

The China factor in diaspora economic diplomacy: comparing Chinese and Indian transnational networks in Southeast Asia

Yifei Xie

Faculty of Arts and Social Science, National University of Singapore, Singapore, Singapore

XIEYIFEISIM@126.COM

Abstract. China and India are gradually using the overseas Chinese community to form economic ties, spread culture and knowledge, provide investment support, and offer diplomatic support. Diaspora engagement generally refers to a tool for soft power projection or a bilateral relationship established between the government in the homeland and the expatriate community. Both ways in this paper fail to recognize the independence of diasporic communities and the political power of host countries. Singapore and Malaysia are selected as cases to compare China's increasingly coordinated party-state approach to overseas Chinese affairs with India's network-centred architecture of diaspora engagement. Building on Rajesh Rai's scholarship of transnational networks, changing identities and the demand to address migrants' new allegiances sensitively, this paper presents a host-state-embedded network system for diaspora economic diplomacy. It is thought that the impact of diaspora engagement depends on four interrelated conditions: the strength of connectivity with the homeland-state, the richness of transnational economic and social networks, the autonomy and host-country embedding of diaspora actors, and the ability to convert relationships into mutual economic benefits. China has institutional concentration that can rapidly mobilize resources and link business, talents and cultural networks, but it is also politically sensitive when ethnic ties are believed to have blurred the line between cultural ties and foreign political organisation. India has a less centralised system, and programmes such as Pravasi Bharatiya Divas, Overseas Citizenship of India, knowledge networks and cultural engagement operate through relatively plural and voluntary associations. Singapore and Malaysia show that neither the Chinese nor the Indian communities can be considered extensions of the ancestral homeland. Citizenship, class, language, generation and the political system at home all shape people's identity and interests. Therefore, diaspora-based competition in Southeast Asia will not be a simple zero-sum game, according to the article. The more sustainable model is one in which diasporic networks act as bridges for trade, technology, entrepreneurship and social exchange, and host-state sovereignty and diaspora autonomy remain explicit constraints on engagement with the homeland.

Keywords: China, India, diaspora, Southeast Asia, soft power, economic diplomacy, transnational networks, Singapore, Malaysia, overseas Chinese

1. Introduction

With the rise of China and India, scholars and policymakers have shown increasing interest in the overseas communities connected to both countries. These communities are economically important, socially integrated in many places, and are being promoted by Beijing and New Delhi in their external-facing strategies. It is a serious problem in Southeast Asia. Chinese migration has significantly changed the commercial and social environment of the area over the past few hundred years, and Indian communities have developed through colonial labour and mercantile migration, post-colonial migration, and new professional mobility. Singapore and Malaysia have substantial Chinese and Indian communities, but their rich history as these communities also makes them difficult to present merely as foreign-policy tools. Many members are citizens of their host countries who have formed political loyalties, social identities and economic interests in the area over several generations.

Therefore, the main analysis problem is a contradiction. Homeland governments are paying more attention to diasporas as networks for investment, entrepreneurship, technology, cultural influence and bilateral relations. However, the more a state tries to use the diaspora strategically, the more likely it is to harm the very local legitimacy and network autonomy of diaspora actors that make them effective intermediaries. Tensions are particularly pronounced in Southeast Asia because of ethnic politics, colonial history, and the principle of sovereignty and non-interference; thus, external political mobilization is met with strong resistance.

China and India offer a representative case. China has built an all-encompassing system for overseas Chinese affairs. The institutional reform in 2018 placed the administration of overseas Chinese affairs under the United Front Work Department and strengthened party-state coordination for a long-standing area of **qiaowu** (overseas Chinese work) [1]. Along with official institutions, business associations, cultural organisations, educational networks, returnee programmes and local ties connect China to the overseas Chinese community. India has also created institutional platforms for diaspora interaction, but they are relatively open-ended and service-oriented. The Ministry of External Affairs runs a Diaspora Engagement Office and organises various activities for overseas Indians, such as Pravasi Bharatiya Divas (PBD), the Overseas Citizenship of India (OCI) scheme, the Know India programme, etc. The 18th PBD in 2025 explicitly linked diaspora participation with innovation, technology, entrepreneurship, sustainable development and India's wider development aspirations [2].

The two problems are as follows. First, how do the different Chinese and Indian diaspora-governance strategies affect their ability to leverage transnational communities for economic diplomacy in Southeast Asia? Second, when will diaspora engagement bring bilateral and regional benefits without drawing political attention or being regarded as proxy politics by local communities? The paper proposes that the economic diplomacy of the diaspora should be built on a three-way system of the homeland state, the diaspora network and the host state, rather than a bilateral one. It is effective if there is state support, and four conditions are also required: a sense of homeland connection, a dense network, diaspora autonomy and host-state legitimacy.

The three are as follows. The first is conceptualisation. Building on Rai and Reeves's [3] ideas of transnational networks and shifting identities, and Rai's [4, 5] focus on the negotiated and locally embedded nature of Indian diasporic life, this paper views diaspora autonomy as a requirement for soft-power legitimacy rather than a barrier to state strategy. The second is comparison. It does not mean that China's more centralised way is automatically better, and India's looser model is not necessarily worse. They have many merits and deficiencies. The third is related to the political economy of the 'China factor'. Diaspora networks are cultural channels that also serve as connective infrastructure for firms to transmit capital, professional knowledge and technology, open new markets, etc. Therefore, the contents of these debates fall under the scope of trade, industrial restructuring and regional economic governance, rather than traditional public diplomacy.

2. From soft power to host-state-embedded transnational networks

Soft power is a suitable starting point for this idea because it refers to attraction and legitimacy, thus influencing others' preferences without force [6]. Diaspora communities can use culture, language, reputation, professional success and social networks to have this effect. However, the framework of soft power is misleading if it suggests that diasporas are resources for a state. Diasporic communities are social and political groups with their own history, interests and divisions. Their connection to their hometown may be close or far, selective or uneven, and it often changes from generation to generation.

Rai and Reeves [3] offer a more productive conceptual entry point via the idea of transnational networks. Instead of thinking of identity as geographically limited, they focus on the cross-border connections among society, culture, economy and politics, and are still rooted in specific places. Rai's earlier work on Indians in Singapore also shows that diaspora identity is formed through interaction with institutions and the social environment of the host country. Indian migrants did not maintain the same sense of home; rather, their social and political lives were shaped by the port-city economy, colonial rule, communication technology, inter-ethnic relations and broader transnational currents [4]. This idea is directly applicable to contemporary diaspora diplomacy; that is, a successful homeland strategy needs to be realised through identities formed abroad and cannot rely on assumed loyalty.

Rai's later talks on the Indian diaspora, development and foreign-policy goals make this point even more explicit. Diaspora contributions can be made through remittances, foreign investment, philanthropy and lobbying, and migrants also develop new allegiances and connections in the societies where they live. Therefore, homeland engagement should be sensitive to dual embeddedness [5]. This paper applies the previous reasoning to a comparative political-economic system. Diasporas can connect markets and states precisely because they are located in more than one social field. Brokerage capacity is based on this multiplicity; attempting to reduce it to a single homeland loyalty will likely decrease its impact.

The four contents of this system are: The first is homeland connection: the institutional, cultural and economic paths that a country maintains with its overseas communities. The second is network density: how connected the diaspora actors are with firms, investors, professionals, civil society organisations and cultural institutions across borders. The third is diaspora autonomy and host-country embeddedness: whether the actors have independent local legitimacy, citizenship ties, professional status and interests that cannot be reduced to homeland preferences. The fourth is economic conversion: whether the relationship generates mutual recognised value through trade, investment, technology, entrepreneurship, education or innovation, and not just symbolic mobilisation.

The above factors are not obvious. Increased government regulation is not required to expand overseas Chinese communities. Cooperation can mobilize people and resources; however, if there is too much political leadership, the host community may feel alienated and the effect of the diaspora intermediary will be diminished. On the other hand, a less centralised system will lack strategic coherence but will be more resilient because the diaspora can act as independent brokers. Therefore, the best model is not maximum state control but calibrated connectivity: sufficient institutional linkages to provide support for exchange and adequate local autonomy to maintain host-state legitimacy.

3. China's diaspora governance: coordination, connectivity and political sensitivity

China's relationship with overseas Chinese communities has changed considerably in the twentieth and twenty-first centuries. Policies that once contained revolutionary politics, citizenship questions and Cold War ideological competition have gradually been rephrased in terms of development, national rejuvenation, cultural confidence, investment, talent and China's position in the world. Wu [7] and Han [8, 9] indicate that the overseas Chinese policy in Southeast Asia needs to be understood historically; the concept of 'overseas Chinese' has never been fixed, and the response of host countries has changed according to shifts in China's power and domestic politics.

The 2018 institutional reform was a large-scale organisational change. The reform plan placed the administration of overseas Chinese affairs under the United Front Work Department and established a more integrated party-state structure for the Overseas Chinese Affairs Office [1]. Consolidation enhanced cooperation; at the same time, it also increased the political nature of overseas development. The problem is not that all cultural, educational and commercial organisations linked to Chinese communities are tools of the Chinese state. Such a demand would reduce the diversity of overseas Chinese people. Rather, the institutional system is more likely to connect government departments with associations, business leaders, educational institutions and talent networks and returnee communities when such coordination is needed.

It will also be economically feasible. Diaspora networks can reduce the information cost of new-market entry for firms by providing language- and business-knowledge support, linking entrepreneurs with suppliers and financiers, and promoting investment in China-Southeast Asia. Science and Technology also follow the same rules. Overseas professional and alumni networks can provide research, talent and business opportunities abroad. As China-Southeast Asia economic cooperation has expanded in recent years to cover manufacturing, finance, digital platforms, supply chains and green technology, such networks are increasingly serving as informal infrastructure for formal trade and investment agreements.

China's model still has a particular legitimacy problem in Southeast Asia. Many ethnic Chinese communities in the area are not Chinese nationals and do not primarily identify as Chinese through political affiliation. They have been affected by local citizenship, language, class, religion and national history. Singaporean Chinese, Malaysian Chinese, Thai Chinese and Indonesian Chinese have very different political and social statuses. When Beijing uses broad civilisation or kinship language without specifying citizenship and political affiliation, the host society may feel that it is close to culture but distant from politics. Han [9] shows that diaspora politics affect how Southeast Asian countries view China's large-scale regional development.

Therefore, it will be costly. The resources that enable China's method to succeed - central coordination, institutional coverage and the ability to connect diaspora engagement with the objectives of economic and diplomatic promotion - may also raise the political cost of participation if host-country actors believe that ethnic ties are being converted into political support. Therefore, a sustainable China strategy should be one of what can be called bounded mobilisation: actively support commercial, educational and cultural networks, and explicitly recognize that overseas Chinese citizens of other countries belong politically to those countries. In the long run, the credibility of China-linked business and social networks will depend on this boundary remaining visible.

4. India's diaspora engagement: networked soft power and developmental partnership

India's post-independence links to its diaspora changed gradually. For a long time, New Delhi was wary of political involvement by overseas communities and promoted their integration into host societies. Economic liberalisation and the growing global prominence of Indians in business, technology and professions changed this calculation. Since the 1990s, successive governments have gradually introduced more proactive diaspora policies, and under Prime Minister Narendra Modi, overseas Indians have gained significant political recognition in India [10]. India's Policy System is not the same as China's in terms of institutional form and scope.

The Ministry of Foreign Affairs has established an overseas Chinese affairs office. Its programmes are PBD, OCI, the Know India Programme, scholarships, cultural initiatives, welfare mechanisms and links with overseas Indian organisations. PBD can also be used to build an all-weather meeting place for the government, businesses, professionals and the community. In 2025, the convention focused on identity and cultural inheritance, as well as innovation, new technologies, sustainable development, entrepreneurship and the role of the diaspora in developed India [2]. The above priorities indicate that the direction of the diaspora policy has moved away from remittance-oriented to a mobilization of knowledge, networks and market access.

Strengths in India also stem from the diversity of its global communities. Overseas Indians include long-settled citizens of former plantation and colonial societies, Gulf migrant workers, entrepreneurs, students, high-skilled professionals and politically influential communities in Western democracies. There is no unified political mobilisation due to this diversity, but many network functions have emerged. Diaspora actors may be investors, donors, lobbyists, knowledge brokers, cultural intermediaries and business partners. Rai [5] lists the continuous pathways by which the diaspora influences India as remittances, overseas investments, charity and lobbying. It should be viewed as a network of mechanisms rather than a sign of a single collective diaspora desire.

The restrictions of the Indian model are also due to this diversity. Varadarajan [11] does not consider the Indian diaspora a single entity that affects foreign policy in a unified way. Long-settled Singaporean or Malaysian Indians may have strong cultural ties to India but have been politically shaped almost entirely by their countries of citizenship. Newer professionals are more closely connected economically but have weaker organisations. Migrant workers have other demands for employment rights, welfare and consular protection. A state strategy that celebrates successful entrepreneurs and ignores vulnerable workers would be only one type of diaspora relationship.

India's softer and more voluntary model may be advantageous for host-state legitimacy nonetheless. Programmes such as PBD and OCI invite connection without formally claiming political authority over overseas citizens. Affinity, business cooperation and reputation benefits will be generated, and at the same time, the depth and form of diaspora participation can be chosen. Rai also pointed out that the overseas Indian community has formed new connections and loyalties and should be handled delicately. A weakness of decentralisation is that the economic results may not be coordinated. India can organise meetings and build a network, but the organisation will have to attract investment, technology transfer and policy changes independently.

5. Singapore: citizenship, commercial networks and the limits of ancestral politics

Singapore is a typical case because both Chinese and Indian identities are deeply rooted in the society of the nation. The Chinese majority and Indian minority in China and India are not merely immigrant communities awaiting activation by Beijing or New Delhi. They are the basic units of a sovereign multi-ethnic country with its own institutions, national consciousness, and well-regulated system for inter-communal relations. Therefore, Singapore shows that the concept of a diaspora strategy cannot equate ethnicity with political affiliation.

Rai [4] recorded the history of Indians in Singapore, and thus revealed how migrants gradually integrated into society to become local figures. A colonial port city in India had been formed by economic reasons, religious and linguistic differences, imperial institutions and transnational politics. Over time, migrants negotiated their place in the face of changing power and society. In short, Singaporean Indians should not be regarded as extensions of India and their ties to family, culture or economy do not make them such. They are able to serve as bridges for Singapore-India relations because they are trusted by Singaporean people.

Singapore's ethnic Chinese also fall under this category to some extent. Economic development in China has created many business opportunities for Singaporean companies and professionals, and their proximity in culture and language will reduce transaction costs. Singapore's Chinese identity is institutional and national, not politically diasporic. The State of Singapore has continuously promoted a civic system that integrates ethnic culture and national spirit. Therefore, the successful engagement for Beijing should treat Singaporeans of Chinese descent primarily as participants in bilateral economic and people-to-people exchanges rather than as an overseas political bloc.

The two are not contradictory; they work together to promote diaspora economic diplomacy. Autonomous professionals, investors, academics and businesses around the world can connect China and India through local knowledge and host-country legitimacy in Singapore. If the parties involved thought that an overseas power had sent them, their willingness to cooperate would drop. Singapore thus presents the main idea of this paper: high host-state embeddedness can increase the economic value of transnational networks and limit the scope for homeland political mobilisation.

Therefore, the comparison between China and India in Singapore is less about vying for the allegiance of ethnic communities and more about striving to become appealing centres of their business, technology and profession. Mohapatra and Tripathi [12] believe that the Indian diaspora can be regarded as a form of soft power linking India and Singapore. India's Act East policy and close economic and cultural cooperation with Singapore provide a strong support for the Indian community in Singapore across all sectors. China enjoys very dense economic ties with Singapore and has wide-ranging Chinese-language and business platforms. However, neither of the above is due to ethnic consciousness. It is a trustworthy cross-border institutional and market-based brokerage.

6. Malaysia: diaspora networks within a politically structured multi-ethnic order

Malaysia is not the same place. Its Chinese and Indian communities are also quite old, but ethnic categories have had a more prominent role in domestic politics, public policy and socioeconomic discussions. According to the official population data of Malaysia in 2025, there would be approximately 6.85 million Chinese people and about 2.01 million Indian people [13]. The above figures are the sizes of the communities, but they should

not be taken as indicators of China's or India's foreign influence. Size does not equal political willingness to join a country.

Malaysian Chinese commercial networks can promote trade, investment and cultural exchange in China due to the close economic relationship between China and Malaysia. Linguistic familiarity, family history and business relations are reduced information barriers. However, the domestic political situation of the Malaysian Chinese is also relatively unstable. Any suggestion that ethnic Chinese citizens are a political constituency for Beijing would connect with the existing discussions on ethnicity, national identity and distribution. Therefore, China will gain most from using transparent business, education and social cooperation to channel diaspora-linked engagement in a way that respects Malaysian sovereignty.

India has a similar but not identical problem. Malaysian Indians have various religious, linguistic and historical connections to the subcontinent, but their political and economic problems are mainly in Malaysia. Strengthen bilateral cooperation in the fields of culture, education, tourism and business to enhance community awareness of Indian enterprises and professional networks. However, New Delhi cannot expect that symbolic appeals to civilisation or ancestry will be supported by the public in India. The same community may value relationships with India and use Malaysian political institutions and interests to discuss domestic problems.

Malaysia thus strengthens the distinction between diaspora connection and diaspora control. Both China and India can provide platforms for cross-border cooperation, but the rules of these platforms are determined by the host country. In a multipolar Southeast Asia, therefore, the governments hope to gain economic advantages from several large powers without being forced to choose one side. Diaspora diplomacy that appears to bypass the state or politicise ethnic divisions will likely face opposition. Networks that create real local economic benefits, such as jobs, skills, entrepreneurship, education and technology, are more likely to be regarded as positive attributes of bilateral relations.

The Malaysian case also suggests that diaspora economic diplomacy should be judged by distribution. Business ties may be profitable but remain socially narrow. Continuously assess whether the beneficiaries of cross-border opportunities are spread out or concentrated in the hands of a few. Both China and India can connect diaspora networks with Small and Medium-sized Enterprises (SMEs), youth entrepreneurship, education, digital skills and green economy cooperation to expand the base of participants. Thus, the purpose of the policy should be to create local values through decentralised networks.

7. China and India compared: coordination versus network autonomy

As shown in Table 1, comparison shows that the two are not the same. China's model has better organisational coordination. Party-state institutions can connect overseas Chinese affairs with the higher priorities of diplomacy, talent, investment, culture and national development. Thus, it will be convenient to move and apply for various reasons. India's model is more fragmented. The state convenes, recognises and serves overseas communities, but many economically significant relations are carried out by private enterprises, professional networks, civil society, religious and cultural institutions, and personal ties, and retain considerable autonomy from the government.

Table 1. Comparative architecture of Chinese and Indian diaspora engagement

Dimension	China	India	Analytical Implication
Institutional style	More coordinated party-state structure; overseas Chinese affairs administered within the United Front system	MEA-led engagement combined with dispersed ministries, missions, private and community networks	Coordination and autonomy are alternative sources of capacity
Primary mechanisms	Associations, business and talent networks, cultural/educational ties, returnee links	PBD, OCI, KIP, welfare mechanisms, professional, business and cultural networks	Both mix symbolic affiliation with economic and knowledge exchange
Core advantage	Rapid mobilisation and strategic coherence	Voluntary participation and locally credible network autonomy	Effectiveness depends on host-state context
Core risk	Political sensitivity if ethnicity is read as external political allegiance	Fragmentation, uneven coordination and selective engagement of diaspora segments	State capacity must be balanced against network credibility
Best-fit objective	Bounded mobilisation for transparent economic and social cooperation	Network facilitation that converts plural ties into sustained partnerships	Maximise mutually legitimate network value, not diaspora control

The above are the reasons. China can link diaspora engagement with all-weather economic plans and build institutions to ensure stable long-term contact. India can be helped by a network ecology in which overseas actors are often at a distance from New Delhi and can thus act as locally credible intermediaries. China is therefore stronger in coordination, and India may be more autonomous at times. Neither is the best. Coordination by China is favourable when the host government is open to cooperation; otherwise, it will be regarded as interference in its internal affairs and thus unwelcome. India's autonomy is convenient for building a commercial-opportunity-driven network self-organisation, but it is deficient when addressing coordination, welfare, regulation, etc., that require state capacity.

It is also not true that China and India are competing for the loyalty of the diaspora in Southeast Asia in a zero-sum game. The Chinese and Indian communities have different demographics, histories and institutions, and many individuals have built multiple overlapping economic networks. A Singaporean technology entrepreneur of Indian descent may be highly active in China. A Malaysian Chinese company may invest in India or work with Indian companies. Thus, diaspora networks can overcome the geopolitical divisions caused by the conflict at home.

The More Serious Competition is for Network Centrality. China and India both want to be popular places for capital, innovation, education, technology and entrepreneurship. Diaspora actors can help each country establish these links, but they will distribute their attention based on commercial opportunities, professional incentives and personal identity rather than government preference alone. Therefore, soft power is to be measured differently. Instead of learning about the sense of belonging of overseas Chinese, one could find out how often independent organisations contact their country of origin and whether such communication offers ongoing benefits.

Diaspora diplomacy is closer to platform competition than to geopolitical bloc construction, therefore. States build institutions, incentives and narratives; diaspora actors decide whether and how to participate; host states set the political boundaries for engagement. The most powerful platform is not necessarily the one with the most directive control. It is the one that produces trusted, reliable and mutually beneficial interactions among all three parties to the relationship.

8. A host-state-embedded network framework for diaspora economic diplomacy

The above analysis can be summarised in a host-state-embedded network framework, as shown in Table 2. At first, the framework presented a triangular model of diaspora engagement and held that homeland states could not continuously engage with overseas communities without considering the institutional interests of the countries where those communities lived. The four modifications of the triangle will show whether the soft power has achieved economic-diplomatic benefits.

Table 2. Host-state-embedded network framework

Conversion	Policy Question	Positive Indicators	Failure Mode
Identity → connectivity	Are cultural ties translated into usable institutional networks?	Business, education, professional and cultural platforms	Symbolic engagement without durable exchange
Connectivity → trust	Are ties voluntary, transparent and compatible with local citizenship?	Independent participation; repeated cross-border collaboration	Perception of political instrumentalisation
Trust → economic capability	Do networks create measurable commercial or knowledge value?	Investment, technology transfer, entrepreneurship, market access	Elite networking with weak spillovers
Capability → host-state legitimacy	Do benefits align with local development and sovereignty?	Local skills, jobs, suppliers and institutional cooperation	Political backlash, ethnic tension or regulatory restriction

The first conversion is to connectivity from identity. Shared ancestry, language or culture can provide a basis for affinity; however, concrete channels need to be built to realise this, such as business associations, educational programs, professional networks, investment platforms and cultural institutions. Symbolic Appeals Without Institutional Connections Have Little Economic Value. The second conversion is to trust via connection. Networks are enduring only when their participants perceive them as credible and voluntary. Political over-direction will reduce the trust of the local people.

The third conversion is from trust to economic capacity. Assess the contributions of diaspora networks to the internationalisation of enterprises, technology transfer, entrepreneurship, access to finance, knowledge sharing and market access. Diaspora diplomacy directly addresses the issues of trade and technology raised in this Special Issue at this time. A network that can only offer a ceremonial show and has no other economic or knowledge-sharing functions will be an ineffective tool for economic diplomacy. The fourth conversion is from economic power to host-state legitimacy. The extended cross-border cooperation can be carried out only in the public interest of the parties involved and must not infringe upon their sovereignty, political equality or social order.

The system has shifted its purpose. The Goal should not be to increase diaspora mobilization. It should aim to maximise network value under the conditions of political legitimacy. Therefore, China will maintain the original level of efficiency for institutional coordination and distinguish between cultural and economic links with foreign citizens and claims of political loyalty. Therefore, for India, the goal is to maintain the voluntary and pluralistic nature of participation while strengthening institutional support for long-term cooperation among professional and commercial networks. For host countries, Singapore and Malaysia will be able to

conduct cross-border economic cooperation under an open-minded rule system for foreign political interference.

The system will be relatively autonomous for the diaspora community. Autonomy is often viewed by the government as a lack of control. Autonomy is a network attribute that provides support. A business leader, academic or community organisation can act as a good bridge precisely because the local partners believe the actor has independent interests and status. Diaspora autonomy is thus not the absence of state influence. Under the right circumstances, it can serve as the foundation for legal recognition.

9. Trade, technology and sustainability: why diaspora networks matter to the China factor

The diaspora problem is now a political economy issue because the form of international competition has changed. Trade and investment are increasingly based on intangible assets, such as information, trust, professional knowledge, technology, regulatory awareness, access to special networks, etc. Diaspora communities can provide some of these assets. Help the company find partners, understand the business environment, recruit talent, share knowledge, and face cultural or language differences. Thus, the diasporic network functions as a type of relational infrastructure.

With China's rising economy, such infrastructure will be needed more in Southeast Asia. Chinese enterprises have been expanding in manufacturing, digital services, finance, logistics and energy, and Southeast Asian companies are seeking Chinese capital and markets. Diaspora-linked business networks can help promote these flows, but they are also subject to the general problems of dependency, political influence and lack of autonomy. Thus, the 'China factor' is not limited to the presence of Chinese state-owned enterprises and investment. It also includes the social networks for the commercial relationships in the local economy.

India's expanding economic integration provides a suitable case study and has developed a strong diaspora network in professional services, technology, entrepreneurship and finance. The 2025 PBD agenda will focus on linking the diaspora with innovation, new technology, sustainable development and entrepreneurship. Therefore, the view of overseas Indians has shifted from being merely remitting funds or spreading culture to participating in the knowledge and innovation system. Singapore is a typical case that fits this description, serving as a hub for finance, technology and corporations in South and Southeast Asia.

Stability is the third. Diaspora networks can support green finance, renewable-energy partnerships, climate technology, skills and socially-embedded entrepreneurship, but only if the projects create host-country value. A narrow homeland-centric strategy can reproduce the problems of enclave investment; that is, capital moves but local capabilities do not deepen. A long-term model will connect diaspora-led investment with local suppliers, professional training, research cooperation and inclusive entrepreneurship. China and India are also in the same situation.

This interpretation will also reduce the incentive to see Southeast Asia only in terms of Sino-Indian competition. A multipolar regional economy has many overlapping relationships rather than single blocks. Diaspora networks are relatively convenient for this purpose because they often cross political borders and connect several markets simultaneously. Therefore, the policy focus should be on how the China-India connected network can promote regional value chains and knowledge ecosystems, rather than merely seeking ways to cooperate in opposition.

10. Conclusion

China and India are gradually including overseas communities in their plans for external economic and diplomatic development. Diaspora participation will be more successful if the government recognises its shortcomings. Singapore and Malaysia are examples of long-settled Chinese and Indian communities who have become local residents and members of society, free from the notion of ancestral roots. As transnational intermediaries, their value lies in the fact that they belong to multiple networks but are still politically located in the host country.

China and India have shown different, yet not mutually exclusive, forms of diaspora economic diplomacy in this paper. China's more coordinated party-state system has the advantage of strong resource mobilisation, institutional link-up and strategic coordination. The primary defect is political sensitivity; close cooperation by the government of the sending country may be viewed by locals as demonstrating pro-foreign-policy bias. India's network-oriented model gives more freedom to voluntarism and diaspora autonomy in supporting local legitimacy, but it also leads to weaker coordination and is more reliant on self-organized business and professional groups.

Building on Rai's scholarship, the present paper proposes that the central variable should be negotiated embeddedness rather than diaspora loyalty. Transnational networks generate economic and soft-power value by integrating homeland connections and diaspora autonomy with dense cross-border relationships and host-state legitimacy. Therefore, the attempt to utilise the diaspora may have been counterproductive. The more a community is treated as a substitute, the less effective it will be as a connection point.

The far-reaching consequences of the debate on the China factor in a multipolar world are as follows. Overseas Chinese networks are now part of China's economic strength, and their influence on the sovereignty and internal affairs of Southeast Asian nations also warrants attention. India's diaspora strategy offers a useful reference case because it has a different balance of state involvement and autonomous networks. Neither model can be directly transferred between countries. Good diaspora diplomacy needs to adapt to the political system and culture of all host countries.

Thus, the most sustainable future will not be a zero-sum game for overseas communities. It is a type of networked economic diplomacy in which China, India and Southeast Asian countries enable diasporic actors to connect trade, technology, investment and knowledge under clear boundaries of political sovereignty. In that case, diasporas are neither tools nor isolated cultural relics. They are independent cross-border actors whose ability to create value depends on the trust of both homelands and host societies.

References

- [1] State Council Information Office of the People's Republic of China. (2018, March 22). *CPC releases plan on deepening reform of Party and state institutions*. http://www.beijingreview.com.cn/shishi/201803/t20180322_800124344_1.html
- [2] Government of India, Ministry of External Affairs. (2025). *Pravasi Bharatiya Divas*. Diaspora Engagement, Ministry of External Affairs.
- [3] Rai, R., & Reeves, P. (Eds.). (2009). *The South Asian diaspora: Transnational networks and changing identities*. Routledge.
- [4] Rai, R. (2014). *Indians in Singapore, 1819-1945: Diaspora in the colonial port-city*. Oxford University Press. <https://doi.org/10.1093/acprof:oso/9780198099291.001.0001>
- [5] Rai, R. (2020). The diaspora, India's development and foreign policy goals. In T. Koh & H. Singh (Eds.), *India on our minds* (pp. 223-230). World Scientific.

- [6] Nye, J. S. (2004). *Soft power: The means to success in world politics*. PublicAffairs.
- [7] Wu, X. A. (2019). *China's evolving policy towards the Chinese diaspora in Southeast Asia (1949-2018)*. ISEAS-Yusof Ishak Institute.
- [8] Han, E. (2019). Bifurcated homeland and diaspora politics in China and Taiwan towards the Overseas Chinese in Southeast Asia. *Journal of Ethnic and Migration Studies*, 45(4), 577-594.
<https://doi.org/10.1080/1369183X.2017.1409172>
- [9] Han, E. (2024). *The ripple effect: China's complex presence in Southeast Asia*. Oxford University Press.
- [10] Pradhan, R., & Mohapatra, A. (2020). India's diaspora policy: Evidence of soft power diplomacy under Modi. *South Asian Diaspora*, 12(2), 145-161. <https://doi.org/10.1080/19438192.2020.1712792>
- [11] Varadarajan, L. (2015). Mother India and her children abroad: The role of the diaspora in India's foreign policy. In D. M. Malone, C. Raja Mohan, & S. Raghavan (Eds.), *The Oxford Handbook of Indian Foreign Policy* (pp. 285-297). Oxford University Press.
- [12] Mohapatra, A., & Tripathi, A. (2021). Diaspora as a soft power in India's foreign policy towards Singapore. *Diaspora Studies*, 14(2), 161-179. <https://doi.org/10.1080/09739572.2021.1935108>
- [13] Department of Statistics Malaysia. (2025). *Population table: Malaysia, 2025*. OpenDOSM.