

Strategic Choices for Southeast Asian Nations to Mitigate Risks from a Strategic Hedging Perspective: A Case Study of China-Thailand Railway Construction

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Abstract: Based on hedging strategy theory, this paper constructs a “system–unit–cross-level” analytical framework to examine the hedging role of the China–Thailand Railway in Thailand’s strategic risk management. The study finds that: (1) The China–Thailand Railway represents a proactive choice by Thailand in response to the uncertainties arising from Sino–US strategic competition. By adopting a leverage-based hedging strategy-using neutrality as the pivot, strengthening project control as the lever arm, and dynamically shifting between cooperation and precaution as the application of force-Thailand integrates engagement and balancing, avoids the risks of excessive dependence on a single major power, and seeks to maximize national interests. (2) A four-stage analysis of the project’s development shows that the hedging nature of the railway has been jointly shaped by great power competition at the system level, domestic political conditions and interest bargaining at the unit level, as well as cross-level interaction mechanisms. (3) By managing the “pivot” position of transnational infrastructure projects, adjusting control over the “lever arm,” and precisely applying “cooperation” and “precaution,” Thailand has transformed external risks generated by great power competition into strategic opportunities to enhance its regional hub status and national power. In doing so, Thailand has consolidated its role as a hub on the Indochina Peninsula and achieved a dynamic balance between risk minimization and interest maximization.

Keywords: China–Thailand Railway; Hedging Strategy; Levels-of-Analysis Perspective; Great Power Competition; Strategic Risk Governance

1. Introduction

In the context of reshaping global strategic patterns, Southeast Asian countries, positioned as the frontline of strategic competition between China and the U.S., commonly employ hedging strategies to mitigate uncertainties. Thailand has long practiced a flexible diplomatic approach known as “bamboo diplomacy,” with the core objective of maximizing benefits and minimizing risks among major powers[1]. As Sino-American strategic competition intensifies, Thailand’s hedging space narrows, while its diplomatic environment becomes increasingly complex. The China-Thailand Railway, as a vital component of the China-Laos-Thailand rail network, is not only a straightforward economic project but also a quintessential case study for examining Thailand’s hedging strategy.

Drawing upon established theories of hedging strategies, this paper adopts a multilevel analytical perspective from international relations scholarship [2] to construct a “system-unit-cross-level” analytical framework. I propose a leverage strategy to dissect the four-stage evolution of the China-Thailand railway project, from initial contact, negotiation and adjustment, to Phase I implementation and future planning. The objective is to elucidate how Thailand has employed the China-Thailand railway as a hedging instrument, utilizing a variety of strategies to balance its domestic development needs with its geopolitical strategic goals under the structural constraints of Sino-American strategic competition. This offers a case study and theoretical reference for understanding the strategic choices of smaller and medium-sized states amidst great power rivalry. Building upon existing academic research, this study expands the focus of research on the strategies of smaller and medium-sized Southeast Asian states within the Sino-American strategic context from traditional high-politics domains to transnational infrastructure cooperation in the economic sphere. It confirms that large-scale infrastructure

projects are also key instruments for smaller and medium-sized states to implement geopolitical strategies, thereby enriching the explanatory scope of hedging theory. Secondly, the "leverage strategy" model I have constructed transforms abstract inter-level motivational interactions into a set of operational and observable analytical tools, deepening the understanding of the mechanisms by which smaller and medium-sized states can exercise agency and achieve "risk transformation" in great power competition.

2. Literature Review

2.1 Existing Research on Hedging Strategies

Hedging strategies have become widely recognized as the core behavioral pattern for Southeast Asian small and medium-sized states to navigate the uncertainties of strategic competition between China and the United States (Kuik, 2008; Wang, 2018). [3-4] Existing research has sufficiently explored its characteristics, drivers, and strategic instruments, forming a relatively mature analytical framework. The existing literature primarily focuses on analyzing the characteristics, drivers, and instruments of hedging strategies.

First, the characteristics of hedging strategies. Research indicates that hedging strategies in Southeast Asia exhibit three core characteristics: a "middle path" hybridity, dual-objective orientation towards risk minimization and benefit maximization, and high flexibility adjusted according to environmental changes. Wang and Chen (2025) highlight its complex "cooperation yet prevention" posture, while scholars like Yang et al. have demonstrated the dynamic evolution of this strategy through cross-national comparative studies. [5-6] Second, the drivers of hedging strategies. Academic research on the drivers of hedging strategies in Southeast Asia can be approached from systemic, unit, and cross-level perspectives. At the systemic level, scholars such as Brock Tessman, Shi Tianyi, and Han Zhaoying emphasize external factors like structural pressure and power distribution. [7-9] At the unit level, scholars like Chen Fei, Yang Jining (2025), [10] Yang Meijiao (2020), [6] Kuik, [3] and Randall Schweller [11] focus on internal factors such as domestic politics, state capacity, and regime legitimacy. Cross-level studies by Liu Ruonan [12], Liu Feng, Chen Zhirui [13], Van Jackson [14], and Wang Dong [4] examine the

interactive effects of multi-level factors. These studies dissect the logical formation of hedging strategies in Southeast Asian countries from different dimensions. Finally, regarding the instruments of hedging strategies in Southeast Asian countries. Han Xiandong et al. point out the inclusion of ambiguous instruments such as confrontation, cooperation, and "concealment." [15] Scholars like Liu Feng, Chen Zhirui [13], Wu Cuiling [16], and Gerstl [17] further classify these into different types and emphasize the characteristics of combining strategies. Shi Tianyi (2016) interprets the hedging instruments in Southeast Asia through the logic of risk transformation and risk mitigation. [8] Wang and Chen (2025) provide a framework for analyzing these complex behaviors by categorizing policy agenda types. [5]

2.2 Special Study on the China-Thailand Railway

Current research on the China-Thailand railway predominantly focuses on geopolitical contexts, the influence of Thailand's domestic political landscape, project financing risks, and economic effects, alongside the application of information technology in civil engineering. Initially, analyses proceed from geostrategic and hedging perspectives. A notable viewpoint, espoused by scholars such as Zou Chunmeng and Wang Chuang, affirms the substantial geopolitical value of the China-Thailand railway for China, Thailand, and the broader Southeast Asian region [18]. Li Wannan and Ding Meng (2018) offered a macro-strategic analysis, identifying great power competition as the primary challenge confronting the project [19]. Subsequently, attention shifts to the impact of Thailand's internal political dynamics and interest groups. Scholars like Li Yuqing (2022) have provided in-depth analyses of Thailand's domestic structure and strategies influencing the railway project [20], positing that the project's slow progress stems from internal power structures, the interplay of diverse interest groups, and a diplomatic strategy of "great power balancing." Furthermore, scholarly assessments have meticulously evaluated the regional impacts and risks associated with the China-Thailand railway project. Luo Mingran (2019), employing system dynamics theory from an economic perspective, analyzed the specific contributions of the China-Thailand railway to bilateral tourism economies [21], though

non-economic risks were not addressed. More recent research from 2023-2026 has achieved a more integrated political-economic synthesis. Institutions such as Qin Lei and Zhou Ximei (2020), Yi Yuan et al. (2025), and the Thai National Railways research team (2026) [22-24] have utilized empirical data to quantitatively validate the project's comprehensive economic value. Concurrently, risk analysis has been expanded beyond singular political competition to encompass dimensions such as national capacity, financing models, legal frameworks, and engineering implementation, thereby refining the "value-risk" analytical framework for China-Thailand railway cooperation.

In summation, extant research has elucidated the Sino-Thai railway project through the lenses of geopolitical context, Thailand's domestic political landscape, and the inherent risks and impacts of the undertaking. This has provided a foundational perspective and micro-level data analysis for subsequent inquiries focused on micro-level risk hedging. However, despite their considerable value, these studies exhibit three critical lacunae directly pertinent to hedging theory. Firstly, the predominant macro-level perspectives, often rooted in great power competition or realism, have positioned Thailand passively. They have insufficiently explored the logic of Thailand's agency-driven decision-making, failing to investigate whether its elite strata strategically employ the Sino-Thai railway as a tool to manage dependence on China and maximize its own interests amidst Sino-American rivalry. Secondly, existing studies offer primarily static attributions for the project's protracted progress. While acknowledging that the inherent contradictions of hedging can drive strategic evolution, no research has segmented the Sino-Thai railway project into distinct phases to deeply analyze the dynamic adjustments in Thailand's strategic portfolio across these phases and the underlying mechanisms. Lastly, the scope of analysis is limited. Current research tends to define hedging instruments predominantly within the diplomatic, security, and financial domains. Although some literature has alluded to the connection between infrastructure cooperation and hedging strategies, it has not explicitly categorized transnational infrastructure projects like the Sino-Thai railway

as core practical vehicles for Thailand's hedging strategy. Consequently, it fails to explicate the profound relationship between the railway project and hedging strategy, nor does it elucidate how infrastructure projects serve as a logical framework for smaller states to balance the interests of great powers.

Building upon existing scholarship, this study constructs a hierarchical, phased analytical framework to investigate how Thailand, from its own perspective, strategically employs this project for hedging purposes. This approach bridges macro-level theory with micro-level practice, thereby advancing the application of hedging theory within the context of long-term projects.

3. Theoretical Framework

This theory aims to reveal an analytical perspective on strategic risk governance undertaken by an agent under structural constraints. It seeks to explain how Thailand, within a dynamically shifting internal and external environment, synergistically employs multiple strategic tools to proactively manage the structural risks arising from Sino-American strategic competition. The core theoretical foundation is hedging strategy theory. In this study, "hedging strategy" is defined as a hybrid, dynamic, and ambiguous strategy-practiced through transnational cooperation projects-whereby a smaller state, navigating great power geopolitical contests, seeks to mitigate risks and maximize its interests. This involves multifaceted cooperation and balancing across various domains, elevating the logic of "high flexibility, diverse means, and rapid dynamic adjustment" in hedging behavior into a state-level, systematic, and long-term geopolitical strategic arrangement.

3.1 Construction of the Analytical Framework

To systematically dissect the driving mechanisms of the China-Thailand Railway, this study adopts a tripartite analytical framework: "system-unit-cross-level." (see table 1). We posit that the hedging strategies employed in the China-Thailand Railway project are the outcome of complex interactions among factors at these three distinct levels.

Table 1. Analytical Framework Elements of the Sino-Thai Railway Hedging Strategy at Three Levels

| | | |
|-------------------|-------------------------------|----------------|
| Analyze hierarchy | Key Variables and Their Roles | Research focus |
|-------------------|-------------------------------|----------------|

| | | |
|------------------------------------|---|--|
| System Level | The intensity and posture of Sino-American strategic competition, alongside the norms of ASEAN multilateral mechanisms, shape Thailand's pressure to "choose sides" and its maneuvering space for hedging. This context provides the strategic necessity and possibility for cooperation. | Constraints and Opportunities for Thailand's Strategic Choices in US-China Competition, and ASEAN Multilateralism's Promotion of Non-Confrontational Strategies. |
| Unit Level | The stability of the domestic political landscape, the strategic maneuvering of key interest groups, and domestic developmental imperatives collectively shape Thailand's interpretation of and response to systemic pressures, thereby constituting the core of its hedging motivations. | The fundamental logic behind Thailand's economy-driven development approach, which entails a willingness to accept moderate security risks, is shaped by the cognitions and interest demands of domestic actors. |
| Cross-Level Interaction Mechanisms | The elite's assessment of great power intentions and the instrumentalization of systemic pressures; bridging the macro-environment with domestic policy, modulating the aggressiveness of hedging strategies. | Assessing the credibility of Sino-American strategic postures by Thai elites: Implications for risk transformation and mitigation, and the role of systemic dynamics in advancing national strategic objectives. |

3.2 Collaborative Strategy Toolkit-Thailand's "Leverage" Strategy

The traditional perspective posits that the responses of smaller and medium-sized nations in great power competition are inherently passive. For instance, conventional notions of "risk mitigation" and "risk transfer" are identified as fundamental hedging mechanisms [25], with their core objective centered on managing dependencies and averting losses. In contrast, the "leverage" strategy emphasizes dynamism and continuity, as exemplified in the latest advancements of the China-Thailand railway project, such as the progression of Phase II in 2025 and the deepening of diversified cooperative networks. Thailand's actions, in this context, demonstrate a proactive strategy focused on opportunity creation.

Utilizing a "system-unit-cross-level" tripartite analytical framework, we can ascertain Thailand's external strategic constraints and internal decision-making drivers within the China-Thailand railway project. The interplay between these levels is actualized through a suite of strategic tools. This forms the basis for constructing a "lever" toolset, centered on "fulcrum-lever arm-force application," to elucidate how Thailand translates abstract inter-level dynamics into concrete strategic actions.

3.2.1 Selecting the fulcrum: a "neutral" positioning of the self

To serve as a pivotal state, stability is paramount. Thailand's foreign policy is anchored in meticulously cultivating its role as a valuable and neutral actor to major powers. Thailand astutely recognized the strategic importance of the "middle ground" in great power competition, leveraging ASEAN's centrality in regional multilateralism to avoid alignment with any single bloc [26]. The principle of "centrality" emphasized in ASEAN's "Outlook on the Indo-Pacific" [27] provided Thailand with a strategic opening. The intensifying competition for influence in Southeast Asia between China and the United States has further amplified Thailand's pivotal value. China seeks to deepen regional cooperation through railway projects, while the U.S. aims to maintain its traditional security relationship with Thailand and prevent excessive Chinese influence. Thailand's active participation in the 2023 China-ASEAN Maritime Joint Exercise, while stressing that the "exercise does not target any third party," has created a "dual-track security cooperation" alongside U.S.-Thai military exercises. This approach preserves its security relationship with the U.S. while expanding security trust with China, thereby maintaining strategic flexibility. Ahead of the 2024 Cobra Gold exercise, the Royal Thai Armed Forces spokesperson stated that the exercise aims to "enhance self-defense capabilities," is not directed at any third party, and will not be used as a tool for great power confrontation, thereby strictly adhering to the

non-aligned boundary of security cooperation. In economic cooperation, Thailand has also taken concrete steps to avoid over-reliance: the revision of the Foreign Business Act in 2024 introduced "national security reviews" for Chinese investments in sensitive sectors such as telecommunications and energy, limiting single foreign investor control over key industries and safeguarding economic sovereignty. Thailand has proactively seized the opportunity presented by the RCEP in 2025, actively expanding trade with ASEAN, the EU, and India to reduce its export dependency on China. The proportion of exports to China in the nation's total exports has decreased from a peak of 22% to 18%, mitigating risks associated with market concentration. These measures demonstrate Thailand's refusal to be excessively economically dependent on China and its resistance to threats to its autonomy stemming from such economic reliance.

3.2.2 Adjusting the lever arm - enhancing control over the china-thailand railway

In a lever system, a longer lever arm translates to reduced effort. Thailand views large-scale strategic projects, such as the China-Thailand high-speed railway, as crucial "lever arms." By asserting leadership in project advancement, controlling timelines, influencing the selection of technical standards, and spearheading financing model negotiations, Thailand aims to lengthen and strengthen this "lever arm." This enhances its bargaining power and control within the project's collaborative framework, thereby more effectively translating project outcomes into national strength. The project's diverse range of cooperation partners serves as empirical evidence of Thailand's leverage adjustments. Using the high-speed rail as a nexus, Thailand strategically engages with major powers and regional entities to secure technology transfer, financial backing, and market access at a lower cost, solidifying its position as a logistics and economic hub in the Indochinese Peninsula. The overarching objective is to counterbalance China, Japan, ASEAN, and Western nations, fostering a diversified cooperative network and elevating Thailand's regional influence. The Thai government strategically employs adjustments to land expropriation compensation standards and the division of project subcontracting rights, transforming the distribution of project benefits into a tool for consolidating domestic consensus.

This approach satisfies the economic demands of local factions while preventing undue interference from interest groups in strategic decisions through the central government's retention of core decision-making authority. This "balanced control" mechanism has not only prevented the China-Thailand high-speed rail project from stalling due to internal political struggles but has also transformed it into a unifying force for domestic cohesion, further bolstering Thailand's bargaining leverage in the collaboration and rendering the "lever arm's" support more resilient.

3.2.3 Precise application of force-switching between "cooperation" and "prevention"

The effective utilization of leverage hinges upon the precise control of the direction and magnitude of applied force. In the context of the China-Thailand railway cooperation, Thailand does not engage in a one-sided reliance on China; rather, it dynamically adjusts its strategy. On one hand, it actively aligns with China's development initiatives to garner economic benefits. On the other hand, it consciously introduces other partners and strengthens its traditional security alliance with the United States. This "playing both sides" approach effectively applies a counteracting force to the other end of the leverage, preventing strategic imbalance stemming from over-reliance and thereby continuously profiting from the competition between the two poles. Following the 2014 military coup, the Thai military government, in an effort to consolidate its regime, accelerated cooperation with China while simultaneously establishing financing "firewalls" to mitigate sovereign risk, thereby exhibiting a dual characteristic of "concurrent cooperation and precaution" in its force application. After 2017, with domestic stability restored, the Prayut government, by controlling land acquisition progress and adjusting contract terms, appeased domestic consortiums while signaling controllable intentions to diverse nations such as China, the US, and Japan. Given that regional connectivity has become a domestic consensus, the direction of force application remains unchanged regardless of regime shifts, consistently focusing on optimizing cooperation models. Through the financing and route negotiations for the second phase of the project, Thailand seeks to align with international standards, expand its sphere of influence, and further enhance its value as a pivotal point. This

tempo of force application, adapted to the domestic political landscape, ensures the continuity and effectiveness of its leverage strategy, achieving a dynamic equilibrium between international pressure, domestic needs, and strategic objectives.

4. Strategic Choices for Risk Mitigation by Southeast Asian Nations

Building upon the theoretical analytical framework developed in the preceding sections and the "Fulcrum-Lever Arm-Force" lever strategy toolkit, this chapter employs the China-Thailand Railway Project as a case study. The analysis concentrates on the core risks inherent in transnational infrastructure cooperation, including geopolitical considerations, interest-based game theory, and market volatility. Furthermore, it systematically examines the risk hedging strategies and policy selections undertaken by the China-Thailand Railway Project through the application of the lever toolkit.

4.1 Sino-Thai Railway: A Perfect Embodiment of the Core Tenets of Hedging Strategy

Within the theoretical framework previously established, the crux of a hedging strategy lies in its "proactive, ambiguous approach aimed at maximizing national interests." The Sino-Thai Railway project aligns remarkably well with these core characteristics of hedging:

4.1.1 Integration of cooperation and checks and balances

The railway project itself represents a flagship collaboration within China's "Belt and Road Initiative." Through this endeavor, Thailand is leveraging Chinese capital and technology, gaining access to regional connectivity networks, and realizing tangible economic development benefits. Concurrently, Thailand has not adopted Chinese proposals wholesale in this partnership. Its persistent negotiations concerning loan interest rates, technical standards, and project timelines constitute a form of check and balance, aimed at preventing over-reliance on China and mitigating potential future political and economic risks.

4.1.2 dynamism and ambiguous stance

Thailand's approach and the pace of progress concerning the China-Thailand railway project exhibit a non-linear trajectory, characterized by dynamic adjustments in response to the shifting

dynamics of Sino-American relations and internal political developments. When confronted with undue pressure from either party, Thailand tends to decelerate the project or introduce new conditions, consistently maintaining an ambiguous posture that avoids complete commitment or outright rejection. This strategic ambiguity serves to preserve maximal strategic flexibility.

4.1.3 Proactiveness and benefit maximization

Thailand's objective transcends the mere construction of a railway; it actively seeks to mold the project into a strategic instrument. The intention is to leverage this initiative, on one hand, to reap development dividends from China, and on the other, to utilize it as a bargaining chip in interactions with other major powers, such as the United States. Ultimately, the aim is to maximize national interests rather than simply completing an infrastructure project.

4.2 Path Election Analysis

To facilitate a clearer analysis of the motivations behind the China-Thailand railway project, this paper divides the project into four phases based on strategic dynamic adjustments driven by environmental shifts. The initial phase, from 2012-2014, revolved around the question of cooperation, fueled by the opportunities presented by China's "Belt and Road Initiative" and Thailand's domestic development needs. The 2014 military coup marked a transformation in the core actors, consequently shifting the focus of the issue to the "how" of cooperation. The negotiation centerpiece transitioned from economic feasibility to political security considerations centered on sovereign control. Beginning in 2017, entering the implementation phase of the first stage, the core objective became maximizing self-interest while mitigating risks, signaling a transition to the practical execution and fine-tuning of hedging strategies. The subsequent future planning phase is dedicated to transforming project assets into long-term national geopolitical advantages, aiming to shape a regional hub status in the Indochinese Peninsula that transcends the project itself.

4.2.1 Phase I (2012-2014): initial engagement

The primary systemic pressure confronting Thailand stemmed from the deepening of the U.S. "Asia Pivot" strategy. This strategic adjustment, initiated by the Obama administration, focused on shifting the center of

gravity of U.S. global strategy towards the Asia-Pacific region to maintain its global hegemony and counteract the impact of China's rise on its global advantage. Concurrently, in 2013, China introduced the "Belt and Road Initiative," aiming to expand its influence into Southeast Asia with economic cooperation as its core. At the unit-level, the driving force was the "development-driven" strategy of the Shinawatra-aligned government. The Pheu comprising farmers and urban commoners from the North and Northeast, along with numerous closely connected business conglomerates and construction/real estate groups eager to profit from large-scale infrastructure projects, actively promoted these initiatives.

The Thai government, influenced by the Shinawatra faction, perceived systemic opportunities. They reasoned that proactively engaging with China during the nascent stages of Sino-U.S. competition would yield economic dividends with lower risk. Simultaneously, leveraging ASEAN's position and influence would allow them to avoid being perceived as "choosing sides." The core objective was to seize the initiative amidst less intense competition, transforming China's strategic needs into opportunities for national development. Consequently, Thailand began to feel the pressure of "choosing sides." Aligning strictly with the United States risked forfeiting economic development opportunities, while embracing China could invite U.S. suspicion. The pressing domestic development needs provided additional impetus. Thailand's approach manifested as cautious probing, maintaining an ambiguous stance, and engaging with initiated projects in a proactive yet informal manner—neither outright rejecting China's proposals nor making high-profile commitments. This aligned with the initial motivation of "risk aversion" within a hedging strategy and represented low-cost exploration utilizing the available hedging space.

4.2.2 Phase II (2014-2017): negotiation and adjustment

The 2014 military coup served as a critical inflection point, drastically altering both the actor-level behaviors and the systemic pressures exerted on Thailand. This shift fundamentally transformed the project's core agenda.

At the systemic level, the 2014 coup, led by then-Army Commander Prayut Chan-o-cha, saw the military seize control of key governmental

institutions. This prompted a strong negative reaction from the United States, which responded by terminating aid and other measures, leading to a sharp deterioration in US-Thai relations. Concurrently, China's policy of non-interference in internal affairs facilitated a rapid rapprochement with Thailand. Furthermore, the 2016 South China Sea arbitral tribunal ruling escalated Sino-American confrontation in the region to its zenith, intensifying geopolitical tensions. Thailand, facing the significant crisis of isolation by Western nations and its trust in the US being tested, was compelled to seek economic support by aligning itself with China. Through China's proactive engagement, Thailand recognized its own strategic value, understanding its potential to become a pivotal player courted by both major powers.

The 2014 coup marked a transition from the Thaksin government's reliance on northern and northeastern electorates to a military-conservative administration founded on the power base of the military, the monarchy, and the bureaucracy, thereby altering the primary actors. The prevailing dynamic within this new unit system was characterized by the military government's "sovereignty first" principle and the bureaucratic apparatus. The conservative faction exhibited extreme vigilance against any agreements perceived to compromise sovereignty or foster long-term dependency. Consequently, the central imperative shifted from "economic growth to consolidate votes" to "regime security and sovereign control." Moreover, certain technocrats within ministries such as Finance and Transportation raised concerns regarding the substantial loan amounts and the ownership of operating rights proposed in Chinese initiatives.

The Thai elite, centered around the military government, faces direct existential pressure. Their strategic calculations have been recalibrated: they aim to leverage China's economic and political support to offset Western pressure and consolidate their regime. Scholars like Lu Huiyi argue that when a country's primarily rely on performance legitimacy, economic dependence on China is more likely to prompt that country to align its foreign policy with China, thereby enabling China's economic power to more readily translate into influence. [28] Thailand views the China-Thailand railway as a core vehicle for resolving regional development imbalances and establishing the

Indochinese Peninsula as a hub. The economic lag and weak infrastructure in the north and northeast, coupled with the need to advance the "Eastern Economic Corridor" strategy, have made the railway project a cross-party consensus national development agenda. However, simultaneously, rooted in conservative underpinnings and sensitivity to sovereignty, they are extremely wary of over-reliance on China.

Thailand's strategy in this regard is reflected in

Table 2. Timeline and Strategic Intentions of the Sino-Thai Railway Gauge Negotiations

| Time | Negotiation terms | Strategic intent |
|-----------|--|---|
| 2015 | In December, a Memorandum of Understanding was executed, stipulating the adoption of Chinese standard-gauge specifications. Concurrently, Thailand proposed a dual-gauge system, allowing for parallel operation of meter-gauge and standard-gauge tracks, thereby preserving connectivity with the meter-gauge networks of Japan and ASEAN. | To solidify the project's legal standing, I propose a dual-track approach, implementing both meter-gauge and standard-gauge rail lines. This strategy will not only facilitate seamless integration with the China-Laos Railway but also establish a crucial interface with the meter-gauge networks of ASEAN countries such as Malaysia and Singapore. Furthermore, by pursuing standard-gauge cooperation, we can exert leverage over Japan, aiming for more favorable interest rates on loans and enhanced technology transfer, thereby mitigating the risks of sole technological dependence. |
| 2016-2017 | Thailand continued its negotiations regarding track gauge, ultimately deciding on standard gauge for the main line while retaining meter gauge for branch lines. This approach accommodates connectivity requirements with Laos (standard gauge) and Malaysia and Singapore (meter gauge/standard gauge).[29] | To foster technological advancement and encourage diverse collaborations, we must ensure that Thailand retains the primary leadership in project initiatives. |

This reinforcement of control transforms the railway project from a mere infrastructure undertaking into a "strategic lever" for Thailand to enhance its regional discourse power, with the extended lever arm enabling it to gain greater benefits at a lower cost in interactions with major powers.

Within this framework, gauge negotiations, central to struggles over technical standards, clearly reveal Thailand's hedging calculations through their chronology and strategic intent, as documented in Table 2.

4.2.3 Phase 3 (2017–Present): implementation of phase 1 construction

The signing of the design and supervision contract for Phase 1 in 2017 is considered crucial for the "substantive commencement" and "official groundbreaking" of the project. This marked the transition from negotiation to implementation, signifying the project's shift from conceptualization to actual construction.

accelerating the progress of the China-Thailand railway, while simultaneously demanding greater control over the project. On one hand, they seek to ensure absolute control through self-financing, thereby avoiding a loss of decision-making dominance due to external funding dependency. [19] On the other hand, through negotiations on technical standards, they reserve interfaces for cooperation with other countries, laying the groundwork for introducing diverse partners subsequently.

The transformation of the railway from blueprint to a physical site allowed Thailand to make adjustments based on the pace of construction progress, which could then be leveraged as a bargaining chip in managing Sino-American relations.

At the systemic level, the Trump administration's introduction of the "Indo-Pacific Strategy" at this juncture intensified open and comprehensive competition with China. This strategy involved strengthening military alliances with Japan and Australia, initiating multiple rounds of trade wars against China with high tariffs, and exerting pressure on nations participating in Chinese initiatives. Such trade conflicts also heightened the risks associated with Thailand's strategy of economic reliance on China. From ASEAN's perspective, the 2019 adoption of the "ASEAN Outlook on the Indo-Pacific" emphasized ASEAN centrality and advocated for a holistic approach to counter great power

competition. Thailand experienced significant structural pressure, but the framework provided by the "Connectivity Goals" within the ASEAN Indo-Pacific Strategy enabled the project to downplay its geopolitical implications, thereby addressing U.S. concerns.

At the unit level, the Prayut government consolidated its power during this period, ushering in a phase of relative domestic stability. The policy focus shifted from "whether to build" to "how to distribute benefits." For instance, local politicians and influential families along the railway route, who were landowners, engaged in protracted negotiations with the central government regarding land compensation standards and minor adjustments to the scope of land acquisition. The comprehensive advancement of the "Eastern Economic Corridor" (EEC) national strategy made the Phase 1 China-Thailand railway an indispensable transportation artery for the EEC. "Developmentalism" emerged as the paramount domestic objective, ensuring the project's continued progress despite complex negotiations.

Throughout Phase I implementation, multiple rounds of strategic interaction occurred among various domestic actors in Thailand, each vying for core interests related to project advancement. These events of political contestation directly impacted both the project's timeline and its specific operational details, a summary of which is presented in Table 3.

Concurrently, while the China-Thailand railway project, at the micro-level, has become a stage for domestic interest allocation, at the macro-level of overall project progress, it is

bound by an irreversible national development strategy. The engineering proceeds, but both the pace and the details are deeply affected by domestic entanglements of interest.

4.2.4 Phase 4: future planning

From a macro-system perspective, the Biden administration's continued and intensified competition with China, particularly in alliance networks and infrastructure, inevitably impacts projects like the China-Thailand Railway. China's progress with the China-Laos Railway signals deepening cooperation with other Southeast Asian nations. Thailand faces increasing pressure to align with one side, as the second phase of the railway, connecting Laos and Malaysia, expands in scope and strategic significance, drawing intense scrutiny from the United States.

At the unit-system level, the benefits derived from the China-Thailand Railway project transcend governmental changes. Regardless of whether a military junta or an elected government is in power, the vision of transforming Thailand into a transportation and logistics hub for the Indochina Peninsula has become a shared objective among Thailand's mainstream political and commercial elites. This represents a long-term, strategic national interest. As a comprehensive national vision, the second phase of the China-Thailand Railway, linking Laos and Malaysia, transcends its value as a singular project, serving instead as a crucial component in realizing this overarching national interest. Consequently, the project commands broad, cross-party, and cross-interest group support.

Table 3. A Chronological Account of Key Game-Theoretic Events in the Thailand-China Railway Initiative

| Event Name | Subjects Involved | Core Game | Specific Circumstances |
|--|---|---|--|
| The unconstitutional suspension of the "Rice for High-Speed Rail" project in 2014. | Yingluck government (of Thailand), Democrat (Thailand), Constitutional Court of Thailand | Compliance of infrastructure loan bills that include the China-Thailand Railway, and the underlying land acquisition and supporting planning progress rights. | In response to a request by the Democratic, the Constitutional Court has ruled the 2.2 trillion baht bill, which includes this provision, unconstitutional, leading to a complete halt in preliminary work such as land expropriation. |
| Financing and Land Acquisition Dynamics in the Bangkok-Nakhon Ratchasima | The Thai military junta led by Prayut Chan-o-cha, and the business community in Thailand's northeastern | Preliminary section on railway construction cost budgeting, financing entities, and land | Thailand and China are at an impasse regarding the Bangkok-Nakhon Ratchasima high-speed rail project's capital expenditure. Citing dissatisfaction with China's proposed |

| | | | |
|---|---|---|---|
| Railway Project, 2016 | region, including the Nakhon Ratchasima Chamber of Commerce, among others. | acquisition-related benefit allocation. | loan interest rates and budget, Thailand has opted to finance the entirety of the project independently. The Thai business community is reportedly seeking greater influence over land acquisition and associated planning through direct financial contributions. |
| Obstacles to the 2017 Sino-Thai Railway Phase I Environmental Impact Assessment and the Land Expropriation Decree Dispute | The Thai government under Prayut Chan-o-cha, relevant Thai environmental impact assessment (EIA) authorities, and local vested interests. | The approval of environmental impact assessments and land acquisition authorizations indirectly relates to the implementation of land compensation. | In October 2017, the first phase of the China-Thailand Railway project encountered delays due to the unresolved environmental impact assessment (EIA). Localized concerns regarding compensation regulations impeded the EIA's progress. By the project's commencement at year-end, the Royal Land Expropriation Act remained unenacted, reflecting an ongoing strategic negotiation between central and local authorities concerning land acquisition specifics. |

The Thai elite's strategic foresight centers on maximizing the nation's "hub value" within the broader geopolitical and economic architecture. Recognizing that the completion of a comprehensive regional rail network will significantly enhance Thailand's pivotal role, making it an indispensable fulcrum for both China and the United States, they have elevated specific infrastructure projects to the dimension of a long-term national development geo-strategy. This strategic repositioning aims to secure enduring leverage in the multi-decade Sino-American great power competition. Under these conditions, Thailand endeavors to optimize its value as a "pivot state," thereby extracting regional benefits and effectively navigating increasingly intense systemic competition. Regarding internal power dynamics, future negotiations concerning financing, routing, and other aspects of Phase II will undoubtedly remain subject to the prevailing domestic political landscape and the influence of entrenched interest groups. Nevertheless, the sustained advancement of regional connectivity has solidified a powerful domestic consensus. Consequently, internal political contention will likely focus more on the "how" of implementation rather than the "whether" of proceeding.

5. Conclusion

This paper, drawing upon hedging strategy theory, establishes a comprehensive analytical framework that integrates

"system-unit-cross-level" driver analysis with "fulcrum-lever-force" strategic tools. This framework has been applied to systematically track the process of the China-Thailand railway project. Our findings indicate that the China-Thailand railway is not merely a straightforward infrastructure cooperation. Instead, it serves as a hedging strategic tool, proactively designed and dynamically adjusted by Thailand in response to the systemic pressures of Sino-US strategic competition. Through an examination of the project's evolution over the past decade, we argue that the drivers of Thailand's hedging strategy stem from multi-layered, dynamic interactions. At the systemic level, Sino-US competition imposes pressure on Thailand to choose sides, while simultaneously creating opportunities for Thailand to leverage the contradictions between the great powers. At the unit level, domestic political shifts, the interplay of interest groups, and national development needs have shaped Thailand's objectives and negotiation stances regarding the railway project. Crucially, cross-level interactions highlight Thailand's strategic agency: the proactive utilization of systemic opportunities to align the transnational infrastructure project with its domestic political agenda and long-term national development strategy, thereby facilitating risk transformation. Concurrently, Thailand has employed the "leveraging" strategy proposed herein: using its "neutral" diplomatic stance as a stable fulcrum, and the repeated deliberation and control over

the details of the China-Thailand railway project as an extended lever arm. Through dynamic shifts in approaches, such as "cooperation" with China and "precaution" towards the US, Thailand has achieved effective balance between the two major powers. This entire process corroborates the dynamic, instrumental, and strategic nature of Thailand's hedging strategy. The core objective is to proactively transform the structural risks arising from great power competition into strategic opportunities for enhancing its regional hub status and national strength, thereby aligning with the behavioral logic of hedging strategy.

However, this study primarily adopts a qualitative case study methodology, and the universality of the analytical framework requires validation through further case studies. While the China-Thailand railway project exemplifies Thailand's hedging strategy, the national conditions of Southeast Asian countries vary significantly. Future research could apply this study's "leveraging strategy" framework to other major infrastructure projects in different countries, perhaps through comparative case studies with Indonesia's Jakarta-Bandung High-Speed Railway or Malaysia's East Coast Rail Link. Secondly, hedging strategy is a dynamic process, and this study, to some extent, represents a "snapshot" analysis of strategic behavior within a specific period. The China-Thailand railway project is not yet fully completed, and its ultimate success, alongside future shifts in Sino-US competition and Thailand's domestic politics, necessitates longer-term tracking research to understand how Thailand's "leveraging strategy" will further adjust. This presents both a limitation of this study and a dynamic issue worthy of continuous observation.

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