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Demystifying the Belt and Road Initiative

Photo: A. Joniak-Lüthi

KEY MESSAGES

- It is widely assumed that Belt and Road Initiative (BRI) projects are implemented top-down and driven solely by China's interests. But research on the ground does not confirm this.
- Many BRI projects are not financed or initiated by Chinese actors alone, but rather in concert with host countries and international institutions.
- The BRI label can be misleading. Sometimes it is used for initial marketing purposes. Other times long-planned projects are retroactively given the BRI label.
- The question of infrastructure maintenance demands special attention when assessing the development potential of BRI projects.
- BRI infrastructure projects are establishing new technological standards across Asia. These will have long-term consequences for global technology transfers.
- Like other new infrastructure, BRI constructions carry risks of increasing segregation and inequality, for example by bypassing or excluding particular communities and individuals.

The Belt and Road Initiative

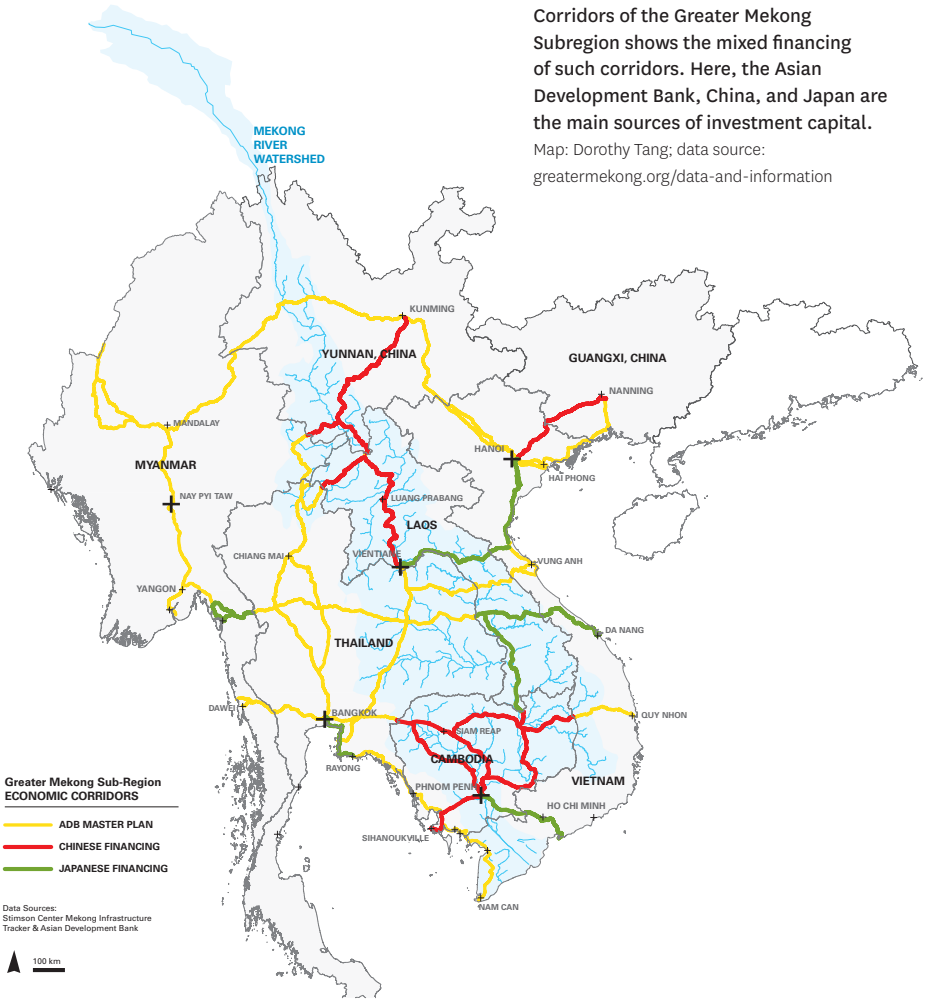
The Belt and Road Initiative (BRI) is a China-centric investment programme encompassing over 100 countries. More than a trillion dollars in investments have been pledged in connection with it. To date, most of the investments emphasize power generation or connectivity infrastructure – the latter including transport, cargo, logistics, and digital connectivity. The BRI has been steadily unrolled since 2013, when Xi Jinping announced the importance of deepened structural connectivity for shared prosperity during visits to Kazakhstan and Indonesia. Making deliberate reference to the historical "Silk Road" trade routes, terms like "the Belt" and "the Road" are now being used in geopolitical discourses to indicate revitalized maritime and overland connectivity between the People's Republic of China and the rest of the world.

In 2017, China wrote the BRI into its constitution. The initiative has been identified as Xi Jinping's signature project, intended to cement his legacy and fuel China's global ascendency. Indeed, China is currently the primary exporter of Foreign Direct Investment worldwide. This is a dramatic reversal from the turn of the century, when Chinese Foreign Direct Investment was negligible. Today, capital under the BRI is variously sourced from the Chinese state, state-owned enterprises, private enterprises, and multilateral financial institutions steered by Chinese authorities.

Case study 1: BRI is just one of several regional initiatives; Chinese capital competes and collaborates with other global and regional donors across Asia.

In central Kyrgyzstan, a 433 km road is under construction as part of two regional programmes aimed at facilitating regional mobility and trade. These include the Tajikistan–Kyrgyzstan–Kazakhstan–Russia Transit Corridor and the Central Asia Regional Economic Cooperation programme. Parts of this road are also explicitly labelled BRI projects, as significant funding comes from an Export-Import Bank of China loan. Importantly, however, the road is in fact co-financed by the Asian Development Bank and the Islamic Development Bank (compare also Map 1).

Similarly, in south-eastern Kazakhstan, a 304 km road was completed in 2017 as part of the Europe–China highway. Construction was implemented under the umbrella of the Kazakh national economic development programme Nurly Zhol (Bright Path) and approved by Central Asia Regional Economic Cooperation in 2012. However, in 2015, the road was retroactively re-labelled a BRI project, even though direct Chinese investment remained modest.



Map 1. This map of planned Economic Corridors of the Greater Mekong Subregion shows the mixed financing of such corridors. Here, the Asian Development Bank, China, and Japan are the main sources of investment capital.
Map: Dorothy Tang; data source: greatermekong.org/data-and-information

BRI as a marketing strategy

The BRI has become a powerful label: a marketing and branding tool used by diverse actors for diverse purposes. In South and Central Asia, as elsewhere, many construction projects involving foreign investment are routinely associated with the BRI, even if they are actually mainly driven by national actors. Our research (see Case Study 1 and Map 1) shows that the BRI should be considered a broad label that often conceals many smaller interests, actors, and investors. In virtually all cases, the who and how of project implementation remain locally determined.

Meanwhile, BRI projects are sometimes halted prior to implementation or even abandoned midway. For example, despite

Photo: A. Joniak-Lüthi

signing memorandums of understanding with China on a BRI framework in 2019, none of Nepal's nine BRI projects have been realized due to domestic political struggles (Murton and Plachta 2021). Interestingly, this and other "failures" do not appear to have weakened the transformative power associated with the BRI brand or the widespread perception of China as an all-powerful agent controlling infrastructure development across the globe.

Our research

This factsheet draws on over 20 years of research on and in China and its neighbours. We work on particular case studies and use ethnographic methods, prioritizing direct observation and interviews. This enables us to produce detailed accounts of how large-scale political and societal processes affect people's everyday lives. To study the BRI in practice, we have engaged closely with engineers, investors, and government officials. And, importantly, we have lived for extended periods with communities on the ground who are affected by these projects. Finally, we have conducted surveys as well as systematic reviews of policy documents, media reports, and historical archives.

The flipside of connectivity

The BRI is part of a broader shift in international development that favours investments in large-scale infrastructure. It banks on the ability of new infrastructure to foster economic growth and reduce poverty, both building upon and exemplified by China's own successful domestic development policy. But infrastructure development can also have negative effects. Research shows that in Western China, for instance, ethnic minorities have been excluded from using new roads by means of roadblocks, surveillance technologies, and traffic rules. Among other things, this has reduced local actors' role in long-distance and cross-border trade, which has been largely taken over by companies based in Eastern China (Rippa 2020).

Other cases of unintended or less-coordinated exclusion abound. In rural Central Asia, for example, new infrastructure has increased men's mobility – as they have access to cars – but diminished women's mobility where public transport is unavailable. Further, BRI infrastructure projects traverse delicate ecosystems. Alongside well-documented issues of pollution, habitat fragmentation, and deforestation, BRI programmes have also contributed to growth of harmful informal economies, such as the illegal wildlife trade. In Kyrgyzstan, the domestic donkey population has declined by 60% since 2013 as a result of growing demand for donkey hides in China, where they are used in pharmaceuticals. In the absence of any domestic regulation mechanism to hold Chinese overseas projects accountable for their environmental harms, China's Ministry of Ecology and Environment is establishing guidelines for ecological and environmental protection that emphasize biodiversity risks and preservation. Given the lack of accountability mechanisms in most Belt-and-Road countries, however, the effectiveness of such ecological measures remains doubtful.

The missing map

Maps not only represent the world, but also encourage us to view it in particular ways. Maps of the BRI are widely available, portraying it as a coherent strategy comprising six main economic corridors. But most BRI projects are realized outside of these corridors, and there is no official map of the BRI issued by the Chinese government. Indeed, evidence shows that the BRI is an overarching idea, not a detailed strategy. It is a call for collaboration, not a centrally planned, coordinated programme. The lack of a single official map means that the BRI remains flexible: it is an open space increasingly filled by different agendas and ambitions.

Setting standards

Chinese overseas investment establishes new sets of industrial, logistical, and technological norms that influence industry and trade through specification. This happens in two related ways. First, when projects rely primarily on Chinese financing, Chinese standards are favoured over other international ones. For example, the Addis Ababa-Djibouti railway adopted the Chinese National Railway Class 2 standard. As China tends to employ its own specific standards and rules for construction, Chinese engineers and labourers are often required. In this and other ways, standard setting facilitates higher returns on Chinese infrastructure investments (Erie 2021).

Second, higher education in China is increasingly offered to foreign students, who then "import" Chinese standards to their home countries after completing their training. As part of its BRI outreach, Beijing sponsors students from Belt-and-Road countries to study at technical institutes throughout China and sets up government-backed bilateral training programmes. For instance, in 2019, over 15,000 students from Kazakhstan and over 28,000 students from Pakistan studied in China. In Myanmar, China has been inviting young professionals for training programmes in various sectors, from engineering to journalism.

The "Silk Road"

The theme of the "Silk Road" is central to promotion of the BRI, as evidenced by recently popularized framings like the "New Silk Road," the "Polar Silk Road," or the "Digital Silk Road." According to Chinese state rhetoric, the Silk Road was a singular, well-established conduit between Asia and Europe. But historical research reveals it was a multitude of trade routes crisscrossing the Eurasian continent. In fact, the term Silk Road was coined by a German geographer, Ferdinand von Richthofen, in the late 19th century. Today, Silk Road branding makes the BRI appear more unified and coherent than it really is, also suggesting a mythical golden age of peaceful commercial ties between East and West.

Photo: A.Joniak-Lüthi

Maintaining the BRI

Material objects need maintenance. BRI constructions – roads, railways, pipelines, dams – are no exception. If not maintained, they will rapidly degrade – sometimes even faster than the initial debts for construction can be paid off. But debates on BRI projects focus almost exclusively on construction. Issues of repair and maintenance are rarely addressed (Joniak-Lüthi 2020). And the long-term costs of maintenance activities are often neglected during planning and construction. Research shows that repairs and other maintenance work are often left to local agencies. These agencies are far removed from the offices where projects are commissioned and approved. They are rarely consulted or properly equipped to maintain and manage such large-scale projects to the degree necessary to secure development outcomes. Chinese developers often devolve their maintenance responsibilities, for example via "Build-Operate-Transfer" contracts. In Kyrgyzstan, some BRI roads have deteriorated to the point where they must be completely re-constructed and serviced by new loans. Instead of spurring development, these constructions are multiplying public debt and depleting scarce funding for vital public services.

Photo: A.Rippa

The price of maintenance

The southern section of National Highway 218 in the Xinjiang Uyghur Autonomous Region is a key BRI artery. The road is built between two deserts. In the long summer months, its tarmac heats up to 60–70 degrees Celsius, forcing truck drivers to drive at night and in groups to assist one another in the event of breakdowns and accidents. This road was originally built along the Tarim river, whose water enabled travel and maintenance of the road. Since the 1950s, however, the river has been overexploited to irrigate cotton cultivation and to support Han Chinese settlement upstream. Indeed, the section of the river on which the desert highway road depends dried up in the 1970s. Today, the road itself – and military and civil settlements along it – can only be maintained with water transfers from Lake Baghrash located further north. Now the ecosystem of Baghrash Lake is itself under severe strain due to efforts to maintain the transport and settlement infrastructure in the region.

Case Study 2: Multiple scales of Chinese capital

The focus on physical infrastructure has obscured two further aspects of the BRI: investments in other sectors that accompany infrastructure projects; and the broader shifts in land politics they trigger. In Laos, a boom in mining and plantation investments predated the BRI by a decade. By 2011, an estimated 5% of the country's land cover had been leased, mostly to Chinese investors (Schönweger et al. 2012). When infrastructure developers began BRI projects in the 2010s, they encountered pushbacks based on several factors, including legacies of land conflict with local communities and concerns of Lao state actors related to national sovereignty. Large infrastructure companies involved in the construction of the high-speed Kunming-Vientiane Railway drew directly on the experience and connections of agribusiness investors to navigate Lao land regulations (Lu 2021). Meanwhile, Chinese agribusiness investors established vegetable farms close to railway construction sites or stations to supply railway workers, while speculating on the future value of these plots. This illustrates the multiple – and often contradicting – scales at which Chinese capital operates simultaneously.

POLICY RECOMMENDATIONS

1. Differentiate between the "hot air" around the BRI and its actual outcomes
Infrastructure projects are not magical – they do not automatically do away with inequality and bring wealth to everyone. If not accompanied by other support measures, they can even exacerbate inequalities and/or create new ones.

2. Abandon the notion of the BRI as a singular China-driven programme
The BRI is often locally driven and is just one of several regional initiatives; Chinese capital competes and collaborates with other global and regional investors across Asia.

3. Consider long-term structural effects of current Chinese investment
Chinese capital is not solely focussed on individual infrastructure projects. It also establishes new technological and institutional standards across Asia and around the globe.

4. Pay more attention to long-term maintenance of BRI infrastructure
Maintenance is often neglected in the planning of BRI projects. This will have a major influence on the performance of new constructions and their potential to foster beneficial social change.

5. Assess the ecological knock-on effects of new constructions
Mega-scale infrastructure initiatives tend to neglect local environmental conditions. Given the lack of accountability mechanisms concerning transnationally operating Chinese construction companies – and the lack of such mechanisms in many Belt-and-Road countries – long-term environmental damages seem unavoidable under the present modus operandi.

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Recommended web links:

https://thepeoplesmap.net
https://munkschool.utoronto.ca/beltandroad/
https://pandapawdragonclaw.blog
https://www.buzzsprout.com/196316
https://merics.org/en
https://merics.org/en/belt-and-road

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