The Belt and Road Initiative (BRI): An AEPF Framing Paper

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Introduction

Since the launch of the BRI in 2013, 136 countries and 30 international organizations have signed BRI cooperation documents, received US$90 billion in Chinese Foreign Direct Investment (FDI) and exchanged US$6 trillion in trade with China.[1] President Xi Jinping has described the BRI as the 'Project of the Century', yet the motivations, aims and scope of the BRI have been continuously debated and the Chinese Government has struggled to put forward a clear narrative for the initiative.[2] At the same time, social movements, affected communities and non-governmental organisations across the globe have criticized BRI projects for harmful environmental, social and economic impacts, and resisted their implementation.

In 2018 at AEPF12 in Ghent, Belgium, the AEPF began analysing the BRI and sharing experiences relating to the BRI, continuing with a workshop in Amsterdam in June 2019. This paper outlines a framing for how the BRI could be understood that emerged from these two sessions. It is hoped that this framing paper will guide future AEPF work in relation to the BRI.

Capitalist crises with Chinese characteristics

The BRI is often described as a 'grand strategy', led by President Xi Jinping, or as China's version of the Marshall Plan.[3] In reality, the BRI is a broad framework of activities that seek to address a crisis in Chinese capitalism. It is therefore driven, not by a masterful geopolitically calculating President Xi, but by long-running politico-economic processes of capitalist development, which are prone to continuous crises that need to be managed somehow.

As explained by the geographer David Harvey, crises under capitalism are characterised by surpluses of capital and labour. These surpluses emerge, because capital cannot find profitable outlets, leading to "mass unemployment of labour and an overaccumulation of capital".[4] Capital is understood here as a process not a thing, whereby money is invested into productive labour in order to earn more money. If this process stops, the process of accumulation (and, hence, economic growth) also stops, leading to surpluses of capital (in the form of, for example, money or commodities) on the one hand and unemployed labour on the other hand. For governments in charge of capitalist states, such as China, these crises must be managed. If they are not managed, they can lead to significant social unrest, which could result, for example, in the toppling of existing governments.

One way of managing such crises, Harvey explains, is through what he calls a "spatial fix", that is, the "absorption of these surpluses through geographical expansion and spatial reorganisation".[5] The crux of such spatial fixes is to ensure that capital and labour can again be combined productively in the pursuit of profit. Spatial fixes can take many different forms, for example, the breaking down of trade and investment barriers that open new markets or physical spaces for investment and building of large-scale infrastructure that can both absorb surpluses needed for their construction as well as provide the means for the penetration of capital into new territories (for example ports, roads and railways facilitating new flows of commodities across the globe). These spatial fixes are discernible throughout the history of capitalist development. However, as the process of capital accumulation must continuously expand to avoid crises, so too must what Marx called the "annihilation of space by time" continuously speed up through new technologies and an ever deepening integration of territories across the world into a globalised system of resource extraction, production and consumption.[6] The character of spatial fixes throughout history have therefore continuously expanded in scale, in tune with the scale of the crises that they are supposed to fix. A concrete example: in the period from 1900 – 1999, the United States consumed 4,500 million tons of cement, which facilitated vast urban and suburban expansions and road networks connecting these new sites of consumption. Yet, in only two years (2011-2013) China consumed 6,500 million tons.[7] Despite their ever-expanding scale, such spatial fixes never fully resolve the crises, they merely shift them around spatially and temporally, ultimately leading to new and larger crises.

From this vantage point, the BRI is but the latest moment in the process of geographical expansion and spatial reorganisation following China's transition to a capitalist mode of production from the late 1970s onwards.[8] As elsewhere, this transition entailed significant spatial reorganisation internally in China. Under capitalism, as a World Bank dictum puts it, "[n]o country has grown to riches without changing the geographic distribution of its people and production."[9] Hence, "people and production" had to be reorganised. From the late 1980s, China has pursued an export-oriented industrialization model. A significant element of this model was massive investments in infrastructure, coupled with the development of special economic zones (SEZs) along China's Eastern coast and the uprooting of people across rural China to work in these new hubs, to facilitate the production and transport of goods for export. The SEZs in particular were based on a strategic "inviting in" of FDI through new regulations allowing for joint ventures based on the incoming foreign capital.[10] The broader strategy ensured spectacular economic growth rates and rising standards of living for significant portions of the population. Already in the 1990s, however, profitability squeezes were felt across a number of sectors, leading to initial political attempts to facilitate spatial fixes within China and beyond into neighbouring states.[11] Thus, in the late 1990s, Chinese corporations moved westwards into China's lesser developed central and western provinces, where provincial governments particularly sought projects in transport infrastructure, natural resource extraction and energy. At the same time, Chinese corporations began operating abroad, seeking new markets, technology, natural resources and infrastructure projects, including where labour costs were low(er). These westward and overseas expansions were led by large Chinese State Owned Enterprises (SOEs) but also involved private domestic corporations, including small-scale entrepreneurs.

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The central Government launched two policies in 1999 to encapsulate and encourage these activities under a national policy framework. The 'Great Western Development Project' (西部大开发) aimed to develop China's poorer western provinces by integrating them as sites of resource extraction and constructing economic corridors with newly built SEZs and high-quality infrastructure as well as connecting the western provinces to neighbouring countries. In this manner, the Great Western Development Project was the forerunner of the BRI. The 'Going Out Strategy' (走出去战略) supported the efforts of Chinese corporations expanding abroad.

While this periodically staved off the burgeoning signs of surpluses in capital (in the form of surplus industrial capacity and commodities that could not be sold at a profit), things came to a head in 2007-8 with the global financial crisis (GFC). With the ensuing crash in consumer markets in the United States and the European Union, export industries in China were badly hit leading to a 30 per cent contraction in exports.[12] The initial response of the Chinese central government was a massive stimulus package worth RMB 4 trillion (USD 586 billion) that facilitated provincial governments borrowing money to finance particularly further infrastructural development, "[r]eflecting the dominance of state-linked heavy industry and construction firms."[13] This led to massive expansions in road networks, water systems, airports and railways – consolidating the infrastructure investment-led growth model pursued since the 1980s. Thus, whereas in "2007 there were zero miles of high-speed rail in China" by 2015, "there were nearly 12,000 miles linking all the major cities."[14] These expansions account for the surge in use of cement, noted above, but China similarly accounted for at least half the global consumption of the world's economically key mineral resources, in turn fuelling all manner of land and resource grabs across the world to facilitate the extraction of all these minerals.[15]

Despite these attempted spatial fixes, the crisis in Chinese capitalism remained. By the early 2010s, provincial governments were heavily indebted, the state-linked or state-owned enterprises (SOEs) who had driven the infrastructure boom were facing profitability crisis and Chinese banks had over USD 3 trillion in foreign reserves sitting idle.[16] Domestic investments in infrastructure had resulted in a world-class transport system but also oversupplies in, for example, housing and energy. The post-GFC construction boom resulted in ghost towns where housing and infrastructure lay unused. Meanwhile the renewable energy construction frenzy under the Great Western Development Project has resulted in a surplus hydropower generation capacity of 69.1 billion kWh and surplus wind power generation capacity of 27.7 billion kWh, the equivalent of the total consumption for the Czech Republic and Ireland respectively.[17] At the same time, China's export-oriented model of development is reaching its limits. Wage increases in China have made manufacturing low-cost goods less competitive globally and the tendency of Chinese corporations to move out of China looking for manufacturing sites in other developing countries has deepened.

As any government at the helm of a capitalist state, the Communist Party of China (CPC) has a strong imperative to resolve the crisis, as the party's legitimacy rests on economic growth and its leaders fear political unrest that could result from high unemployment. Similarly, the success of provincial governments, and the career progression of their leaders, is closely tied to provincial economic growth rates.[18] The need to maintain high growth rates at the national and local level creates a strong imperative to implement policies and fund initiatives that can facilitate continued and expanding economic growth.

The BRI Framework

It was in this context, in 2013, that the BRI was launched. The BRI continues and expands the approaches of the 'Great Western Development Project' and the 'Going Out Strategy', as a means to address the same underlying crises emerging from China's capitalist development model. Pre-existing international and domestic projects such as the China-Europe Railways, the Pan-Asian Railway Network and the Piraeus Port in Greece have all been repackaged and rebranded under the BRI, while delayed or dormant projects have been revived as 'BRI projects'. By repackaging and rebranding existing projects or presenting new projects as part of the BRI, parties involved can access BRI related funding, the project is given the prestige of being part of a global initiative, and the Chinese Government appears to be leading the activities included under the initiative.

The campaign style mobilization of the BRI is common in Chinese policy making and implementation processes.[19] Major Chinese policies, e.g. the Great Western Development Project noted above, have tended to emerge from a combination of existing activities and particular interests, reflecting the balance of class forces and resultant struggles over resources.[20] Once momentum is reached around a policy agenda, the central Chinese Government develops a broad vision and directions in a campaign-like mobilization typified by slogans.[21] Deliberately vague policy documents and slogans can then be interpreted and implemented by sub-national governments, enterprises and other institutions as they see fit.[22] This allows both corporate actors and local governments to test their ideas and advance their own agendas, while the CPC maintains a semblance of control and leadership over activities across the country. The policy agenda being advanced under the BRI framework emerged through a similar process to become China's most prominent international initiative.[23]

Five key priority areas of the BRI are outlined in the Chinese Government's Visions and Actions document:[24]

1 **Policy Coordination**: synchronising the development plans of the countries involved and designing national and local policies to allow for BRI implementation.

2 **Infrastructure Connectivity**: improving the hard and soft infrastructure that connects the countries and regions involved, such as roads, ports, optical cables, satellites and customs IT systems.

3 **Free Flowing Trade and Investment**: removing barriers to international trade and investment, developing free trade zones and boosting international investment and trade.

4 **Financial Integration**: deepening financial cooperation, financing BRI projects, internationalising the Chinese currency (the renminbi), and strengthening the role of the Asian Infrastructure Investment Bank (AIIB) and other funds.

5 **Closer People to People bonds**: building "popular support" for the BRI, fostering closer ties between people and institutions across participating countries, and reforming China's aid programme.

Priority area number three 'free flowing trade and investment' is described as the "key substance" of the BRI and the other four areas contribute towards its realisation.[25] The trade and investment supported by the BRI can be in any sector, with significant investments in energy, natural resource extraction, communications, manufacturing, agriculture and tourism especially. While infrastructure construction encompasses all modes of transportation and communication including sea, air, road, rail, fibre optic and satellites.

Through the first priority area, 'policy coordination', the Chinese Government has promoted pro-free trade and foreign investment policies globally through international cooperation agreements on issues ranging from tax, investment and commercial dispute resolution, intellectual property and on sectors such as the 'Digital Silk Road', agricultural cooperation and maritime cooperation.[26] The Chinese Government has simultaneously been promoting Chinese standards internationally and adopting conventions to enable

Chinese companies to trade easier abroad, for example, the UN TIR Convention that China joined in 2018, which enables goods to be transported by truck across 73 partner countries with only one customs check. Meanwhile, the Chinese Government is also developing its own investment protection mechanism under the People's Supreme Court for investments made under the BRI, as an alternative to investor-state dispute settlements (ISDS), a mechanism Chinese academics consider to be dominated by western countries and agencies.[27] Yet, the Chinese government is also incorporating ISDS into different trade and investment deals, thereby converging with international practices, e.g. the EU-China International Investment Agreement that is set to be finalised next year includes an ISDS-mechanism.

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The construction of inter-connected infrastructure under priority area two not only provides work for Chinese construction companies, but also facilitates quicker circulation of capital and new flows of labour and information across continents. While large infrastructure projects such as ports, railways and pipelines have received the most media attention, soft infrastructure and less visible projects such as the Silk Road Fiber Optic Cable and BeiDou Navigation Satellite System have proliferated.

Likewise, the increased financial integration under priority area three, including easier financing, credit insurance, cross-border financial transactions and currency exchanges, enable corporations to operate abroad more easily. Some of these, of course, also reflect national-scale struggles, e.g. the internationalization of the RMB, that reflects particular interests within the People's Bank of China to spur on domestic reform processes.[28]

The fifth priority area, to build popular support for the BRI, represents a new approach for the Chinese Government and Chinese companies. Having faced widespread criticism for Chinese trade and investment abroad under 'Going Out', Chinese analysts, the Chinese Government and Chinese corporations have recognised the need to build "popular support" for BRI activities. While Chinese corporations are often adept at engaging foreign governments, they have, in many cases, struggled or failed to engage with affected communities and non-governmental organisations.[29] The suspension of the Myitsone Dam in Myanmar in 2011 and the recent cancellation of the coal fire plant in Kenya based on a court decision showed the importance of local popular support for the completion of BRI projects, without which, projects can be delayed, altered or cancelled due to local protests.

Popular support is being sought not only for individual projects, but also for the BRI as a whole with a strong focus on people to people exchange. This includes government-supported traditional 'international aid and development' style projects and humanitarian responses, and exchanges between institutions in China and participating countries. These exchanges frequently include study tours, exposure trips and Memorandums of Understanding (MOUs) organised by Chinese institutions for their counterparts in participating countries, including schools, cultural centres, sporting and religious organisations. This fifth priority area also encompasses and encourages for-profit activities such as tourism and the promotion of Chinese entertainment abroad. Chinese corporations are also actively promoting their activities in (social) media while Chinese media outlets are expanding their activities abroad, including in local languages.[30]

The BRI provides a broader framework than its predecessors the 'Going Out Strategy' and 'Great Western Development Strategy' - almost any activity can be reported under the BRI Framework. The Chinese Government has presented the BRI as an 'inclusive' initiative meaning any country, international organization, company, state institution, local government, non-governmental organization or individual can participate in the BRI. The idea that any actor, from any country in the world can participate in the initiative, contributes to presenting the initiative as one which can potentially serve any and all actors' interests. In this manner, the Chinese Government has been at pains to present the initiative as 'win-win' for all participating actors.

There are no official maps, no reliable list of participating countries nor overviews of official 'BRI Projects', therefore any activity pursued by any actor – public or private – can be branded as a 'BRI Project'. This means that for some projects, the BRI merely works as a branding mechanism. This has allowed the initiative to capture more activities but also presents risks for the Chinese Government as failed or harmful activities risk tarnishing the 'BRI brand'. Furthermore, as a decentralized initiative by nature, a lack of coordination and oversight has resulted, and will continue to result, in the poor governance of BRI projects.[31]

BRI in the age of extreme infrastructure

The BRI has emerged during a particular stage in the evolution of globalization – an age of "extreme infrastructure" that facilitates a speed-up in the circulation of capital that is paramount for capitalist development. Extraction, production and consumption are now occurring on a mega scale and more commonly further apart. "Mega corridors" have already been promoted by multilateral development banks as the solution to better connect the sites of mega extraction, mega production and mega consumption. As analyst Nicholas Hildyard has characterized the World Bank's vision for economic development in its 2009 report, "[t]he priority is... to construct a global network of interconnected infrastructure corridors, logistic hubs and new cities aimed at speeding up the circulation of commodities between sites of resource extraction, production and consumption."[32] In this manner, the BRI is merely following through on such earlier visions.

The corridors proposed under the BRI, for example the China-Pakistan Corridor and the China-Myanmar Economic Corridor, are all examples of mega corridors. But they are not alone: the EU, ASEAN and the Asian Development Bank have also been promoting and developing economic corridors.

Experiences with this model across Southeast Asia have been painful, particularly across rural areas, where land and natural resources are coveted, but the people and their labour are often not.[33] As a result, the reorganisation of "people and production" across the different economic corridors initially developed by the Asian Development Bank across the Greater Mekong Subregion has been characterized as a process of rampant accumulation by dispossession.[34] Once people were dispossessed to make way for different extractive industries that have had significant negative environmental consequences across the region, the jobs that did emerge entail brutal working conditions and wages that barely support basic needs.[35] Meanwhile infamous developers and construction companies (often the same companies, for example, ITD from Thailand) across the region have made significant profits through Public-Private Partnerships that ensure "stable, contracted income streams at the public's expense."[36]

BRI in an age of bilateralism and public-private partnerships

Contrary to much of the commentary on the BRI, the Chinese Government is not seeking to overthrow the international system nor is it attempting undermine international organisations. On the contrary the Chinese Government is attempting to use these organisations to increase legitimacy for the BRI. The Ministry of Commerce (MOFCOM) have worked with the UN Development Programme (UNDP) to present the BRI as a key means to achieving the UN Sustainable Development Goals (SDGs), while in 2017 the UN Security Council passed a resolution calling for support for development initiatives, specifically mentioning the BRI. However, the preferred mode of negotiation for BRI projects has largely been bilateral.

The process for negotiating participation in the BRI follows a common trajectory. A MOU is negotiated bilaterally between the Chinese Government and the participating government, which signals support for the initiative and outlines priority areas of cooperation. Then projects are negotiated between parties involved, both public and private, including terms and conditions, for example, relating to financing and debt repayment, and then contracts are drawn up with specific details.

BRI infrastructure projects have frequently adopted public-private partnership (PPP) structures. This is a misnomer insofar as 96 percent of large BRI project contracts have been awarded to Chinese SOEs.[37] Although state owned, these enterprises have been corporatized and today operate "as largely autonomous, self-financing capitalist enterprises."[38] Therefore their main interest driving their participation in the BRI is the opportunity for return on investment – rather than because of its purported grand geopolitical nature. Regardless of nomenclature, the Chinese media, embassies and corporations have come to describe the partnerships between participating governments and Chinese corporations as PPPs as this model is popular with some governments and encouraged by international organisations and under the UN SDGs.[39] However, PPPs have historically resulted in high debt burdens for participating governments who shoulder the risks, while the corporations involved reap the profits.[40]

Geopolitical consequences of the BRI

While the roots of BRI stem from a capitalist agenda, the BRI also has geopolitical consequences.[41] The BRI has been viewed as a means to increase China's economic, diplomatic, military and cultural influence regionally and globally. However, at the same time, the BRI is strengthening negative attitudes in some countries already wary of China, including the US, Australia, India, Myanmar, Malaysia, Greece and Italy, where the BRI is perceived as a thinly veiled attempt to expand China's influence. The BRI has incited responses from regional powers, whether they be supportive, as in the case of Russia, or highly critical as in the case of India. Some states such as Japan, Australia, India and the US, have expanded their own development efforts in the region to compete with the BRI.

The Chinese military, like other Chinese state and private actors, are pursuing their own agenda through the BRI. While the BRI does not officially have a military component, the encouragement of closer state to state ties can enable closer military to military ties. The Chinese military have long decried encirclement by the US military and vulnerability to important supply lines being cut, namely through the Malacca Dilemma.[42] The construction and diversification of China's international connections including energy pipelines, railways, ports and roads, may also serve a military purpose, providing alternative routes in the event of conflict or blockade.

While the BRI is negotiated bilaterally, the power between the two negotiating countries is not equal but asymmetric. For most participating countries, China is a greater source of trade and investment for them than the other way around. The BRI intensifies this asymmetry by increasing China's share of bilateral trade and investment with and in participating countries. As a result, Chinese capital can affect the economies of these countries much more than the other way around – although there are exceptions to this, such as Brunei and Singapore, where the idea is to use the BRI to attract inward investment to China. The BRI can exacerbate this asymmetry by increasing economic dependency.

At the same time, some participating countries have used engagement with China and the BRI as a lever against the influence of other foreign countries. For example, increased Chinese investment in Pakistan has provided the country with an alternative to US funding. In Southern, Central and Eastern Europe, the BRI potentially provides an alternative source of funding for EU member-states. This potential is in some cases being used actively in negotiations with the EU Commission and in the EU Council, for example, by Italy who was the first G7 country to sign a MOU with China relating to the BRI in 2018. In countries such as Myanmar and Cambodia, Chinese investment has allowed governments to avoid economic repercussions for human rights abuses as significant investments from China has replaced investment for other countries that has been retracted or failed to materialise.

The Chinese Government is willing to engage with all types of governments and is promoting the value of 'pluralism' in the international system, meaning each country can maintain their own values and systems. 'Pluralism' is less about promoting a common value as a group of countries, and more about allowing each country to maintain their own values. This can be appealing to governments who don't want to change their political systems.

Local impacts of the BRI

The local characteristics, projects and impacts of the BRI vary greatly depending on the local context. Major BRI projects cannot be implemented without the support of national governments. The Chinese Government cannot enforce implementation in a sovereign country. In theory, projects should align with local development plans and priorities. However, all projects are mediated through the existing balance of class forces in the recipient country and hence local political and economic elites will of course struggle to turn projects in their favour. The projects selected, funded and implemented therefore depend on local contexts, and negotiations with prospective Chinese partners, who also want to ensure a profitable return. Likewise, the processes by which projects are implemented also depends on local factors. Where participating governments, for example, have insisted on open tendering processes, such processes have occurred. Likewise, Chinese investment rules still depend heavily on host-state regulations, making these critical for how projects will be implemented in practice, and their social, political and environmental consequences.[43]

The projects Chinese corporations are seeking to undertake also vary depending on location and local factors. BRI projects have tended to build on existing local industries such as resource extraction, manufacturing, agriculture and tourism. Infrastructure in countries with advantageous access to oceans or other countries has focused more on transport, for example, in Poland, Pakistan and Myanmar. In other countries, such as those in the EU, their participation in the BRI provides Chinese corporations with access to the lucrative EU market. These factors also affect how these projects are implemented and whether and how they involve local corporations, for example, in Italy Chinese corporations have invested in the strategic harbour of Trieste, which is one of the entry-points of the BRI into the EU-market.

Reactions from local capital have also varied. Some local corporations have resented the competition from Chinese corporations under the BRI and the lack of open tendering preventing them from competing. Meanwhile, some corporations in other countries have also shown a willingness to engage in the BRI, even if their governments have refused to engage in the initiative. There, BRI-like projects have been developed with or without BRI branding. In Europe, countries such as France, the Netherlands and Germany, where the government has not officially joined the initiative, local corporations continue to engage, such as the Deutsche Bahn. In many countries foreign investment requires local partnership; Chinese capital has therefore sought partnership with local firms.

At the same time, the environmental and social impacts of BRI projects vary across countries depending on the nature and implementation of the projects. Some projects have had immediate harmful environmental impacts, while others, such as the construction of coal-fired power plants, will cause more long-term damage. For example, most Chinese-financed coal-fired plants built outside China use low-efficiency, subcritical coal technology, which produce some of the highest emissions of any form of power generation.[44] While President Xi Jinping presented the BRI in May 2017 at the first BRI Forum as ''vision of green development, and a way of life and work that is green, low-carbon, circular and sustainable'', China continues to be the world's largest exporter of coal power equipment.

Land grabbing and forced displacement have been reported in the construction of BRI projects, including the expansion of agricultural plantations.[45] The free trade agenda promoted by the BRI, especially the construction of SEZs, can also impact on labour standards, the treatment of migrants, involvement of organised crime and poor waste management. In some countries, such as Italy, the BRI is introducing these SEZs for the first time.

Chinese corporations and financing bodies have shown a willingness to implement projects in areas deemed too risky by other countries. These include conflict areas such as those in Kashmir, Baluchistan, Myanmar and the Democratic Republic of Congo, and areas under territorial dispute. There is a view in China, based on the country's own experiences of conflict, that economic growth will bring stability. However, capitalist expansion is more apt to bring conflict.[46] The construction of BRI projects in conflict zones has brought increased military or private security presence to secure the projects in such environments, further exacerbating the conflict. The Chinese military have also shown increasing willingness to intervene in support of Chinese commercial interests, increasing foreign military presences, particularly in the Middle East and Africa. However, important to keep in mind in light of sabre-rattling about the "Chinese threat", China's foreign presence still only consists of two overseas bases. In that sense, rather than a purported threat from Chinese forces in these project areas, a more immediate threat might be militarization of project sites by local security forces to secure local interests.

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The perceived positive and negative local impacts of the BRI have often resulted in fierce contestation about engagement in the BRI. This engagement is also prone to change over time. Support now does not guarantee support over time as projects develop and impacts change. As noted above, some local corporate elites have been supportive of the initiative while others are highly critical. Likewise, some governments are supportive while others are highly critical and support or criticism is not always unanimous within governments and their positions, of course, change over time. Some governments have looked to China as an example of successful economic growth based on an alternative to the "shock-doctrine"[47] of the International Monetary Fund (IMF) and as such constituting a rival development model to that prescribed by "the West". For such governments, the BRI provides a vehicle to emulate such growth.

At the same time, the BRI is engaging in areas of rising nationalism. In some countries, this nationalism can be anti-Chinese, often focused on real or imagined influxes of migrant Chinese workers. Such anti-Chinese fervour plays into the hands of local elites, as it fails to grapple with the local drivers of and interests in BRI projects that could potentially be challenged by local activism. By instead stoking anti-Chinese sentiment towards an external spectre that is difficult to challenge, alternative political economic pathways are side lined. The Chinese Government is keen to build relationships with all political parties across the spectrum in case they come to power, including engaging with far-right nationalist parties. Such forces can also rally around the purported opportunities of economic growth through

Chinese investment to double-down against national laws protecting labour rights and the environment, as has been the case in Italy. The Chinese Government is seeking to build support for the BRI regardless of who is in power. In this way, the BRI both affects and is affected by local nationalism.

Governance of the BRI

With a fragmented, decentralised initiative such as the BRI, and the Chinese Government's poor capacity to govern such large international projects, good governance must primarily be driven by participating countries. More than a dozen Chinese agencies are involved in implementing the BRI meaning that the governance is fragmented, weak and permissive, with regulations below international standards.[48] MOFCOM, SASAC and provincial equivalents have struggled to control the activities of SOEs abroad.[49] Because poor behaviour of Chinese SOEs abroad reflects badly on the BRI and the Chinese Government, regulators have tightened guidelines in an attempt to improve SOEs' conduct, but this has so far had only modest results.

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If not well governed, BRI projects can have short and long term harmful environmental and social impacts, while projects that are not financially viable can result in long term debt burdens for participating governments, meaning it will be the local population and governments who will pay for the failures of the BRI in the long term if it is not properly governed.

The BRI is not a done deal nor is it an impenetrable monolith: just because a project is proposed does not mean it will eventuate. The Chinese Government and Chinese SOEs have shown willingness to cancel or change projects if pushed to do so. The Chinese Government does not want to be viewed as another brand of western imperialism and is sensitive to criticism. However, the Chinese Government also lacks the information, tools and experience to govern such projects overseas, not least due to the many different actors (e.g. corporatized SOEs and provincial governments) and at times competing interests involved. As a policy maker concedes, governance is the BRI's "biggest difficulty: there is no unified department to manage [it]".[50] At the same time, participating governments need to manage incoming investments under the BRI to ensure they are in the people's interest. BRI projects cannot happen without the approval of the participating governments. National political agendas and struggles are therefore very important. Communities that encounter Chinese investments and civil society groups that support them have several options to try to influence the BRI. One is to push for good governance at home – on the recipient side - by obtaining project information, having transparent debates and decision making processes, preventing harmful investments and ensuring BRI projects advance the interests of local communities.

Another option is to push for better governance by Chinese state institutions and companies. As investments increase, a growing number of Chinese companies and financiers have started to adopt environmental and social policies and guidelines for their overseas investments. Chinese state institutions and industry groups have also issued general guidelines and standards that apply to specific sectors and types of actors operating overseas. As many of these guidelines are not well publicized, Inclusive Development International (IDI) has published a useful guide explaining these policies and guidelines including practical advice on how they can be used in advocacy with relevant Chinese companies and institutions.[51]

Endnotes

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4. David Harvey, *Seventeen Contradictions and the End of Capitalism*, Oxford: Oxford University Press (2014 p. 151)
5. Harvey 2014, p. 151
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