sensitive domain given the Mekong River’s ecological vulnerabilities. Projects like the Don Sahong and Sambor dams have raised serious concerns about long-term sustainability, ecological impacts, and regional water governance, prompting questions over who ultimately controls the river’s flow (Cronin, 2019).

Taken together, China’s strategy in the GMS is a comprehensive one—blending capital investment, institutional influence, and soft power tools. The subregion is thus being redefined from a peripheral space into a central linkage hub, not only for economic connectivity but also as a fulcrum in China’s broader ambition to reshape the regional order and assert great power status in the 21st century.

## **2. Impacts of the Belt and Road Initiative on the Greater Mekong Subregion**

### **2.1. Economic Impacts**

One of the most evident transformations brought about by the BRI in the GMS is the region's infrastructure overhaul. Cross-border railway lines, regional transport networks, and strategic bridges and highways have helped address long-standing connectivity bottlenecks that once hampered the subregion's development.

A prominent example is the China–Laos high-speed railway. Since its inauguration, this railway has not only turned Vientiane into a critical logistics hub in Southeast Asia but also enabled landlocked Laos to directly connect by rail to a major global economy for the first time (Chen, 2022).

In terms of trade, several GMS countries—especially Laos and Cambodia—have capitalized on BRI opportunities to boost exports, enhance logistical capacity, and expand market access. China has become the top trading partner for most GMS countries, with bilateral trade volumes showing steady growth over the past decade (Asian Development Bank, 2020).

Chinese investment in the subregion has also grown significantly, particularly in sectors like transportation, energy, and agriculture—areas where GMS countries remain highly dependent on external financing. Chinese policy banks such as the China Development Bank (CDB) and the Export-Import Bank of China (China Exim Bank) have played key roles in providing large-scale loans for strategic infrastructure projects that would otherwise be financially unfeasible for many recipient countries.

### **2.2. Political and Security Impacts**

Behind the impressive trade and investment figures lies a subtler yet profound shift in the regional balance of power. As the largest donor and initiator of new subregional frameworks, China has gained increasing political leverage over GMS governments. Many states have made strategic adjustments in their foreign policies to maintain “harmonious relations” with Beijing—often seen as a prerequisite for continued access to capital, technology, and investment.

The LMC is emblematic of this dynamic. Though nominally multilateral, it operates with China in a dominant role, and in many respects complements—and competes with—traditional ASEAN-led institutions. This raise concerns that the LMC may erode ASEAN's consensus-based governance model and internal cohesion, which have long underpinned regional stability (Kurlantzick, 2021).

Another dimension of China's growing leverage stems from its control over strategic infrastructure, especially hydropower dams along the Mekong's mainstem. In the context of climate change and worsening droughts, water governance is no longer merely a development issue—it has become a strategic asset that can influence food security, local livelihoods, and even the foreign policy choices of downstream states (Pech, 2020).

### 2.3. Financial and Economic Risks

The BRI also brings with it notable risks. While Chinese loans are often more accessible than those from traditional multilateral lenders, they tend to come with shorter maturities, higher interest rates, and less transparent conditions. Moreover, the frequent requirement to use Chinese contractors raises questions about the actual local economic benefits and cost-effectiveness of BRI projects (Hurley, Morris, & Portelance, 2018).

The case of Laos is illustrative. The China–Laos railway, while hailed as a symbol of regional connectivity, cost over US\$6 billion—roughly half of Laos’s GDP—pushing the country’s public debt beyond sustainable levels, with much of that debt owed to China. This growing financial dependence has constrained Laos’s policy autonomy and raised concerns over long-term sovereignty (Green Finance & Development Center, 2022).

Other BRI projects have faced criticism for poor planning, weak alignment with local needs, and environmental damage. Social and environmental standards in BRI-funded projects are often lower than those imposed by institutions like the World Bank or the Asian Development Bank. This has led to lasting consequences in countries where the institutional capacity to monitor and enforce safeguards remains limited (Liu & Lim, 2019).

### 2.4. Strategic Competition and Rivalry

China’s deepening presence in the GMS has inevitably drawn responses from rival powers. The United States, Japan, India, and the European Union have all stepped up their engagements, not only economically but also strategically and normatively. Initiatives like the U.S. Indo-Pacific Strategy, Japan’s Partnership for Quality Infrastructure, and the EU’s Global Gateway are aimed at offering “high-quality,” transparent, and sustainable alternatives to BRI infrastructure.

As a result, the GMS is evolving into a geopolitical hotspot for influence competition—providing small and medium-sized countries with more options for development partnerships but also exposing them to the risk of being caught in great-power rivalries. For countries like Vietnam, which occupy both a strategic position and a vulnerable one, navigating this contested landscape demands exceptional strategic foresight, flexibility, and coherence in foreign policymaking.

## 3. Policy Implications for Vietnam

### 3.1. Strategic Opportunities and Potential Benefits

As the Belt and Road Initiative becomes increasingly embedded in the fabric of the Greater Mekong Subregion, Vietnam should not shy away from engagement but rather adopt a pragmatic approach to seize available opportunities.

First, infrastructure projects financed by China—if carefully selected and rigorously monitored—can help Vietnam improve connectivity in underdeveloped border areas, especially in the North, which

holds considerable potential for logistics, cross-border supply chains, and regional economic development (Nguyen & Tran, 2020).

Second, in an era when concessional financing from traditional multilateral institutions is becoming more limited and selective, the BRI can serve as a “complementary source” of funding for strategic projects in transportation, energy, and essential infrastructure. With clear criteria and sound policy direction, Vietnam can tap into this capital without compromising its sovereignty or development autonomy.

Third, beyond infrastructure, the BRI—through mechanisms like the Lancang–Mekong Cooperation—offers additional avenues in agriculture, water resource management, and human resource development. The key lies in Vietnam’s ability to define strategic priorities, adopt a results-oriented cooperation framework, and avoid reactive or symbolic participation.

### **3.2. Risks and Challenges**

Nevertheless, participation in BRI-related mechanisms led by China poses a number of risks for Vietnam. Foremost among these is financial vulnerability. As seen in neighboring countries such as Laos and Cambodia, large-scale borrowing without adequate risk assessments can result in unsustainable public debt, mortgaged strategic assets, and diminished policy space (Hurley, Morris, & Portelance, 2018).

A more long-term risk is the erosion of ASEAN centrality. China’s promotion of alternative subregional mechanisms like the LMC may fragment regional cooperation frameworks and weaken the consensus-based foundation that underpins ASEAN’s strategic resilience. For Vietnam—whose foreign policy consistently emphasizes ASEAN centrality—this represents a significant structural risk.

Environmental concerns, governance issues, and the lack of social safeguards in many BRI projects are also critical. Vietnam has had its share of negative experiences with substandard foreign-invested projects—ranging from environmental degradation and cost overruns to delayed execution. Projects involving Chinese contractors or financing are often seen as particularly high-risk. The problem lies not only with the partners but also in Vietnam’s own capacity to monitor, evaluate, and coordinate effectively across government agencies and policy levels.

### **3.3. Strategic Policy Recommendations**

Faced with this dual reality of opportunities and risks, Vietnam must formulate a comprehensive and adaptive strategy for engaging with the BRI—one that integrates both external diplomacy and internal policy design. The following recommendations serve as strategic guidelines:

**First**, Vietnam should enhance its capacity for evaluating and monitoring BRI-related projects. Establishing an independent, multi-sectoral review mechanism—with inputs from academia, the

private sector, and civil society—will ensure that each project aligns with national planning priorities, delivers real economic value, and avoids environmental harm.

**Second**, Vietnam should proactively integrate cooperation frameworks like the LMC into broader ASEAN initiatives. Only by embedding subregional mechanisms into the ASEAN architecture can Vietnam avoid confronting China unilaterally and maintain equilibrium in the regional order.

**Third**, Vietnam must diversify its partnerships and deepen ties with external powers—not to oppose China, but to create a more balanced diplomatic ecosystem. Participation in initiatives such as the U.S. Indo-Pacific Strategy, the EU’s Global Gateway, and Japan’s Quality Infrastructure initiative provides not only material benefits but also strategic options to avoid overdependence on any single partner.

**Fourth**, institutional strengthening is foundational. Vietnam needs to invest in developing a capable policymaking workforce, enhance inter-agency coordination, and promote the role of independent policy research institutions. These components are critical for smart selection and engagement in international initiatives.

**Fifth**, and equally important, all BRI-related cooperation should be anchored in sustainable development standards—encompassing financial transparency, social responsibility, and environmental protection. A principled, proactive Vietnam that insists on clear standards will not only safeguard its own interests but also help shape the rules of engagement in a rapidly evolving subregional order.

## CONCLUSION

The Greater Mekong Subregion, with its critical geostrategic position and connective function between China and Southeast Asia, has become a central component in China's global ambitions under the Belt and Road Initiative. Through economic corridors, subregional cooperation platforms, and large-scale infrastructure projects, China is progressively extending its influence across economic, political, and security domains in the region.

The impact of the BRI on the GMS is multifaceted. On the one hand, the initiative contributes to improved infrastructure, expanded trade, and increased investment, offering developing countries new access to development capital. On the other hand, it presents a range of challenges—including debt dependency, strategic entanglement, intensified geopolitical competition, and internal fractures within ASEAN. These risks not only affect individual countries but also threaten to reshape the cooperative architecture of the region, which has traditionally been based on consensus and power equilibrium.

For Vietnam, accurately assessing the role and influence of the GMS in China’s BRI is an urgent task. This is essential for formulating a foreign policy that is responsive to the emerging geopolitical context.

Vietnam must take full advantage of the opportunities offered by the BRI for infrastructure and development, while remaining vigilant against systemic risks and structural vulnerabilities.

Vietnam's strategic approach should be anchored in five core principles: **Proactivity – Flexibility – Diversification – Transparency – Sustainability** (Báo Chính phủ, 2025). Such an approach will not only help safeguard national interests in the short term but also contribute to preserving a stable, balanced, and cooperative regional order over the long term, as the global system undergoes a profound transformation.

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