UNI FR
UNIVERSITÉ DE FRIBOURG
UNIVERSITÄT FREIBURG

Rachel Carson Center
Environment and Society

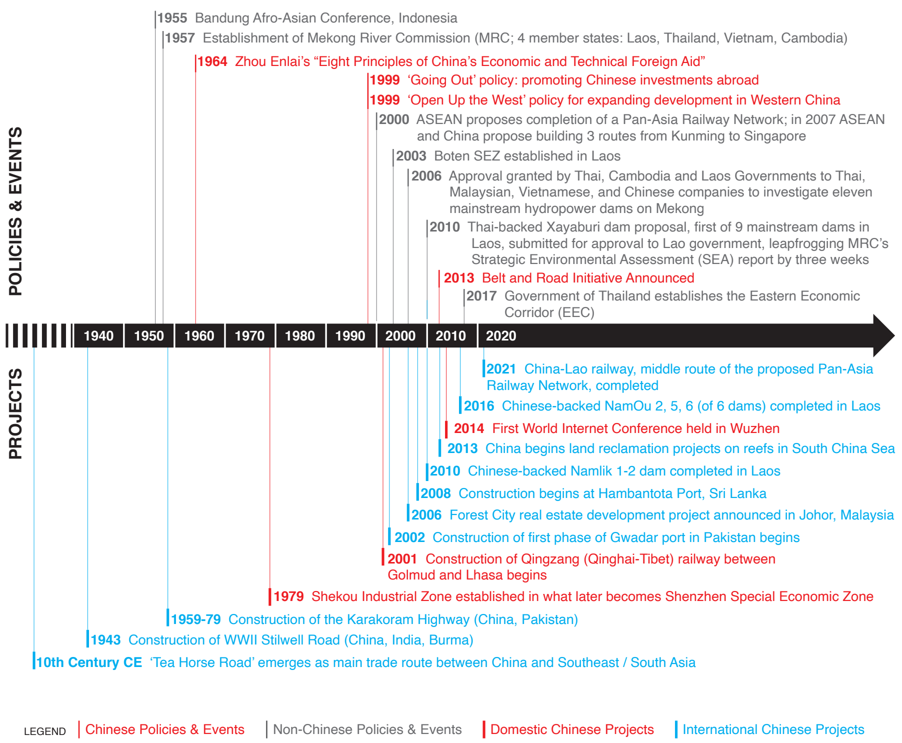
Center for Asian Studies
UNIVERSITY OF COLORADO **BOULDER**

China's global development model: Looking beyond the Belt and Road Initiative

KEY MESSAGES

- China's engagement in global development is diffuse. There are multiple versions of China's "development model," beginning before and going well beyond the Belt and Road Initiative.
- China's development practices have several unique characteristics. These include speed, low costs, a pragmatic business orientation, and a style of project governance and management that is often at odds with Euro-American approaches. But while China often presents its approach as an alternative, it is nevertheless partly embedded in mainstream global patterns of development and financialization.
- Local actors in host countries can often shape, challenge, and redirect Chinese development in unexpected ways. Project outcomes on the ground rarely conform to popular narratives about China's global impact.

TIMELINE: GLOBAL CHINA BEYOND THE BELT AND ROAD
Key Events in South and Southeast Asia



Summary

Over the past decade, China has seemingly burst onto the global scene as a development actor. In truth, there is a long history of Chinese economic engagement with its neighbours – and beyond. While recent development activity has focused on infrastructure construction, the diversity of projects – and the local conditions that shape those projects – means that there is no single "model" of Chinese development. China does not just build ports, highways, pipelines, and digital networks. It also seeks to create a new set of standards and to lay an alternative foundation for the next stage of global development. This might suggest an ambitious programme on Beijing's part, but China's development practices are just as likely to adopt and work within mainstream development pathways. Indeed, China has emerged as a key economic player in a decidedly multipolar world – and that reality conditions and limits its influence. Understanding China as a development actor requires two key points: First, China is not a unitary development actor, but instead comprises many different kinds of economic entities, each with a different relationship to Beijing. Second, China's influence is not unilateral. Host countries often leverage Chinese development projects in ways that steer them away from Beijing's own interests.

When did China become a global development player?

China's presence as a global development actor is much older than the 2013 announcement of the Belt and Road Initiative, or BRI (see Timeline). China's global presence is informed by a historical legacy of capitalism and trade sustained by Chinese diaspora communities. There is also a long history of cross-border trade between China and its Southeast and Central Asian neighbours, such as the Tea-Horse Road (recently reimagined as the Southern Silk Road). After the founding of the People's Republic of China (PRC) in 1949, a new commitment to promoting socialist internationalism as an alternative to Western capitalism emerged, evidenced, for example, by the Tanzania-Zambia Railway project (begun 1968) and the Karakoram Highway (begun 1959) (see Box 1).

In the post-Mao "reform and opening" period, China adopted an export-manufacturing model entailing significant capital accumulation, but little development activity beyond its own borders. In the late 1990s, a significant shift occurred with the initiation of "going out" policies. Chinese firms were encouraged to expand beyond China's borders, cultivate new markets, ensure continued economic growth, and address increasing overcapacity and asset devaluation pressures within China. These policies became important parts of the "Open Up the West" campaign in the early 2000s, also responding to pressure from western and southwestern provincial-level governments for a larger piece of China's

Box 1: The Karakoram Highway

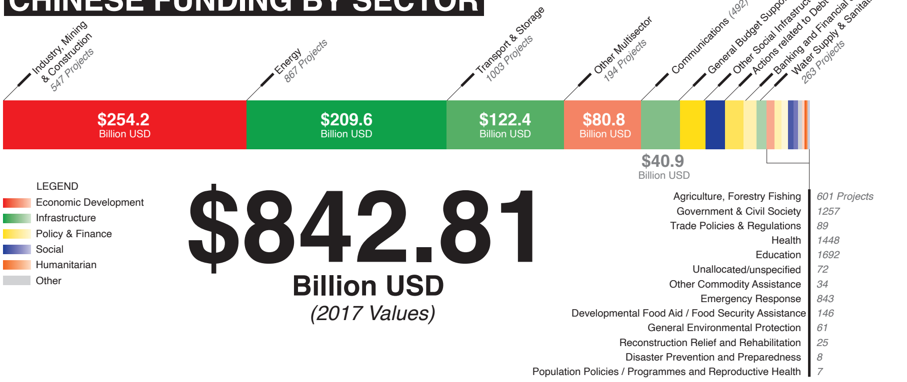
The Karakoram Highway connecting China and Pakistan provides important insights into the long and multi-faceted history of China as a global development player. When construction of the highway began in 1966, ideological and military aspects dominated. Both China and Pakistan were at odds with the Soviet Union and India. Connecting northern Pakistan and Xinjiang overland was thus motivated by strategic considerations and the movement of troops. Over the next two decades, China-Pakistan relations evolved and China slowly began to engage with capitalist economies. In 1986, commercial traffic and cross-border trade between China and Pakistan commenced, illustrating their rising interest in establishing economic ties. As a result, trade volumes and tourism increased moderately and border areas received funds from state institutions and international NGOs. In 2013, the announcement of the China-Pakistan Economic Corridor – later subsumed under the Belt and Road Initiative – reawakened larger geopolitical concerns, such as Chinese access to the Arabian Sea and the securitization of border areas.

FIGURE 1

THE DIVERSITY OF GLOBAL CHINESE ENGAGEMENTS

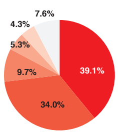
Actors, Projects, and Financing, 2000-2017

CHINESE FUNDING BY SECTOR

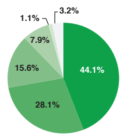


TOP CHINESE ACTORS

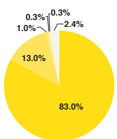
Top Chinese Financing Institutions *(By Funding Amount)*



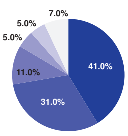
Top 5 Loan-Financing Agencies
1. China Development Bank (CDB)
2. Export-Import Bank of China
3. Combination of Agencies
4. Industrial and Commercial Bank of China (ICBC)
5. China National Petroleum Corporation (CNPC)



Top 5 ODA-Financing Agencies
1. Export-Import Bank of China
2. China Ministry of Commerce
3. Unspecified Chinese Government Institution
4. China Development Bank (CDB)
5. Bank of China (BOC)



Top 5 Grant-Financing Agencies
1. China Ministry of Commerce
2. Unspecified Chinese Government Institution
3. China National Petroleum Corporation (CNPC)
4. ZTE Corporation
5. Combination of Agencies



Top 5 OOF-Financing Agencies
1. China Development Bank (CDB)
2. Export-Import Bank of China
3. Combination of Agencies
4. China National Petroleum Corporation (CNPC)
5. Industrial and Commercial Bank of China (ICBC)

Top 10 Chinese Implementing Agencies *(By Project Numbers)*

Huawei Technologies Co., Ltd	164
SinoHydro	162
Chinese Embassy	134
China Road & Bridge Corporation	132
China Machinery Engineering Corporation	102
ZTE Corporation	84
China Harbour Engineering Co., Ltd	83
China State Construction Engineering Corporation	83
China Civil Engineering Construction Corporation	69
China Development Bank	63

Data Source:
Malik, A., et. al. (2021). *Banking on the Belt and Road: Insights from a new global dataset of 13,427 Chinese development projects.* Williamsburg, VA: AidData at William & Mary. https://www.aiddata.org/publications/banking-on-the-belt-and-road.

economic pie. As a result, China's domestic development energies moved westward, fostering increased cross-border connection and cooperation between China and its Asian neighbours.

Historically, much of China's global engagement was initiated by local, private, and informal actors within the Chinese diaspora. In the early decades of the PRC, China's global actions were driven more by ideological commitments to socialist internationalism. But today China's "global development" actions are driven by more pragmatic, less ideological desires to standardize and formalize China's practices around the world. Recent large-scale infrastructure initiatives can be seen as efforts by the government to assert more control over capital outflows as well as China's global development footprint more broadly.

How does China do development?

Photo: Jasnea Sarma

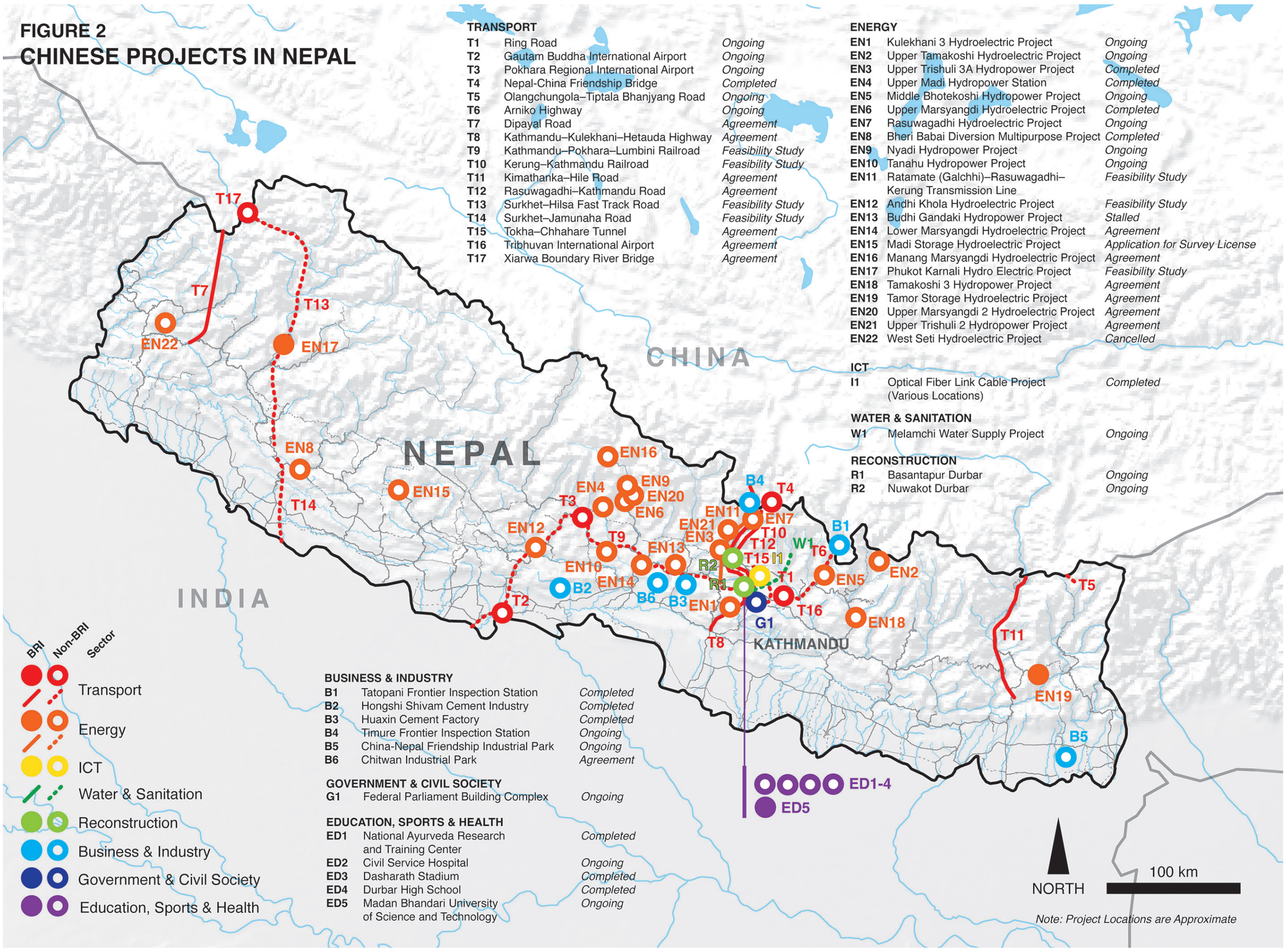
China's approach to development involves building, investing in, and advising diverse projects in over 160 countries. It is also an increasingly important driver of global financialization. Figure 1 summarizes the diversity of China's global engagements by sector.

The scope and scale of China's involvement in development projects varies considerably. Figure 2 illustrates this variety in just one example by showing the breadth of China's investments in Nepal. In some instances, Chinese state-owned enterprises (SOEs) assume full control over design, construction, management, and operation, relying entirely on Chinese labour, financing, and expertise to plan and execute the project. A good example is Sri Lanka's Hambantota Port project, which opened in 2010. Flagship projects like this have garnered particular attention from scholars, policymakers, and the general public. In many more cases, Chinese SOEs assume a less prominent, but still influential role by taking an equity stake in existing firms. For example, the China Three Gorges Corporation is the largest shareholder in the Portuguese energy conglomerate EDP Group which, in turn, is the parent company of Houston-based EDP Renewables North America, one of the largest operators of solar and wind farms in the United States.

There are numerous examples where Chinese infrastructure players form a consortium with both Chinese and non-Chinese partners. For instance, two Chinese construction and engineering SOEs are partnering with the UK-based architecture firm Foster & Partners to build the new airport in Phnom Penh, Cambodia. Another example is the PEACE cable project, involving partnerships between China's Hengtong Optic-Electric and a range of European and Middle Eastern internet providers. China's global footprint is also supported by government-backed bilateral training programmes. These strongly promote knowledge transfer and establishment of Chinese infrastructural standards and norms – two essential elements that reinforce Chinese firms' market position in destination countries.

Infrastructure investment absorbs much of China's excess capital. But financial investments have become another, more sophisticated release valve, especially since the global financial crisis of 2008, which saw worldwide markets collapse and Chinese exports stagnate. This crisis created new opportunities for Chinese investors to enter global financial markets. Chinese banks have acquired a vital role in financing infrastructure and development globally. The state-run Export-Import Bank of China, in particular, has become a main funder of infrastructure in Central Asia, Africa, and Eastern Europe. Today, China Development Bank is the largest quasi-commercial bank in the world, outranking even the World Bank in assets. China has also established and run multilateral development funds such as the China Africa Development Fund (CADF) and the Asian Infrastructure Investment Bank (AIIB). Finally, China is the second-largest holder of US debt bonds after Japan, holding a total of over USD 1 trillion in US debt.

Unlike the Bretton Woods institutions formed after World War II, China does not typically pursue extension of its own laws, rules, or policies to the countries



it lends to. Beijing prefers pragmatic bilateral relations with each development partner, adjusted according to the circumstances of each country. The Chinese government often points to this difference as being more benign and respectful than Western development aid and investment, claiming a "no strings attached" approach and creation of "win-win" situations. But this is more of a sales strategy than a reality. Indeed, Chinese projects often attach other, sometimes less visible "strings," such as recognition of China's territorial claims. And its bilateral relationships often retain a strong hierarchical component in China's favour. Chinese financing also tends to go to Chinese firms, meaning host state partners may benefit less. Finally, security and military aspects play an increasing role in its activities, as Chinese construction teams and the built infrastructure itself often require extra protection. Here, Chinese security personnel, training, and surveillance technology are employed, sometimes in partnership with international contractors such as former American Navy Seal and Blackwater-founder Eric Prince.

How powerful has China become as a development player?

China relies on SOEs and private-sector firms, such as Huawei, to expand its development influence globally. These firms typically pursue their own political, economic, and cultural agendas, limiting China's position vis-à-vis the political and economic agency of its foreign counterparts. While cooperation between China and host governments is normal, there have been many instances of Asian host countries challenging China's development approach. China is often criticized for erasing religious and cultural traditions to align with broader state/Han narratives in Xinjiang, Inner Mongolia, and Tibet. Externally, and in its Central Asian neighbourhood, China's involvement in the extraction of mineral resources has led to economic dependencies. A third of Mongolia's trade, for instance, depends on the export of mineral resources to China. Though this dependence provides economic opportunities, political frictions can quickly lead to border closings, severely jeopardizing Mongolia's economy. In southern Kyrgyzstan, Chinese road construction has led to the re-emergence of local cross-border conflicts with Tajikistan. Dry-Port construction by Naryn on the China-Kyrgyz border was halted and the project cancelled after local protests, and Kazakhstan has seen protests against Chinese infrastructure and extraction projects there since 2017.

While Chinese investment may support foreign states' goals of infrastructural development, these may not always align with the needs or interests of local communities. This sometimes results in growth of anti-Chinese sentiment, as evidenced by studies across Kyrgyzstan, Malaysia, Myanmar, Laos, and Vietnam. Local challenges like these complicate China's reliability as a development actor and raise concerns about national security, control and use of natural resources, environmental practices, and local labour arrangements. Aware of such concerns, China shows increasing willingness to compromise. Construction of the China–Laos railroad is one such complicated case that demonstrates how China's SOEs must negotiate with Lao agencies. Lao efforts have sought to leverage Chinese investments to integrate northern Lao regions into the national economy and build local state capacity. But this has simultaneously caused a range of conflicts among local communities.

BOX 2: Boten Special Economic Zone

Boten, a Special Economic Zone (SEZ) located in Laos near the Chinese border, illustrates the complexity of China as a global development player, particularly concerning who "does" development and what it comprises. Boten has undergone dramatic changes in recent decades, transforming from a remote border crossing to a booming casino town, a bust border town, and now an active construction site and a "city-in-the-making." Following Laos' economic opening in 1986 and the rekindling of diplomatic relations with China starting in 1989, Boten took on new significance. In 1991, the Lao-Chinese Joint Border Committee was formed to increase trade and Chinese commercial investments in Laos. As the primary border crossing between the two countries, Boten was designated an SEZ by the Lao government in 2003 to bolster economic activity and investment in Laos. It remained a small commercial outpost until a private Hong Kong company developed the zone as a regional hub for gambling. The casino outpost became known as Boten Golden City and quickly developed a reputation for lawlessness and violence. It was flush with as many as 4,800 Thai, Chinese, and Lao visitors at a time. But by early 2011, reports of indebted Chinese gamblers being held hostage or murdered led to its shutdown. With pressure from Beijing, the two governments intervened and the casinos were closed, leaving the zone in disarray. In April 2012, a 50-year land lease, with options to extend, was awarded to Chinese private developer Yunnan Haicheng Industrial Group and the Lao government established preferential development and investment policies.

Today, the Golden City has become "Boten Beautiful Land"–envisioned as an urban hub city with high-rise apartments and a new airport. Now under the BRI umbrella, Boten is strategically important for its location on the China-Indochina Economic Corridor and Laos-China Railway. Zones like Boten are often called "investor gardens" by Chinese backers, places where firms can grow businesses in familiar environments with the added benefit of zone subsidies, cheaper access to electricity and land, and lower bureaucratic and administrative hurdles.

Photo: Jessica di Carlo

How have China's development activities impacted its regional neighbours?

Photo: Pujita Guha

China's development projects have augmented the financial, bureaucratic, and logistical infrastructures created by many of Asia's post-WWII governments to control their peripheries and meet the norms and standards set by the US-led global economic framework. One key impact of China's increased development activities among its Asian neighbours has been felt along its long internal border. Here, a history of relatively porous boundaries – including informal territorial links and grey zones, casual movement of people and goods, and shared affinities, loyalties, and identities – has gradually given way to recent border-hardening projects of securitization and control. Since the 2000s, Chinese cross-border investments in neighbouring states – including connectivity projects – have not necessarily led to greater opening up of the region. Many of China's historic borderlands have increasingly become "bordered" lands as a consequence of enhanced infrastructural activity.

Economic corridors and Special Economic Zones are other ways in which China builds legally demarcated spaces to engage with transnational capital for global markets (see Box 2). Meant to facilitate sub-regional economic investment (e.g. via the Greater Mekong Sub-region Economic Cooperation Scheme), these development zones disrupt existing informal economic networks and communities, forcing them into formal categories. Local communities can and do contest these formalization processes.

While Chinese projects are often praised for their speed and relatively low cost of implementation, they do not always align with popular needs in host countries. In Southeast Asia, particularly in Vietnam and Myanmar, there has been widespread popular resistance due to perceived Chinese evasion or bypassing of environmental regulations, lack of local consultation, inadequate labour compensation, dispossession of local populations in project areas, and excessive securitization around projects. The latter aspect has included use of military allies or private security networks and enabling certain national regimes to further expand their reach into ethnic-controlled border regions, or places where ethnic groups predominate. In some cases, public resistance has slowed or even halted large-scale projects, such as Myanmar's Myitsone dam or Malaysia's East Coast Rail Link project. Yet China's projects have also fuelled aspirations and hopes for greater connectivity and economic opportunities. Countries like Cambodia, Indonesia, and Sri Lanka have not experienced the same large-scale public resistance seen elsewhere.

Resources and further reading

"Archaeologies of the Belt and Road Initiative." 2021. *Made in China Journal* 6 (2). https://madeinchinajournal.com/2021/12/01/archaeologies-of-the-belt-and-road-initiative/

Ballawar, Nichole. 2021. China – A Brief History of Development Assistance. *The Diplomatist*. https://diplomatist.com/2021/03/17/china-a-brief-history-of-development-assistance/

Carter, Becky. 2017. A Literature Review on China's Aid. *K4D*. https://gsdrc.org/wp-content/uploads/2017/10/177_China_aid.pdf

"China's Global Development Footprint." *AIDDATA*. https://www.aiddata.org/china-development-finance

"China: Local/Global." Carnegie Endowment for International Peace. https://carnegieendowment.org/specialprojects/chinalocalglobal/

"China Made." University of Colorado Boulder. https://chinamadeproject.net/

"China, Law and Development." University of Oxford. https://cld.web.ox.ac.uk/

"Global China Initiative." Global Development Policy Center, Boston University. https://www.bu.edu/gdp/research/gci/

Lee, Ching Kwan. 2017. *The Specter of Global China: Politics, Labor and Foreign Investment in Africa*. Chicago and London: University of Chicago Press.

McMichael, Philip. 2020. Does China's 'Going out' Strategy Prefigure a New Food Regime? *Journal of Peasant Studies* 47 (1): 116–54.

Cite as: Oakes, Tim, Jessica Clendenning, Jessica DiCarlo, Matthew S. Erie, Max Hirsh, Agnieszka Joniak-Lüthi, Hasan H. Karrar, Verena La Mela, Juliet Lu, Till Mostowlansky, Galen Murton, Huiying Ng, Roger Norum, Nadine Plachta, Björn Reichhardt, Alessandro Rippa, Jasnea Sarma, Emilia Sulek, Dorothy Tang, Zarina Urmanbetova and Thomas White. 2022. *China's global development model: Looking beyond the Belt and Road Initiative*. Fribourg, Munich, and Boulder.
Available at: chinadevelopmentmodel.roadworkasia.com

AUTHORS

Jessica Clendenning, Postdoctoral Fellow, Rachel Carson Center for Environment and Society, LMU Munich, Germany

Jessica DiCarlo, Chevalier Postdoctoral Research Fellow, Institute of Asian Research and School of Public Policy and Global Affairs, University of British Columbia, Canada

Matthew S. Erie, Associate Professor, University of Oxford, UK

Max Hirsh, Managing Director, Airport City Academy

Agnieszka Joniak-Lüthi, Professor and Project Director (https://roadworkasia.com), Department of Social Sciences, University of Fribourg, Switzerland

Hasan H. Karrar, Associate Professor, Department of Humanities and Social Sciences, Lahore University of Management Sciences, Pakistan

Verena La Mela, Junior Researcher, Department of Social Sciences, University of Fribourg, Switzerland

Juliet Lu, Assistant Professor, Forest Resources Management Department and the School of Public Policy and Global Affairs, University of British Columbia, Vancouver, Canada

Till Mostowlansky, Research Professor, Geneva Graduate Institute, Switzerland

Galen Murton, Assistant Professor, School of Integrated Sciences, James Madison University in Harrisonburg, Virginia, USA

Huiying Ng, Junior Researcher, Rachel Carson Center for Environment and Society, LMU Munich, Germany

Roger Norum, Senior Researcher, Rachel Carson Center for Environment and Society, LMU Munich, Germany

Nadine Plachta, Postdoctoral Fellow, University of Toronto, Canada

Tim Oakes, Professor and Project Director (https://chinamadeproject.net), Center for Asian Studies, University of Colorado Boulder, USA

Björn Reichhardt, Junior Researcher, Department of Social Sciences, University of Fribourg, Switzerland

Alessandro Rippa, Project Director (www.environing.asia), Rachel Carson Center for Environment and Society, LMU Munich, Germany

Jasnea Sarma, Lecturer, Department of Geography, University of Zurich, and Non-Residential Fellow, Institute of South Asian Studies, National University of Singapore

Emilia Sulek, Senior Researcher, Department of Social Sciences, University of Fribourg, Switzerland

Rune Steenberg, Postdoctoral Researcher, Palacky University Olomouc, Czech Republic

Dorothy Tang, Assistant Professor, National University of Singapore

Zarina Urmanbetova, Junior Researcher, Department of Social Sciences, University of Fribourg, Switzerland

Thomas White, Senior Researcher, Department of Social Sciences, University of Fribourg, Switzerland, and Department of Social Anthropology, University of Cambridge, UK

This factsheet is a result of collaboration between three research projects: *ROADWORK: An Anthropology of Infrastructure at China's Inner Asian Borders* (Department of Social Sciences, University of Fribourg, Switzerland); *Environing Infrastructure: Communities, Ecologies, and China's "Green" Development in Contemporary Southeast Asia* (Rachel Carsen Center, LMU Munich, Germany); and *China Made: Asian Infrastructures and the 'China Model' of Development* (Center for Asian Studies, University of Colorado, Boulder, USA).

The ROADWORK project is funded by the Swiss National Science Foundation. The Environing Infrastructure project is funded by the Volkswagen Foundation. The China Made project is funded by The Henry Luce Foundation.

Keywords: Belt and Road Initiative, BRI, global China, infrastructure, New Silk Road, Chinese infra-structure investment

This factsheet:
Editor: **Tim Oakes** toakes@colorado.edu
Text editing: **Anu Lannen** anu.lannen@unibe.ch
Design: Unicom, Caroline Bruegger
Printed by: Uni Print