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# Social sustainability along the Belt and Road Initiative

## **Abstract:**

In the Fall of 2013, the announcement of the Belt and Road Initiative (BRI) by the Chinese President Xi Jinping made Chinese foreign expanding ambitions really become global. The project entails the realization of infrastructure projects in strategic areas all around the world, expanding from East Asia to the Americas. The Chinese government sponsored infrastructure projects have demonstrated to have significant impacts from many perspectives. Environmentalists have engaged in the assessment of big infrastructure environmental impacts, casting doubts on the environmental sustainability of the projects mainly in fragile ecosystems; economists have expressed concerns for the viability of financial burdens caused by loan lending to developing countries; sociologists and NGOs engage for the protection of human rights and social sustainability implementation. With the present study I aim to shed lights on the social sustainability of big infrastructures along the Belt and Road. Primarily, I will lay out the impacts of the realization of big infrastructures from a general viewpoint. Then, I will pass to analyze the BRI itself, by exploring the project from its announcement to the present state of affairs. I will clarify which are the infrastructure projects embedded in the BRI, who is financing them and which are the actors involved. Then, I will examine which are the interests involved in the realization of big infrastructures and who their construction benefit. Finally, I will focus on how The BRI impacts social sustainability. By presenting case studies and tools, I will try to show how social impacts can be mitigated and eventually transformed into opportunities for local communities. For the purpose of the present study I reviewed existing scientific literature in the field mainly published in international reviews, Chinese government's official reports, official statements and official press articles were selected resources too.

Index

Introduction

1. Big infrastructures and megaprojects related impacts
2. The Belt and Road Initiative: from its announcement to the present state of affairs
3. BRI impact on social sustainability
4. BRI impacts: how can we cope with?

Conclusions

References

## 前言

如今中国主席习近平于 2013 年在哈萨克斯坦访问时提出建设“丝绸之路经济带”倡议，以及 2013 年 10 月访问东南亚国家（印度尼西亚）时提出了共建“21 世纪海上丝绸之路”的倡议 10 周年。虽然时间比较长，但是关于“一带一路”倡议无疑，模糊的事情还有很多。

在这个论文我要探索“一带一路”的历史，从被公告到目前事态发展概况。“一带一路”对社会的负面影响为主。

第一章调查大型基础设施的统筹可持续性。可持续性涉及经济、环境、社会，金融等领域。大型基础设施都有不同的影响，可能存在风险也可能存在机遇。任何大型基础设施项目都有可能存在环境、社会以及腐败风险。此类风险有可能包括生物多样性丧失、环境退化等风险。在“一带一路”倡议参与国中，此类风险可能特别大，第一是因为这些国家的治理往往相对薄弱，第二是因为许多的沿线国家充满生态敏感脆弱区。需要对此类风险要制定并实施安全保障措施，以降低企业造成的潜在负面影响。中国的制造商，希望以一带一路会成利用便宜的劳动力，避免更高的进口关税的机会。在这个情况下，中国政府应该引导企业推广基础设施绿色环保标准和最佳实践。为了控制对当地民众负面影响中国政府应该使企业严格遵守东道国生态环保法律法规和规则标准。如果，莫个国家的法律和规则比较软弱，中国要强化境外项目环境风险防控，高度重视绿色发展和生态环保诉求，保障生态及社会安全。

公布地中国积极推进《联合国 2030 年可持续发展议程》在沿线国家实现，以共建健康、绿色、数字丝绸之路为 新契机，对世界性问题提供一个答案。

2017 年 5 月，环境保护部、外交部、发改委、商务部四部委联合发布了《关于推进绿色“一带一路”建设的指导意见》，表明中方逐渐认识到环保的重要性，但是到目前对境外运营还没有发出制度性的规定。中国宣布推进共建“一带一路”绿色发展，践行绿色发展理念、推进生态文明建设的内在要求，积极应对气候变化、维护全球生态安全的重大举措，构建人与自然生命共同体。但同时，中国金融机构继续投资燃煤电厂、大坝等项目。是不是中国与联合国紧密联系要合法化一道一路的负面影响？是否“中国污染输出”是“一带一路”的正当理由？

第二章介绍“一带一路”的倡议，该理由、政策，它投资的基础设施项目。并且我列举一道一路的金融机构，银行，中国国有企业等改造“一带一路”的国家及非国家行为者。

关于“一带一路”，中国宣传和国际思想完全不同。从中国的角度来看，共建“一带一路”已成为开放包容、互利互惠、合作共赢的国际合作平台，反而世界舆论琢磨是否“一带一路”将成为新型殖民政策。

共建“一带一路”仍面临重要机遇。同时，世界正在面对大变局，如新一轮科技革命、产业变革、气候变化、疫情防控等全球性问题对人类社会带来的影响前所未有的。共建“一带一路”国际环境日趋复杂。在世界不确定性，不稳定性显著增长的背景下，中国推进内政外交工作，立足于准确研判中国与世界发展大势，维持统筹“两个大局”规划。这个重要战略思维包括国内外交政治两个角度。观诸中国，中国政府看到经济的新要求、看到改革开放面临的新挑战，也看到国家进入新发展阶段。观诸世界，中国要看到世界不确定性不稳定性显著增加，也要看到一大批新兴经济体和发展中国家的大幅上升态势，看到世界多极化、经济全球化、文化多样化、国际秩序正在发生的大变化。当前和今后一段时期，中国希望“一带一路”会创造性地回答当代中国和人类社会的重大问题，主动顺应历史潮流。“一带一路”确实有广泛的战略目标，即对国内推动发展和改革开放政策，推动中国深入参与经济全球化并对世界和平与发展作出了重大贡献。通过共建“一带一路”，构建了新型国际关系，打造新型南南合作，推动构建人类命运共同体。

为了构建“一带一路”，中国要深刻地了解和把握世界上的新形势。中国如何发展，世界走向何方？总体上看，国际格局发展战略态势对中国有利。美国霸权秩序的衰退，会使世界引入一个多元世界的时代。2008年金融危机使美国霸权开始退后。在相当长的时期内，没有一个国家可以单独建立和维持一种世界秩序，全球治理从霸权秩序下的垂直模式走向扁平模式。各问题领域的治理也会出现权力下移态势，不同国家和非国家行为体会以应对不同的跨国性挑战。在这个情况下，是否中国国家主席习近平在联合国日内瓦总部发表“中国方案”会当为新世界秩序的模式未知的。

通过建设“一带一路”中国希望提高其世界上的影响力、投入大国的阶层，提升了中国在世界的话语权，但是最重要的还是中国要做好自己的事情。不论是对于投资和落实“一带一路”项目的企业而言，还是对中国自身来说，这项倡议都是存在风险的。

第三章重点介绍“一带一路”对东道国造成的影响。虽然中国政府宣布构建人类命运共同体是构建新型国际关系最终目标，但是还有很多的问题不太清楚。谁是“一带一路”的真正受益者，谁又是“一带一路”的受损者？大部分沿线国家是最贫穷的国家之些，中国在基础设施项目方面进行不平等的交易条款。为了构建基础实施项目国家不得不向一家中国银行贷款，然而越来越多的中国贷款似乎要求借款人承诺通过出售自然资源来交易被用来支持这笔巨额贷款。据研究，中国在发展贷款合同中表现得很强，很成熟。但是在国家无法偿还债务的这个情况下，期望他们交出他们的战略物资是行不通的。

据数据对“一带一路”沿线国家投资存量中，新加坡和俄罗斯分别占 28% 和 12.3%，占比超 40%。这显示中国企业直接投资仍以发达经济体为主，在这个情况下会不会算中国正在打造新型南南合作典范呢？

另外上述的问题还要考虑的是“一带一路”是否重视可持续发展。中国政府关于“一带一路”如何处理潜力的风险如债务问题、环境问题、劳工问题等未知的。

中国银行和“一带一路”金融机构比世界银行集团和其它多边开发银行很落后，在判断投资一个项目的时候，还不遵守较高环境、社会和治理标准。

最后一章谈论缓解风险的措施，即进行环境和社会影响评估。其最后目标是避免某个项目的环境及社会影响，鉴于项目还有不可避免的环影响要设置境和社会管理计划，目的是制定一套技术可行和可操作的环境和社会缓解措施，以最大程度地减少项目带来的负面环境影响，同时增强正面影响和效益。为了进行有效的环境和社会影响评估要制定申诉补救机制，它使企业履行环境与社会责任的途径在项目准备、建设、运行过程中，

在这个途径中决定性的阶段之中有，安排个体访谈，座谈会等，咨询利益相关者，收集信息。为了及时了解和解决项目给利益相关者带来的影响和问题，保证居民对信息公开的需求和尽可能广泛的公众参与，结合项目区居民申诉抱怨的现状，并建立多样而有效的申诉抱怨渠道。

尽管上述介绍的措施通常被认为是很有有效的，但是我们要了解在南亚国家采用西方白哦准和错设的限制性。

中国希望以“一带一路”成为它会进入大国圈的机遇，但对环保还坚持有区别的责任原则和各自能力原则。中国政府要不要完善他自己设定的目标呢？到 2025 年完成共建“一带一路”生

态环保与气候变化国际交流合作、绿色丝绸之路理念成为普遍的、在绿色许多的领域（绿色基建、绿色能源、绿色交通、绿色金融等）推进合作，提升作用更加明显境外项目环境风险防范能力，共建“一带一路”绿色发展到 2030 年，“走出去”企业绿色发展能力显著增强，境外项目环境风险防控体系更加完善，共建“一带一路”绿色发展格局基本形成。如中国希望实现世界上重新要求，它应该加强与大国的互动，同时肩负领导者的角色，显示有大国的成熟。

## Chapter One: Big infrastructures and megaprojects related impacts

At the 26th United Nations Climate Change Conference (COP26) hosted in Glasgow, United Nations Secretary General António Guterres told world leaders “We face a stark choice: Either we stop it or it stops us,” he said, “It’s time to say, ‘enough.’ Enough of brutalizing biodiversity. Enough of killing ourselves with carbon. Enough of treating nature like a toilet. Enough of burning and drilling and mining our way deeper. We are digging our own graves”<sup>1</sup>.

Secretary General Antonio Guterres speech clearly demonstrate the urgency to shift towards more sustainable ways of living. Since the 1993 Kyoto Protocol ratification, Parties of the United Nations Framework Convention on Climate change (UNFCCC) started to act together to find out solutions to cope with climate change, and find out viable ways of living, making business and develop.

Sustainability and sustainable development are problematic concepts and thus many and manifold are the definitions given to them. Below, I will try to clarify what sustainability means by exploring the most common definition and trying to expose position of scholars belonging to different field of studies.

According to the Brundtland Commission sustainability means ‘development that meets the needs of the present without compromising the ability of the future generations to meet their own needs’<sup>2</sup>.

This definition remains problematic and gives rise to different propositions in literature. The two main implications that it embeds are the moral stance a given society may adopt in towards future generations’ needs and the possibility to replace natural capital with human made capital. Starting by further exploring nature capital preservation issues I will

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<sup>1</sup> [Eliza Mackintosh](#), [Angela Dewan](#), [Aditi Sangal](#), [Meg Wagner](#), Melissa Macaya and [Melissa Mahtani](#) **World leaders meet for 'last best chance' COP26 climate talks in Glasgow**, CNN Updated 5:24 p.m. ET, November 1, 2021, Amy Cassidy in Glasgow **UN secretary general: "We're digging our own grave"**, CNN, 9:14 a.m. ET, November 1, 2021

<sup>2</sup> Anhup Sinha Sustainable Development and Governance: Complex Processes and Unpredictable Outcomes, IIM Kozhikode Society & Management Review 1(1) 11–20 ,2012 Indian Institute of Management Kozhikode SAGE Publications Los Angeles, London, New Delhi, Singapore, Washington DC.



introduce concepts of so-called “weak sustainability” and “strong sustainability”. On the one side, economists hold what is referred to “weak sustainability”. Drawing from the growth theory they consider sustainability as not decreasing per-capita consumption<sup>3</sup>. Proponents of this theory support the idea that natural capital can be substituted by “human-made capital” as long as the ability of future generations to meet their needs is not affected, and total stock passed on to future generations is not reduced by anthropogenic action. Instead, ecologists hold what is referred to “strong sustainability”, that supports the idea that future generations must have at least as much natural capital as the present generation has; proponents of this theory consider natural capital as a non-substitutable equity<sup>4</sup>.

As it has been clearly showed by Maite Cabeza Gutés in her paper *The Concept of weak Sustainability*<sup>5</sup> many are the limits to the applicability of the “weak sustainability” theory, thus at the present it seems not to be a viable option to consider for the purpose of sustainability assessments and planning processes.

Other proponents hold a way in between the two by describing sustainability in operational terms as “the flow of ‘genuine’ investments made in augmenting the total stock of wealth in a society without hurting biodiversity and the implied ecosystems”<sup>6</sup>.

In line with this tendency business corporations have started to align to sustainability goals and to consider the necessity to internalize what was considered as externalities (natural capital) and treat them in terms of inputs and outputs. Business corporations acknowledge that their success depend upon healthy ecosystems and just societies, thus starts to move along three direction: first, natural capital has started to be quantified, valued and priced; second financial flows have been directed towards companies that perform well in sustainability practices, third, indices have been established to make the entire supply chain

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<sup>3</sup> Maite Cabeza Gutés, “The concept of weak sustainability”, *Ecological Economics* 17 (1995): 147-156.

<sup>4</sup> Ibid.

<sup>5</sup> Maite Cabeza Gutés, “The concept of weak sustainability”, *Ecological Economics* 17 (1995): 147-156

<sup>6</sup> Anhup Sinha Sustainable Development and Governance: Complex Processes and Unpredictable Outcomes, IIM Kozhikode Society & Management Review 1(1) 11–20 ,2012 Indian Institute of Management Kozhikode SAGE Publications Los Angeles, London, New Delhi, Singapore, Washington DC.

sustainable<sup>7</sup>. Quantifying ecosystem services will be a mean to operationalize sustainability and its inclusion in each company bookkeeping will mark a significant shift in holding corporations accountable for their impacts.

The most recent European Union “Corporate Sustainability Reporting Directive” (CSRD) that entered into force on the 5th January 2023, is a first set of mandatory rules for business corporations to report on their sustainability performance and hold economic actors accountable for their footprint. The Directive addresses not only the European Commission set objectives to reduce emissions by at least 55% by 2030 compared to 1990 levels, by taking mandatory requirements, it also modernizes and strengthens the rules about the social and environmental information that companies have to report. Large companies and listed SMEs, will now be required to report on sustainability ( approximately 50 000 companies in total). Moreover, the CSRD also makes it mandatory for companies to have an audit of the sustainability information that they report<sup>8</sup>.

If the urgency to find out solutions to trigger sustainability in developed countries start to produce changes in terms of mandatory rules and regulations, what happens in developing countries leave a less optimistic scenario. As for China, if domestic regulations and investment policies try to forbid intensive polluting industries and demand mandatory Environmental Assessment, policies on foreign investments are lax and refer to local governments’ regulations. The Guidelines for Environmental Protection in Foreign Investment and Cooperation promulgated by the Ministry of Commerce and Ministry of Environmental Protection in 2013 remains the only policy document that seeks to regulate the impacts of Chinese companies’ overseas operations. However, it is not legally enforceable and relies on voluntary compliance<sup>9</sup>. Most of the South east Asian countries

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<sup>7</sup> Yvon Chouinard, Jib Ellison, Rick Ridgeway, The Sustainable Economy, Finance And Investing, Harvard Business Review, October 2011

<sup>8</sup> European Commission, Corporate sustainability reporting, available at: [https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting/corporate-sustainability-reporting\\_en](https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting/corporate-sustainability-reporting_en)

<sup>9</sup> China Council for International Cooperation on Environment and Development (CCICED) Secretariat

along the Belt and Road have weak Environmental governance thus Chinese companies are subject to fewer environmental regulations and constraints<sup>10</sup>.

According to the World Bank's classification of countries by income levels, the vast majority of countries in Southeast Asia, with the exception of Singapore, Brunei, and Malaysia, are lower-middle-income countries. Singapore's per capita GDP accounts to over USD 60,000 that places the country at the highest standing in the region. Brunei per capita GDP is comparable to that of the developed world. However, the per capita GDP of most countries in Southeast Asia are still below USD 4000, with Myanmar at the lowest standing (USD 1330)<sup>11</sup>.

Coming back to the first implication of the Brundtland Commission given definition of Sustainability, it is to say the moral obligations that present generations have in towards future ones, we can state that the evaluation of the overall socio-economic environment is deemed to be essential in determining viable approaches to sustainability. The degree of development of a country in GDP terms is the criteria to apply when determining needs: In least developed countries (LDCs) concerns for future generations are not deemed essential, whilst, in developed countries changing in lifestyles are necessary in order to mitigate ecological concerns. In this view, the only way possible to shift in towards more sustainable ways of living would be a redistribution of wealth and per-capita income between and within nations. In reality, wealth and income are just two determinants, even if fundamental, of sustainability, thus this would not be enough. As we will see in next chapters sustainability is essentially a matter of governance, people agency and stakeholders' empowerment<sup>12</sup>.

Below I will explore the concept of sustainability in terms of economy, environment and society in relation to the to the BRI and main concerns that the realization of sponsored big and mega infrastructure projects poses.

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<sup>10</sup> Ibid.

<sup>11</sup> Ibid.

<sup>12</sup> Anhup Sinha Sustainable Development and Governance: Complex Processes and Unpredictable Outcomes, IIM Kozhikode Society & Management Review 1(1) 11–20 ,2012 Indian Institute of Management Kozhikode SAGE Publications Los Angeles, London, New Delhi, Singapore, Washington DC.

From the economic perspective, infrastructure projects ask for massive economic resources. As it has been previously exposed the great majority of Southeast Asian participating countries in the BRI belong to low-middle income countries, thus the realization of infrastructures carries fiscal burdens for the host country. Funding have manly two sources, public or private. In the first case the economic burden is supported by taxpayers in the long-term, but in the short-term it may pose sustainability concerns especially in debt vulnerable economies. In the second case, private funding, it interrelates with social aspects of sustainability, indeed it is necessary for companies to gain “public license” to operate and to have in place control and complain mechanisms along the entire cycle of operations - planning, building and operating- so to reduce and/or mitigate possible risks.

Environmental risks arising from the building of infrastructure projects can emerge at different scales, both local and global. Adverse effects are registered both in the atmosphere, hydrosphere, geosphere and biosphere. Below I will enumerate main adverse effects that affect the ecosystem caused by infrastructures in the transport, energy and economic sectors respectively.

Transport infrastructures building cause restrictions of animal movements, noise pollution, and the spread of invasive species thus determining wildlife mortality<sup>13</sup>. Other potential environmental problems are habitat conversion and fragmentation, poaching, illegal mining, wildfires and land speculation.<sup>14</sup> In the Brazilian Amazon, illegal roads that spread after the realization of transport infrastructures, facilitate illegal activities (timber theft, poaching, illicit drug production and illegal gold mining) that are harmful for the environment<sup>15</sup>. By examining them in detail, roads adverse effects on the atmosphere are the increase of air pollution, dust, microclimatic effects caused by warming and noise. As for the hydrosphere, the development of new roads impede drainage, cause pollution, sediments in runoff and littering. In the geosphere it causes soil erosion and landslides. In the biosphere habitat loss,

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<sup>13</sup> Fernando Ascensão, Lenore Fahrig, Anthony P. Clevenger, Richard T. Corlett, Jochen A. G. Jaeger, William F. Laurance and Henrique M. Pereira “Environmental challenges for the Belt and Road Initiative”, NATURE SUSTAINABILITY | VOL 1 | MAY 2018 | 206–209 | [www.nature.com/natsustain](http://www.nature.com/natsustain) .

<sup>14</sup> Laurance, W.F.; Peletier-Jellema, A.; Geenen, B.; Koster, H.; Verweij, P.; Van Kuijk, M. Reducing the global environmental impacts of rapid infrastructure expansion. *Curr. Biol.* 2015, 25, R259–R262

<sup>15</sup> *Ibid.*

edge and barrier effects, particularly wider clearings, roadkills, fragmentation, human and exotic species invasions are the main negative effects<sup>16</sup>.

Rail building causes discrete local pollution compared to pollution generated at power plant for electric trains, noise is one of the impacts on the atmosphere. Main impacts on the hydrosphere are the release of contaminants in runoff. As for the geosphere, impacts are reduced compared to those produced by roads but still present, and soil pollution. Impacts on the biosphere are like roads and include fragmentation and barrier effects. Generally speaking, rails cause impacts less severe than roads and reduce human footprint. Although railways are a more ecofriendly solution compared to other transport infrastructures, they present a combination of the negative impacts of both roads and power lines<sup>17</sup>.

Airports adverse effects in the atmosphere are air pollution, acid rains and noise. Adverse effects in the hydrosphere are drainage clogs, the presence of chemical contaminants in runoff and that of solid and hazardous waste. In the geosphere soil pollution is observed and for what it concerns the biosphere floodplains, wetlands and coasts are often affected; noise and light disturbance are observed too.

Seaports causes local air pollution determined by the presence of ships and refineries. Direct discharge of pollutants in the hydrosphere; dredging and reclamation at the geosphere level while exotic species invasions from ballast discharge, algal blooms from nutrient runoff, mortality from ship strikes and entanglement in waste affects the biosphere<sup>18</sup>.

Passing to the energy sector, we will see impacts caused by the realization of different kinds of infrastructures. We will move from intensive polluting infrastructures like power plants, coal-fired power plants and pipelines, to greener sources of energy that as we will see may not be so eco-friendly as expected.

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<sup>16</sup> Hoong Chen Teo et al., "Environmental impacts of infrastructure development under the Belt and Road Initiative", *Environments* 6 (2019) 72.

<sup>17</sup> Luís Borda-de-Água, Rafael Barrientos, Pedro Beja, Henrique Miguel Pereira , *Railway ecology* (Cham: Springer International Publishing, 2017), Chap 1, pp. 3-10

<sup>18</sup> Hoong Chen Teo et al., "Environmental impacts of infrastructure development under the Belt and Road Initiative", *Environments* 6 (2019) 72.

Power plants have significant impacts in the increase of CO<sub>2</sub> emission levels in the atmosphere that affect the possibility to meet Paris Agreement targets by signatory states. Besides this, transmission lines and power lines must be built in order to transmit the energy produced to target places. Transmission lines might cause significant impacts on biodiversity, since vegetation must be cleared in the so called right of way (RoW), the zone below the cables, thus determining habitat loss. Other impacts are the barrier effect, that is the main cause of birds' death caused by collision with power lines<sup>19</sup>. Electromagnetic disturbance, redistribution of pollution to power source, contaminants in runoff (mainly during construction), soil pollution, compaction (mainly during construction) fragmentation and human and exotic species invasions severely affect the environment<sup>20</sup>.

Coal plants cause toxic air pollution, acid rains, GHGs emissions and heavy metal contamination; high water usage contribute to the hydrosphere degradation. Other impacts are thermal pollution, physical habitat destruction and the production of air and water pollutants.<sup>21</sup> Finally, pipelines cause air pollution and noise. The release of contaminants in runoff affects the hydrosphere. Moreover, soil pollution, habitat loss, fragmentation, human and exotic species invasions affect the biosphere.

As for greener sources of energy, dam building is among the most controversial activity in the energy sector to the extent that international financial institutions have turned away from financing infrastructures of this kind<sup>22</sup>. Hydropower makes heavy usage of energy-intensive concrete, usually produced from coal-fired power plants that contribute to greenhouse gas emissions. Indeed, the cement industry nowadays is responsible for 8% of global CO<sub>2</sub> emissions<sup>23</sup>. Dams are responsible for the production of GHGs also because of

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<sup>19</sup> Biasotto, L.D.; Kindel, A. Power lines and impacts on biodiversity: A systematic review. *Environ. Impact Assess.* 2018, 71, 110–119.

<sup>20</sup> Hoong Chen Teo et al., "Environmental impacts of infrastructure development under the Belt and Road Initiative", *Environments* 6 (2019) 72.

<sup>21</sup> Ibid.

<sup>22</sup> Yifei Li and Judith Shapiro, "China goes green: coercive environmentalism for a troubled planet" Polity Press, Cambridge, UK, Medford, MA, 2020

<sup>23</sup> FERNANDO ASCENSÃO Sviluppo delle infrastrutture su larga scala: impatti ambientali a livello locale e globale, *Seta in ORIZZONTECINA*, vol. 10, n. 3.

the decomposition of biomass in reservoirs<sup>24</sup>. Alterations of river flows and sediment transport caused by dams lead to the modification of the biological characteristics of rivers: migratory fish, spawning habitats, aquatic biodiversity, fisheries and riverine communities<sup>25</sup>. Higher water tables affect the soil and that might cause landslides and soil erosion. Hydrological changes affect aquatic ecosystems and may even lead to the submersion of vast portion of forests<sup>26</sup>.

Passing to the second major green source of energy, wind farms, impacts are significantly lower compared to fossil fuel power plants, but they are not free of environmental impacts. Instead, solar farms cause thermal pollution and microclimatic changes, moreover glare effect, reduced infiltration capacity due to shading of soil, potentially increasing runoff, soil sealing, shading and degradation, landscape alteration and habitat fragmentation.<sup>27</sup>

As we have seen all infrastructures carry adverse effects and heavily impact the environment, thus it is essential to thoroughly engage in planning and monitoring activities so to mitigate expected and unexpected impacts that may derive.

The BRI also sponsors the realization of economic corridors and Special Economic Zones (SEZs). Beside the economic perspective, we must consider related impacts caused by areas exploited for economic purposes. SEZs cause air pollution, noise, drainage clogs and the increase of flooding risks. They severely affect the hydrosphere through pollution and the release of sediments in runoff. Moreover, soil erosion, habitat loss and fragmentation determined by land cover change and urbanization affect the biosphere.<sup>28</sup> Besides the risks directly associated with the development of infrastructure projects themselves, indirect risks can emerge too. Unexpected influx in the areas destined to host planned infrastructures may cause sustainability issues. This phenomenon can be determined by the

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<sup>24</sup> Hoong Chen Teo et al., "Environmental impacts of infrastructure development under the Belt and Road Initiative", *Environments* 6 (2019) 72.

<sup>25</sup> Laurance, W.F.; Peletier-Jellema, A.; Geenen, B.; Koster, H.; Verweij, P.; Van Kuijk, M. Reducing the global environmental impacts of rapid infrastructure expansion. *Curr. Biol.* 2015, 25, R259–R262.

<sup>26</sup> Hoong Chen Teo et al., "Environmental impacts of infrastructure development under the Belt and Road Initiative", *Environments* 6 (2019) 72.

<sup>27</sup> *Ibid.*

<sup>28</sup> *Ibid.*

requirement of skilled workforce not available in the area or by the transfer of connected industries and service activities. Moreover, the development of more attractive market activities can cause job transfer and the abandoning of more traditional economic activities, thus representing culture loss concerns<sup>29</sup>.

From the social perspective the most common risks associated to new infrastructure building are displacement and resettlement. This phenomenon is well documented in literature especially in relation to dam building in China. Inadequate compensation plans further impact already vulnerable groups, by excluding them from economic gains and project benefits<sup>30</sup>. Beside economic impacts, the sense of attachment to land is too often neglected. In many cases a too-western approach may disdain alternative cosmologies and epistemologies and cause heritage and cultural loss<sup>31</sup>. Social sustainability concerns may also arise from restrictions to land use. Depriving local communities of their traditional economic activities and economic instruments, severely impact their livelihood; this is the case of Natural parks and protected areas that have become common in Mainland China. These new forms of environmental safeguard, if from the one side alter local communities' livelihood, from the other side cause uncontrolled influx of people by increasing the possibility of exploitation of ecotourism in fragile ecosystems by further threatening them. In China, the realization of natural parks has been used to satisfy other objectives of the Chinese political agenda, having nothing or little to do with biodiversity protection and ecosystem safeguard<sup>32</sup>.

Other risks may arise in relation to natural resources use, as in the case of mining and fossil fuel projects. For instance, mining and resource extraction in Ghana by Chinese firms is causing deforestation, biodiversity loss, water shortening and pollution due to the building of roads in the area for the development of the extractive industry. The Upper Guinean

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<sup>29</sup> Daniele Brombal Orizzonti di sostenibilità lungo le Nuove Via della Seta in *ORIZZONTECINA*, vol. 10, pp. 3-10 (ISSN 2280-8035) (Megazine Article) available at: URL correlato Link al documento: 10278/3722088

<sup>30</sup> Yifei Li and Judith Shapiro, "China goes green: coercive environmentalism for a troubled planet" Polity Press, ,Cambridge, UK, Medford, MA, 2020 , pp 100-102

<sup>31</sup> Frank Vanclay (2020) Reflections on Social Impact Assessment in the 21st century, *Impact Assessment and Project Appraisal*, 38:2, 126-131, DOI: 10.1080/14615517.2019.168580

<sup>32</sup> Yifei Li and Judith Shapiro, "China goes green: coercive environmentalism for a troubled planet" Polity Press, ,Cambridge, UK, Medford, MA, 2020 , pp 107-112



Forest is rich in bauxite; thus the local government has signed a deal with the Chinese government for its extraction. Notwithstanding concerns expressed by local people and environmentalists about the exploitation of areas designated by the government as “Globally Significant Biodiversity Areas” the projects are still on the political agenda. The Kyekyewere is the largest farmer local community in the Tano-Offin Forest Reserve, they have already been deprived of their harvesting and hydrological resources, now they also face the risk of resettlement<sup>33</sup>.

The abovementioned negative effects related to infrastructures building are representative of the complexity of determinants to consider in projects evaluation and infrastructures selection and building.

For governments to meet net zero emission objective, they must abide to the Paris Agreement and Sustainable Development Goals (SDGs). Thus, in infrastructure planning processes governments will need to take into consideration that in a low-carbon economy energy-intensive and high-carbon infrastructures are no more needed, then infrastructure development decision making must change accordingly. Moreover, when selecting and planning infrastructure projects they will need to set different criteria and take into consideration infrastructure lifespan in order to avoid more acute negative effects in the long term<sup>34</sup>. Too often infrastructure building carry vested interests and local communities are rarely the main gainers of project benefits. Impacts on the health, safety, and the well-being of workers and project-affected communities are scarcely addressed<sup>35</sup>.

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<sup>33</sup> Nosmot Gbadamosi, Ghana’s Bauxite Boom, Chinese investment has led to a crush of infrastructure development in Ghana’s tropical forests—and not everyone is happy about it, Foreign Policy’s weekly Africa Brief JANUARY 28, 2020, 2:35 PM

<sup>34</sup> Helena Wright, Taylor Dimsdale, Claire Healy, Dileimy Orozco, Sonny Williamson And Nick Mabey, Sustainable Infrastructure And The Multilateral Development Banks: Changing The Narrative, E3g (2018) Stable Url: [Http://Www.Jstor.Com/Stable/Resrep21743](http://www.jstor.com/stable/resrep21743)

<sup>35</sup> The World Bank, “Belt And Road Economics Opportunities And Risks Of Transport Corridors”, 2019 International Bank for Reconstruction and Development / The World Bank 1818 H Street NW, Washington, DC 20433

Sustainable infrastructures in the E3G's definition is "infrastructure that is socially, economically, institutionally and environmentally sustainable, including natural infrastructure and energy efficiency"<sup>36</sup>.

As Anup Sinha remarks in his paper *Sustainable Development and Governance: Complex Processes and Unpredictable Outcomes* "The real challenge of sustainability lies in creating processes and outcomes that stabilize stresses on nature and enable resilience to shocks. It is essentially a matter of governance"<sup>37</sup>.

In this respect, we need to reestablish the concept of governance itself. Bureaucracies and their political reforms are not sufficient anymore, stakeholders need to be involved and empowered. Indeed, during the last years UNFCCC Conference of the Parties we have witnessed to an ever increasing involvement of non state-actors. Non-Party stakeholder, civil society organizations, business entities work with governments to implement Paris Agreement and reduce Green House Gases (GHG) emissions.

Coming back to the concept of governance, I will withdraw upon the definition the International Bureau of Education gives by saying:

"[...] in a broad sense, governance is about the culture and institutional environment in which citizens and stakeholders interact among themselves and participate in public affairs<sup>38</sup>".

From a broader perspective we can state that in order to find viable solutions in the long-term we need to directly affect institutions. Institutions must be at the base of informed choices when taking decisions that have long-lasting impacts on the environment and implied ecosystems. This is especially the case of infrastructure building. We live in an age

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<sup>36</sup>Ibidem.

<sup>37</sup> Ibidem

<sup>38</sup> Governance has been defined to refer to structures and processes that are designed to ensure accountability, transparency, responsiveness, rule of law, stability, equity and inclusiveness, empowerment, and broad-based participation. See: UNESCO, International Bureau of Education. "Concept of Governance", <https://www.ibe.unesco.org/en/geqaf/technical-notes/concept-governance>

when we are witnessing an unprecedented booming in infrastructures building. This phenomenon is very specific of a new era started with the industrial Revolution and defined by geologists as the Anthropocene. This Era is characterized by the detrimental actions of humans on the environment, that is being pushed away from the Holocene environmental state, during which civilizations have flourished<sup>39</sup>. Developing countries are known to geologists to be the richest areas in biodiversity and fragile ecosystems. Nowadays they have also become target countries where new large infrastructures and mega-infrastructure projects are being developed. Although infrastructure building may be deemed essential for economic growth and development especially in middle and low-income countries many and manifold are the impacts and risks implied.

In the next chapter I will explore the most controversial plan of infrastructure development: The Belt and Road Initiative (BRI). Announced by the Chinese government in 2013, the BRI has become the most debated plan of development ever. Starting by exploring the origins of the Plan and current state of affairs of projects encompassed under the umbrella of the BRI, I will then examine threats and possibilities that the Chinese government sponsored project poses for the environmental safeguard.

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<sup>39</sup> Rockström, J.; Steffen, W.; Noone, K.; Persson, Å.; Chapin, F.S.I.; Lambin, E.; Foley, J. Planetary Boundaries: Exploring the Safe Operating Space for Humanity. *Ecol. Soc.* 2009, 14, 32

## Chapter 2: Picture of BRI, and the projects it covers, funds, as well as actors

In the Fall of 2013 Chinese President Xi Jinping during his speech at the Nazarbayev University of Kazakhstan announced for the first time the “Silk Road Economic Belt” 丝绸之路经济带 *sichou zhilu jingjidai*. By making reference to the ancient “Silk and Road” 丝绸之路 *sichou zhilu* and historical friendly relationships between the two countries and with neighboring countries, Chinese President advocated to further develop regional cooperation, by building upon increasing economic integration and interdependence so to jointly create a stable and pacific environment where each country and peoples can develop their full potential<sup>40</sup>. A month later he announced the “21<sup>st</sup> Century Maritime Silk Road” 21世纪海上丝绸之路 *shiji haishang sichou zhilu* to further develop maritime cooperation. The two Initiatives are currently known as the “Belt and Road Initiative” 一带一路 (hereinafter BRI)<sup>41</sup>.

By taking the legacy from the ancient “Silk and Road” (丝绸之路 *sichou zhilu*), China has committed to promote the so called “Silk and Road Spirit” (丝路精神 *silu jingshen*) as the core value of its Foreign Policy and as the base for building foreign relationships.<sup>42</sup> As expressed in official documents “mutual trust, equality, inclusiveness and mutual learning, and win-win cooperation<sup>43</sup> are the pillars to realize a global “community of shared destiny” (人类命运共同体 *renlei mingyun gongtongti*) and shared prosperity<sup>44</sup>.

The BRI is the result of the evolution of Chinese foreign policy that has been unfolding during the last two decades among the Chinese political elite. Since the Deng Xiaoping’s

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<sup>40</sup> 中华人民共和国主席 习近平, 弘扬人民友谊 共创美好未来, 2013年9月7日, 阿斯塔纳

<sup>41</sup> President Xi Jinping’s “Belt and Road” Initiative Report Subtitle: A Practical Assessment of the Chinese Communist Party’s Roadmap for China’s Global Resurgence, Christopher K. Johnson, Center for Strategic and International Studies (CSIS) (2016), <https://www.jstor.org/stable/resrep23326.5>

<sup>42</sup> President Xi Jinping’s “Belt and Road” Initiative Report Subtitle: A Practical Assessment of the Chinese Communist Party’s Roadmap for China’s Global Resurgence, Christopher K. Johnson, Center for Strategic and International Studies (CSIS) (2016), <https://www.jstor.org/stable/resrep23326.5>

<sup>43</sup> In Chinese: 团结互信、平等互利、包容互鉴、合作共赢 *tuanjie huxing, budenghuli, baoronghijin, hezuogongying*)

<sup>44</sup> 中国一带一路网, 丝路精神, 2016-10-26

“Reform and opening” in the mid of the 1990s China has started to exit its isolation and engage with intergovernmental and non-governmental organizations in order to modernize and reform its economic system. Between 1988 and 1994, China focused on normalizing or establishing diplomatic relations with neighboring countries. Then, it began to establish partnerships and to build economic ties and security alliances in order to protect its interest and counterbalance the United States' system of regional alliances<sup>45</sup>. Since then, China has started to expand its role and adopt a “great power mentality” (大国型态 *daguoxingtai*), thus started its race to be recognized as a big power<sup>46</sup>. As such it has tried to build on its economic growth to propose itself as giving support to partner countries in the region. Indeed, during the Asian financial crisis in 1997 China established funds to help neighboring countries face economic emergency<sup>47</sup>. Later, during the Global Financial crises in 2008-9 China established financial tools to give economic stimulus to poorer countries in the region and avoid downturns in trade<sup>48</sup>.

In 2002 Jiang Zemin endorsed the “Going Out” strategy, encouraging State Owned Enterprises (SOEs) to invest abroad and marking a shift in Chinese foreign policy by abandoning Deng’s Xiaoping Theory of maintaining a “low profile”<sup>49</sup>. Then, Hu Jintao started to abandon Deng Xiaoping “bide and hide dictum” and inaugurated “China’s Peaceful Development” policy, through which China proposes itself as the contributor of global development and the guarantor of peace, stability, prosperity and mutual growth. In a White paper released the 6<sup>th</sup> of September 2011, we read:

“Viewed in the broader, global and historical context, the path of peaceful development may be defined as follows: China should develop itself through upholding world peace and

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<sup>45</sup> Evan S. Medeiros and M. Taylor Fravel, “China’s New Diplomacy,” *Reform and Opening, Foreign Affairs* 82, no. 6 (November/December 2003)

<sup>46</sup> *Ibid.*

<sup>47</sup> PRC Ministry of Foreign Affairs, “Pro-Active Policies by China in Response to Asian Financial Crisis,” 2000, <http://www.fmprc.gov.cn/eng/ziliao/3602/3604/t18037.htm>

<sup>48</sup> Brian McCartan, “A helping Chinese hand,” *Asia Times Online*, April 30, 2009, <http://www.atimes.com/atimes/Southeast Asia/KD30Ae01.html>

<sup>49</sup> Full text of Jiang Zemin’s Report at 16th Party Congress,” *People’s Daily Online*, 2002, [http://english.people.com.cn/200211/18/eng20021118\\_106984.shtml](http://english.people.com.cn/200211/18/eng20021118_106984.shtml)

contribute to world peace through its own development. It should achieve development with its own efforts and by carrying out reform and innovation; at the same time, it should open itself to the outside and learn from other countries. It should seek mutual benefit and common development with other countries in keeping with the trend of economic globalization, and it should work together with other countries to build a harmonious world of durable peace and common prosperity".<sup>50</sup>

Xi Jinping grand Foreign Policy insert itself in the political path inaugurated by his predecessors. The BRI is the culmination of both Chinese domestic and foreign interests (两个大局 *liangge daju*). At the beginning it was China's strategy to open new markets for State Owned Enterprises (SOEs) and to solve internal economic imbalances. By creating a Euro Asian economic corridor from the Western regions of the country to Europe the Initiative was meant to secure borders and create opportunities of growth. In the beginning, there were 64 participating countries with Asia, Europe and Africa as the focus, but today there are more than 100 countries in all the regions. The BRI is a Chinese initiative but is open to every country may contribute to win-win outcomes and shared prosperity<sup>51</sup>.

The BRI is a key part of Xi Jinping's grand foreign policy design to increase China's influence in its regional neighborhood and beyond<sup>52</sup>. Notwithstanding this, the BRI may be seen as the culmination of megatrends unfolding globally and changes occurring at the political level in China<sup>53</sup>. Scholars agree that the Initiative goes beyond the economic scope and to gain access to new markets. It is instead part of a reconfiguration of the Global power System, with the center of power moving Eastward. The entrance of Asian developing countries in international organizations as the G20, and the establishment of new organizations, like the Shanghai Cooperation Organization, the Association of South East Asian Nations (ASEAN)

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<sup>50</sup> China's Peaceful Development, Information Office of the State Council, The People's Republic of China, September 2011, Beijing available at:  
[http://english.www.gov.cn/archive/white\\_paper/2014/09/09/content\\_281474986284646.htm](http://english.www.gov.cn/archive/white_paper/2014/09/09/content_281474986284646.htm)

<sup>51</sup> Friends of Earth, A Briefing on the Belt and Road Initiative, February 3, 2020

<sup>52</sup> Merics, "Mapping the Belt and Road initiative: this is where we stand". Available at:  
<https://www.merics.org/en/tracker/mapping-belt-and-road-initiative-where-we-stand>

<sup>53</sup> President Xi Jinping's "Belt and Road" Initiative Report Subtitle: A Practical Assessment of the Chinese Communist Party's Roadmap for China's Global Resurgence, Christopher K. Johnson, Center for Strategic and International Studies (CSIS) (2016), <https://www.jstor.org/stable/resrep23326>

in the region, and the most recent Regional Comprehensive Economic Partnership (RCEP) show how developing countries are gaining influence and how the center of development is moving in towards Asia.<sup>54</sup> According to scholars we are witnessing to a trend to the regionalization and fragmentation of economic exchanges at the expenses of the WTO<sup>55</sup>. Data shows that the new organization will create an economic cooperation of 2.2 billion people, that generate the 30% of global GDP and 27.4% of global trade. Moreover, ASEAN has become Peking's first commercial partner: in August 2020 trade exchanges showed a growth of 7% in comparison with the previous year, totaling USD 430 million, while bilateral investments have grown by 58% compared to the same period of the previous year<sup>56</sup>.

Moreover, the center of power is moving downward, from a vertical hegemonic system led by a strong hegemonic power, to a flat, horizontal one where none have enough strength to become the leading power. According to scholars we are in a time of a reconfiguration of the entire power structure that can be conceived as a network of actors that coexist and cooperate<sup>57</sup>.

The outburst of the pandemic and the way it has been faced by different States has clearly showed changes occurred and that are still going on in the global system and distribution of power.

With the end of the Cold War the United States and its hegemonic system have taken the lead globally, imposing values, culture and institutions that have become mainstream. Nowadays, the inefficiency of the United States in handling the recent sanitary emergency and the failure of showing a strong governance in a time when it was crucial has demonstrated how changes are occurring in the geopolitical system leaving space for China

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<sup>54</sup> 刘 卿 刘 畅, “深刻理解“两个大局”的理论逻辑与外交指导意义, 国际问题研究, 双月刊 2021 年第 5 期 (总第 205 期) 2021 年 9 月 15 日出版

<sup>55</sup> Alessandro Giuli, Elisabetta Sciorati, “Libero Scambio, RCEP: Il nuovo motore della crescita asiatica”, 27 Novembre 2020, ISPI

<sup>56</sup> Ibid.

<sup>57</sup> 全球治理趋向扁平, 秦亚青,

<https://www.ciis.org.cn/gjwtyj/qkml/202109/P020210923552197187150.pdf>

to build on its new role<sup>58</sup>. China has taken advantage from changes occurring globally to recover its centrality (中国 *zhongguo*) and try to counterbalance and reshape the United States-led hegemonic system. The withdrawal of the United States from the Trans Pacific Partnership (TPP) has left a void in the region that favors Beijing in taking the lead.

Qin Yaquin demonstrates how the geopolitical system is flattening while the vertical United States-centric Hegemonic System is falling apart. According to scholars the new era of geopolitics sees a multipolar system where State actors and non-State actors cooperate, representing each a center of power.<sup>59</sup>

The BRI enters this scenario and exemplifies the reconfiguration and restructuring of geopolitical and economic power where different actors are involved<sup>60</sup>.

During the celebrations of the centenary of the founding of the Chinese Communist Party hosted in Beijing last July, Chinese president Xi Jinping remarked how China has realized historical changes and how the country is emerging as a strong power:

“经过全党全国各族人民持续奋斗，我们实现了第一个百年奋斗目标，在中华大地上全面建成了小康社会，历史性地解决了绝对贫困问题，正在意气风发向着全面建成社会主义现代化强国的第二个百年奋斗目标迈进<sup>61</sup>” *jingguo quantangquanguorenminchixutaidou, women shixianle di yige bainiantaidoumubiao, zai zhonghuadadi shang quanmian jianchengle xiaokangshehui, lishixingde jiejie le juewei xionguo wenti, zhenzai yiqi fengfa xinazhe quanmian jiancheng shehuizhuyi xiandaihuaqiangguode diergebainian taidoumubiao wangjiang*

“Through the jointly efforts of the Party, the Country and society, we have realized the first centenary goal, we have defeated the problem of extreme poverty and now people in the entire country has become a moderately prosperous society, with high spirits we are

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<sup>58</sup> 秦亚青“全球治理趋向扁平” 国际问题研究，双月刊 2021 年第 5 期（总第 205 期） 2021 年 9 月 15 日出版

<sup>59</sup> 秦亚青“全球治理趋向扁平” 国际问题研究，双月刊 2021 年第 5 期（总第 205 期） 2021 年 9 月 15 日出版

<sup>60</sup> Ibid.

<sup>61</sup> 习近平：“在庆祝中国共产党成立 100 周年大会上的讲话”，《人民日报》2021 年 7 月 2 日，第 2 版，quoted in 刘卿 刘畅，“深刻理解“两个大局”的理论逻辑与外交指导意义，国际问题研究，双月刊 2021 年第 5 期（总第 205 期） 2021 年 9 月 15 日出版



realizing the second centenary goal, we are striving for establishing a powerful modernized socialist country”<sup>62</sup>

In their article 深刻理解“两个大局”的理论逻辑与外交指导意义 *shenke lijie “liangge daju” de lilun luoji yuwaijiao zhidao yiyi*, LiuQing and Liu Chang states that in the present century, China will become the leading country in the international arena for its international influence and overall national power<sup>63</sup>.

In order to face external and internal changes, China is speeding up its new model of development. Domestically it is further opening its market to the external world, trying to acquire new competitive advantage in strategic sectors, and in foreign politics it is making the BRI its focal point, posing the bases for new kinds of foreign relationships, whose final objective is to build a “Community of shared destiny” (人类命运共同体 *renlei mingyun gongtongti*)<sup>64</sup>.

Chinese leader Xi Jinping made the BRI the core center to realize the “China Dream” vision of nation-building; by tiding it to both domestic and foreign politics he linked its own legitimation to the success of the BRI itself. Thus, a failure of the BRI would likely mean a major failure of the current regime.

In May 2017 the Office of the Leading Group for the Belt and Road Initiative has published a paper to clarify the concept of the BRI untitled “Building the Belt and Road: Concept, Practice and China’s Contribution”.<sup>65</sup> In the Paper we read:

“The Belt and Road Initiative is a Chinese proposal whose aim is to promote peaceful cooperation and common development around the world. Cooperation under the Belt and Road (B&R) framework is something in which all countries, big or small, rich or poor, can participate on an equal footing. This cooperation is public, transparent, and open, and

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<sup>62</sup> Personal translation of the writer

<sup>63</sup> 习近平：“在庆祝中国共产党成立 100 周年大会上的讲话”，《人民日报》2021 年 7 月 2 日，第 2 版，quoted in 刘卿 刘畅，“深刻理解“两个大局”的理论逻辑与外交指导意义，国际问题研究，双月刊 2021 年第 5 期（总第 205 期）2021 年 9 月 15 日出版

<sup>64</sup> Ibid.

<sup>65</sup> In chinese: 《共建“一带一路”：理念 实践与中国的贡献》 *gongjian “yidao yilu”：linian shijian yu zhongguo de gongxian*)

brings positive energy to world peace and development. It carries forward the spirit of the Silk Road and pursues mutual benefit and complementary gains. Under this framework, the countries concerned adhere to the principle of achieving shared growth through discussion and collaboration, and join hands to build a new system of global economic governance”<sup>66</sup>.

According to the White Paper abovementioned we can say that in geopolitical terms the BRI opposes soft power to strong power and cooperation to hegemony. In promoting its new model of foreign relationships China clearly stands against the current global system and by promoting South-South Cooperation advocates a greater role for itself both regionally and globally<sup>67</sup>.

In the next paragraph I will try to give a configuration of the BRI in geographical terms and in its spatial distribution. Then, I will pass to analyze core values, aims and mechanisms that define it. The Chinese official document “Vision for Maritime Cooperation under the Belt and Road Initiative” makes clear, according to the Chinese government, the framework for the implementation of its Initiative and its final scopes.

The spatial distribution of the Initiative extends along the so called “Five Routes” 五大方向 *wu da fangxiang*: The “Silk Road Economic Belt” has three Routes. The First goes from East Asia, West China to East Asia, from Russia to Europe and the Baltic Sea; the second goes from North-East China to Central Asia, from East Asia to The Persian Gulf and the Mediterranean Sea; the third goes from South-East China to the Indian Ocean passing through the Indochinese Peninsula. The “21st century Maritime Silk Road” has two routes, the first goes from Chinese coastal ports to the South China Sea, by crossing the Malacca Strait it reaches the Indian Ocean and Europe; the second goes from Chinese Coastal ports to the South China Sea and extends towards South Pacific<sup>68</sup>.

In an official document China has make public the framework for jointly building the BRI along the Five Routes and to implement win-win cooperation mechanisms with

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<sup>66</sup> Ibid.

<sup>67</sup> Ibid.

<sup>68</sup> 中国一带一路网,受权发布:《共建“一带一路”:理念 实践与中国的贡献,2017-05-11

participating countries. The framework is meant to show a clear direction to each country for giving its own contribution to the realization of the BRI, it integrates “six corridors, six means of communication, multiple countries, and multiple ports” (六廊六路多国多港”*liulang liulu duoguo duogang*). The “six corridors” are the New Eurasian Land Bridge Economic Corridor, the China-Mongolia-Russia Economic Corridor, China-Central Asia-West Asia Economic Corridor, China-Indochina Peninsula Economic Corridor, Bangladesh-China-India-Myanmar Economic Corridor. The “six means of communications” are rail, highways, seagoing transport, aviation, pipelines and integrated information network. “Multiple countries” refers to several countries that has firstly joined the project, with which China has started a cooperation based on equality and mutual benefit (平等互利合作 *pingdeng huli hezuo*) and that China perceived would have had a demonstrative effect to make other countries embrace the Initiative. “Multiple ports” refers to the realization of several ports and key cities that ensure safe and smooth sea passages and promote maritime cooperation<sup>69</sup>.

As reported in the official document “Vision for Maritime Cooperation under the Belt and Road Initiative” China aims at “building common destiny of humankind” through pursuing the ‘BRI Five Goals’: 1. Policy coordination 2. Transboundary facilities connectivity 3. Unimpeded trade 4. Financial integration 5. People-to-people bonds<sup>70</sup>.

Thus, the Initiative is an overall framework that has to ensure interconnections in the region, through a complex set of measures whose final aim is to facilitate integration in participating countries. The BRI touches upon politics, infrastructure building, trade facilitation, finance and society. Each of these Goals exemplifies measures mentioned above and inaugurated by Chinese leaders during the last two decades.

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<sup>69</sup> Office of the Leading Group for the Belt and Road Initiative, Building the Belt and Road: Concept, Practice and China’s Contribution, 2017, available at:

<https://eng.yidaiyilu.gov.cn/wcm.files/upload/CMSydylyw/201705/201705110537027.pdf>

<sup>70</sup> Xinhua, 2017. “Full text of the Vision for Maritime Cooperation under the Belt and Road Initiative”. Jun 20, 2017 1:43 PM, available at:

[http://english.www.gov.cn/archive/publications/2017/06/20/content\\_281475691873460.htm](http://english.www.gov.cn/archive/publications/2017/06/20/content_281475691873460.htm)

For the purpose of the present study along this chapter I will focus on the second goal: Transboundary facilities connectivity. In the next sections I will start by presenting issues arising when trying to study and better define the Initiative. Then I will give an overview of projects sponsored by the Initiative in signatory countries, exploring actors involved and financial resources mobilized. Then, in the next chapter I will analyze mega project infrastructure building from the sustainability viewpoint. Specifically, I will focus on the concept of social sustainability in relation to BRI projects sponsored by the Chinese government in recipient countries along the routes.

For the purpose of studying, issues arise in respect to three main aspects: geographical scope, lack of homogeneity and vested interests.

First, the geographical scope of the BRI makes it relevant from a global and historical perspective. How the Merics remarks, from a geographical viewpoint the BRI is not limited to that of its historical counterpart that was aimed at creating a corridor in between China and Europe by crossing the Middle East. Instead, the BRI is always expanding in its geographical scope to even include Latin America and the Arctic<sup>71</sup>.

As clearly showed by the second of “BRI Five Goals” many of the projects have transnational character, this makes the path of realization not that smooth. The political environment influences the way projects are perceived in recipient countries and changes occurring at the governmental level may determine the ongoing or phasing out of projects planned. The ambiguity of data available makes it difficult to have a clear picture of the realization of projects and to determine with accuracy the degree of completion of different projects and resources mobilized.

Second, the BRI has not evolved in an organic and systematic way, it is instead, the result of bilateral agreements and Memorandum of Understanding (MoU) that China has signed with target countries. In some cases, projects that had been sponsored before the announcement of the BRI have then been embedded under the umbrella of the BRI. Indeed,

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<sup>71</sup> Merics, Mapping the Belt and Road initiative: this is where we stand, available at <https://merics.org/en/tracker/mapping-belt-and-road-initiative-where-we-stand>

since China has entered international and supernational organizations it has started to advocate a greater role for itself in the international arena and to engage in foreign direct investments in neighboring countries. This is what makes it difficult to distinguish in between projects that are directly connected with the BRI and projects that are sponsored by China but do not belong to the Initiative<sup>72</sup>.

For instance, in 2007 Chinese SOE Synohydro invested USD1.7 billion to build a power plant in Laos, Shanghai Electric invested USD1.27 billions to build a coal power plant in Indonesia. One year later China Communications Construction financed a project for the realization of the international terminal of Saigon port in Vietnam, for the economic value of USD 160 billion. In 2009 China Railway Engineering invested USD 350million in railway in Vietnam. Chinese foreign investment between 2007 and 2012 accrue USD 59.2 billion<sup>73</sup>.

Third, many are the hypotheses explaining the origins of the BRI and real interests and motivations of the Chinese political elite. Some agree that it is part of China's overall foreign policy and its ambition to become a global superpower. Thus according to this hypotheses, the BRI is not limited to facilitate international trade, instead China's final aim is to have a leading position not only in the region but in the global arena and to reshape the world order and direction of its future development. A second hypotheses explains the Initiative in economic terms, thus the final objective would be to Export industrial over capacity from China to new markets. A third hypotheses explains the BRI in financial terms. Thus, the final scope is to make the yuan a global currency and thus facilitate trade. Others see the Initiative as part of Chinese domestic polity whose final aim is to reduce inequality between rich eastern and coastal provinces and western and north-eastern regions lagging behind<sup>74</sup>. This hypotheses build upon the so called 两个大局 *liangge daju*, according to which the

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<sup>72</sup> Friends of Earth, A Briefing on the Belt and Road Initiative, February 3, 2020

<sup>73</sup> Alessandro Gili, Elisabetta Sciorati, "Libero Scambio, RCEP: Il nuovo motore della crescita asiatica", 27 Novembre 2020, ISPI

<sup>74</sup> Friends of Earth Asia Pacific, **A Briefing on the Belt and Road Initiative**, February 3, 2020, <https://foeasiapacific.org/2020/02/03/a-briefing-on-the-belt-and-road-initiative-2>

development of foreign relationships and international cooperation serves at creating “good external conditions for China’s reform, development, and stability”.<sup>75</sup>

As Cristopher K. Jonson remarks “OBOR not only represents a reenergized, more focused, and better coordinated push to expand China’s influence overseas, but it is also coupled with a domestic investment drive in which nearly every Chinese province has a stake”<sup>76</sup>.

Moreover, according to the “Environmental” interpretation, today China is in the same condition as Western highly industrialized countries: The Industrial Revolution had caused a disproportionate environmental burden that both society and the environment could not tolerate anymore, thus the most polluting industries were just relocated<sup>77</sup>. Chinese society’s growing environmental conscience and growing environmental activism oblige politics to act in order to maintain internal stability and protect the party’s legitimation. The result is the “displacement of environmental harm” or “dirty migration”, a problem that deals with environmental justice. By acting in this way China is not solving environmental issues, it is just moving the problem to more vulnerable countries with less industrial output and more vulnerable groups less equipped to resist it<sup>78</sup>. Others suggest that the Initiative will further empower the Party-State authoritarian control domestically<sup>79</sup>. Finally, some interpret the BRI as China’s strategic response to counterbalance the US military presence in the Pacific geographic area<sup>80</sup>.

Ex Chinese President Zhu Rongji tried to give impetus to China’s foreign relations. During his speech at the Third ASEAN+3 Informal Summit in November 1999, Zhu Rongji stated: “China cannot develop without East Asia, neither can East Asia prosper without China. As

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<sup>75</sup> Jeffrey Reeves, “China’s Unraveling Engagement Strategy,” *Washington Quarterly* 36, no. 4 (Fall 2013), <http://csis.org/publication/twq-chinas-unraveling-engagementstrategy-winter-2013>.)

<sup>76</sup> President Xi Jinping’s “Belt and Road” Initiative, A Practical Assessment of the Chinese Communist Party’s Roadmap for China’s Global Resurgence, Christopher K. Johnson, Center for Strategic and International Studies (CSIS) (2016), available at <https://www.jstor.org/stable/resrep23326.5>

<sup>77</sup> Elena F. Tracy, Evgeny Shvarts, Eugene Simonov & Mikhail Babenko (2017) China’s new Eurasian ambitions: the environmental risks of the Silk Road Economic Belt, *Eurasian Geography and Economics*, 58:1, 56-88, DOI: 10.1080/15387216.2017.1295876

<sup>78</sup> Yifei Li, and Judith Shapiro, 2020. “China goes green: coercive environmentalism for a troubled planet” Polity Press, ,Cambridge, UK, Medford, MA, 2020

<sup>79</sup> Ibid.

<sup>80</sup> Friends of Earth Asia Pacific, **A Briefing on the Belt and Road Initiative**, February 3, 2020, <https://foeasiapacific.org/2020/02/03/a-briefing-on-the-belt-and-road-initiative-2>

a member of East Asia, China attaches great importance to increased cooperation with other countries in East Asia.”<sup>81</sup>

Establishing good neighboring relationships is part of China’s traditional foreign policy. Securing borders and ensuring stability serves the domestic political agenda.<sup>82</sup>Notwithstanding this, unattended promises and ambiguity of Chinese actors have made neighboring countries suspicious about Chinese vested interests and detractors have labeled the Initiative as a new form of imperialism and colonialism. Many are the concerns about what Beijing touts as “mutually beneficial” development”<sup>83</sup>. The foreign policy approach used by China has proved to be self-defeating and to create instability at the periphery instead of securing borders. The over presence of China in recipient countries, for instance through the import of labor force, has determined the rise of social tensions that generates internal instability, on the other hand the over dependence created by loans and financial aids push local governments to look for other alliances that exacerbate external tensions<sup>84</sup>.

As we have seen many are the forces and motivations that have influenced the development of the BRI. The Initiative itself is not a definite framework, it is instead an evolving and complex network of actors, politics and institutions that make the BRI adapt to the current needs and challenges arising both domestically and abroad. Notwithstanding contradictions and issues arising, the Initiative should be viewed as China’s foreign politics strategy to cooperate with the external world and as an opportunity to improve governance in order to face global issues<sup>85</sup>.

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<sup>81</sup> Association of Southeast Asian Nations, “Address by Premier Zhu Rongji of the People’s Republic of China at the Third ASEAN+3 Informal Summit,” 1999, <http://www.asean.org/news/item/address-by-premier-zhurongji-of-the-people-s-republic-of-china-at-the-third-asean3-informal>.

<sup>82</sup> Ibid.

<sup>83</sup> China goes Green

<sup>84</sup> Jeffrey Reeves, “China’s Unraveling Engagement Strategy,” *Washington Quarterly* 36, no. 4 (Fall 2013), <http://csis.org/publication/twq-chinas-unraveling-engagementstrategy-winter-2013>.)

<sup>85</sup> Friends of Earth Asia Pacific, **A Briefing on the Belt and Road Initiative**, February 3, 2020, <https://foeasiapacific.org/2020/02/03/a-briefing-on-the-belt-and-road-initiative-2>

For the purpose of the present study, I will focus on South-East Asian countries and BRI-related projects in the region. I will start by giving a picture of existing and planned projects by highlighting main sectors of investment and focusing on contractors and investors. Then, I will analyze resources mobilized and major recipient countries. Thus, I will report case studies in three countries and show how the BRI interrelate with domestic policies and political agendas in target countries.

The BRI is meant to fulfill the Asian infrastructure gap in order to increase regional economic integration and connectivity, to ensure economic cooperation and growth in the region. Indeed, the heart of the Initiative is the realization of transport infrastructures as roads, railways, bridges, ports and airports. Other infrastructures are related to the mining, IT and communications sectors. The Initiative also embeds Special Economic Zones, Industrial Parks, tourism and urban development projects<sup>86</sup>. Economic zones are the Bohai Rim, the Yangtze River Delta, the west coast of the Taiwan Straits, the Pearl River Delta and coastal port cities; the realization of SEZs is meant to leverage local advantages and further open the country to international trade and economic activities<sup>87</sup>. As Reported by The China Daily “Unlike traditional aid projects, however, OBOR-funded initiatives are meant to generate profits”<sup>88</sup>.

The map below shows existing, planned and infrastructures under construction sponsored by the BRI. As one can see the realization of railroads, ports and pipelines have a predominant stake in the Initiative.

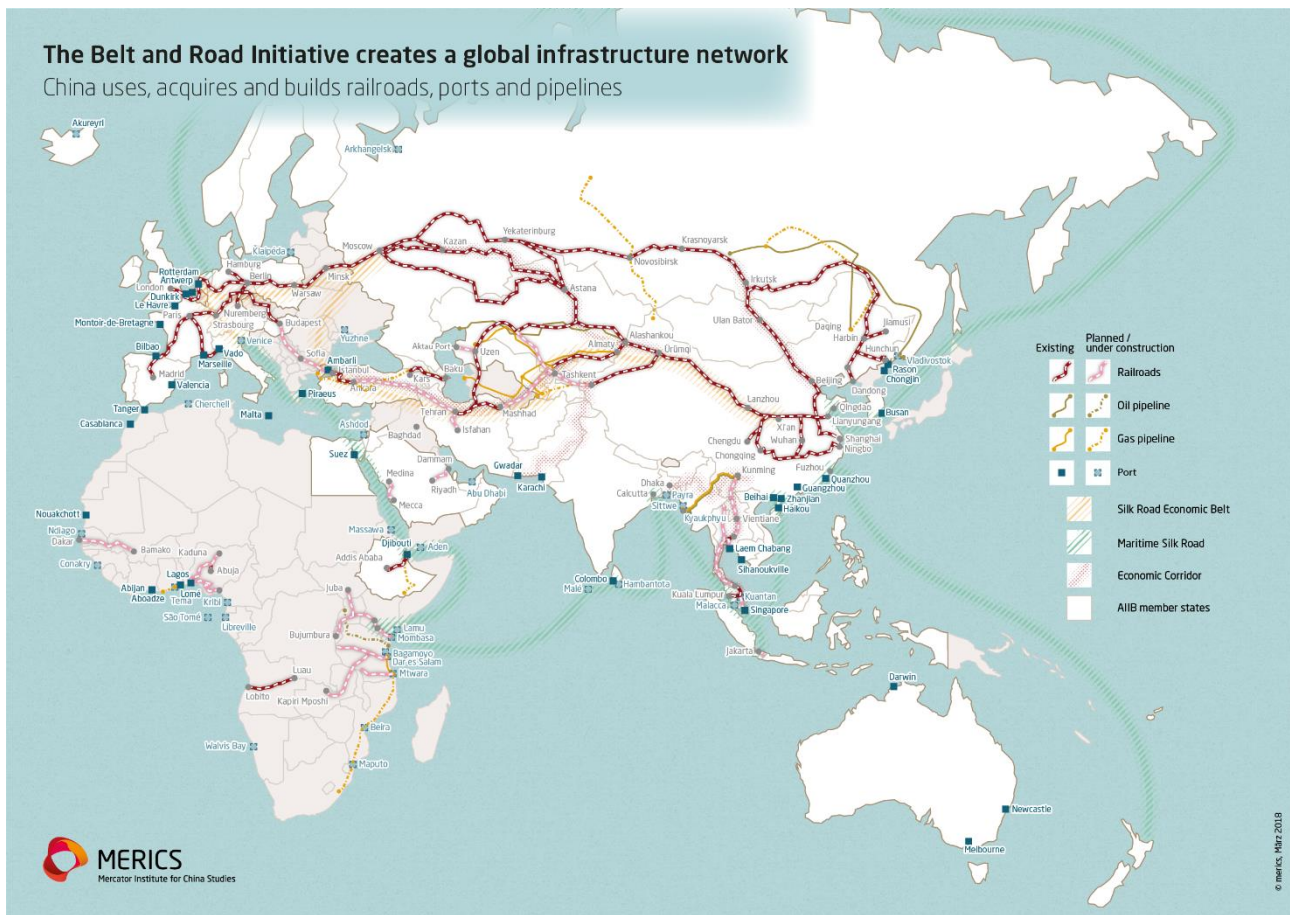
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<sup>86</sup> The People’s Bank of China, “The Silk Road Fund Enters into Operation,” February 26, 2015, <http://www.pbc.gov.cn/english/130721/2810708/index.html>

<sup>87</sup> Xinhua, 2017. “Full text of the Vision for Maritime Cooperation under the Belt and Road Initiative”. Jun 20, 2017 1:43 PM , available at: [http://english.www.gov.cn/archive/publications/2017/06/20/content\\_281475691873460.htm](http://english.www.gov.cn/archive/publications/2017/06/20/content_281475691873460.htm)

<sup>88</sup> “Silk Fund to Start Investment Soon,” China Daily, March 13, 2015, [http://usa.chinadaily.com.cn/business/2015-03/13/content\\_19798420.htm](http://usa.chinadaily.com.cn/business/2015-03/13/content_19798420.htm).)





During the Beijing Asia-Pacific Economic Cooperation (APEC) meeting, hosted in Beijing, in November 2014, Chinese President Xi Jinping announced that China would establish a USD40 billion fund to finance the construction of the BRI-related projects, whilst the Bank of China announced plans to extend credit of no less than USD20 billion to BRI-related projects in 2015 and USD100 billion more over the next three years<sup>89</sup>.

According to data collected by the Merics database, since the launch of the project to 2018 China has invested more than USD 100 billion into BRI-related infrastructure projects. This data does not include projects under construction or in the planning phase<sup>90</sup>.

Chinese government official data published by the Center of Statistics of the Ministry of Commerce record USD 862.985 billion Chinese foreign direct investment in the period 2015-

<sup>89</sup> President Xi Jinping's "Belt and Road" Initiative Report Subtitle: A Practical Assessment of the Chinese Communist Party's Roadmap for China's Global Resurgence, Christopher K. Johnson, Center for Strategic and International Studies (CSIS) (2016), <https://www.jstor.org/stable/resrep23326>

<sup>90</sup> Merics, Mapping the Belt and Road initiative: this is where we stand, available at <https://merics.org/en/tracker/mapping-belt-and-road-initiative-where-we-stand>

2021, with a significant slow-down (-9.5%) registered during the pandemic (data refers to January 2021) and a decisive growth observed in January 2022 (+8.2%)<sup>91</sup>. The China Global Investment Tracker “Worldwide Chinese Investments & Construction” reports that in the same period 2015 – 2021 Chinese foreign investments in different sectors equate USD 758.860 billion, of whom USD 756.350 billion invested in East and West Asian countries<sup>92</sup>.

In the period 2015- 2021 in East Asia countries China has invested USD 69.18 billion in BRI related project, with the Energy sector ranking first (USD24.38 billion), followed by the Transport sector (USD 24.26 billion) and Metals (USD4.76 billion)<sup>93</sup>.

Data analyzed show that the first three recipient countries in the region are Indonesia with a total amount of USD12.1 billion, (energy USD 5.88 billion, metals USD 2.75 billion, transport USD 2.18 billion) followed by Malaysia with USD 10.52 billion (Transport USD 4.96 billion, metals USD 2.01 billion), and Singapore that received USD 10.35 billion (Transport USD 6.02, Real Estate USD 2.26 billion).

In the energy sector Indonesia and Vietnam rank first (USD 5.88 billion and USD 5.38 billion respectively), with the great majority of investments devoted to coal power plants.

Many and manifold are the actors and institutions involved in the planning, development and realization of the BRI. In Table 4 is reported a list of Political steering agencies, Multilateral cooperation mechanisms, funding institutions, platforms, think-tanks and main SOEs<sup>94</sup>. In the next section I will show main roles that each actor plays and how the Initiative has been unfolding.

Many of the programs sponsored by the BRI are backed by international organizations - the Shanghai Cooperation Organization, UN programs, etc- notwithstanding this, mechanisms differ, and significant decisions are never taken in these sieges. Instead, the implementation of each program is defined by local conditions: Negotiations, issues, agreements are all

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<sup>91</sup> 中华人民共和国商务, 商务数据中心 <http://data.mofcom.gov.cn/tzhz/fordirinvest.shtml>

<sup>92</sup> China Global Investment Tracker ,American Enterprise Institute - AEI

<sup>93</sup> Ibid.

<sup>94</sup> Belt and Road Initiative accessed at: <https://www.beltroad-initiative.com/institutions-and-mechanisms/>

played bilaterally between China and the host country. The planning phase is followed by Chinese agencies that report to country’s officials<sup>95</sup>.

Working groups have been established to promote, coordinate and monitor activities across ministries and departments especially trying to assess risks and sustainability issues.

Generally speaking, State-owned enterprises (SOEs) work on mega-projects and are long term oriented, thus they predominate in the realization of projects in the construction and energy sectors. But the quasi-exclusive involvement of Chinese SOEs in the realization of BRI-related infrastructures also means scarce sensitivity in towards local communities and NGOs when investing in target countries. This phenomenon has proved to be damaging for China’s reputation abroad<sup>96</sup>. Moreover, State-led investments leave space for “informal” actors to have a stake as well.

| <b>Institution</b>   | <b>Type</b>               |
|--|---------------------------|
| <u>Ministry of Commerce</u> (MOFCOM)                       | Political steering agency |
| <u>Ministry of Culture</u> (MoC)                           | Political steering agency |
| <u>Ministry of Foreign Affairs</u> (MFA)                   | Political steering agency |
| <u>National Development and Reform Commission</u> (NDRC)   | Political steering agency |
| State International Development Cooperation Agency (SIDCA) | Political steering agency |

<sup>95</sup> Ibid.

<sup>96</sup> Ibid.

| <b>Institution</b>   | <b>Type</b>                        |
|--|------------------------------------|
| <u>Asia Cooperation Dialogue</u> (ACD)   | Multilateral cooperation mechanism |
| <u>Asia-Europe Meeting</u> (ASEM)  | Multilateral cooperation mechanism |
| <u>Asia-Pacific Economic Cooperation</u> (APEC)                                  | Multilateral cooperation mechanism |
| <u>Association of Southeast Asian Nations</u> (ASEAN)                            | Multilateral cooperation mechanism |
| <u>Central Asia Regional Economic Cooperation</u> (CAREC)                        | Multilateral cooperation mechanism |
| China-Arab States Cooperation Forum (CASCF)                                      | Multilateral cooperation mechanism |
| <u>Cooperation between China-Central Eastern European Countries</u> (China-CEEC) | Multilateral cooperation mechanism |
| China-Gulf Cooperation Council Strategic Dialogue                                | Multilateral cooperation mechanism |
| <u>Conference on Interaction and Confidence-Building Measures in Asia</u> (CICA) | Multilateral cooperation mechanism |

| <b>Institution</b>  | <b>Type</b>                        |
|---|------------------------------------|
| <u>Greater Mekong Sub-region Economic Cooperation (GMS)</u> | Multilateral cooperation mechanism |
| <u>Shanghai Cooperation Organization (SCO)</u>              | Multilateral cooperation mechanism |
| <u>Afro-Asian Economic Council (AAEC)</u>                   | Funding Institution                |
| <u>ASIAN Infrastructure Investment Bank (AIIB)</u>          | Funding Institution                |
| <u>China-CEE Fund</u>                                       | Funding Institution                |
| <u>China Investment Corporation (CIC)</u>                   | Funding Institution                |
| <u>China Development Bank (CDB)</u>                         | Funding Institution                |
| <u>China-Eurasian Economic Cooperation Fund(CEF)</u>        | Funding Institution                |
| <u>Export-Import Bank of China (EXIM)</u>                   | Funding Institution                |
| <u>New Development Bank (NDB)</u>                           | Funding Institution                |
| <u>Russia-China Investment Fund (RCIF)</u>                  | Funding Institution                |
| <u>Silk Road Fund (SRF)</u>                                 | Funding Institution                |
| <u>State Administration of Foreign Exchange (SAFE)</u>      | Funding Institution                |

| <b>Institution</b>   | <b>Type</b> |
|--|-------------|
| <u>Belt and Road General Chamber of Commerce</u>                 | Platform    |
| <u>Belt and Road Initiative Hong Kong</u>                        | Platform    |
| <u>Belt and Road International Forum</u>                         | Platform    |
| <u>Belt and Road Portal</u>                                      | Platform    |
| <u>Boao Forum for Asia</u>                                       | Platform    |
| China-Arab States BDS* Cooperation Forum (CASBCF)                | Platform    |
| <u>China-Arab States Expo</u>                                    | Platform    |
| <u>China-ASEAN Expo</u>  | Platform    |
| <u>China-Britain Business Council</u>                            | Platform    |
| China-Eurasia Expo   | Platform    |
| <u>China International Fair for Investment and Trade (CIFIT)</u> | Platform    |
| <u>China-Russia Expo</u>   | Platform    |
| China-South Asia Expo  | Platform    |
| <u>Euro-Asia Economic Forum</u>                                  | Platform    |
| Qianhai Cooperation Forum (SRCIC)                                | Platform    |

| <b>Institution</b>   | <b>Type</b> |
|--|-------------|
| <u>Silk Road Chamber of International Commerce</u>   | Platform    |
| <u>Silk Road (Dun Huang) International Culture Expo (SRDICE)</u>                             | Platform    |
| <u>Western China International Fair (WCIF)</u>   | Platform    |
| <u>Academy of Macroeconomic Research of National Development and Reform Commission (AMR)</u> | Think Tank  |
| <u>China Center for Contemporary World Studies</u>   | Think Tank  |
| <u>China Institutes of Contemporary International Relations (CICIR)</u>                      | Think Tank  |
| <u>China Institute of International Studies (CIIS)</u>                                       | Think Tank  |
| <u>Chinese Academy of International Trade and Economic Cooperation (CAITEC)</u>              | Think Tank  |
| <u>City University of Hong Kong Research Center on One-Belt-One-Road</u>                     | Think Tank  |
| <u>Development Research Center of the State Council (DRC)</u>                                | Think Tank  |
| <u>Institute for Emerging Market Studies (IEMS)</u>  | Think Tank  |
| <u>International Academy of the Belt and Road (IABR)</u>                                     | Think Tank  |

| <b>Institution</b>   | <b>Type</b>                        |
|--|------------------------------------|
| <u>International Academy of the Belt and Road</u>                          | Think Tank                         |
| <u>Maritime Silk Road Society (MSRS)</u>                                   | Think Tank                         |
| <u>Shanghai Institutes for International Studies (SIIS)</u>                | Think Tank                         |
| <u>The Belt and Road</u>   | Think Tank                         |
| <u>COSCO Shipping</u>  | State-owned Enterprise             |
| <u>China Railway Construction Corporation Ltd.</u>                         | State-owned Enterprise             |
| <u>China Railway First Group Co., Ltd.</u>                                 | State-owned Enterprise             |
| <u>China Railway Tunnel Group</u>  | State-owned Enterprise             |
| <u>China Railway Group Limited.</u>  | State-owned Enterprise             |
| <u>Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS)</u> | Multilateral cooperation mechanism |
| <u>Sinohyro</u>  | State-owned Enterprise             |
| <u>Metallurgical Corporation of China, Ltd.</u>                            | State-owned Enterprise             |

Table 4.

Source: Belt and Road Initiative<sup>97</sup>

<sup>97</sup> Belt and Road Initiative accessed at: <https://www.beltroad-initiative.com/institutins-and-mechanisms/>



Every country signing MOU is expected to receive financial support and to access BRI finance instrument. During the 22nd annual gathering of APEC leaders, hosted in Beijing in 2014, Xi announced the establishment of an economic fund of USD 40 billion to finance the construction of BRI-linked projects. A year later, the Bank of China announced the extension of plans of credit to finance BRI-related projects and the allocation of USD 100 billion more over the next three years<sup>98</sup>.

Many are the financial tools, financial institutions and private actors linked to the BRI: In 2015 there had been established 12 BRI-connected financial tools that accounted for over USD 260 billion, 8 major funds and banks that accrued over USD 800 billion<sup>99</sup>. However, the great majority of loans are lent by two “policy banks” of China: China Development Bank (CDB) and China Export-Import Bank (Exim Bank). Other pillars among BRI-founders are represented by the Asian Infrastructure Investment Bank (AIIB) and the Silk Road Fund.

China Development Bank is the largest development finance institution in the world and China’s largest bank specialized in medium and long-term lending and bond issuance.

As reported by the Reuters, China Development Bank (CDB) has provided financing of over USD190 billion for more than 600 projects of the BRI since 2013, while CDB’s outstanding international businesses in countries along the Belt and Road were USD105.9 billion, accounting for 34 percent of the bank’s overall international businesses<sup>100</sup>.

By comparing CDB’s 2010 Corporate Social Responsibility (CSR) Report with CDB’s 2020 CSR Report we notice that the sector that receives the most bank lending is public infrastructure projects, accounting for respectively 38 percent and 34 percent of all outstanding loans<sup>101</sup>. This sector includes Railway large-scale projects such as the South-

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<sup>98</sup> Christopher K. Johnson, President Xi Jinping’s “Belt and Road” Initiative, A Practical Assessment of the Chinese Communist Party’s Roadmap for China’s Global Resurgence, Center for Strategic and International Studies (CSIS), 2016

<sup>99</sup> Friends of Earth Asia Pacific, **A Briefing on the Belt and Road Initiative**, February 3, 2020, <https://foeasiapacific.org/2020/02/03/a-briefing-on-the-belt-and-road-initiative-2>

<sup>100</sup> Reuters Staff “China Development Bank provides over \$190 billion for Belt and Road projects”, MARCH 27, 2019 <https://www.reuters.com/article/us-china-finance-cdb-bri-idUSKCN1R8095>

<sup>101</sup> Banktrack, Friends of the Earth, China Development Bank’s overseas investments: An assessment of environmental and social policies and practices, available at: [https://foe.org/wp-content/uploads/wpallimport/files/archive/China\\_Development\\_Banks\\_overseas\\_investments\\_-\\_An\\_assessment\\_of\\_environmental\\_and\\_social\\_policies\\_and\\_practices.pdf](https://foe.org/wp-content/uploads/wpallimport/files/archive/China_Development_Banks_overseas_investments_-_An_assessment_of_environmental_and_social_policies_and_practices.pdf)

China Development Bank, Sustainability Report 2020, <https://www.cdb.com.cn/English/bgxz/kcxfzbg1/kcx2020/202108/P020210813601547014560.pdf>;

North Water Diversion Project in China and the Laos's USD 2 billion Nam Ou hydropower project. One more example of Project financed is the Jakarta Bandung high-speed railway in Indonesia. It is a 40-year concessionary loan, with a 10-year grace period and no guarantee given by Indonesia. The loan is articulated as follows: 60% is denominated in US dollars at a low 2% interest rate and 40% denominated in Renminbi at a 3.4% interest rate totaling USD3.8 billion<sup>102</sup>.

As reported by Friends of the Earth, a non-governmental organization that actively engages in environmental safeguard, CDB's has massively baked Chinese SOEs in the acquisition of oil and gas abroad <sup>103</sup>.

Compared to its international peers China Development Bank lags in the application of international standards and best practice for environmental and social risk management of its overseas investments and activities.

Contrary to the World Bank and International Finance Corporation (IFC), CDB has not developed specific policies of sensitive sectors nor has improved public participation and stakeholders consultation. A grievance mechanism should be in place to repay affected communities when unavoidable risks impact local communities living standards.

Finally, the CDB does not have a publicly disclosed policy on social issues or human rights. Notwithstanding provisions stated by the "Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework" (hereafter Guiding Principles) issued in 2011, about double responsibility that SOEs hold to protect human rights, both state duty and corporate duty, CDB does not meet either standards, neither the higher human rights practices required of state-controlled institutions nor the lower practices required of commercial banks<sup>104</sup>. The Guiding Principles state: "An abuse of human rights by the [state controlled] business enterprise may entail a violation of

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<sup>102</sup> OECD (2018), "The Belt and Road Initiative in the global trade, investment and finance landscape", in OECD Business and Finance Outlook 2018, OECD Publishing, Paris, [https://doi.org/10.1787/bus\\_fin\\_out-2018-6-en](https://doi.org/10.1787/bus_fin_out-2018-6-en). e

<sup>103</sup> Friends of the Earth, Bank Track, "China Development Banks overseas investments-An assessment of environmental and social policies and practices", accessible at: <https://foe.org/resources/china-development-banks-overseas-investments-an-assessment-of-environmental-and-social-policies-and-practices/>

<sup>104</sup> Ibid.

the State's own international law obligations," while such institutions are "are also subject to the corporate responsibility to respect human rights."<sup>105</sup>

CDB has a prominent role in lending to oil, mining and other highly polluting and energy intensive sector projects abroad, thus it is unlikely that the it is reducing its lending activity. Notwithstanding National provisions, such as the Green Credit Policy, and CDB's involvement in several initiatives about Environmental and social risk management, at present they are to be considered more as training opportunities that may lead to better practice and policies in the future<sup>106</sup>.

The Export-Import Bank of China (China Exim Bank) is a state-funded and state-owned policy bank directly under the leadership of the State Council and dedicated to support China's foreign trade, investment and international economic cooperation. The Bank plays a crucial role in promoting steady economic growth and structural adjustment, supporting foreign trade, and implementing the "going-out" strategy. It is committed to provide financial support to key sectors in the Chinese economy and ensure sustainable and healthy economic and social development<sup>107</sup>. China Exim Bank lends to foreign governments, foreign companies and Chinese corporations, it is also the major sponsor of several funds linked to the BRI implementation, including China-ASEAN Investment Cooperation Fund and China-Central and Eastern Europe Investment Cooperation Fund. By the end of 2015, EXIM Bank had supported 1000-plus projects in 49 countries along the Belt and Road Initiative, with loan balances exceeding CNY 520 billion (e.g. USD 80 billion). The projects include roads, railways, electricity infrastructures, ports, communications and other fields. For example, EXIM Bank provided a USD 800 million low-interest rate loan to Malaysia to build the 22.5 kilometers second Penang bridge, the longest cross-sea bridge in Southeast

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<sup>105</sup> Human Rights Council "Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework", Seventeenth session Agenda item 3, 11 March 2011, Quoted in: Friends of the Earth, Bank Track, "China Development Banks overseas investments-An assessment of environmental and social policies and practices",

<sup>106</sup> Friends of the Earth, Bank Track, "China Development Banks overseas investments-An assessment of environmental and social policies and practices", accessible at: <https://foe.org/resources/china-development-banks-overseas-investments-an-assessment-of-environmental-and-social-policies-and-practices/>

<sup>107</sup> The Export Import Bank of China, <http://english.eximbank.gov.cn/Profile/AboutTB/Introduction/>

Asia. Contribution to the USD 7 billion Lao People's Democratic Republic railway (5% GDP), provided at a low 3% interest rate.<sup>108</sup>

CDB and the China Exim Bank still lack environmental and social departments; set environmental and social standard policies are lax. Moreover such financial institutions suffer from the lack of transparency in environmental and social standards implementation, and in project management and supervision phases<sup>109</sup>.

The Silk Road Fund has been established in Beijing on December 29, 2014, by the joint financing of the State Administration of Foreign Exchange, China Investment Corporation, China Development Bank and Export-Import Bank of China.

The Fund has a total capital of USD 40 billion and RMB 100 billion. The State Administration of Foreign Exchange pledged 65% of total capital, China Investment Corporation, China Development Bank and Chian EXIM Bank pledged 15%, 5% and 15%, respectively.

The Fund stated purposes is to provide investment and financing support for trade and economic cooperation and connectivity under the BRI in order to promote common development and prosperity of China and other countries and regions involved in the Belt and Road Initiative<sup>110</sup>.

The Silk Road Fund mainly invests in infrastructure projects in the energy sector. An example of project financed is the Pakistan Karot Hydropower Project, signed in April 2015, that belong to the "China-Pakistan Economic Corridor" development project. The Fund has provided a USD200 million loan to the project<sup>111</sup>.

The AIIB, was officially established in October 2014 with the stated aim to finance construction along BRI. The bank's goals are to complement with other international financial institutions and existing mechanisms to fulfill the Asia infrastructure gap.

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<sup>108</sup> OECD (2018), "The Belt and Road Initiative in the global trade, investment and finance landscape", in OECD Business and Finance Outlook 2018, OECD Publishing, Paris, [https://doi.org/10.1787/bus\\_fin\\_out-2018-6-en](https://doi.org/10.1787/bus_fin_out-2018-6-en). e

<sup>109</sup> Friends of Earth Asia Pacific, **A Briefing on the Belt and Road Initiative**, February 3, 2020, <https://foeasiapacific.org/2020/02/03/a-briefing-on-the-belt-and-road-initiative-2>

<sup>110</sup> Silk Road Fund, Overview, access at <http://www.silkroadfund.com.cn/enweb/23775/23767/index.html>

<sup>111</sup> OECD (2018), "The Belt and Road Initiative in the global trade, investment and finance landscape", in OECD Business and Finance Outlook 2018, OECD Publishing, Paris, [https://doi.org/10.1787/bus\\_fin\\_out-2018-6-en](https://doi.org/10.1787/bus_fin_out-2018-6-en). e

At its announcement, other Asian governments participated and 21 of them signed a memorandum of Understanding (MoU). By the first semester of 2015 more than 40 governments from five continents submitted their application to join the institution. Nowadays, there are ninety-three countries, but one third of the initial capital was pledged by China (USD100 billion). This makes the AIIB the most discussed financial mechanism connected to the BRI. Many are the concerns expressed about lending practices and sustainability issues (economic, financial, social).

The involvement of European countries was supposed to grant higher standards in setting environmental and social requirements, but this was an optimistic perspective compared to what happens in practice. As reported in a paper issued by the environmental movement Friends of Earth Asia Pacific “fossil fuels made up 91% energy-sector syndicated loans by six major Chinese state banks. Furthermore, fossil fuel made up 93% of energy-sector investments by the Silk Road Fund (SRF) and 95% of cross-border energy investments by Chinese SOEs”<sup>112</sup>.

BRI capital intensive projects are dominated by state finance. Most of the times Chinese state banks and funds requires the involvement of Chinese contractors as a condition to loan-lending especially in the transport and energy sectors.

The role of China SOEs and their access to state bank loan has deemed essential for many Asian developing countries for the development of infrastructure, industry and agriculture systems projects. Notwithstanding this, critical issues emerge in respect to loans borrowers. Indeed, Chinese contractors are not subject to open bidding and competition, that often leads to increased costs and diminished quality of products and services provided. For instance, in 2018 Malaysia suspended the USD 20 billion East Coast Rail Link because of its concerns in towards Chinese contractors standing<sup>113</sup>.

Although China’s predominant role in the BRI project funding, projects implementation and monitoring are under the ultimate control of national governments. Thus, these phases

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<sup>112</sup> Ibid.

<sup>113</sup> Friends of Earth Asia Pacific, **A Briefing on the Belt and Road Initiative**, February 3, 2020, <https://foeasiapacific.org/2020/02/03/a-briefing-on-the-belt-and-road-initiative-2>

really depend upon the quality of local institutions handling their cooperation with the Chinese government in the framework of the BRI.

Participating countries' negotiation power changes in accordance with many variables: economic cooperation choices, historical relations with China, negotiation skills. In general, countries which have democratic elections have more negotiation power, since they have more freedom in choosing who is funding, implementing and campaigning on the belt Road Initiative. In countries with more authoritarian regimes (e.g. Kazakhstan) or those which have too little other cooperation options (e.g. Mongolia, Myanmar) bargaining power seems to decrease and national economy becomes dependent solely on Chinese investments or markets<sup>114</sup>.

In the following section I will present a list of projects constructed or under construction in the period 2013-2021 in each of the three main participating countries. I will then demonstrate how the Chinese Initiative, the influence of Chinese actors and Chinese presence in participating countries greatly varies according to different national contexts and local governments rules and regulation. Beside the national political environment, another variable is represented by historical foreign relations: In more Chinese-friendly countries, Chinese presence is better tolerated and there is greater space of maneuver for Chinese actors; instead, countries characterized by instable relationships with China are more suspicious about the Chinese presence and both the Chinese government and Chinese actors have to be more cautious.

Among BRI-related projects recipient country Indonesia rank first. In Table 1 is reported a list of projects planned and constructed in Indonesia in the period 2013-2021 in the energy, transport and metal sectors.

| Year | Month | Investor | Quantity in Millions | Share Size | Transaction Party | Sector | Subsector | Country |
|------|-------|----------|----------------------|------------|-------------------|--------|-----------|---------|
|      |       |          |                      |            |                   |        |           |         |

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<sup>114</sup> Ibid.

|      |          |  |          |     |                         |           |          |           |
|------|----------|--|----------|-----|-------------------------|-----------|----------|-----------|
| 2013 | October  | China Communications Construction            | \$ 900   | 70% | Daya Bumindo            | Transport | Shipping | Indonesia |
| 2013 | December | MCC  | \$ 180   |     | SMI                     | Metals    | Steel    | Indonesia |
| 2014 | April    | China National Machinery Industry (Sinomach) | \$ 670   |     | BTN                     | Energy    | Coal     | Indonesia |
| 2014 | July     | China Investment Corporation (CIC)           | \$ 1.360 | 19% | Bumi Resources Minerals | Energy    | Coal     | Indonesia |
| 2014 | July     | China State Construction Engineering         | \$ 990   |     |                         | Metals    | Aluminum | Indonesia |
| 2014 | August   | Hongqiao                                     | \$ 840   | 56% | Well Harvest            | Metals    | Aluminum | Indonesia |
| 2015 | February | SAIC Motor (Shanghai Auto), Wuling           | \$ 390   | 56% |                         | Transport | Autos    | Indonesia |
| 2015 | March    | China Huadian Corporation (Huadian)          | \$ 870   | 55% | Bukit Asam              | Energy    | Coal     | Indonesia |
| 2015 | May      | Sinosteel                                    | \$ 120   |     | DBM                     | Metals    | Steel    | Indonesia |
| 2015 | May      | China Energy Engineering                     | \$ 240   |     |                         | Energy    | Coal     | Indonesia |
| 2015 | July     | Tsingshan Holding                            | \$ 510   | 50% | Bintang Delapan         | Metals    | Steel    | Indonesia |
| 2015 | August   | China Communications Construction            | \$ 120   |     | WIKA and PP             | Transport | Autos    | Indonesia |
| 2015 | August   | Power Construction Corp. (PowerChina)        | \$ 110   |     |                         | Energy    | Hydro    | Indonesia |
| 2015 | November | Shenhua                                      | \$ 570   | 75% | PLN                     | Energy    | Coal     | Indonesia |
| 2015 | November | MCC  | \$ 260   |     |                         | Transport | Autos    | Indonesia |
| 2015 | November | MCC  | \$ 110   |     | Tsingshan               | Metals    | Steel    | Indonesia |

|      |          |   |          |     |                                   |           |             |           |
|------|----------|---|----------|-----|-----------------------------------|-----------|-------------|-----------|
| 2015 | November | Sinosteel   | \$ 180   |     | Pt CPS<br>Indonesia<br>Medan      | Energy    | Alternative | Indonesia |
| 2015 | December | Shenhua   | \$ 1.320 | 70% | PLN                               | Energy    | Coal        | Indonesia |
| 2015 | December | China National<br>Machinery<br>Industry<br>(Sinomach) | \$ 1.160 |     | PT<br>Bantaeng<br>Sigma<br>Energi | Energy    | Coal        | Indonesia |
| 2016 | May      | Qianhai Zone<br>Authority                             | \$ 200   |     |                                   | Transport | Shipping    | Indonesia |
| 2016 | May      | State<br>Development<br>and Investment<br>Corp        | \$ 120   | 40% |                                   | Energy    | Coal        | Indonesia |
| 2016 | June     | Sinosteel   | \$ 140   |     | BOSOWA                            | Energy    | Coal        | Indonesia |
| 2016 | August   | Sino Great Wall                                       | \$ 230   |     | PT<br>Wanxiang<br>Nickel          | Metals    |             | Indonesia |
| 2016 | October  | Power<br>Construction<br>Corp.<br>(PowerChina)        | \$ 250   | 70% | PLN                               | Energy    | Coal        | Indonesia |
| 2016 | November | China National<br>Chemical<br>Engineering             | \$ 890   |     | Sumber<br>Segara<br>Primadaya     | Energy    |             | Indonesia |
| 2016 | December | Tsingshan<br>Holding                                  | \$ 490   |     | Bintang<br>Delapan                | Metals    | Steel       | Indonesia |
| 2016 | December | Harbin Electric                                       | \$ 1.470 |     | Malaysia's<br>YTL                 | Energy    | Coal        | Indonesia |
| 2017 | January  | China National<br>Off-shore Oil<br>(CNOOC)            | \$ 1.040 | 14% |                                   | Energy    | Gas         | Indonesia |
| 2017 | February | China<br>Communications<br>Construction               | \$ 640   |     |                                   | Transport | Rail        | Indonesia |
| 2017 | June     | China<br>Nonferrous<br>Metal Mining                   | \$ 200   | 51% |                                   | Metals    |             | Indonesia |
| 2017 | July     | Tencent   | \$ 150   |     | Go-Jek                            | Transport | Autos       | Indonesia |



|      |           |  |          |     |                     |           |             |           |
|------|-----------|--|----------|-----|---------------------|-----------|-------------|-----------|
| 2017 | August    | JD.com   | \$ 100   |     | Go-Jek              | Transport | Autos       | Indonesia |
| 2017 | November  | China<br>Communications<br>Construction        | \$ 170   |     |                     | Transport | Autos       | Indonesia |
| 2018 | January   | China Railway<br>Engineering                   | \$ 2.460 | 40% |                     | Transport | Rail        | Indonesia |
| 2018 | January   | Tsingshan<br>Holding                           | \$ 400   | 57% |                     | Metals    |             | Indonesia |
| 2018 | January   | China Minmetals                                | \$ 170   |     | Denxin              | Metals    | Steel       | Indonesia |
| 2018 | January   | China Minmetals                                | \$ 320   |     |                     | Metals    | Steel       | Indonesia |
| 2018 | March     | State<br>Development<br>and Investment<br>Corp | \$ 1.150 | 75% |                     | Energy    | Hydro       | Indonesia |
| 2018 | March     | China Energy<br>Engineering                    | \$ 120   |     |                     | Energy    | Gas         | Indonesia |
| 2018 | May       | China Jinjiang<br>Environment                  | \$ 110   | 95% | Indo Green<br>Power | Energy    | Alternative | Indonesia |
| 2018 | May       | Shandong<br>Nanshan<br>Aluminum                | \$ 390   |     | Redstone<br>Alumina | Metals    | Aluminum    | Indonesia |
| 2018 | May       | China Minmetals                                | \$ 100   |     |                     | Metals    | Aluminum    | Indonesia |
| 2018 | May       | Power<br>Construction<br>Corp.<br>(PowerChina) | \$ 100   |     |                     | Energy    | Coal        | Indonesia |
| 2018 | August    | Power<br>Construction<br>Corp.<br>(PowerChina) | \$ 150   |     | Toba                | Energy    | Coal        | Indonesia |
| 2018 | September | China GEM-led<br>consortium                    | \$ 610   | 87% | Sulawesi            | Metals    | Steel       | Indonesia |
| 2019 | January   | Tencent, JD.Com                                | \$ 340   |     | Go-Jek              | Transport | Autos       | Indonesia |
| 2019 | February  | Jiangsu Delong                                 | \$ 1.620 |     |                     | Metals    | Steel       | Indonesia |
| 2019 | March     | China Minmetals                                | \$ 180   |     |                     | Metals    | Steel       | Indonesia |
| 2019 | April     | China Energy<br>Engineering                    | \$ 460   |     |                     | Energy    | Coal        | Indonesia |

|      |           |   |          |      |                          |           |          |           |
|------|-----------|---|----------|------|--------------------------|-----------|----------|-----------|
| 2019 | April     | China National Chemical Engineering                         | \$ 160   |      |                          | Energy    | Gas      | Indonesia |
| 2019 | July      | China Energy Engineering                                    | \$ 440   |      |                          | Energy    |          | Indonesia |
| 2019 | August    | Chengtun Mining   | \$ 150   |      |                          | Metals    | Steel    | Indonesia |
| 2019 | September | China Minmetals   | \$ 140   |      |                          | Metals    | Steel    | Indonesia |
| 2019 | October   | China Communications Construction                           | \$ 1.650 | 49%  | Jasamarga                | Transport | Autos    | Indonesia |
| 2019 | November  | Zhejiang Huayou Cobalt, China Molybdenum, Tsingshan Holding | \$ 1.240 | 97%  |                          | Metals    | Steel    | Indonesia |
| 2019 | December  | Zhejiang Lygend   | \$ 600   |      |                          | Metals    | Steel    | Indonesia |
| 2020 | January   | Aluminum Corporation of China (Chinalco)                    | \$ 520   | 75%  | Aneka Tambang and Asahan | Metals    | Aluminum | Indonesia |
| 2020 | February  | Xiamen Xiangyu  | \$ 1.040 |      |                          | Metals    | Steel    | Indonesia |
| 2020 | February  | Power Construction Corp. (PowerChina)                       | \$ 480   |      |                          | Energy    | Hydro    | Indonesia |
| 2020 | March     | Zhejiang Lygend   | \$ 530   |      |                          | Metals    | Steel    | Indonesia |
| 2020 | March     | Zhefu Holdings  | \$ 850   | 53%  |                          | Energy    | Hydro    | Indonesia |
| 2020 | May       | China Railway Engineering                                   | \$ 1.370 |      |                          | Transport | Rail     | Indonesia |
| 2020 | August    | China Energy Engineering                                    | \$ 160   |      | Abadi                    | Metals    | Steel    | Indonesia |
| 2020 | November  | Nanjing Iron-led consortium                                 | \$ 380   | 100% |                          | Metals    | Steel    | Indonesia |
| 2020 | December  | Datang  | \$ 390   | 75%  | Sinarmas                 | Energy    | Coal     | Indonesia |
| 2021 | March     | Power Construction Corp. (PowerChina)                       | \$ 1.360 |      |                          | Energy    | Hydro    | Indonesia |

|      |           |   |        |     |           |        |             |           |
|------|-----------|---|--------|-----|-----------|--------|-------------|-----------|
| 2021 | April     | CNGR                                      | \$ 170 | 70% | Rigqueza  | Metals | Steel       | Indonesia |
| 2021 | June      | China Energy Engineering, China Minmetals | \$ 930 |     |           | Metals | Aluminum    | Indonesia |
| 2021 | July      | China Risun-led consortium                | \$ 250 |     |           | Metals | Steel       | Indonesia |
| 2021 | July      | Power Construction Corp. (PowerChina)     | \$ 110 |     | Masdar    | Energy | Alternative | Indonesia |
| 2021 | September | Chengtun Mining, Tsingshan Holding        | \$ 230 | 65% | Stellar   | Metals |             | Indonesia |
| 2021 | September | Tsingshan Holding, Shanghai Huafon        | \$ 140 |     |           | Metals | Aluminum    | Indonesia |
| 2021 | December  | Chengtun Mining                           | \$ 250 | 70% | Extension | Metals | Steel       | Indonesia |

Table 1. Chinese Investments & Construction, Indonesia (2013 - 2021)

Source: China Global Investment Tracker. Data compiled by The American Enterprise Institute and The Heritage Foundation.

It is worth noting that there is no official list of BRI-related projects approved by both the Chinese and the Indonesian governments. For the purpose of the present study, we assume that all the projects involving Chinese investors or contractors belong to the Initiative<sup>115</sup>.

From a geopolitical viewpoint Indonesia is very significant since the country is a sensitive area in the US-China rivalry, especially in respect to security issues in the South-China Sea.

As noted by some scholars Indonesia aligns to Malaysia, Myanmar, Singapore and Thailand in maintaining a cautious stance in respect to the BRI. On the one hand the national

<sup>115</sup> Frans-Paul van der Putten and Mirela Petkova, The Geopolitical Relevance of the BRI The Jakarta-Bandung High-Speed Railway in Indonesia , in Florian Schneider Global Perspectives on China's Belt and Road Initiative Asserting Agency through Regional Connectivity, Amsterdam University Press. (2021) Stable URL: <https://www.jstor.org/stable/j.ctv1dc9k7j.11>

government supports the Chinese Initiative, by recognizing opportunities for its national growth, while on the other hand it guards itself against becoming a player in the Sino-American relations at its own expenses<sup>116</sup>.

The main project sponsored by the Chinese government in the country is the Jakarta-Bandung High-Speed Railway for a value of USD 4.5 billion, followed by the Java 7 Coal Plant (USD 1.8 billion) and the Batang Toru Hydroelectric Dam (USD 1.7 billion). The Jakarta- Bandung High-Speed Railway stands against other projects in the country in relations to three main aspects: 1. Contractors, 2. Ownership and 3. Financing. The Transport sector is considered by the Indonesia government as more sensitive than for instance the energy sector. Thus, national regulations do not allow foreign investors to own more than the 40% of shares. For this reason, unlike the other two main projects mentioned above, four Indonesia SOEs will own the majority of shares, while 40% is owned by China Railway Construction Corp (CRCC), a Chinese state-owned enterprise. This means that the Indonesia government has directly established long financial relation with the Chinese government.

Nowadays, China has become the main trade partner of Indonesia and the third largest investor in the country. Estimations reports that BRI-related projects will have a positive effect on Indonesia economic growth that will register +1.2%. Notwithstanding the relevance Chinese relations may have in the economic growth of the country, Indonesia has adopted a balancing stance in maintaining its autonomy and deeply engage with great powers<sup>117</sup>.

In conclusion, one can say that China cannot have any leverage power in geopolitical terms in respect to Indonesia foreign relations, that the country allows for Chinese action in the country limited to the national political agenda and that the Indonesian government protect its autonomy from avoiding any deep involvement with both superpowers.

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<sup>116</sup> Ibid.

<sup>117</sup> Ibid.

Now, I will pass to analyze the second recipient country: Malaysia. In Table 2 are listed projects planned, constructed or under construction in Malaysia in the period 2013-2021 in the energy, transport and metals sectors.

| Year | Month    | Investor   | Quantity in Millions | Share Size | Transaction Party | Sector    | Subsector   | Country  |
|------|----------|--|----------------------|------------|-------------------|-----------|-------------|----------|
| 2013 | December | China Railway Construction   | \$ 1.190             |            |                   | Transport | Autos       | Malaysia |
| 2014 | March    | Beijing Urban Construction   | \$ 1.300             | 50%        | Zenith Sdn.       | Transport | Autos       | Malaysia |
| 2014 | August   | China Petroleum and Chemical (Sinopec)   | \$ 1.330             |            | Petronas          | Energy    | Oil         | Malaysia |
| 2014 | October  | Shanghai Electric  | \$ 240               |            | Sarawak Energy    | Energy    | Coal        | Malaysia |
| 2015 | March    | Jinko Solar  | \$ 100               | 100%       |                   | Energy    | Alternative | Malaysia |
| 2015 | May      | SAIC Motor (Shanghai Auto)   | \$ 280               | 49%        | Weststar Maxus    | Transport | Autos       | Malaysia |
| 2015 | October  | China Communications Construction  | \$ 550               |            |                   | Transport | Shipping    | Malaysia |
| 2015 | November | China General Nuclear Power, Southern Power Grid   | \$ 5.260             | 100%       | Edra              | Energy    |             | Malaysia |
| 2016 | March    | China General Nuclear Power  | \$ 100               |            |                   | Energy    | Alternative | Malaysia |
| 2016 | May      | Guangxi Investment   | \$ 140               |            |                   | Metals    | Aluminum    | Malaysia |
| 2016 | June     | Xian Longi   | \$ 240               | 100%       |                   | Energy    | Alternative | Malaysia |
| 2016 | July     | China Minmetals  | \$ 110               |            | Guangxi Beibu     | Metals    | Steel       | Malaysia |
| 2016 | August   | China Railway Engineering  | \$ 370               |            |                   | Transport | Rail        | Malaysia |
| 2016 | November | Power Construction Corp. (PowerChina)  | \$ 120               |            | Sarawak Energy    | Energy    | Gas         | Malaysia |
| 2017 | January  | China Minmetals  | \$ 1.660             |            |                   | Metals    | Steel       | Malaysia |
| 2017 | June     | Zhejiang Geely   | \$ 110               | 50%        | Proton            | Transport | Autos       | Malaysia |
| 2017 | July     | China Energy Engineering   | \$ 490               | 70%        | Sarawak Energy    | Energy    | Hydro       | Malaysia |
| 2017 | August   | Shandong Hengyuan  | \$ 140               |            |                   | Energy    | Oil         | Malaysia |
| 2017 | December | China Communications Construction  | \$ 110               |            |                   | Transport | Rail        | Malaysia |
| 2018 | April    | China Railway Construction, China Railway Engineering, China Communications Construction | \$ 2.120             |            |                   | Transport | Rail        | Malaysia |

|      |          |                                       |          |  |  |           |             |          |
|------|----------|---------------------------------------|----------|--|--|-----------|-------------|----------|
| 2018 | December | China Communications Construction     | \$ 2,360 |  |  | Transport | Rail        | Malaysia |
| 2019 | February | Xian Longi                            | \$ 140   |  |  | Energy    | Alternative | Malaysia |
| 2019 | July     | Power Construction Corp. (PowerChina) | \$ 110   |  |  | Energy    | Hydro       | Malaysia |
| 2019 | December | China Minmetals                       | \$ 240   |  |  | Metals    | Steel       | Malaysia |
| 2020 | July     | Risen Energy                          | \$ 320   |  |  | Energy    | Alternative | Malaysia |

Table 2. Chinese Investments & Construction, Malaysia (2013 – 2021)

Source: China Global Investment Tracker. Data compiled by The American Enterprise Institute and The Heritage Foundation.

Malaysia is emblematic in showing how the BRI, China’s role and its degree of involvement adapt to the specific political environment of each recipient country. This is a clear example that shows how domestic political elites in emerging economies take advantage of Chinese President’s Initiative to legitimize their own power and to accomplish domestic economic growth<sup>118</sup>.

The Malaysian population is made up by multi-ethnic and multi-religious groups: indigenous Malays (50% of the population), ethnic Chinese (about 30%), ethnic Indians (about 10%), and other non-Malay indigenous groups (about 10%). Ethnic groups’ political leaders have tried to use the BRI to stay in power. During di colonial period the Malays received government offices by the British empire; indigenous also dominated the business sector creating inequalities in the distribution of wealth among different ethnic groups. Economic inequalities were considered at the base of internal disorders among ethnic groups, while economic growth became the source of political power legitimation<sup>119</sup>.

When traditional sources of funding were reduced (Europe and US) the country started to look at China and to welcome BRI-project funding in the country. When the Malay President Najib loose election in 2008 because of its involvement in a big national scandal, the opposing political party criticized previous President’s relations with China just to renegotiate loans a year later. Thus, shifts in political power did not mean the phasing out

<sup>118</sup> Amy Freedman and Naomi Bekele, China’s Belt and Road Initiative in Malaysia and Ethiopia, *Indian Journal of Asian Affairs*, June 2022, Vol. 35, No. 1 (June 2022), pp. 1-22

<sup>119</sup> Ibid.

of BRI planned projects in the country, instead they became the instrument local political elites used to assure continued economic growth and political power<sup>120</sup>.

In 2016, China became Malaysia's largest investor in mega infrastructure projects. Three are the major BRI-related projects:

1. The East Coast Rail Link (ECRL): links poorer east coastal states (Pahang, Terengganu, and Kelantan), to the more prosperous state of Selangor. The ECRL involves Chinese SOE (China Communications Construction Corporation) and Malaysian companies linked to (former) Prime Minister Najib and other affiliated political officials.
2. The Bandar Malaysia project: a mixed development project that involves the capital Kuala Lumpur; As in the case of ECRL the realization of the project involves a joint consortium led by a Chinese SOE (China Railway Engineering Corp) and companies with close ties to Najib.
3. Forest City: a project which includes four man-made islands off of Johor, next to Singapore, which will provide residential housing, commercial and industrial space, for 700,000 people.

Forest City is led by a private Chinese company, Country Garden, in conjunction with companies with links to the Sultan of Johor.

As showed above BRI-related projects directly involve local political elites. Moreover, they are used by political officers as instruments to pursue their political interests and as a way to reward supporters and different interest groups. The lack of mandatory guidelines dictated by China, make projects completely dependent upon local laws, regulation and normal practices. In the case of Malaysia, corruption in public procurement is high and BRI-sponsored projects make no exception.

Finally, we focus on the third BRI participating country: Singapore. In Table 3 is reported a list of projects participated by Singapore in the transport, energy and metal sectors. in the period 2013-2021.

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<sup>120</sup> Ibid.

Unlike developing countries earlier examined, Singapore is an advanced economy, thus its involvement in the BRI is not linked to infrastructures development in-bound, instead all the investments are out-bound<sup>121</sup>.

| Year | Month     | Investor                              | Quantity in Millions | Share Size | Transaction Party | Sector    | Subsector | Country   |
|------|-----------|---------------------------------------|----------------------|------------|-------------------|-----------|-----------|-----------|
| 2013 | November  | Power Construction Corp. (PowerChina) | \$ 150               |            |                   | Transport | Rail      | Singapore |
| 2014 | May       | Shanghai Shentong                     | \$ 290               |            |                   | Transport | Rail      | Singapore |
| 2014 | July      | Power Construction Corp. (PowerChina) | \$ 200               | 50%        | Sembcorp          | Transport | Rail      | Singapore |
| 2014 | September | Shanghai Tunnel Engineering           | \$ 270               |            |                   | Transport | Rail      | Singapore |

<sup>121</sup>Gerald Yee, Eight Years On – An Overview of the Belt and Road Initiative, Lawgazette, [November 2021, https://lawgazette.com.sg/news/updates/eight-years-on-belt-road-legal-insurance/](https://lawgazette.com.sg/news/updates/eight-years-on-belt-road-legal-insurance/)



|      |           |   |        |  |      |  |              |           |             |           |
|------|-----------|---|--------|--|------|--|--------------|-----------|-------------|-----------|
| 2018 | June      | China Communications Construction               | \$ 200 |  | 100% |  |              | Transport | Shipping    | Singapore |
| 2017 | November  | China State Construction Engineering            | \$ 150 |  |      |  |              | Transport | Rail        | Singapore |
| 2017 | October   | China Railway Engineering                       | \$ 230 |  |      |  |              | Transport | Rail        | Singapore |
| 2017 | October   | China Investment Corporation (CIC)              | \$ 370 |  | 10%  |  | Equis Energy | Energy    | Alternative | Singapore |
| 2017 | September | China State Construction Engineering            | \$ 120 |  |      |  |              | Transport | Rail        | Singapore |
| 2017 | July      | Didi Chuxing                                    | \$ 500 |  |      |  | Grab Taxi    | Transport | Autos       | Singapore |
| 2016 | December  | Shanghai Tunnel Engineering                     | \$ 110 |  |      |  | Woh Hup      | Transport | Rail        | Singapore |
| 2016 | December  | Shanghai Tunnel Engineering                     | \$ 220 |  |      |  |              | Transport | Rail        | Singapore |
| 2016 | August    | China Railway Engineering                       | \$ 180 |  |      |  |              | Transport | Rail        | Singapore |
| 2016 | April     | China Minmetals                                 | \$ 140 |  |      |  |              | Transport | Rail        | Singapore |
| 2016 | March     | China Communications Construction               | \$ 130 |  |      |  |              | Transport | Rail        | Singapore |
| 2015 | October   | China Investment Corporation (CIC), Didi Kuaidi | \$ 100 |  |      |  | Grab Taxi    | Transport | Autos       | Singapore |



|      |          |                                      |        |  |     |          |           |      |           |
|------|----------|--------------------------------------|--------|--|-----|----------|-----------|------|-----------|
| 2021 | December | Shanghai Tunnel Engineering          | \$ 400 |  | 70% | LT Sambo | Transport | Rail | Singapore |
| 2021 | May      | China Minmetals                      | \$ 790 |  |     |          | Transport | Rail | Singapore |
| 2021 | April    | China Railway Construction           | \$ 190 |  |     |          | Transport | Rail | Singapore |
| 2021 | March    | China State Construction Engineering | \$ 130 |  |     | Taisei   | Transport | Rail | Singapore |

Table 3. Chinese Investments & Construction, Singapore (2013 - 2021)

Source: China Global Investment Tracker. Data compiled by The American Enterprise Institute and The Heritage Foundation.

Internationally, Singapore is reckoned as a financial and logistic hub. By leveraging on its reputation, it has adopted an active role in the development of the BRI by providing financial resources, financial services and by encouraging the private sectors to bear financial risks of BRI-sponsored projects<sup>122</sup>.

Starting by the 1990s China and Singapore have developed strict political, economic and cultural bonds. China has taken Singapore as a model for its own development, while on

<sup>122</sup> Alang Chong, “Singapore Engages China’s Belt and Road Initiative: The Pitfalls and Promises of Soft Strategies”. NIDS Joint Research Series No. 17 The National Institute for Defense Studies, Japan, ASEAN Workshop 2019 “China’s BRI and ASEAN”

the other side Singapore has entered many bilaterally invested projects with China becoming the main FDI provider in the country.<sup>123</sup>

Since the announcement of the BRI Singapore has taken an active role by adopting a “soft power” strategy. The development of China and the success of Xi Jinping Grand Foreign Strategy offers to Singapore the opportunity to grow its own business activity abroad and international reputation as a financial hub and Global Value Chain center <sup>124</sup>.

Some of the main BRI projects that see the involvement of Singapore are “China Singapore (Chongqing) Demonstration Initiative on Strategic Connectivity”, “Chongqing Logistics Development Platform”, “Multi-Modal distribution and Connectivity Centre”, “International Land and Sea Trade Corridor”, “Singapore Guangxi Integrated Logistics Park”<sup>125</sup>.

The “China Singapore (Chongqing) Demonstration Initiative on Strategic Connectivity” is a Land-sea corridor that connects Chinese western regions and ASEAN countries with the Chongqing Municipality as its operational center. In the short term the Initiative will develop “efficient, open, stable and competitive trade logistics, industrial cooperation, and technology and people-to-people exchanges”, official Chinese government release say<sup>126</sup>. In the long-term the Initiative will develop a network that effectively connects the Eurasian continent to benefit Western China, South Asia and East Asia.<sup>127</sup>

The “Chongqing Logistics Development Platform” is a Plan to develop a modern and efficient multimodal transport system in Chongqing Municipality. Specifically, the project involves the realization of two logistic parks, a waterway transport system, logistic information development and institutional capacity building<sup>128</sup>.

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<sup>123</sup> Ibid.

<sup>124</sup> Gerald Yee, Eight Years On – An Overview of the Belt and Road Initiative, Lawgazette, [November 2021, https://lawgazette.com.sg/news/updates/eight-years-on-belt-road-legal-insurance/](https://lawgazette.com.sg/news/updates/eight-years-on-belt-road-legal-insurance/)

<sup>125</sup> Ibid.

<sup>126</sup> The State Council Information Office of the People’s Republic of China, China-Singapore cooperation plan on land-sea trade corridor released. A cooperation plan on the New International Land-Sea Trade Corridor jointly compiled by China and Singapore was officially released Wednesday in southwest China’s Chongqing Municipality, Xinhua, June 9, 2022 [http://english.scio.gov.cn/m/internationalexchanges/2022-06/09/content\\_78261160.htm](http://english.scio.gov.cn/m/internationalexchanges/2022-06/09/content_78261160.htm)

<sup>127</sup> Ibid.

<sup>128</sup> Asian Development Bank, China, People’s Republic of: Chongqing Integrated Logistics Demonstration Project,

“Multi-Modal distribution and Connectivity Centre” (DC Center), complement existing infrastructures to further develop the logistic industry in the country and improve logistic resilience<sup>129</sup>

In conclusion, by exploring these three case studies we have seen how the BRI is not a homogeneous and strict plan to operationalize. Instead, the Initiative is ever evolving and adapts to local specificities and local governments political agendas. If from the one side imbalances in the power distribution may favor China, like in the case of Malaysia forced to renegotiate loans under the new government, from the other side China has mobilized massive financial resources offering more favorable conditions compared to other contractors (i.e. Japan).

### Chapter 3: Belt and Road Impacts on Social Sustainability

In the present chapter I will explore the concept of “social sustainability” and apply it to different social-economic contexts that give the ground for the implementation of the Belt and Road Initiative. I will start by trying to clarify the concept of social sustainability by highlighting thematic areas that it touches upon and core elements that define the social dimensions of sustainable development. In the end, I will present case studies that shed lights on critical aspects of the BRI and its implementation in different national contexts, the role of China in respect to local rules and regulations and the role of non-government actors in claiming legal rights of local communities.

When dealing with the concept of “sustainability” trying to give definitions is not easy. Many are the dimensions that define what “sustainability” really is. It is a multifaceted concept that was borne in relation to the economic and environmental dimensions and so

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<sup>129</sup> Ministry of Trade and Industry, Singapore, Speech, 17 JUN 2022

were definitions given to it. It was just in the 1990s that the social dimension was treated independently from the environmental perspective and integrated in the concept<sup>130</sup>.

By building upon different definitions, Colantonio integrates perspectives and defines social sustainability as follows:

*Social sustainability refers to personal and societal assets, rules and processes, that empower individuals and communities to participate in the long term and fair achievement of adequate and economically achievable standards of life based on self-expressed needs and aspirations within the physical boundaries of places and the planet as a whole<sup>131</sup>.*

This definition touches upon different thematic areas that are social (“personal and societal assets”), socio-institutional (“empowerment, participation”), socio-economic (“economically achievable standards of life”) and socio-environmental (“physical boundaries of places and the planet”). What connects all these areas is the community space that should not be regulated by the government but by governance.

For clarity of exposition, it is imperative to conceptualize “governance”. For the purpose of the present study, we withdraw on the definition the UNESCO has given:

*Governance has been defined to refer to structures and processes that are designed to ensure accountability, transparency, responsiveness, rule of law, stability, equity and inclusiveness, empowerment, and broad-based participation. Governance also represents the norms, values and rules of the game through which public affairs are managed in a manner that is transparent, participatory, inclusive and responsive. [...] In a broad sense, governance is about the culture and*

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<sup>130</sup> Andrea Colantonio, “Social Sustainability: An Exploratory Analysis of its Definition, Assessment, Methods, Metrics and Tools, in “Measuring Social Sustainability: Best Practices from Urban Renewal in the EU, EIBURS Working Paper Series, Oxford Institute for Sustainable Development( OISD), Oxford Brooks University, 2007

<sup>131</sup> Ibid.

*institutional environment in which citizens and stakeholders interact among themselves and participate in public affairs (UNESCO)*<sup>132</sup>

This definition the UNESCO gives of “governance” is poli-dimensional, it may be visualized as an iceberg where at the deepest level we find the institutional environment and the cultural context, whilst at the surface we find structures and processes. The basic assumption of this definition is that the stakeholders have been empowered and actively participate in their community for the pursuance of the common good. What we need to understand is that whenever we want to produce a change at the surface, we need to act at the deepest levels. Thus, structures and processes are determined by culture and institutions and the starting point for any variation that is relevant in the long-term are institutions, and so culture.

In the present Chapter, I will try to connect social sustainability conceptualization and the definition of governance to what happens when BRI- related projects are planned, realized and operationalized in South-East Asian countries.

Before starting we need to specify some basic concepts. The realization of infrastructure projects may cause many social impacts. In a “best practice” pattern, impacts are previously assessed and mitigated. Notwithstanding this, methods used and variables considered may suffer from many biases, depending on cultural context differences, or prove to be inadequate.

When a man-made intervention occurs in a community, like in the case of infrastructure-building, social changes are triggered. As Frank Vanclay points out, a differentiation between social changes and social impacts is needed. Social changes are not impacts in themselves and the way they are perceived depends on cultural-specific contexts and the greater or lesser ability of the community to adapt to change<sup>133</sup>. Moreover, social changes

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<sup>132</sup> UNESCO, International Bureau of Education. “Concept of Governance”, <https://www.ibe.unesco.org/en/geqaf/technical-notes/concept-governance>

<sup>133</sup> Frank Vanclay, Conceptualising social impacts , Tasmanian Institute of Agricultural Research, University of Tasmania, GPO Box 252-54, Hobart, Tasmania 7001, Australia Received 1 April 2001; received in revised form 1 November 2001; accepted 1 November 2001

directly caused by a planned intervention (“first order-changes”), may result in unintended changes (“second-order and higher-order changes”), that are not community-related and occur independently from the socio-cultural context.

The way humans perceive social change processes at the emotional or cognitive levels define the impact that interventions carry, which are not necessarily negative. In Vanclay’s words: “The ways in which the social change processes are perceived, given meaning, or valued depends on the social context in which various social groups act”<sup>134</sup>.

Vanclay has given a categorization of Social change processes: (1) Demographic processes; (2) Economic processes; (3) Geographical processes; (4) Institutional and legal processes; (5) Emancipatory and empowerment processes; (6) Sociocultural processes and (7) Other processes<sup>135</sup>

Coming back to our main topic, the realization of BRI-linked projects in partner countries in South-East Asia and intended or unintended social impacts, we need to point out at the official rhetoric adopted by China. Chinese official speeches and official documents state that the BRI core values are “extensive consultation, joint contribution and shared benefits”, while the final scope is to build a “community of shared destiny” 人类命运共同体 *renlei mingyun gongtongti*. Moreover, the Initiative is framed to benefit emerging economies and disadvantaged groups through south-south cooperation plans, anti-poverty programs, food and health aid, scholarships and education programs<sup>136</sup>.

At this point some reflections are mandatory: How much of the official rhetoric turns into reality? Who does really benefit from planned interventions? Does the Program benefit interest groups or local communities? Later in this chapter I will try to shed lights on these issues.

When analyzing foreign policy China has adopted with small states in Asia what emerges is a completely unbalanced power relation. Zhu Feng of Beijing University argues that China has alienated many small states in Asia because of its myopic focus on commerce and

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<sup>134</sup> Ibid.

<sup>135</sup> Ibid.

<sup>136</sup> Yifei Li and Judith Shapiro, *China goes green, coercive Environmentalism for a troubled Planet*, Polity Press, 2020



disregard for issues such as human rights, rule of law, and environmental protection<sup>137</sup>. The strategy the Chinese government sponsors is called “soft power” which entails the commercial penetration of small states to end up with the cultural homogenization to the Han habits.

For instance, in four small states like Mongolia, Cambodia, Laos, and Myanmar, China’s reliance on economic exchanges—and its failure to control the negative aspects of this exchange—is the source of state–society and state–state tensions. Of the four, social and state backlash against China is most acute in Mongolia. Whereas concern over China’s economic activity in Cambodia, Laos, and Myanmar is mostly expressed through protests, rhetoric, and the occasional policy, such concerns have become institutionalized in Mongolia. The 2010 National Security Concept revision, for example, restricts the amount of FDI Mongolia receives from any nation to one-third of Mongolia’s total, and the 2012 Strategic Entities Foreign Investment Law limits state-owned companies from holding shares in key strategic mineral deposits (largely aimed at China).<sup>138</sup> The Mongolian government has specifically sought to limit Chinese SOEs, such as Shenhua and Chalco, from operating in its more high-profile mining sites.

In Cambodia, opposition to China’s economic footprint is also rising. Protests in Phnom Penh (and places such as Botum Sakor and Koh Kong) against perceived Chinese involvement in land grabs, environmental degradation, and political corruption have grown in frequency since 2009. Rural residents, in particular, are concerned about the negative effects Chinese business activities have on their sustainable livelihoods and traditional cultures<sup>139</sup>.

While Laos maintains close relations with China, lawmakers have started to push back against China’s economic involvement in the country’s mining, gambling, railway, and hydro-electric industries.

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<sup>137</sup> Gao Xing, “Baipishu: Zhongguo changdao huxin, huli, pingdeng, xiezu de xin anquan guan” [Whitepaper: China’s New Security Concept advocates mutual trust, mutual benefit, and equality], Xinhua, September 6, 2011, <http://politics.people.com.cn/GB/1026/15600348.html>

<sup>138</sup> Eyer, Brian. *Last Days of the Mighty Mekong*. Zed Books, 2019

<sup>139</sup> *Ibid.*

For Mongolia, concerns over China's economic presence have spread from society to the state, with Ulaanbaatar enacting legislations to curtail the country's economic dependency on China. China's damaging activities in Cambodia have not forced a change in Phnom Penh's political alignment, although they have contributed to instability between the state and Cambodian society. Laotian policymakers' concerns over China's negative economic influence drives the state's desire for more diverse partnerships. Social reaction to China's environmentally and socially damaging economic activities in Myanmar has helped push the country's tentative political reform and opening.<sup>140</sup>

Evidence that societies in these small states have come to view aspects of Chinese economic activity in their countries as negative has grown in tandem with China's expanding economic presence within the respective states. Zhang Xizhen of Beijing University notes that much of the rising resentment against Chinese investments in developing countries comes from Beijing's unwillingness to regulate the same industries it pushes to "go out"<sup>141</sup>.

Chen Fengying, Director of the World Economy Institute of the Chinese Institute of Contemporary International Relations (CICIR), notes that the negative outcomes of Chinese economic activity abroad, such as environmental degradation or tensions between Chinese workers and local communities, have contributed to insecurity in small and developing states. Whereas Chinese economic involvement in developing states in Asia was once seen as a source of growing Chinese influence or Chinese "soft power," it is now questionable in the four states examined above whether the economic benefits are sufficient to outweigh the social, environmental, and political costs.

The implications for China are serious. Far from ensuring good relationships with small and developing states in Asia, China's reliance on economic tools to drive relations is counter productive<sup>142</sup>.

Beside causing resentment at the geopolitical level, Beijing's adopted strategy for the implementation of its BRI is problematic too. As it will be further explored later on in this

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<sup>140</sup> Ibid.

<sup>141</sup> Ibid.

<sup>142</sup> Ibid.

chapter for most of the projects that have been implemented in target countries, critics have pointed at SOEs and China state banks lack of interaction with local communities. SOEs are used to work on a government-to-government relation base, leaving aside any concerns for consultation with local communities and affected people.

The signing of a MoU with the UN in 2016 has provided the Initiative with political legitimation in the international community and has linked the BRI to the UN 2030 Agenda. In a fierce critic of the BRI and the support the UN has given to the Chinese Initiative, Yifei Li comments by saying “With the help of the seemingly neutral SDGs, Belt and Road Development is thus being framed as self-evident positive and necessary”.<sup>143</sup>

The Chinese government has used the win-win framing to export mega infrastructures projects beyond its borders. Chinese investors neglect to engage in consultation with indigenous groups and local communities, while local governments do not allow for transparency, accountability and protection of the most vulnerables. China-sponsored mega infrastructure projects are quasi entirely realized by Chinese SOEs, which are used to work on government-to-government relations. In this scenario, where a top-down approach is preferred by Chinese actors and backed by local governments, civil society organizations’ agency become paramount to give voice to disadvantaged and vulnerable groups’ interests. As Chinese ENGOs and activists resistance gain momentum at home and they grow concerned with Chinese international reputation, they start to engage in local groups resistance beyond their borders. An example of Chinese international activism is the project called “China Accountability Project” started by a Chinese human rights and environmental lawyer, Zhang Jingjing, that offers help to indigenous people adversely affected by Chinese international projects<sup>144</sup>.

As Yifei Li suggests in his work “The Belt and Road Initiative may be introducing new forms of “slow violence” toward the most vulnerable- disruption and displacement that occurs

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<sup>143</sup> Ibid.

<sup>144</sup> Ibid.

gradually and often invisibly in an age of hyper-extraction and environmental degradation”<sup>145</sup>.

To further conceptualize on Yifei Li statement, I will introduce the social impacts categorization Vanclay has given and try to properly specify each of the issues above mentioned to focus on the social dimension they carry. Furthermore, I will propose an analysis of the BRI through the lens of the Vanclay’s Indicative social impacts categories; by starting from the official framing and rhetoric Beijing proposes to the international arena, I will pass to the analysis of case studies in South East Asian countries. Our basic assumption is that social issues are not inherent to the Initiative itself, instead it is the Chinese state and non-state actors’ behavior, at all levels, that turns interventions into social impacts.

For the mere purpose of studying, Vanclay proposes a grouping of social impacts into seven indicative categories: (1) Indicative Health and Social Well-being Impacts; (2) Quality of the Living Environment (livability)Impacts; (3) Indicative Economic Impacts and Material Well-being Impacts; (4) Indicative Cultural Impacts; (5) Indicative Family and Community Impacts; (6) Indicative Institutional, Legal, Political, and Equity Impacts; (7) Indicative Gender Relations Impacts (Box A)<sup>146</sup>.

Chinese state win-win framing of the BRI pertains to Vanclay’s sixth category of impacts: Indicative Institutional, Legal, Political, and Equity Impacts. In most cases BRI development projects have been promoted by large corporations that, as showed in the previous chapter, are Chinese SOEs or have strong ties with them. Strong commercial interests have repeatedly prevailed over the concern for local communities’ socio-economic well-being. This has led to the corruption of local governments, offering of bribes and other favors. Therefore, individuals have seen their legal and human rights violated, or even subjected to intimidation or harassment. Governments have often quelled publication of opposing views or dissent in relation to a particular project. In most of the cases, decisions are taken at the central level, in violation of the so-called principle of subsidiarity, which refers to the notion

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<sup>145</sup> Ibid.

<sup>146</sup> See: Frank Vanclay, *Conceptualising social impacts*, Tasmanian Institute of Agricultural Research, University of Tasmania, GPO Box 252-54, Hobart, Tasmania 7001, Australia Received 1 April 2001; received in revised form 1 November 2001; accepted 1 November 2001, pp. 200-208.

that decisions should be taken as close to the affected people as possible, the result is that affected communities are silenced and their basic needs ignored<sup>147</sup>.

#### Box A: Indicative Social Impacts Categories

##### ❖ Indicative Health and Social Well- Being

- Death of self or a family member personal loss
- Death in the community – loss of human & social capital
- Nutrition- adequacy , security and quality if individual and household food supply
- Actual health and fertility (ability to conceive) of family members.
- Perceived health and fertility
- Mental health and subjective well-being- feelings of stress, anxiety, apathy, depression , nostalgic melancholy, changed self image, general self esteem (psycho-social factors).
- Changed aspirations for the future for self and children.
- Autonomy- changes in an individual's independence or self-reliance.
- Experience of stigmatization or deviance labelling – the feeling of being 'different' or of being excluded or socially marginalized.
- Uncertainty- being ensure about the effects meaning of a planned intervention.
- Feelings (positive or negative) in relation to the planned intervention- which may result in formation of interest groups.
- Annoyance- a feeling/experience such as due to disruption to life, but which is not necessarily directed at the intervention itself.
- Dissatisfaction (betrayal) due to failure of a planned intervention to deliver promised benefits.

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<sup>147</sup> Ibid.

- Experience of moral outrage- such as when a planned intervention leads to violation of deeply held moral or religious beliefs. .

#### ❖ Indicative Quality of Living Environment (Liveability) Impacts

- Perceived quality of the living environment (i.e. work and home environment or neighborhood)- in terms of exposure to dust, noise, risk, odour, vibration, blasting, artificial light , safety, crowding, presence of strangers, commuting time etc.
- Actual quality of the living environment.
- Disruption to daily living practices (which may or may not cause annoyance).
- Leisure and recreation opportunities and facilities.
- Aesthetic quality- visual impacts outlook, vistas, shadowing etc.
- Environmental amenity value - the non-market, non-consumptive aesthetic and moral value ascribed to a location or experience,
- Perception of the social quality of housing (homeliness)- the degree to which inhabitants feel that their house is their 'home'.
- Availability of housing facilities.
- Adequacy of physical infrastructure- impact on the existing infrastructure of the community (water supply, sewage, land, roads, etc.).
- Adequacy of social infrastructure – change in the demands for and supply of basic social services and facilities , such as education, police, libraries, welfare services, etc.
- Perception of personal safety and fear of crime.
- Actual personal safety and hazard exposure.
- Actual crime and violence.

#### ❖ Indicative Economic Impacts and Material Well-being Impacts

- Workload- amount of work necessary in order to survive and /or live reasonably.
- Standard of living, level of affluence- a composite measure of material well-being referring to how well off a household or individual is in terms of their ability to obtain goods and services. It is also related to the cost of living, and is affected by changes in local prices etc.

- Access to public goods and services.
  - Access to government and/or other social services.
  - Economic prosperity and resilience- the level of economic affluence of a community and the extent of diversity of economic opportunities.
  - Income- both cash and inkind income.
  - Property values.
  - Occupational status/prestige and type of employment.
  - Level of unemployment in the community- underutilization of human capital.
  - Loss of employment options.
  - Replacement costs of environmental functions- the cost of replacing a product or service that was formerly provided by the environment, such as clean water , firewood, flood protection, etc.
  - Economic dependency or vulnerability – the extent to which an individual or household (or higher entity) has control over economic activities, the degree of incorporation into larger production systems.
  - Disruption of local economy- the disappearance of local economic systems and structures.
  - Burden of national debt- such as the intergenerational transfer of debt.
- ❖ Indicative Cultural Impacts
- Change in cultural values- such as moral rules, beliefs, ritual systems, language and dress.
  - Cultural affrontage – violation of sacred sites, breaking taboos and other cultural mores.
  - Cultural integrity- the degree to which local culture such as traditions, rites, etc. are respected and likely to persist.
  - Experience of being culturally marginalized- the structural exclusion of certain groups because of their cultural characteristics, thus creating a feeling of being a second class citizen.

- Profanisation of culture- the commercial exploitation or commodification of cultural heritage (such as traditional handicraft , artefacts) and the associated loss of meaning.
- Loss of local language or dialect.
- Loss of natural and cultural heritage- damage to or destruction of cultural, historical, archeological or natural resources, including burial grounds, historic sites, and places of religious, cultural and aesthetic value.

❖ Indicative Family and Community Impact

- Alteration in family structure- such as family stability, divorce, number of children at home, presence of extended families.
- Change to sexual relations.
- Obligation to living elders.
- Obligation to ancestors.
- Family violence-physical or verbal abuse.
- Disruption of social networks- impacts on the social interaction of household members with other people in the community.
- Changed demographic structure of the community.
- Community identification and connection- sense of belonging, attachment to place.
- Perceived and actual community cohesion.
- Social differentiation and inequity- creation of perceived or actual differences between various groups in a community or differentiation in level of access to certain resources.
- Social tension and violence- conflict or serious division within the community.

❖ Indicative Institutional, Legal, Political and Equity Impacts

- Workload and viability of government or formal agencies- capacity of the formal institutions to handle additional workload generated by a planned intervention.
- Workload and viability of non-government agencies and informal agencies including community organizations.



- Integrity of government and government agencies- absence of corruption, competence in which they perform their tasks.
- Loss of tenure, or legal rights.
- Loss of subsidiarity- a violation of the principle that decisions should be taken as close to the people as possible.
- Violation of human rights- any abuse of the human rights, arrest, imprisonment, torture, intimidation, harassment etc. , actual or fear or censorship and loss of free speech.
- Participation in decision making.
- Access to legal procedures and to legal advice,
- Impact equity – notions about fairness in the distribution of impacts across the community.

❖ Indicative Gender Relations Impacts

- Women's physical integrity- refers to the right of women to be able to make informed decisions about their own body, health and sexual activity, having control over fertility and childbearing and child-rearing practices, and having the resources to implement those decisions safely and affectively, and to be free from coercion, violence and discrimination in the exercise of those decisions.
- Personal autonomy of women- the level of independence, self-reliance and self-respect in physical, economic, political and socio-cultural aspects.
- Gendered division of production-oriented labour- refers to the unequal distribution of workload between men and women in relation to production, in terms of cash cropping, subsistence food production, wage-labour and other household (cash )income strategies.
- Gendered division of household labour- refers to the gendered and uneven distribution of workload in relation to maintenance of the household, that of fetching water and fuel, preparing food, washing, cleaning and decorating the house.

- Gendered division of reproductive labour- refers to the gendered and uneven distribution of workload in relation to care and maintenance of household members, that is the personal burden and childbearing and childrearing.
- Gender-based control over and access to, resources and services- including land, water, capital, equipment, knowledge, skills, employment opportunities and income, and services such as health facilities, education and agricultural extension services.
- Political emancipation of women- women's influence on decision making at household, community and societal levels.

Source: Frank Vanclay, *Conceptualising social impacts* (2001)<sup>148</sup>

During the 2014 “APEC blue” Summit meeting, China has committed to decarbonize, this has meant a shift in towards renewable sources of energy. Chinese government set targets to reach 35% renewables of Chinese energy mix by 2030. From that moment on Beijing started to massively invest in solar, wind and hydropower. Dam-building has proved to be one of the most environmentally and social destructive activity. The most controversial aspects connected to dams are ecosystem destruction, livelihood loss and massive human resettlements. For the purpose of the present study, I have focused on social impacts mainly caused by forced relocation due to dam-building along the Mekong-Lancang river.

The Mekong (Lancang in Chinese) river flows from the Tibetan Plateau into Southeast Asia, it is located in the Three Parallel Rivers (the other two are the Nu River and the Jingsha tributary of the Yangzi River) UNESCO World Heritage Region in South-West China.

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<sup>148</sup> Frank Vanclay, *Conceptualising social impacts*, Tasmanian Institute of Agricultural Research, University of Tasmania, GPO Box 252-54, Hobart, Tasmania 7001, Australia Received 1 April 2001; received in revised form 1 November 2001; accepted 1 November 2001,

Under Premier Wen Jiabao administration the national government set a new target for energy production by 2020, 20 percent of China's energy mix would come from renewables with hydropower ranking first. The Upper Mekong was deemed to host 20 dams producing 30 gigawatts that would serve the "send west electricity east" campaign inaugurated in the 1990s to satisfy coastal industries energy demand<sup>149</sup>.

Dams building companies are responsible for conducting relocations and set compensation plans for affected communities under the supervision of local governments, but inefficient social impact assessment and the lack of transparency in towards affected communities resulted in social injustice issues<sup>150</sup>.

Forced resettlements are traumatic experiences for affected communities that feel their own identity at stake. Moreover, in communities with strong ethnic heritage the influx of newcomers may cause social tensions and anxiety for the disruption of social harmony (Indicative Cultural Impacts)<sup>151</sup>. This is the case of the Cizhong community located on the Upper Mekong river that had to host 200 households from the Yanmen village that was completely flooded by the rising reservoir created by the new Wunonglong Dam located 12 kilometers downstream.

The Cizhong native population is formed by Buddhists and Catholics that during the centuries have made up idiosyncratic religious rituals that assure the pacific coexistence of both communities. They perceive the Buddhist Yanmen population as being profoundly superstitious and so feared a Buddhist majority influx would have menaced centuries of harmonic coexistence among the villagers. Moreover, the building of the resettlement village would have meant the destruction of the Cizhong's rice paddies, which are a legacy of the Great Leap Forward times in the 1960s. Far from assuring self-sufficiency, the terraced paddies serve today as an important space for social interaction since planting rice assembles the collective labor of the entire village. Indeed, the news of the destruction of the

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<sup>149</sup> Eyler, Brian. *Last Days of the Mighty Mekong*. Zed Books, 2019

<sup>150</sup> Ibid.

<sup>151</sup> Ibid.

rice paddies caused the reaction of local villagers who saw it as a loss of part of their own identity<sup>152</sup>.

By conducting an analyses of the Cizhong case study in Vanclay's terms we can highlight three major categories of social impacts: Cultural Impacts, Quality of Living Environment (Liveability) Impacts and Economic Impacts and Material Well-being Impacts.

The religious component is what may create social tensions and make the Cizhong population feel anxious about the influx of newcomers. If this demographic process causes changes in cultural values, violation of sacred sites, the disruption of existing tradition etcetera, then an impact has occurred, if it is otherwise mitigated then the social process in motion do not lead to any impact.

From the Cultural Impact perspective, we can conclude that the influx of the Yanmen population, or its presence, does not represent an impact in itself, instead, "the impacts that will likely result from these change processes are changed perceptions about the nature of the community (communityness, community cohesion), changed perceptions about personal attachment to the community, and possibly annoyance and upsetness as a result of the project"<sup>153</sup>.

As for the second category of Impacts, Quality of Living Environment (Liveability) Impacts, the impact is not potential, but real. When central government officials arrive in remote areas they miss any notion of ethnic minorities identity, expectations, beliefs and to what really means to them as a way of self-expression and self-determination. During an interview of a local activist in Cizhong, she was claiming their own bonds with the landscape and opposing central government dispossession methods and said:

" How can a state own a river? The river, like the land and the mountains around us, is part of us"<sup>154</sup>.

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<sup>152</sup> Ibid.

<sup>153</sup> Frank Vanclay, *Conceptualising social impacts*, Tasmanian Institute of Agricultural Research, University of Tasmania, GPO Box 252-54, Hobart, Tasmania 7001, Australia Received 1 April 2001; received in revised form 1 November 2001; accepted 1 November 2001,

<sup>154</sup> Eyles, Brian. *Last Days of the Mighty Mekong*. Zed Books, 2019

Moreover, the destruction and re-use of a portion of the environment (rice paddies) has in fact created annoyance in the population and the “Disruption to daily living practices” deemed to be of great social and historical value. The “Environmental amenity value” of the rice-paddies has completely been neglected by local institutions and destroyed without consultation of the local population by creating dissent and depriving the community of physical spaces of leisure and recreation opportunities.

At this point I will focus on the third categories of social impacts, that in our case study depends upon compensation plans. The first issue arising from compensation plans is determined by conceiving methods and principles they are built upon. Local communities living in the region traditionally depend on the rivers and available natural resources surrounding their settlements as their main economic income. Those non-marketable resources are completely neglected when officials start accounting households’ assets. Thus, the impeding access to formerly available natural resources results in the impoverishment of local communities that still rely on traditional ways of living unknown to government official coming from cities.

The Cizhong case study clearly show how social impacts that may arise from social processes, triggered by a central goal-setting political system in our case study, that has translated in the realization of mega infrastructure projects, are profoundly multilayered and entails many aspects of both the individual and community living spheres that have been completely neglected at the moment of policy making and policy delivery.

The construction of the Upper Mekong dam has severely altered the river level downstream impacting fishery communities’ livelihood. Our second case study entails the following indicative categories of impacts: Health and Social Well- Being Impacts, Quality of Living Environment (Liveability) Impacts, Economic Impacts and Material Well-being Impacts...

Chinese dam operators started to share information with the Thailand government about dam’s operations but riverside communities had no access to information sharing. At a meeting of the village heads, the leader of Hualeuek village, Porlong Tuangsook, stated:

“In the past before all this dam construction, we ate well, lived well, and slept well. We only had to fish for one or two hours a day before there was enough to eat and sell at the market”.

The present statement is a perfect exemplification of the complexity of impacts that riverside communities had to struggle with after the realization of dam projects.

Before going deep in the analyses of our case study, we need to focus on the different relations impacts have to a due intervention (direct and indirect) and their orders (first order changes and second order changes). A supposed intervention can directly result in social change processes (first-order changes), but the latter can lead to *second- and higher-order change processes*. Social change processes can also provoke biophysical changes, thus affecting environmental functions. For instance, the resulting reduction of resources availability affects income, which is defined as an indirect social impact.<sup>155</sup>

Going back to the analyses of our case study, biophysical changes (fish breeding diminishment) caused by the intervention (dam building) have indirectly produced human impacts that in their turn had triggered social change processes (migration)<sup>156</sup>. Biophysical changes have severely impacted *Nutrition (adequacy, security and quality of individual and household food supply)* and altered the quality of daily life economic activities adding up *Workload (amount of work necessary in order to survive and /or live reasonably)* for riverside communities, and impacting the *Standard of living, level of affluence (a composite measure of material well-being referring to how well off a household or individual is in terms of their ability to obtain goods and services [--])* of the affected community. Moreover, the Scarcity of food results in *Mental health and subjective well-being* related issues that are a major source of *Uncertainty (being unsure about the effects meaning of a planned intervention)* for disadvantaged groups.

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<sup>155</sup> Slootweg, Vanclay and van Schooten, Integrated framework for environmental and social impact assessment, as quoted in: Frank Vanclay, *Conceptualising social impacts*, Tasmanian Institute of Agricultural Research, University of Tasmania, GPO Box 252-54, Hobart, Tasmania 7001, Australia Received 1 April 2001; received in revised form 1 November 2001; accepted 1 November 2001, p. 191.

<sup>156</sup> Ibid.

Dam building has impacted fish breeding, thus many households started migrating towards cities in seek of jobs starting new social change processes.<sup>157</sup>

Our next case study explores an even more problematic issue: *Integrity of government and government agencies- absence of corruption, competence in which they perform their tasks*. The corruption of local and provincial governments and the lack of transparency in the negotiation process with dam building companies often leads to the marginalization of stakeholders and their silencing during the sustainability assessment stage.

The Nam Ou River is a major tributary of the Mekong River whose headwaters are located in the Chinese Yunnan province, the river flows through the Phongsaly and Luang Prabang provinces in Laos. The construction of a dam has caused the flooding of two villages and the resettlement of 300 people belonging to northern Lao ethnic groups. The construction of the resettlement village has impacted the *Adequacy of physical infrastructure (impact on the existing infrastructure of the community -water supply, sewage, land, roads, etc)*, the new village has been built upon hard soil and people were not compensated with fertile land to plant crops, resulting in the impoverishment of the resettled community. Inhabitants were all old people and had to sway from the new village to the old one to plant crops and collect food, disproportionately adding *Workload* to their daily activities, or otherwise accept to be indebted to rent land from other villages, seeing their *Autonomy (changes in an individual's independence or self-reliance)* compromised. To conclude, we can state that most of the times resettlement programs prove to be profoundly inadequate causing the *Economic dependency or vulnerability (the extent to which an individual or household, or higher entity, has control over economic activities, the degree of incorporation into larger production systems)* of local communities that are deceived from local authorities and are inadequately prepared for social changes that have to struggle with. One of the leaders complained that as soon as they had moved to the resettlement village *Death in the community (loss of human & social capital)* occurred because people were "not able to take care one each other as they used to" do before. Moreover, *Access to public goods and services (Disruption to daily living practices (which may or may not cause annoyance)* has been denied, indeed in the resettlement village

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<sup>157</sup> Ibid.

inhabitants could not access the river anymore because it belonged to the village next to them, thus being deprived of a fundamental source of income.

The head of the village reported how the dam building company had betrayed the local community by repaying 6 months compensation over two-year assistance promised causing deep dissatisfaction among them (*Dissatisfaction- betrayal- due to failure of a planned intervention to deliver promised benefits*). When complaining with the dam building company they discovered their money had already been paid to the provincial government and were suggested to take up their concerns with them (*Integrity of government and government agencies- absence of corruption, competence in which they perform their tasks*). Provincial government had to ensure all the benefits were equally distributed among resettled people, that instead were now forced to live in extreme poverty (*Impact equity – notions about fairness in the distribution of impacts across the community*).

These case studies show the great impact that the construction of dams have, not only environmentally, but also socially. Beside changing the flows of rivers, dam-building “lead to human relocations and loss of livelihoods and culture”<sup>158</sup> that cannot be ignored during the planning phase. Consultation with local communities is a fundamental stage in order to mitigate the impact that may affect local communities and avoid great dissatisfaction and violation of human rights. In some cases, the agency of local activists has been successful in obtaining better compensation programs for local people or the phasing out of planned projects. This is the case of a project that involved the construction of 16 dams in the Nu River Valley, along the Myanmar border, in the Three Parallel Rivers UNESCO World Heritage region. This case draw the attention of the Chinese ENGO Green Watershed and the Canadian filmmaker Shi Lihong, who produced a documentary film untitled “Waking The Green Tiger”. This film shows how the concerted activity of local activists prevented villagers of the Nu River to blindly accept local governments plans to build more dams after the visiting of the Manwan Dam in the Upper Mekong<sup>159</sup>. The sharing of Shi Lihong’s film

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<sup>158</sup> Li, Yifei, Judith Shapiro, 2020. China goes green, coercive Environmentalism for a troubled Planet, Polity Press, 2020

<sup>159</sup> Ibid



resulted in the cancellation of 13 dams and better compensation for displaced communities of the Manwan.



Scene of the Canadian film “Waking the Green Tiger” (Marcuse 2011)<sup>160</sup>

Leaving aside dam building, I will now focus on other major debated social sustainability issues related to the realization of mega projects infrastructures, that is the import of Chinese labor force, that creates tensions with indigenous groups and is responsible for anti-Chinese sentiments in hosting countries.

As Yang Jiang of the Copenhagen Business School points out, Beijing truly sees its economic relations with developing states in Asia in line with “great power style” (daguo fengfan), or with China acting as a regional “benign hegemon.”

Laos has always been a contested zone of influence by neighboring countries because of historical reasons. In 2015 Laos Prime Minister, Somsavath Lengsavad, approved China-planned construction of a railway linking the city of Kunming to the ancient capital of Luang Prabang and till the modern capital Vientiane<sup>161</sup>.

The railway would cost Laos USD 6.2 billions, almost half of Laos GDP in 2016. The Chinese government lent USD 480 million. To construct the railway 50.000 Chinese workers moved

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<sup>160</sup> The documentary shows social and environmental costs caused by the building of a dam on the Upper Mekong, that has deprived minority groups from fisheries.

<sup>161</sup> Ibid.

in the country and occupied northern Laos. Detractors of the project saw it as a new form of colonialism, in a country that counts a population less than 7 million, with Chinese immigrants representing 20-30% of the population. Local government sent land to Chinese investors who were converting soil use by completely destroying natural landscapes. Moreover, Chinese laborers built road networks to link mining sites and started investing in dam-building on the Mekong tributaries, around Vientiane. Chinese laborers were preferred to local because they “are willing to work harder, and they are much more reliable than the Lao people, what’s more, The Lao ask for higher wages”. Chinese migration became a relevant phenomenon causing discontent among Lao people who saw their culture at risk. Locals complained everything in northern Laos had become “Made in China”, whereas Chinese immigrants were disrespectful of the Lao people and their habits. According to some detractors China real motif for the building of this railroad is to gain commercial control over northern Laos and impose Chinese values and the Chinese culture over the country<sup>162</sup>.

In this chapter it has been demonstrated how each human intervention starts social processes. Social processes may end up in social impacts, positive or negative, that must be properly assessed and mitigated in order to avoid disastrous consequences for impacted communities. The Assessment of social impacts is problematic to the extent that social sustainability issues are indefinite and endless. An exhaustive enumeration may not exist, scholars have proposed some groupings and categorizations, that remain indicative in their nature. In the next chapter we will focus on tools and ways expert may adopt in order to cope with social impacts and try to propose examples of “good practice” and positive results that have resulted.

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<sup>162</sup> Ibid.

#### Chapter 4: Social sustainability issues, how to cope with?

In the previous chapter we have seen how many impacts may affect communities deemed to host facilities that most of the times are sponsored as necessary and useful by the official propaganda. In China, central governments' target setting policies completely neglect local communities needs and so do officials appointed to implement them. Moreover, these latter have little or no notions of traditional ways of living adopted by local communities or ethnic minorities groups from a social, cultural and economic perspective. Interest groups behavior and local governments corruption affects vulnerable groups adding even more burden on their already precarious living conditions. As it has been demonstrated in chapter three through the analyses of our case studies, affected communities are ill-prepared to face direct and indirect impacts connected to projects building. But how to cope with these issues? Which solutions there have been elaborated? Which are the instruments developed?

Along this chapter I will explore tools and instruments adopted in what is deemed as "good practice" in the assessment and mitigation of social impacts. I will demonstrate how broad-based participation and local communities' consultation in the project development stage is essential to limit oppositions in the operational stage. We will see how the active involvement and participation of stakeholders may have the positive effect to reduce

impacts and to find out innovative solutions in a sustainable pattern of development. Finally, I will explore solutions offered by China at home, and try to put them in connection with the BRI framing.

The international community claims for a thorough involvement of Beijing to regulate Chinese actors' operations in BRI-signing countries is forcing China to act, to overcome limits and find out spaces of improvements.

In order to understand how to develop "good practices", we need to come back to the definition of governance, its attributes and scopes, understand how societal contexts regulates and where to intervene to solve issues and produce changes in the long term.

First, we need to thoroughly understand intrinsic components of governance: institutions, structures and processes. Institutions refers to rules, both formal (laws, policies) and informal (social norms, cultural context), that shape the way citizens and stakeholders interact among themselves. From an individualistic perspective, institutions are the values that define cognitive attitudes and emotions, while collectively they shape norms that regulate each societal context. In an external projection of norms, institutions are defined as rules, policies and laws, that are normative of the functioning of each societal environment. Structures entails formal and informal bodies, organizations and network of actors that perform governance functions. Last, processes refer to the way governance function (e.g. negotiation, policy formation, conflict resolution) and performance realized.<sup>163</sup>

Many and manifold are the theories that have been elaborated about governance, each fostering the pursuance of certain objectives. In his theoretical system, Bennet Satterfield have highlighted four distinct objectives intrinsic to governance and linked them to governance pillars. The four objectives are effectiveness, equitability, responsiveness and robustness. (1) Effective governance ensures the integrity of the system, its maintenance and functioning; (2) equitable governance grants inclusiveness and fairness of processes and outcomes; (3) responsiveness enables adaptation to diverse contexts and changing

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<sup>163</sup> Nathan J. Bennett, Terre Satterfield "Environmental governance: A practical framework to guide design, evaluation, and analysis", *Conservation Letters*, Wiley Periodicals, Inc, 2018;11:e12600

conditions; and (4) robust governance embeds functioning institutions, their maintenance and performance, and their ability to cope with unexpected events<sup>164</sup>.

All these four objectives must be simultaneously considered in decision making processes. For governance to be effective the following attributes must be present: direction, coordination, capacity, information, accountability and efficiency. When visions, objectives, goals and scopes are clearly defined, and different roles and functions coordinated and complemented with skills and resources (capacity) the planning process may take place. Notwithstanding this, in order to be effective planning and decisions must be informed by the best available knowledge, that must proceed from all available sources. At this point, mechanism must be in place to hold governors accountable, and grant that decisions are followed, and actions taken. The second objective, equitability, is meant to produce socioeconomic outcomes that are inclusive, participatory, fair, and just. Different stakeholders are representative of different cultures, values, beliefs and thus each carry particular interests that ask for negotiation. The third objective, responsiveness, is very linked to the previous one and ensures that governance adapt to different socioeconomic contexts. The basic assumption is to leave aside the one-size-fits-all approach (一刀切 *yidaoqie*) and ensure a more flexible stance in respect to local realities. The last objective, robustness, is meant to grant that institutions are long-standing and persist over time<sup>165</sup>.

For the purpose of the present study, I will further explore the second objective that is played in the social field and is meant to realize a socially sustainable community.

According to Bennet Satterfield's framework, equitability has the following attributes: recognition, participation, fairness and justice. The basic assumption is that policies and processes are inclusive and recognize diverse stakeholders' values, cultures, perspectives, knowledge system and rights. Special attention must be devolved to already marginalized and vulnerable groups that most of the times stay unheard and suffer even more burden<sup>166</sup>.

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<sup>164</sup> Ibid.

<sup>165</sup> Ibid.

<sup>166</sup> Ibid.

Social Impact Assessment (SIA) has become paramount in the process of evaluation of social consequences of human actions in the planning phase of development projects. By quoting Frank Vanclay we can define SIA as “the process of assessing or estimating, in advance, the social consequences that are likely to follow from specific policy actions or project development, particularly in the context of appropriate national, state or provincial environmental policy legislation”<sup>167</sup>.

The importance of assessing social impacts is not limited to minimizing harm but to produce benefits to local communities that host a facility. SIA should be the mechanism in place that ensure benefits are delivered to stakeholders and grant monitoring in the post project phase and eventually put in place mitigation processes<sup>168</sup>.

Long-term success of projects requires “social licence to operate” that refers to the acceptance a project has gained over stakeholders. Stakeholders entrust companies to operate when they feel business values and operations are compliant and respectful of social norms and meet their expectations. In this sense, social licence is a form of social contract whose normative components are legitimacy, credibility and trust<sup>169</sup>.

But as we have previously seen, communities are not homogeneous in their composition, instead they are the product of stakeholders’ groups where each has its own peculiarities and claims its own interests. As Melanie Dare suggests in her paper “*to operationalise social licence, it needs to be understood as a continuum of multiple licences achieved across various groups within society*”<sup>170</sup>.

Social licence varies in scale - local, regional, social- and interests to be negotiated. Different stakeholders carry different interests, some may not be represented at local scales but overrepresented at regional or social scales. Thus, the influence certain stakeholder groups may exercise over decision-making varies in respect to others, that instead may stay

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<sup>167</sup> Burdge R, Vanclay F. Social impact assessment. In: Vanclay F, Bronstein DA, editors. Environmental and social impact assessment. Chichester: Wiley, 1995. pp. 31 – 65

<sup>168</sup> Frank Vanclay (2020) Reflections on Social Impact Assessment in the 21st century, *Impact Assessment and Project Appraisal*, 38:2, 126-131, DOI: 10.1080/14615517.2019.1685807

<sup>169</sup> Melanie (Lain) Dare, Jacki Schirmer & Frank Vanclay (2014) Community engagement and social licence to operate, *Impact Assessment and Project Appraisal*, 32:3, 188-197, DOI: 10.1080/14615517.2014.927108

<sup>170</sup> Ibid.

unheard. This notion becomes relevant for determining the development of community engaging practices relevant in SIA. Effective community engaging practices may turn negative legacy experiences in trust and make community feel their concerns have been heard and operationalized, thus according social licence to operate<sup>171</sup>.

This definition well depicts the heterogeneity of social contexts where SIA is conducted, with stakeholders claiming each their own interests, and SIA experts required to carry out negotiations. Good engagement practices will result in fewer negative social impacts and more positive benefits distributed among stakeholder groups.<sup>172</sup> In this perspective social licence becomes fundamental in respect to what makes the difference in between social processes and social impacts.

Hanna and Vanclay claim that *“For projects to truly get a social licence to operate, communities need to have more autonomy and decision-making power, including the ability to determine their own future”*<sup>173</sup>.

In this perspective it is essential to engage community and to start broad consultations with stakeholders. Morsing and Schultz (2006) identify three strategies for community engagement in the field of Corporate Social Responsibility (CSR): stakeholder information strategies; stakeholder response strategies; and stakeholder involvement strategies. These three strategies differ for the different level of stakeholder’s engagement. Stakeholder information strategies are conceived as a one-way flow of information, with minimal society involvement. Stakeholder response strategies imply some feedback tools, but both information and power sharing are inadequate. The latter, stakeholder involvement strategies still maintain information sharing imbalances, but power imbalances are reduced, and frequent and systematic consultation may prove to be transformative.

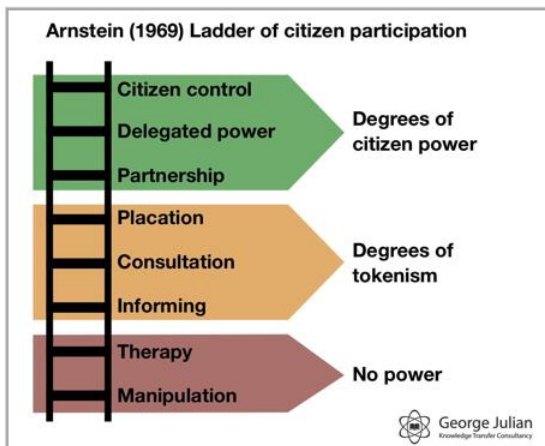
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<sup>171</sup> Ibid.

<sup>172</sup> Ibid.

<sup>173</sup> Hanna P, Vanclay F, 2019. “Human rights, Indigenous peoples and the concept of Free, Prior and Informed Consent”. *Impact Assess Project Apprais* 2013, 31:146-157.

In the field of the social sciences, Arnstein illustrates in his citizen participation ladder the many and different levels of stakeholder involvement that go from “Non-participation” to “Degrees of tokenism” to “citizen power” (Fig. 1).



At the level of “non-participation” powerholders try to educate participant exercising “manipulation” and “Therapy”. In the middle stage, instead, participants are given the right to be informed and to have a say (“Consultation”), but have not been empowered to change the *status quo*. In a higher stage, “Placation”, stakeholders can advise powerholders, but still lack the power for decision-making. As the decision-making power is redistributed, we witness forms of “Partnership”, “Delegated power” and, at the highest level, “citizen control”<sup>174</sup>. In this perspective, we can advocate that the starting point for effective community involvement is the redistribution of power.

Box 1. SIA as an adaptive management process (after Franks 2011, 2012)

<sup>174</sup> Sherry A. Arnstein, “A Ladder of Citizen Participation”, AIP Journal, 1969.



(1) scoping and formulation of alternatives: The scoping phase sets the parameters for the later phases of assessment and management by determining the scale, timing, and focus of the assessment, as certaining who is likely to be impacted and identifying the actions that are likely to result in impacts. Scoping will begin by defining the purpose of the assessment and identifying background material that may influence the assessment. Alternative options should be formulated for later analysis and an initial appraisal of the impacts of these alternatives undertaken. The output of the scoping phase may be the definition of the objective, scope, scale, priority issues, and terms of reference for the phases of assessment and management to follow. Community engagement and participation especially important in the early phases of SIA.

(2) profiling and baseline studies: Social profiling consists of understanding the communities and stakeholders potentially impacted by the activity through social and economic research. Profiling involves analysis of the social and economic characteristics of a region at a given point of time. Scoping also involves understanding the nature of the organization undertaking the planned intervention. Baselines are an appraisal of the state of a community or social group before an activity takes place. Baseline studies provide a benchmark against which potential impacts can be anticipated and change measured. After a review of secondary information, and the identification of knowledge gaps, a program for the collection of primary data is developed.

(3) predictive assessment and revision of alternatives: During this phase likely impacts are identified and predicted, and their scale and significance evaluated, using technical and participatory methods. The choice of methods will depend on the nature of the activity and the stage of the development lifecycle. The outcomes of predictive assessment and analysis are usually prioritised by their scale and level of significance. They are used to provide feedback to stakeholders as well as to engineers and project developers in order to modify and revise the project, and enable them to decide which proposed project alternative best achieves the objectives of the project while still enhancing social outcomes and avoiding negative impacts. For project-level government regulatory approval processes an environmental impact statement is commonly prepared that also includes

analysis of social issues and preparation and consideration of the management and monitoring phases of SIA to follow to assist in decision-making about the project. For ongoing projects this phase can be undertaken periodically and be informed by the monitoring phase to follow.

(4) management strategies to avoid and mitigate negative social impacts and enhance positive impacts: The outcomes of the predictive assessment must then be embedded across all aspects of the planned intervention. This may take the form of a management system, impact and benefit agreements (with government, communities or Indigenous Peoples), social programs and initiatives and development of standard operating procedures for high-risk issues. Examples of management activities to address social issues include social impact management plans, cultural heritage management plans, community reference groups (sometimes known as community consultative committees), community development programs, trusts and funds, human rights and cultural awareness training (linked to human resources systems), and local procurement and purchasing policies. The socio-environmental aspects of change demand close integration between social and environmental management approaches.

(5) monitoring and reporting: The monitoring and reporting phase involves collection, analysis, and dissemination of information overtime. This phase can assist in refining assessments, track the progress of social impact management approaches and identify changes needed, report to communities on impacts and activities, and facilitate an informed dialogue around these issues. Complaints handling processes (also known as grievance mechanisms) and participatory monitoring processes are key activities during this phase

(6) evaluation and review: The final phase is to evaluate and review the assessment and management processes. An active and dedicated process of evaluation and review — and importantly, the adjustment of actions — are fundamental features. The reconciliation of impacts predicted during the assessment phase with the actual impacts experienced during implementation will assist in refining and improving future approaches

The United Nations Declaration on the Rights of Indigenous Peoples, moves a step further, by establishing 'free, prior and informed consent' (FPIC) as a mechanism to protect Indigenous peoples right to self-determination. *Free, prior and informed consent* (FPIC) can be defined as a formalized practice of community engagement with the final purpose to obtain social licence. The concept of free, prior and informed consent (FPIC) gives local communities the ability to have a say over a project, before any activity on land has been started <sup>175</sup>.

Engagement should be: (1) "Free", meaning that there must be no coercion, intimidation, manipulation or retaliation by companies or governments; (2) "Prior" meaning that consent should be accorded before any activity is commenced and any consideration has been done by affected communities; (3) "Informed" meaning that project developers guarantee full disclosure of their plans in a proper language that is understandable for affected communities, or that companies invest to provide local communities with adequate tools for them to gain knowledge about the project and social impact they will face; and (4) "Consent", meaning that communities can either say yes, if they are satisfied with benefit sharing and development opportunities, or say no if they consider the deal to be unacceptable. Moreover, consent must be widespread and accorded by the community as a whole and not just by elite groups.<sup>176</sup>

Active participation in the decision-making processes is the pre-requisite to build stronger communities and to empower non-state actors in planning and policy making. It is just through participation that communities have the chance to express their needs and wants and may see their interests represented in policy making, delivering and monitoring. Healey has labelled the process as "collaborative governance"<sup>177</sup>. Scholars have found out that a greater involvement of stakeholders and broad-based consultation in policy making

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<sup>175</sup> Rodhouse, T & Vanclay, F 2016, 'Is free, prior and informed consent a form of corporate social responsibility?', *Journal of Cleaner Production*, vol. 131, pp. 785-794. <https://doi.org/10.1016/j.jclepro.2016.04.075>

<sup>176</sup> Quoted in Rodhouse, T & Vanclay, F 2016, 'Is free, prior and informed consent a form of corporate social responsibility?', *Journal of Cleaner Production*, vol. 131, pp. 785-794. <https://doi.org/10.1016/j.jclepro.2016.04.075>

<sup>177</sup> Quoted in: Colantonio Colantonio, Andrea, 2007. "Social Sustainability: An Exploratory Analysis of its Definition, Assessment, Methods, Metrics and Tools, in "Measuring Social Sustainability: Best Practices from Urban Renewal in the EU, EIBURS Working Paper Series, Oxford Institute for Sustainable Development (OISD), Oxford Brooks University, 2007.

results in a more efficient policy delivering and prevent from conflicts at the implementation stage.

International organizations, Financial Funds and Multilateral banks have all adopted Guidelines that require business organizations to conduct a wise scrutiny of social impacts before project approval. These principles are codified in the United Nations “Guiding Principles on Business and Human Rights”, the “International Finance Corporation’s Performance Standards for Environmental and Social Sustainability”, and the “Guidance document on social impact assessment” of the International Association for Impact Assessment.

The United Nations released “*Guiding Principles on Business and Human Rights (UNGP)*” establishes that industry organizations and companies have a responsibility to protect human rights. Moreover, they must address not only impacts they are directly responsible for, but also third parties produced impacts. In any case companies should tolerate human rights abuse, instead, business organizations should promote positive change in their business partners and have a positive influence that benefits local communities. In order to do so, businesses entities must have policy and procedures in place, a grievance redress mechanism and budget allocation to face human rights issues<sup>178</sup>. Notwithstanding this, when we pass to analyze what really happens in practice the picture is less positive. At the corporation level, some changes have occurred due to the recognition that social issues may turn in business risks and create major issues, delays, stoppages, additional cost, among the others<sup>179</sup>, but there is still a long way to go before we can reach an institutionalization of social issues assessment and mitigation in the way the UNGP foresee.

In this perspective the legal and political frameworks become of paramount importance. In a complex social and community settings, only when negotiation among different interests occurs, then fairness may be granted. Through power sharing mechanisms, socioeconomic benefits burdens are fairly shared and disadvantaged groups represented. But, for

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<sup>178</sup> Frank Vanclay (2020) Reflections on Social Impact Assessment in the 21st century, *Impact Assessment and Project Appraisal*, 38:2, 126-131, DOI: 10.1080/14615517.2019.1685807

<sup>179</sup> Frank Vanclay, Principles to gain a social licence to operate for green initiatives and biodiversity projects, in *Current Opinion in Environmental Sustainability*, Volume 29, December 2017, Pages 48-56

governance to be equitable laws and policies must be present to protect local rights, to grant heaven access to justice to all social groups, and mechanisms for compensation and reparation must be in place<sup>180</sup>. In lack of these prerequisites, the process may not be effective and positive results may hardly be reached. Indeed, Many are the limits that may invalidate the process of assessment and affect the integrity of the system: first, the independence of consultants; local leaders and even researchers are too often co-opted by companies' staff to gain their support, representing an important limit to the correct estimation of impacts that goes at the expenses of local communities.<sup>181</sup> Second, co-optation leads to deceptive practices like whitewashing, greenwashing, bluewashing and the like that overstate benefits for local communities, and understate negative impacts<sup>182</sup>. Third, corruption may invalidate the assessment process, that in turn will be completely ineffective to influence decision making and improving affected communities living conditions. In the words of Esteves et al: "*Too often, EIA and SIA are window-dressing or greenwashing, serving to do little more than legitimate inappropriate projects*".<sup>183</sup>

Beside this, even when all prerequisites are respected and good practice realized, SIA proved to be borrow in its scope. For instance, the focus is limited to the estimation of impacts, but there is no mention of the monitoring and mitigation of impacts forecasts. For this reason, scholars suggest that progresses have to be done in the field, and propose new methods for assessing projects. Vanclay proposed to assess a *Social Impact Management Plan*, rather than a single statement of impacts<sup>184</sup>.

However, SIA suffers many conceptual weaknesses because "SIA is a product of Western culture, steeped in the positivist tradition, often overstating its scientific strength and

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<sup>180</sup> Frank Vanclay (2020) Reflections on Social Impact Assessment in the 21st century, *Impact Assessment and Project Appraisal*, 38:2, 126-131, DOI: 10.1080/14615517.2019.1685807

<sup>181</sup> Frank Vanclay, Philippe Hanna, *Conceptualizing Company Response to Community Protest: Principles to Achieve a Social License to Operate*, Urban and Regional Studies Institute, Faculty of Spatial Sciences, University of Groningen, 9700 Groningen, The Netherlands, 20 June 2019.

<sup>182</sup> Ibid.

<sup>183</sup> Esteves AM, Franks D, Vanclay F, 2012. "The state of the art of social impact assessment. *Impact Assess Project Apprais* 2012, 30: 35-44.

<sup>184</sup> Franks, Daniel M., Frank Vanclay, 2013. "Social Impact Management Plans: Innovation in corporate and public policy" *Environmental Impact Assessment Review*, Volume 43, November 2013, Pages 40-48

efficacy”<sup>185</sup>. Indeed, when considering projects in developing countries a major complexity is linked to structural issues that SIA may not overcome.

The Social Impacts Assessment has borne in North America, in a specific socio-economic and political context, where public participation was encouraged and supported by political policies. This is not the case when analyzing developing countries, where one of the major limits is represented by limited public participation. In such contexts, without significant structural reforms, weaker groups will continue to stay unheard, while elite groups will manipulate SIA to legitimize projects. In this scenario local communities living conditions will worsen and existing social issue become even more acute.

As the World Bank suggests, when considering projects in developing countries, SIA needs to be considered more as “a framework for incorporating participation and social analysis into the design and delivery of development projects” and/or as “a process for research, planning and management of change arising from policies and projects”<sup>186</sup>. However, when analyzing the effectiveness of SIA in developing countries one must consider structural, cultural, historical and practical barriers that it faces and that affect its implementation as a tool that grants public involvement in decision- making, otherwise called participatory planning<sup>187</sup>.

For the purpose of the present study and with the mere purpose of exemplification of monolithic political power structures that characterize most of developing countries, I will explore the implementation of SIA for land requisition in the Chinese province of Guangzhou.

Urbanization has caused land requisition in China, creating social tensions and public opposition to local governments. Lacking knowledge to defend their interests, Chinese peasants have been the most vulnerable and marginalized groups. In the nest of power

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<sup>185</sup> Derman, W. and Whiteford, S. (eds). 1985. *Social Impact Analysis and Development Planning in the Third World*. Boulder: Westview Press, pp. 1-15.

<sup>186</sup> World Bank, 1995 in Taylor et al., 1995, p. 1.

<sup>187</sup> Bo-sin Tang, Siu-wai Wong, Milton Chi-hong Lau, *Social impact assessment and public participation in China: A case study of land requisition in Guangzhou*, *Environmental Impact Assessment Review* 28 (2008) 57–72

relations played between the Chinese government, project developers and investors, peasants have seen their culture and lifestyle severely affected or even destroyed for little or no benefits. In this scenario mainland scholars started advocating the implementation of SIA as a tool to tackle such problems and limit social impacts caused by urbanization planning<sup>188</sup>.

As it has been previously exposed in this paper, effective SIA rely on public participation. Having originated in the West, SIA underpinnings are democratic and liberal values, thus in developed countries its final scope is to guarantee and protect the democratic right to public participation. When we transplant SIA in a different cultural and political setting, what we need to understand is that institutions and structures change and SIA underpinnings may do not find their jurisdictional background. Participatory planning in China is a relatively new phenomenon and obstacles to its effective implementation are rooted in its historical, cultural and structural contexts<sup>189</sup>.

At a structural level, authoritative and monolithic political systems, which are common in the developing world, tend to resist public participation and to create many barriers to SIA effective implementation.<sup>190</sup>

SIA implementation in developing countries has been encouraged by international financial institutions (e.g. the World Bank) as a condition to obtain international aid; instead of being conceived as a planning tool to be implemented for a more equitable social environment, it has become a window-dressing mechanism to legitimate project building. At an operational level, limited financial resources, the lack of trained personnel and shortage of technical capacities significantly limit the possibilities to conduct efficient SIA in China.

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<sup>188</sup> Ibid.

<sup>189</sup> Ibid.

<sup>190</sup> Burdge RJ. The benefits of social impact assessment in third world development. *Environ Impact Assess Rev* 1990;10:123–34, quoted in Bo-sin Tang a,\*, Siu-wai Wong b , Milton Chi-hong Lau, Social impact assessment and public participation in China: A case study of land requisition in Guangzhou, *Environmental Impact Assessment Review* 28 (2008) 57–72

Like it has been the case in the Western World, SIA was not directly and independently introduced in China. In the 1979 EIA submission became mandatory in China, after the promulgation of the “Environmental Protection Act of the P.R. C. that required all enterprises (*qiye* 企业) and administrative work units (*shiyewanwei* 事业单位) to submit EIA to the environmental protection departments. By starting from the late 1990s, that EIA in China started to begin more socially-focused, later, in 2003, was further promulgated the Environmental Impact Assessment Act of the P.R.C. to clarify scopes and procedures of an EIA process. However, what was and still is problematic is how social issues are to be formally and separately assessed in an EIA.

From a cultural viewpoint, participatory planning in China faces the obstacle of a long-standing bureaucratic culture and the so-called “expert-cult” (专家崇拜 *zhuanjia chongbai* ). Limited participatory models originate from the assumption that the public still lacks the knowledge and capacity to participate in policy formulation and decision making, which contrast with the necessity to dispose of all available sources of information to properly assess social Impacts.

Even when we analyze cases considered as successful, constraints and obstacles persist and affect the efficacy of SIA process. The Guangzhou Development District (GDD) is a rapidly urbanizing and industrializing area in the city of Guangzhou, in southern China. The development of Guangzhou Science City (GSC) in the GDD required the requisition of adjacent village land. The government operation was characterized by a long planning strategy articulated in different phases. A working group of 50 members headed by the Director of the GDD Administrative Committee was appointed to manage the program.

Due to the lack of a national legal framework, the first phase was devoted to the promulgation of guidelines for compensation and resettlement. Initial surveys to gather information about property ownership and household status were conducted by a cross-department workforce. Initial surveys resulted in several drafts proposals that were circulated within the governmental departments for discussion with the involvement of village representatives. The second phase was about staff training: project staff, local officers and village leaders. This workshop had to spread knowledge about the project, its strategic



value, relocation and compensation guidelines significance and more importantly to gather the opinions of the villagers on the resumption program through their village leaders. The questions and concerns raised by the villager representatives were recorded, discussed and fed into the improvement of the program. The third phase was to carry out extensive publicity campaigns at an early stage of the project to ensure the relocation program could succeed. Following the publicity campaign, the GDD carried out extensive and detailed housing condition surveys to ascertain the ownership titles and confirm the physical conditions and floor areas of each resumed village house. The survey results were posted on public notice boards for open inspection by the villagers. Furthermore, the survey findings contributed to the revision and enhancement of the compensation policy previously drafted. Based on more detailed survey results, the working group of the GDD was able to rectify previous loopholes in its initial set of compensation and publish more comprehensive guidelines for compensation assessment.

The final stage involved the signing agreements for title transfer. To expedite this process, the GDD put forward a policy “teaser” under which the amount of ex-gratia payment would be increased for earlier acceptance before the final deadline.

Apart from the village leaders, another target group comprised GDD officials who either came from the affected villages or had close relatives living there. These two key groups were invited by the GDD Committee to attend a series of “ideological and moral education” programs that communicated to them the rationales and benefits behind the GSC development. These were considered as essential “mind-engineering” activities that helped to win the support of these leaders in spearheading and implementing the actual land requisition program. Thus, communication was mainly top-down; by means of intensive contact and education, the village leaders and local officials began to share the mission of the proposed GSC project.

The GSC project has been considered as “highly successful” because social outburst and public demonstrations were avoided. Notwithstanding this, many and manifold are the constraints to the effective implementation of SIA. This consideration in relation to what is deemed a “successful case” clearly suggests China has still a long way to go in this field.

Nowadays, local governments in China are becoming aware of the importance to safeguard a sound ecologically and social environment in order to attract foreign investors, foreign talents and expertise, and to ensure sustainable development after decades of massive urbanization and indiscriminate pollution. At the national level the promotion of Strategic Environmental Assessment (SEA) may mark a significant change by transferring issues analyses from the project level to the policy level, leaving open the space for the development of a more integrated system where SIA is a tool for the promulgation of socially sustainable policies.

One major obstacle to speed up this process is the lack of an integrated set of procedures that are consistent with national laws and regulations. Moreover, SIA in China is still part of the EIA, then clear guidelines are needed to define scopes and procedure for assessing social impacts of development projects. Finally, Environmental protection departments should be empowered to approve SIA and enforce its results, while a controlling and sanctioning mechanism should be put in place to ensure SIA effective implementation and enforcement.

In our case study, the GDD is in a stronger position compared to similar local organizations in China; as managers of an economic zone, GDD officials are used to relate to international community members and are open to embrace progressive ideas and concepts and increase management and governance capacities. Notwithstanding this, structural and operational limits were persistent and biased the entire process. The Comprehensive Environmental Management Bureau (*Huangjing Zhonghe Guanliju* 环境综合管理局) was established for carrying out EIA in the GSC development projects. However, in the GDD case, senior-level project decisions were prevalent over the EIA prepared by the Bureau that became nothing but a whitewashing mechanism.

A more important obstacle is evident at the operational and cultural levels. Many local officials do not see any advantage in the implementation of EIA/SIA, that are rather perceived as obstacles to development. For instance, in the GDD relocation projects, formal EIA/SIA analyses were not undertaken. This was because the local officials neglected the

importance of impact assessments and were worried about causing delays to the development project.

The GDD Authority used limited public involvement tools: public meetings, hotlines, suggestion boxes, representation by village leaders and so on. Instead, Public Participation may be considered effective when its final scope is to inform decision making and find out alternatives that may reduce social impacts for affected communities. In the case of the GDD, community involvement was deemed to gain consent to already-made project decisions, that has little to do with public participation and public empowerment. Reasons for this are rooted in the Chinese traditional culture where the public delegate their welfare to benevolent officials that operate on their behalf.

Finally, we cannot avoid to recognize that there is a fundamental ideological conflict between the celebration of the “public interest”, “collective interest”, “national interest” “serving the masses” ideological values proper of the Chinese State political System, and the Social Impact Assessment ideological underpinning of respect for the individual that should never be sacrificed in the name of development.

We have seen what happens in China, domestically, when dealing with EIA/SIA; coming back to our main topic, The Belt and Road Initiative, China has answered to the international community claiming for a thorough involvement of Peking for green development, inaugurating the so called “Green Belt and Road Initiative”, that fosters green development and inaugurates the path toward environmental sustainability.

In the afternoon of 25<sup>th</sup> April 2019, Thematic Forum for Green Silk Road of the 2<sup>nd</sup> Belt and Road Forum for International Cooperation was held in Beijing, research findings and recommendation reports from the Advisory Council of the Belt and Road Forum (BRF) for International Cooperation highlighted that the Belt and Road Initiative and UN 2030 Agenda for Sustainable Development shared common goals and concepts: facilitating cooperation, implementation instruments and measures <sup>191</sup>. In his opening speech, Li

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<sup>191</sup> China Council for International Cooperation on Environment and Development (CCICED), Green Consensus and High Quality Development, CCICED Annual Policy Report 2020

Ganjie, Ministry of the Minister of Ecology and Environment, highlighted that it was since the 1<sup>st</sup> Belt and Road Forum that Xi Jinping proposed the establishment of the “Belt and Road International Green Development Coalition” to promote green development strategies implementation in all partner countries and realize win-win development and foster 2030 SDGs in all countries along the Belt and Road<sup>192</sup>.

Since the 2008 financial crisis outburst, the world has recognized the need to shift in towards new sources and patterns of economic growth. In this context, the Belt and Road Initiative (BRI) has been envisaged as China’s contribution to the international community to foster sustainable development<sup>193</sup>. Nowadays, it takes on new and deeper relevance amidst the global pandemic that has stricken the world, as it has become acutely clear that major international efforts like the BRI can help bolster cooperation against international challenges (pandemics, financial crises, climate change, global biodiversity loss etc.)<sup>194</sup>.

Beside this, how Nicholas Rosellini, UN Resident Coordinator, remarked, “the development of the BRI is faced with social, economic and environmental challenges. It needs to pursue inclusive and sustainable development of the environment and the society for synergistic effect with the 2030 Agenda for Sustainable Development”<sup>195</sup>.

Notwithstanding this, according to some scholars the association with the 2030 Agenda is to be ascribed to the China’s need to politically legitimize the Initiative, instead of having been adopted as a real contribution to face the international urgent need to embrace new developmental patterns of growth. According to the World Bank, the BRI has the potential to increase income in recipient countries and in the rest of the world (by 3.4% in BRI countries and by up to 2.9% for the rest of the world), and to provide infrastructures needed for the accomplishment of the SDGs. <sup>196</sup> Indeed, The World Bank reports that world community faces a financing gap of 2.1% of global GDP annually to 2030 in order to provide

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<sup>192</sup> Secretariat of BRI International Green Development Coalition, BRI Green Review 2019 Collection

<sup>193</sup> China Council for International Cooperation on Environment and Development (CCICED), Green Consensus and High Quality Development, CCICED Annual Policy Report 2020

<sup>194</sup> Ibid.

<sup>195</sup> Secretariat of BRI International Green Development Coalition, BRI Green Review 2019 Collection

<sup>196</sup> China Council for International Cooperation on Environment and Development (CCICED), Green Consensus and High Quality Development, CCICED Annual Policy Report 2020

the infrastructure that is needed to meet the SDGs. In this context the China-led BRI has the potential to take a leading role in closing those gaps in a manner that is aligned with the SDGs. For instance, the transport corridors of the BRI will significantly increase economic growth in BRI countries, the speed and efficiency of trade routes, connect isolated human settlements, and create better access to markets by facilitating the transportation of goods, services, and people across the world<sup>197</sup>.

As long as existing infrastructure projects on the Belt and Road are rebranded as SDGs-compliant without substantive change, no one will witness a re-shaping of the World system led by China as some may have envisaged since the inauguration of the BRI.

At the policy level some efforts have been accomplished, China has improved the BRI's top-level design and enhanced its cooperation mechanisms. In March 2015, the National Development and Reform Commission (NDRC), the Ministry of Foreign Affairs (MFA) and the Ministry of Commerce (MOFCOM) jointly issued their "Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road." The document proposes that China should promote ecological progress in conducting investment and trade, increase cooperation in ecological conservation, biodiversity protection, and climate change mitigation and adaptation. In 2017, the Ministry of Ecology and Environment (MEE, then Ministry of Environmental Protection) issued the "Belt and Road Ecological and Environmental Cooperation Plan" and launched the "Guidance on Promoting Green Belt and Road," which identified the roadmap for the development of a green BRI, together with the MFA, NDRC and MOFCOM<sup>198</sup>.

With the publication of Guidelines, Chinese companies are recommended to respect national laws when operating in recipient countries. What raises concerns is that, since all guidelines stay on a voluntary adoption base, at present still lack mandatory controls on investors by the Chinese government. Moreover, investors are required to adapt to national laws and regulation, where most host countries suffers from loose control, weak governance and dearth corruption. In addition to this, how it is has been demonstrated during the last

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<sup>197</sup> Ibid.

<sup>198</sup> Ibid.

COP 26, 27, China is still reluctant to fully commit to highly environmental and sustainability standards<sup>199</sup>.

China's influence is literally reshaping the world. Due to the Chinese immense purchasing power, the Chinese diaspora, its technological advance, China's influence is at once of economic, social, technological, and ideological character. Thus, China's potential to realize a green revolution is real but China must be willing to uphold its own domestic green economic policies and commitments abroad, instead of engaging in the so called "dirty migration", limiting itself to export issues from one place to the other. As Erik Solehim suggested the Coalition needs to work on three aspects: (1) Sharing the experience of China with the rest of the World; (2) taking the responsibility to lead cooperation among BRI participating countries with concrete projects and (3) developing common standards and guidelines to promote BRI green development and to contribute to the sustainable development of the globe<sup>200</sup>.

## Conclusions

Along these four chapters we have seen how the BRI originated and has been developing along this last decade. Chinese President Xi Jinping has linked his own mandate to the realization of the BRI itself. Has it has been thoroughly exposed in chapter two, the BRI is not just the product of a single state man, but it is more likely the result of changes occurred in a century in Chinese politics in both domestic and foreign affairs.

In a time characterized by geopolitical, political, economic, environmental and social challenges, the BRI proposes an alternative to the current American-led Western-centric world order. Many have been the reactions to the Chinese model, both positive and negative. The BRI has not developed in a systematic way, it has been evolving as a continuum of Memorandum of understanding (MoU) that China has signed with countries in its area of

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<sup>199</sup> Yi Fei Li and Judith Shapiro, *China Goes Green, Corcive Environmentalism for a Troubled Planet*, Polity Press, 2020

<sup>200</sup> China Council for International Cooperation on Environment and Development (CCICED), *Green Consensus and High Quality Development*, CCICED Annual Policy Report 2020

influence- at the inception of its program- and extended to the entire world, and even over. Nowadays, we can state that the BRI has really reached a global scale. The Initiative is unprecedented in its scopes, both politically, economically, socially and geographically.

Notwithstanding ambitious scopes and aims, the BRI faces operational limits that show the way it has been developing. The Initiative sponsors the building of mega infrastructure projects that pose sustainability concerns. Sustainability has become crucial in a time that urges action and that calls for change. In this perspective the development of a global scale Initiative is controversial and may produce unprecedented changes. Concerns are motivated by the sponsoring by Chinese actors (SOEs, financial institutions, private organizations) of mega-infrastructure projects in fragile ecosystem areas, where the absence of strict national laws and regulation add more risks to already vulnerable areas and social groups. The absence of a regulatory framework for Chinese actors' operations abroad exacerbates tensions created by the lack of transparency, the massive presence of Chinese workforce and the export of illegal activities in connection with mega-infrastructure projects. In this context of complex international relationships at all levels, phasing in and phasing out of the projects in relation to changes occurring at national governmental levels and worsening of local communities living conditions, non-state actors and civil society organizations call for a thorough involvement of the Chinese government in international operations funded by Chinese banks and financial institutions. As exposed in chapter three, Beijing has demonstrated to respond to the international claiming by issuing Guidelines and regulations. Notwithstanding this, the setting of no mandatory measures and voluntary adoption regulations appears more as whitewashing, greenwashing and bluewashing actions, instrumentally used by China to improve its international reputation and reframe its own international status as a Big power.

Passing to tools and instruments in place, Environmental and social impact assessment whose employment has been spread thanks to requirements of project financing procedures put in place by international financial institutions and multilateral development banks, we must note that they have originated in a specific political and societal context and that their export and adoption by cultural-distant settings may not give rise to efficacy assessment

procedures that perform the scopes that motivates their adoption. In the last chapter I have explored structural limits and cultural bias that affect the entire assessments process and that turn it into a window dressing mechanism.

The spreading of the BRI from a regional scale to a global scale, may lead us to following conclusions: (1) middle income and low income countries are eager to gain their own role at the international level; the signing of MoU and the approval of mega-infrastructures projects demonstrate the need to fill infrastructures gap and not be lagged behind; (2) the outburst of social conflicts and protests in BRI recipient countries and the action of national and international E/NGOs and social actors, demonstrate a growing global ecological and social conscience that overcome national borders for the claiming of environmental and social rights safeguard. (3) In authoritarian countries like China, public opinion is growing and civil society start asking for a more direct involvement in social development processes. (4) In a complex reality like the one we face in the current world, challenges and issues have reached global scale and ask for a global engagement and global solutions.

Further research should be conducted in the field of SIA/EIA to find out new models that can fit developing countries features and contexts and solve intrinsic existing contradictions on the models adopted today. Researchers should engage to institutionalize processes of public engagement and public participation in authoritarian power states, where they suffer from cultural bias, trying to reduce invalidating factors and improve their efficacy and efficiency in the planning, operating and monitoring phases of infrastructure projects.

As for China, the BRI can turn into an opportunity to spread knowledge and better practice and institutionalize norms and regulations to which financial institutions, economic actors and state actors must comply with, posing the basis for a more sustainable model of development, that can operationalize its allegedly win-win cooperation framing. At present we do not know how China will act and whether or not it will take on responsibilities and actively answer to global challenges and claiming, taking the lead in toward a more sustainable and just model of development.



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