

LEARNING SPACES BRIEF 1

SETTING THE STAGE FOR CHINA'S BELT^{AND} ROAD INITIATIVE

KEY TAKEAWAYS AND RESOURCES



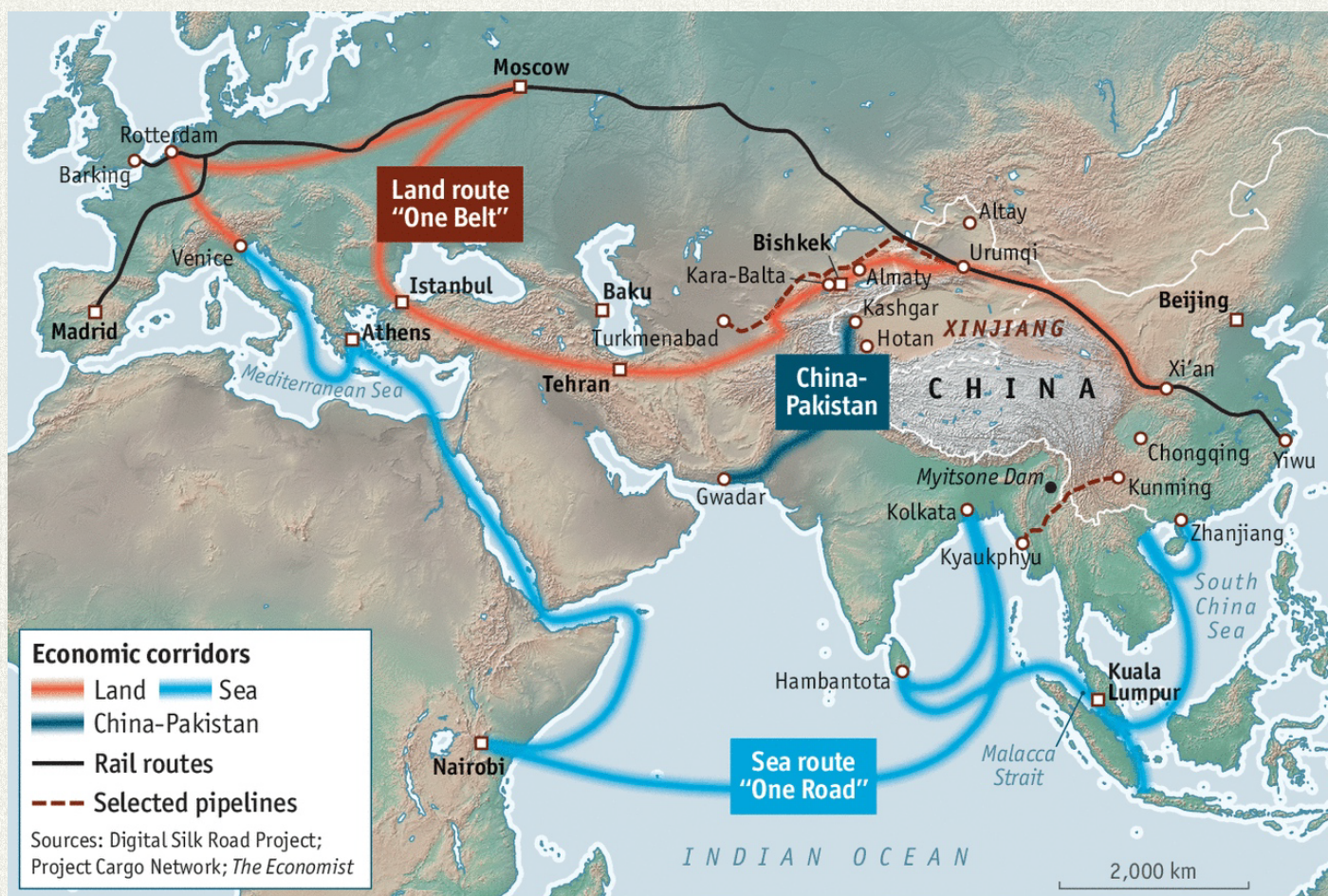
INNOVATION
FOR CHANGE
WHERE PEOPLE CONNECT TO CREATE TOMORROW

SIA

APRIL 2021

WHAT IS THE BRI?

The BRI was announced in 2013 by President Xi Jinping on his trips to Kazakhstan and Indonesia when he talked about building an “Overland Economic Belt” and a “Maritime Road” to connect China with Asia and Europe. Together, this became One Belt and One Road, now referred to as the Belt and Road Initiative (BRI).



Source: The Economist

IS THE BRI NEW?

NO The BRI builds on historical precedents like the old Silk Road and the People's Republic of China's development aid to the global South after the Communist Party took power in 1949.

THE OLD SILK ROAD

200 B.C. TO 1600S A.D.



Source: Belt and Road News

PRC DEVELOPMENT AID TO THE GLOBAL SOUTH

1953	1957	1962	1967	1972	1977	1982	1987	1992	1997
Asia & Africa				Expanded to Latin America & Pacific Islands					
Grant Aid				Interest-free Loans		Concession Loans			
Generous Funding Aid				Diversifying Aid		Linking Aid, Trade, and Investment			

Source: Adapted from Takaaki Kobayashi "China's Foreign Aid Policy", IBIC Research Institute, ct. 2007

WHAT ARE THE BRI'S GOALS?

Five BRI goals reflect a broad vision for integrating policy, infrastructure, trade, finance, and people-to-people exchanges.

POLICY COORDINATION

FACILITIES CONNECTIVITY

UNIMPEDED TRADE

FINANCIAL INTEGRATION

PEOPLE-TO-PEOPLE BONDS

POLICY COORDINATION

140 COUNTRIES HAVE
SIGNED A MOU ON
BRI WITH CHINA

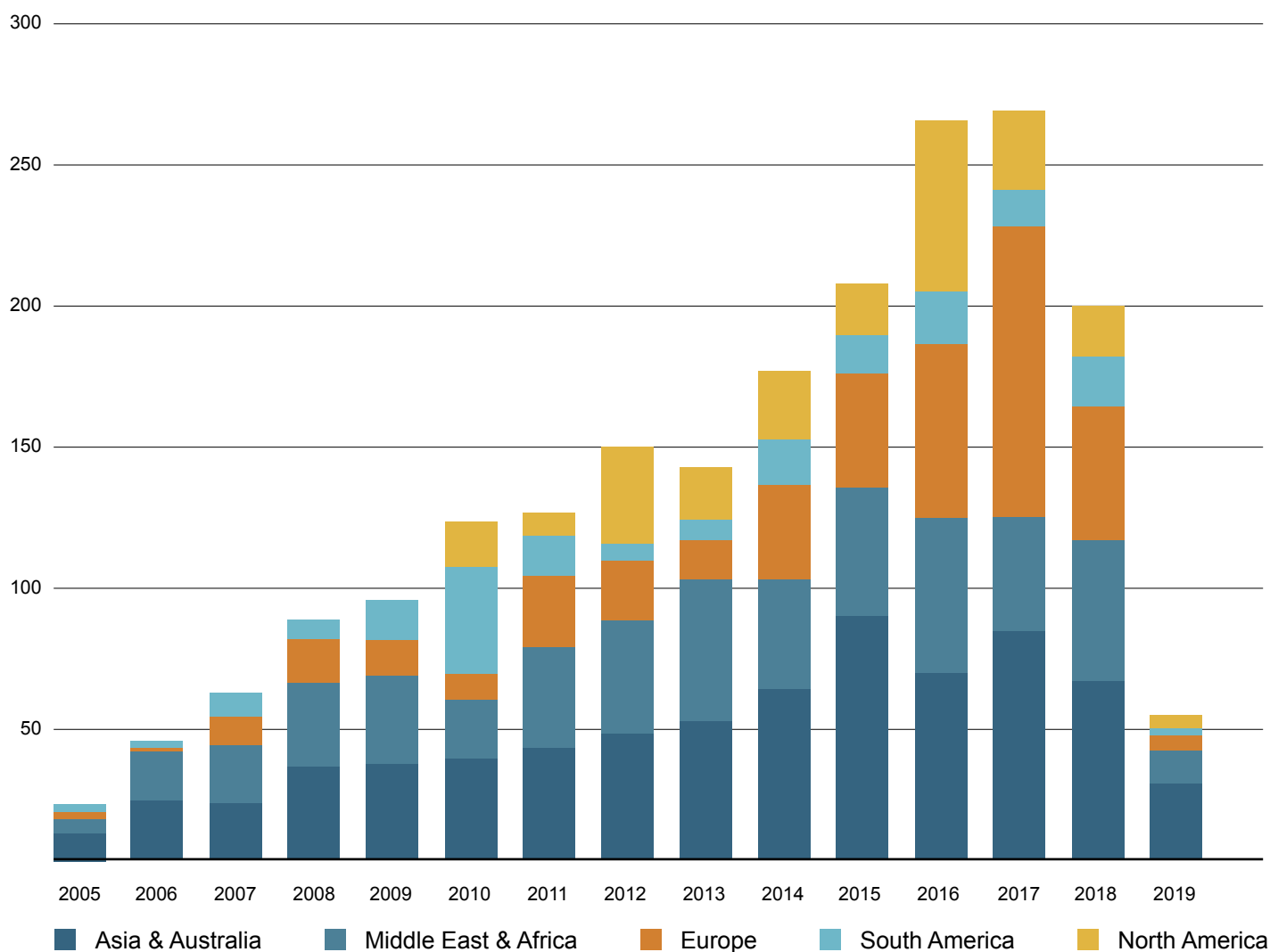


Source: Development Reimagined, October 2019

FACILITIES CONNECTIVITY

BUILDING INFRASTRUCTURE USING CHINESE INVESTMENT AND CONTRACTORS TO ADDRESS THE “INFRASTRUCTURE GAP” IN THE GLOBAL SOUTH

Worldwide Chinese investment and construction contracts, \$bn



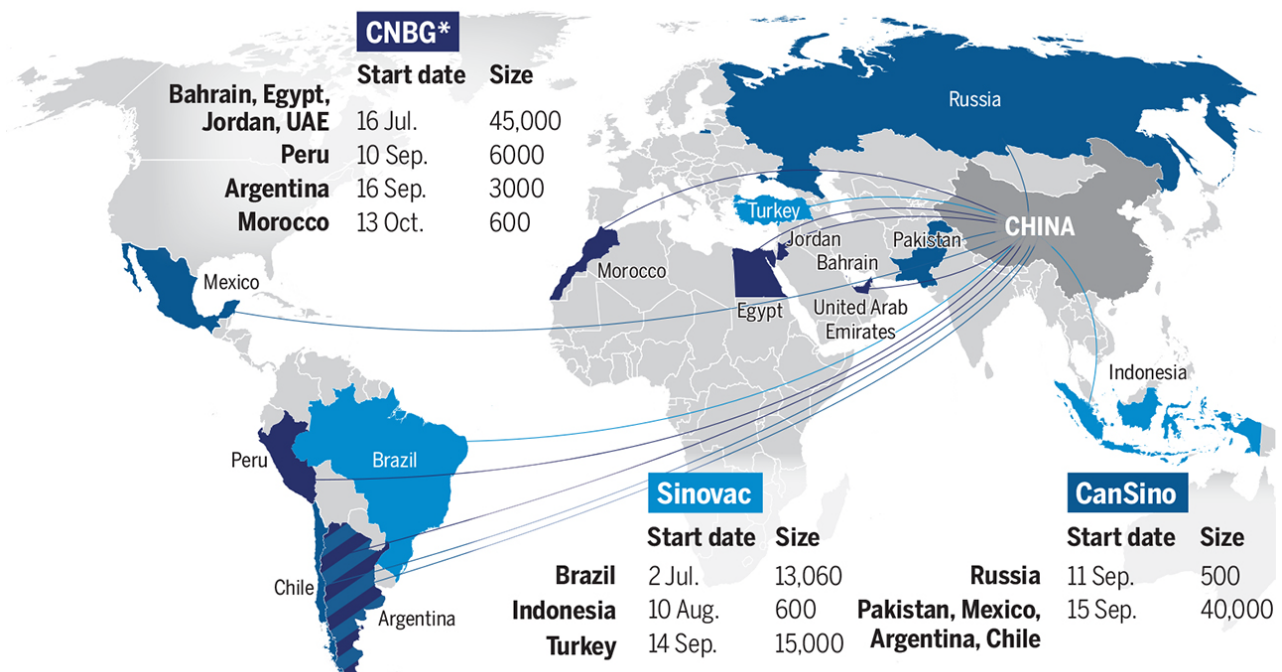
Source: Adapted from American Enterprise Institute

UNIMPEDED TRADE & PEOPLE-TO-PEOPLE BONDS

CHINA'S MASK AND VACCINE DIPLOMACY DURING THE COVID-19 PANDEMIC

Vaccine Road Trip

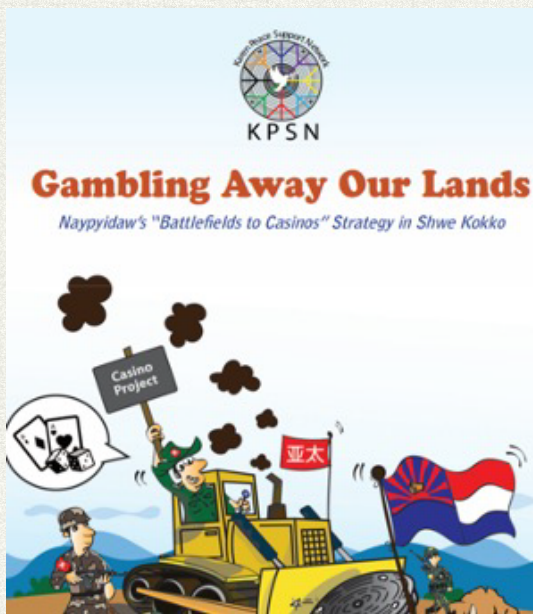
With few COVID-19 cases at home, Chinese vaccinemakers have had to test the worth of their candidates abroad. Four are in efficacy trials in 14 countries.



Source: World Health Organization

IS THERE A GRAND BRI PLAN?

NO There is no official list of BRI projects, and many people use the BRI name for their own purposes. Some projects are backed by the Chinese state and carried out by a wide range of state actors with different interests, some central-level but others from different provinces of China. But many others involve private or joint venture firms or entrepreneurs. BRI is more like a brand than a coordinated strategy by the Chinese government. It is one part commercial initiative, one part international development cooperation, and one part foreign policy instrument, all wrapped up in the BRI brand.



“Policymakers and civil society organizations in the West and recipient countries should stop responding to the BRI as though it were a well-planned grand strategy and recognize it for what it is:

**an often fragmented, messy
and poorly governed set of
development projects.**

Lee Jones and Shahar Hameiri,
“Debunking the myth of ‘debt trap diplomacy’”

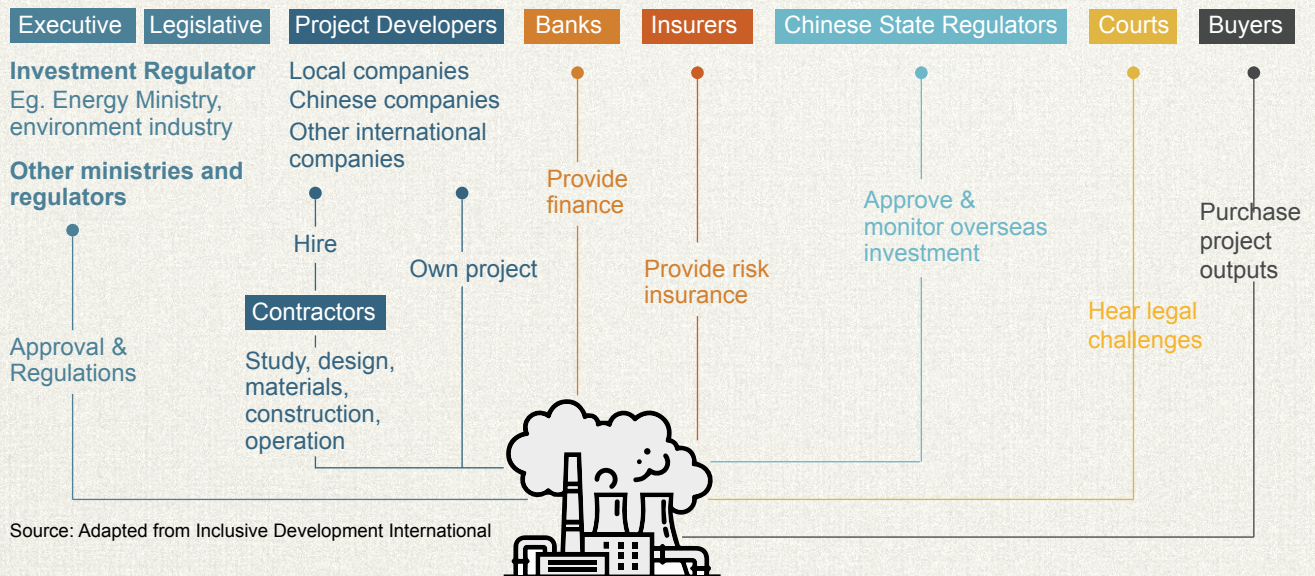
WHO ARE THE KEY STAKEHOLDERS IN THE BRI?

	Chinese Stakeholder	Host Country Stakeholders
Government	<ul style="list-style-type: none"> General Office of the Leading Group for Advancing the Development of the Belt and Road National Development and Reform Commission (NDRC) Ministry of Commerce (MOFCOM) Ministry of Ecology and Environment (formerly the Ministry of Environmental Protection, MEP) State-owned Assets Supervision and Administration Commission (SASAC) Ministry of Foreign Affairs China Banking Regulatory Commission People's Bank of China 	<ul style="list-style-type: none"> Host country government agencies, legislatures, courts The Chinese embassy and Economic and Commercial Counselor (ECC) office
Financiers	<p>Policy banks such as:</p> <ul style="list-style-type: none"> China Development Bank (CDB) China Export-Import Bank (China EXIM Bank) <p>Commercial banks such as:</p> <ul style="list-style-type: none"> Industrial Commercial Bank of China (ICBC) 	<ul style="list-style-type: none"> Host country banks
Industry associations & multi-stakeholder platforms	<ul style="list-style-type: none"> China National Textile & Apparel Council (CNTAC) China Chamber of Commerce of Metals, Minerals and Chemicals Importers and Exporters (CCCMC) China International Contractors Association (CHINCA) Responsible Cobalt Initiative (RCB) Environmental Risk Management Initiative for China's Overseas Investment Global Green Supply Chains (GGSC) 	<ul style="list-style-type: none"> Host country industry associations, think-tanks, CSOs and communities Chinese chambers of commerce and social associations
Firms	<p>State-owned enterprises such as:</p> <ul style="list-style-type: none"> China Sinopec China Communications Constructions Company (CCCC) China Non-ferrous Metal Mining (Group) Company (CNMC) Power Construction Corporation of China (PowerChina) Aviation Industry Corporation of China (AVIC) 	<ul style="list-style-type: none"> Joint ventures and subsidiaries set up by Chinese enterprises and individuals

BUT

these are not the only key stakeholders. A mapping of the extended investment chain of BRI projects (investors, lenders, contractors, buyers) reveals other stakeholders such as international investors, banks, companies, and global brands.

EXAMPLE INVESTMENT CHAIN



EXAMPLE

A zinc, lead and silver mine operation in Indonesia involves a joint venture between a Chinese state-owned company (China Nonferrous Metal Industry's Foreign Engineering and Construction Co., Ltd (NFC) is the majority owner) and an Indonesian company (Dairi Prima Mineral). The mine is integrated into global supply chains which include global automobile brands that have made social and environmental commitments for their supply chains.

Stages of Zinc Processing



Source: Adapted from Inclusive Development International

ARE THERE OPPORTUNITIES FOR CIVIL SOCIETY?

YES In last few years, the Chinese government and other stakeholders have made public commitments to Responsible Business Conduct (RBC) and the United Nation's Sustainable Development Goals (SDGs), thereby opening more opportunities for civil society organizations to engage them in reducing the social and environmental impacts of the BRI.

Commitments by the Chinese government to align the BRI to RBC and SDGs

Chinese President Xi Jinping at the 2nd Belt and Road Forum in Beijing, April 2019 called for “High-quality, sustainable, resilient, affordable, inclusive and accessible infrastructure projects...”

Aligning with multilateral platforms and the SDGs

In 2015, China set up a USD 3 billion South-South Cooperation Assistance Fund to support the UN's sustainable development agenda by funding international organizations, NGOs, and think tanks.

In 2016, China established its first multilateral development bank, the Asian Infrastructure Investment Bank (AIIB). China is also a major shareholder in the New Development Bank (formerly the BRICS Development Bank) which is headquartered in Shanghai.

In 2016, China established the Multilateral Cooperation Center for Development Finance (MCDF) to facilitate the coordination of multilateral development finance institutions in the BRI.

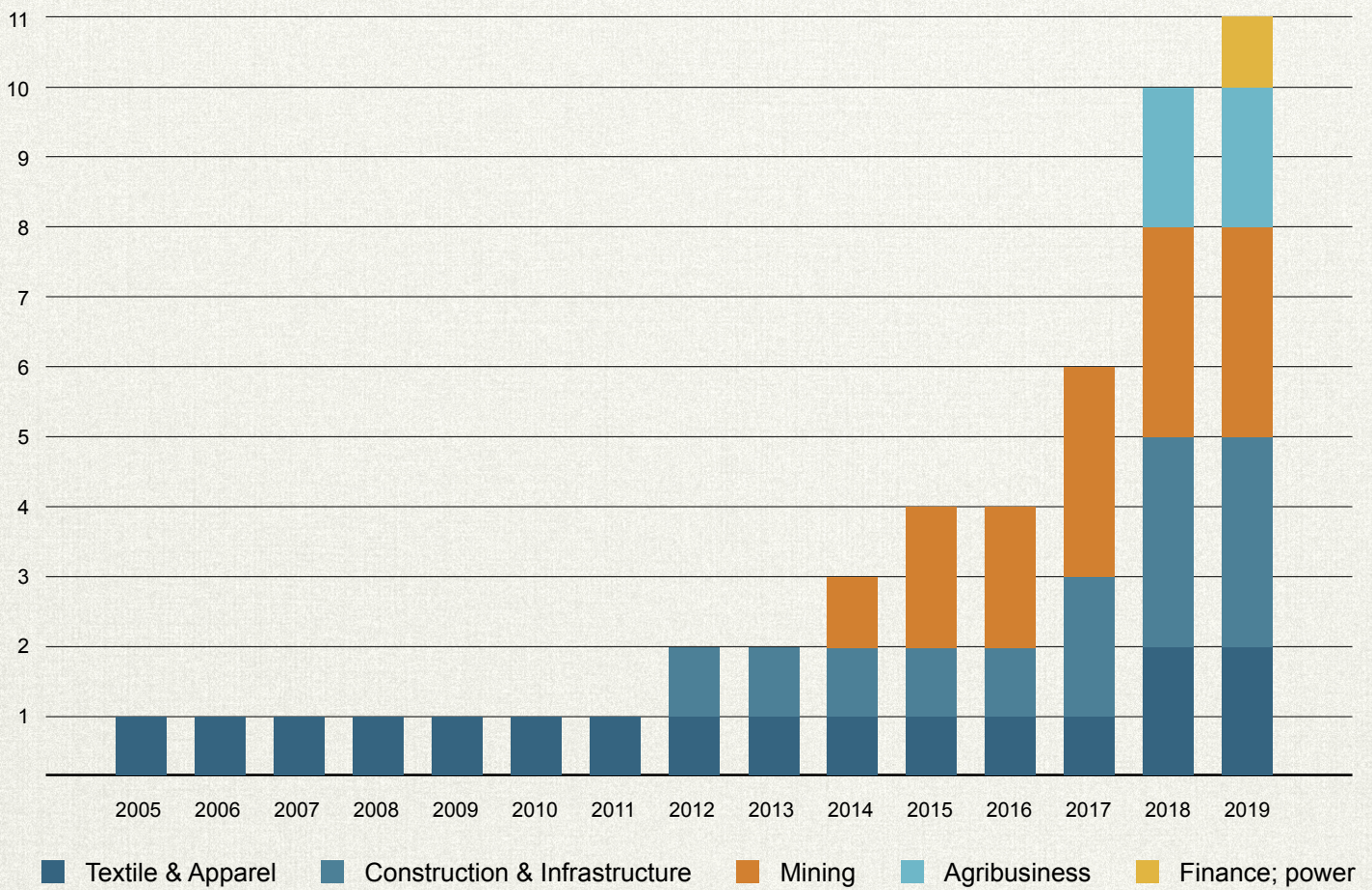
Commitments by industry groups, banks and companies to RBC and SDGs

More Chinese policies and industry guidelines, multi-stakeholder initiatives, and implementation tools promoting RBC in Chinese company practices.

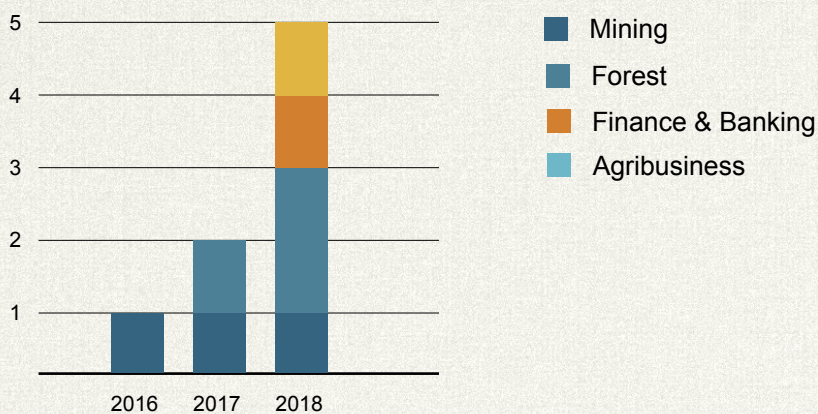
More reference to international frameworks and standards, environmental and social due diligence, transparency and disclosure, community engagement, ESGs and SDGs.



Growth of Responsible Business Codes of Conduct, Guidelines and Tools in China



Growth of Responsible Business Multi-Stakeholder Initiatives in China



BUT CHALLENGES REMAIN....

Lack of broader awareness among companies in the industry and incentives for companies to implement the guidelines.

Few communication channels, and grievance mechanisms, between companies and their employees/workers and affected local communities.

Human rights issues such as migrant workers, and use of security forces, are overlooked.

OBSERVATIONS AND RECOMMENDATIONS FROM CIVIL SOCIETY

- At the macro level, civil society can adopt a more objective view by understanding the complexity of the BRI, its goals, policies, stakeholders, and key changes.
- At the micro/project level, civil society can identify key stakeholders in the investment chain and in affected workplaces and communities, amplify the voices of more vulnerable groups on social and environmental risks, and explore advocacy and organizing strategies to reduce those risks.
- Civil society plays a critical role in bridging the gap between different understandings of development between Chinese stakeholders and local communities, emphasizing to the former that development must co-exist with respect for the lives and rights of humans and non-humans.
- CSOs can build their skills to understand, monitor, and strengthen information transparency, accountability mechanisms, human rights, gender and sexual equality, indigenous people's rights to the development, corruption, environmental degradation, etc.

LINKS TO RESOURCES ON CHINA'S BRI

Subscribe to Business and Human Rights Resource Center's **Chinese Responsible Investment Overseas Newsletter** (available in English and Chinese)

To understand the meaning of key Chinese terms in international relations and development cooperation

Check out the **Decoding China Dictionary**, a new guide which interprets the official Chinese meaning of these terms

For databases mapping investment and NGO projects in the BRI

China's Overseas Development Finance: Geospatial Data for Analysis of Biodiversity and Indigenous Lands This new interactive database allows users to examine the geolocation of China's overseas development projects and explore their proximity to indigenous lands, critical habitats, and national protected areas.

The **People's Map of Global China** is a new resource for sharing and crowdsourcing information about the impacts of BRI on communities, labor, environment and indigenous peoples.

China Development Brief's **Map of Chinese NGO projects in the BRI**

Databases for the Belt and Road Initiative (BRI) provides a collection of different databases on BRI

For guidance for civil society working on corporate accountability in the BRI

Inclusive Development International, **Safeguarding People and the Environment in Chinese Investments: A Reference Guide for Advocates**

Business and Human Rights Resource Center's Portal on **Chinese Investment Overseas**

For a list of important Chinese principles, policies, plans and guidelines relevant to the BRI

Inclusive Development International, **Safeguarding People and the Environment in Chinese Investments: A Reference Guide for Advocates**

Business and Human Rights Resource Center's **Guidance by Government, Business and Civil Society**

Learning Spaces on China's Belt and Road Initiative (BRI) and Beyond is a collaboration between Social Innovations Advisory (SIA) and Innovation for Change-East Asia (I4C-EA). Our mission is to strengthen Global South civil society's understanding of, and action around, the BRI by 1) organizing webinars/workshops; and 2) facilitating greater regional coordination between activists on strategies and solutions.



CONTACT US

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