



STUDY

Conflict Dynamics and the Belt and Road Initiative

Ignoring Conflict on the “Road to Peace”

Imprint

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Preface

In May 2017, Chinese President Xi Jinping called in a speech for the Belt and Road initiative (BRI) to be developed into a “Road of Peace”. But what does this mean? What impact will the BRI, launched in 2013, have on conflict dynamics in Asia and conflict-affected countries across Eurasia? Are analyses already available with regard to peace and conflict? And what potentials for peace can be identified?

The BRI now extends to over 100 countries around the globe, with a core concentration on Asia, Europe, Africa and Latin America. It is expected to involve more than US dollars one trillion in investments. Several recent publications shed light on the economic impacts of the BRI, particularly vis-à-vis agribusiness, infrastructure, the energy sector, trade and nutrition. Consideration is also given to social and environmental issues. However the impact of the BRI on conflict dynamics needs further attention, as many of the BRI countries and regions are fragile and conflict affected and/or post-war contexts, in which underlying conflict dimensions persist. They are likely to be aggravated as the Chinese investments touch on massive economic and geopolitical interests of powerful states and elites.

In many of these BRI-countries Bread for the World (Brot für die Welt) cooperates with a broad network of partner organizations and supports civil society engagement for sustainable development and just peace. In addition to the economic impact it is of high relevance for us to become more aware about the BRI and its impact on conflict dynamics at all levels, as this will affect our and our partner’s development and peace work. Therefore we have commissioned this survey in order to receive more insights into the already existing analytical knowledge and answers to the above mentioned questions. We need to discern ways that lead to better inclusiveness around the BRI and that help to prevent violence in the several conflict driven contexts.

The initiative is presented by China not so much as a strategy in its own right, but rather as a vision and global platform, which the Chinese government stressed is “open for all to participate.” In the meantime, as available data for this survey up to the end of 2019 show, 195 BRI agreements have been concluded with cooperation partners including 135 memoranda of understanding (MoUs) with individual countries and 30 with international and/or multilateral organizations. The latter includes, for example, an agreement with the United Nations Development Programme (UNDP) to implement the Sustainable

Development Goals (SDG) of the 2030 Agenda. The BRI is much more than a mere economic initiative or trade route and has profound political and socio-cultural implications.

This new platform, and the growing Chinese engagement through the BRI framework in countries across the world will potentially aggravate many of the underlying drivers of violent conflict. Within Asia natural resources, land and water are increasingly under pressure, as vast tracks of arable land have been brought under concessions for large-scale projects by Chinese companies along the BRI. This threatens further escalation of violent conflict over natural resources and environment as vulnerable communities struggle to access basic resources needed for daily life. In Central Asia and the South Caucasus, the pace of development and planning for geo-strategic energy routes and gas and oil pipelines threaten further impacts on the local communities, as well as geo-political competition across the region. Especially in the neighbouring countries but also in other regions increasing racism towards Chinese actors can be observed. At a global level, the BRI itself is increasingly contentious, as it has profound implications for the strategic interests of China, the United States, and key regional powers around the world.

Unfortunately, as the BRI is politicized, authoritarian regimes are increasing stifling the space for constructive engagement of civil society actors advocating for human rights, working to build peace or prevent violence, as well as advance economic justice and address corruption and land grabbing. While the BRI has advanced a platform for so-called civil society engagement, it has not been willing to address these issues, or provide space for this type of civic engagement, which is critical to addressing these challenges.

The herewith published survey consists of a comprehensive mapping about existing analytical material and attempts to fill a gap in English language literature on the impact of the BRI on peace and conflict at national and local level, both immediately in the Asia region and beyond. It reviews existing analysis and data from academics and civil society networks working in and on the various countries in South, South-East and Central Asia and in the South Caucasus. Some of the results of this survey are surprising, some are demasking and showing how little attention yet was given to conflict dimensions and peacebuilding needs along the BRI. The core conclusion of the study is that the BRI is “conflict-blind” – meaning that it has no mechanisms in place to analyze the interactions between BRI initiatives and conflict drivers, nor

does it consider that once the BRI enters a conflict-afflicted environment it becomes a part of the context, and potentially a driver of conflict.

Of course, due to the Corona pandemic everything has changed at global as well as on national and local level. Long-term impacts of the Corona pandemic on social and economic life are still unclear. But it can be expected that the initiative will regain momentum, even before the crisis draws to a close as China retools it as a platform for strengthening public health systems through the health BRI, and further pours resources into economic recovery, particularly for distressed BRI projects. Especially fulfilling hopes and promises connected with the BRI and its projects might become again more important for China's own image as global player. We think it is quite important for all actors from governments, academia and civil society to observe this further and also to engage with all BRI actors and advocate for increased attention to political and socio-cultural elements for sustaining peace and sustainable development. All BRI-projects should leave no one behind and should serve peaceful and inclusive societies in line with the 2030 Agenda and help achieving the SDGs.

We thank the author Jason Tower for his outstanding work on this survey. As an expert who lived more than a decade in China, engaged in different important programmes on economic development and peacebuilding in Asia and who is well-known as an international peace expert he was able to collect, analyze and summarize all the available material in a very dense time frame. Also we would like to thank all the experts in the region and beyond who participated in interviews and shared insights and knowledge.

We are convinced that this survey contains relevant information, which are not extensively looked at up to now due to language barrier as well as due to different thematic lenses which yet did not focus so much on peace and conflict. We hope that this publication will be a useful resource enhancing the inclusiveness of the processes around the BRI, and that it can also support networking and information sharing among those working to address peace and security issues in key contexts where the BRI is now active.

KLAUS SEITZ
Head of Policy Department
Bread for the World

Executive Summary

The Belt and Road Initiative was launched by Chinese President Xi Jinping in 2013 and can be considered one of the largest global initiatives to be introduced in the last decade. The BRI focuses on promoting manufacturing, trade and investment, as well as the physical and digital integration of international markets. BRI provides a framework for Chinese investment to enhance existing infrastructure as well as to build new production sites and trade routes to better connect China with the rest of the world. BRI envisions a land-based “belt” connecting China with Europe and a sea-based “road” crossing the Indian Ocean to Africa up through the Mediterranean and reaching over the Pacific as far as Oceania and Latin America. But that is only part of the picture and we need to add another dimension: The BRI represents one of the most dramatic proposals for a new direction in global governance introduced by any state in the past several decades. Far beyond an economic initiative, the BRI’s aims include political, legal and cultural objectives, as well as proposals that could result in major shifts in international norms.

The BRI is significant because of not only its size and scope, and the seriousness with which a wide range of diverse Chinese and non-Chinese actors promote the platform, but also given its deep roots within China’s domestic political economy. The BRI also represents China’s first major effort to shape what could potentially evolve into a major international institution. While the platform has started to consider a range of challenges, including environmental and social sustainability, good governance, and fiscal sustainability, one key area that it has remained completely silent on to present is that of violent conflict.

The major finding of this study is that the BRI is conflict blind, insofar as it does not offer any guidance with respect to how actors promoting and developing the BRI should behave in conflict-afflicted areas, nor does it make considerations with respect to the mitigation of violent conflict at the interstate, sub-national, local or community levels. In cases where there is active armed conflict, it finds that the BRI can be particularly risky given its failure to consider possible impacts on conflict; in other cases, the leading driver of conflict tends to be the lack of information and transparency around project details, which results in tremendous frustration on the part of communities, local officials or other key stakeholders. As a study participant noted in an interview with the author, “there is no information being

shared by the government on MoUs or agreements; even low-ranking officials are kept in the dark.”

The study further traces the developmental trajectory and background of the BRI, as well as the various actors involved in its promotion. **Key secondary findings include that the actors involved in BRI promotion are highly diverse and that the Chinese government at the highest levels does not have a specific road map for the BRI. As a result, the platform is highly malleable and a full range of Chinese and international actors can play a role in shaping the initiative.** This can bear a chance for conflict sensitivity and linking BRI to peacebuilding and sustainable development projects. It finds support for the view that the BRI is not going to disappear, and resources will be consistently invested in its promotion for the foreseeable future. As the majority of states have signed MoUs on BRI collaboration with China, and as the platform has some level of recognition from other key international institutions such as the United Nations and the Asian Development Bank, it would be a mistake to ignore BRI, particularly for peace practitioners, who need to consider the growing challenges it presents vis-à-vis violent conflict. To these ends, it is critical that more information about BRI projects and plans be made available in order to provide a basis for engagement on these issues.

Chapter 1

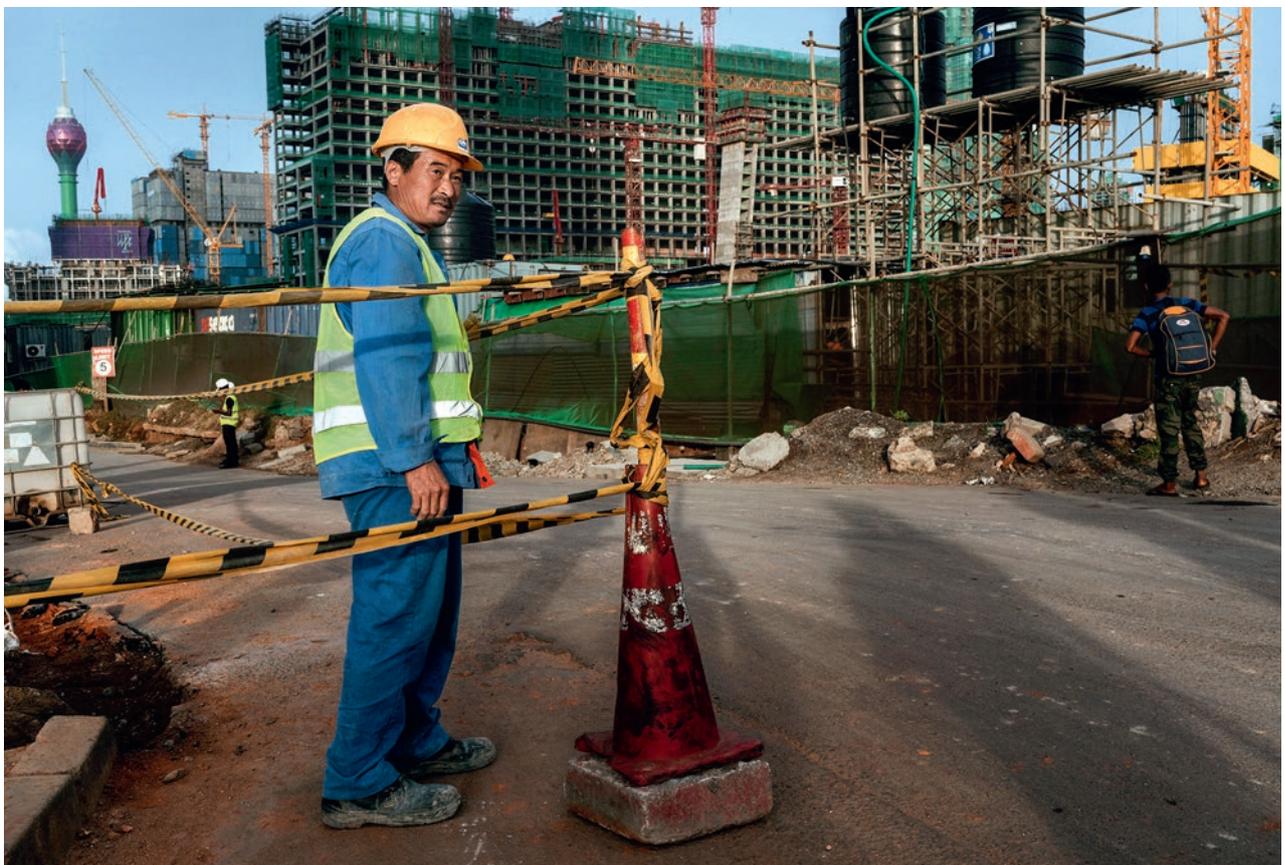
Introductory Notes

In July of 2019, Bread for the World commissioned the author to undertake a survey exploring the relationship between the Belt and Road Initiative and conflict dynamics in South, Southeast, and Central Asia, as well as the South Caucasus. The objectives of this survey were: (1) to understand the relationship between the Belt and Road Initiative and conflict dynamics, particularly in the target regions defined above on the basis of available literature in multiple languages and on a series of interviews conducted by the author; (2) to develop suggestions to potentially respond to these risks and opportunities. The desk study, interviews and screening as well as report writing took place in the second half of 2019 with a focus on the impact of the BRI to high conflictive areas, conflict dynamics and peacebuilding.

This study sought to understand the implications of the BRI vis-à-vis conflict in a range of countries where Bread for the World maintains programming on the

ground. The analysis incorporated a literature review of Chinese and English language sources and interviews with experts, expert scholars and practitioners. The author kept all interviewees and respondents anonymous due to the sensitivity of the topic and the intention of doing no harm to anyone who agreed to share insights and information. The study further benefited from the author's participation in a Chatham House rules seminar on the Belt and Road in Latin America held in Beijing in August of 2019, and a seminar with experts from South and Southeast Asia held in Cambodia in August of 2019.

The author took every effort to avoid bias in conducting the survey and made sure to incorporate perspectives from a wide range of stakeholders, including voices from Chinese government think tanks. The findings can be taken as illustrative of the types of issues that communities are facing, as well as the types of impacts that the BRI is having on violent conflict across the Asia Pacific region.



A Chinese construction worker at work, in Colombo, Sri Lanka. The harbour is one of the central hubs for the Maritime Silk Route of the BRI.

Chapter 2

The Belt and Road Initiative as Conflict Blind: Major Findings from the Literature and Interviews

2.1 A Burgeoning Body of Literature

The available literature on the Belt and Road Initiative has ballooned since 2015, with significant gaps between Chinese and non-Chinese perspectives.

Following its initial announcement in 2013, the Belt and Road Initiative attracted attention primarily from Chinese scholars, with few international experts conducting research on the platform. Following 2015, international interest in the initiative began to grow, with the 2017 Belt and Road Forum attracting a tremendous amount of attention from Chinese and international scholars, writers, media representatives, non-governmental organizations (NGOs) and expert pundits (several studies, including survey data support this argument, for example, see: Hillman, 2018). At the time of writing, the volume of literature on the BRI has ballooned – the China Knowledge Resource Integrated Database (CNKI) has over 60,000 entries relevant to the BRI (See ‘Retrieval-China HowNet’), while Jstor has over 5,000 English language entries relevant to the initiative (See the online portal Jstor.org).

It is important to note that the general framing of the English language literature on the BRI tends towards some level of critique of the platform, while most Chinese language articles offer suggestions for the direction of its development. This is not to say that Chinese writers do not offer critiques; nor to say that Western authors fail to offer constructive suggestions or point out strengths, but does illustrate the significant gap in perspectives and points of view on BRI between Chinese and non-Chinese audiences. (Dunford/Weidong, 2019). Another observation relevant to this study is that the literature on the relationship between the BRI, BRI projects and peace and conflict dynamics is extremely limited. Some case studies are available on specific BRI projects and the impacts they have on conflict in a particular country. There are also numerous studies in Chinese that look at investment security, political risk or investment risk, but few studies in either language that consider the broader implications of the BRI for violent conflict on a global level.

One other point on the literature more broadly is that most civil society practitioners are not familiar with the literature, or where they can go to access information, and the literature is not written for a practitioner audience.

While some organizations such as the International Development Institute (IDI) have developed resources to assist NGOs access policies and information on Chinese investment, these resources are still technical in nature, and are of limited use to peace practitioners. What might be useful are much shorter materials that provide quick references to Chinese government policies, regulations and guidelines relevant to overseas investments, and which are developed in local languages for use by practitioners that cannot necessarily access complex English language documents. Also of use, would be a practical guide that explains China’s home country standards, and compares these with the standards of the host country government. Again, such resources might also be developed in local languages.

Lastly, with respect to practitioners and concerns around a lack of information on the BRI, there is the option to access the Chinese government’s online BRI portal to look for information. But it seems to be necessary to increase more awareness of the existence of such a portal. The BRI portal is now available online and in five languages, and includes country-by-country information regarding the BRI. The Chinese government is clearly putting significant resources into the management of this platform – during the course of this study, it was observed by the author that new pieces of information were posting on nearly a daily basis. While detailed project level information is not presently on the platform, it does contain significant information regarding agreements signed, broader BRI initiatives, as well as guidelines and standards.

2.2 Background of Chinese Outbound Initiatives

The BRI is not just a project of Xi Jinping; the literature shows that the foundations of the BRI developed gradually from the mid-1990s.

Prior to the introduction of the Belt and Road Initiative, the Chinese government proposed several other schemes or frameworks to encourage Chinese companies to invest overseas. The notion of a “Going Out Strategy” for Chinese companies to “invest overseas in a systematic way” first appeared in President Jiang Zemin’s report to

the 14th Party Congress in 1992 (Yangyong, 2008). A series of studies, papers and government reports from 1992 until 1996 culminated in the formal announcement of a Chinese Going Out Strategy in 1996, which was announced by President Jiang himself. The Going Out Strategy emphasized the deepening of China's participation in the international economy, and encouraged Chinese companies to become familiar with "multinational operations." China's accession to the World Trade Organization (WTO) in 2001 was framed within the terms of the Going Out Strategy, as were initial efforts to promote Chinese brands on international markets (Dong, 2015). As such, the Going Out Strategy might be understood as part of China's economic integration into the international economy in the late 1990s and early 2000s, and did not significantly exhibit China's willingness to take on any form of a leadership role in the global economy.

China largely continued to follow this approach under the leadership of Hu Jintao (1999-2008), with a subtle shift towards the Chinese government playing a more active role in the development of overseas facilities to support and promote trade. An example of this cited frequently is Hu Jintao's proposal in 2006 that China establish three to five overseas commercial and trade cooperation zones before 2009. (According to the official website of the Chinese Ministry of Commerce, this goal was completed in 2009, Ministry of Commerce of the People's Republic of China, Special Issue Background, Feb 5, 2010.) As Brookings Fellow, Rush Doshi notes, under Hu Jintao's leadership, "China began using infrastructure and economic coercion as tools to bind the region to China...and Hu's 'going out' policy...produced port projects including those in Pakistan, Sri Lanka, Myanmar and Malaysia." (Doshi, 2019). As Doshi goes on to discuss, it is important not to overstate the importance of Xi Jinping's role in the development of the Belt and Road Initiative, and to further note that the foundations of the initiative developed gradually starting from the mid-1990s (ibid.). Indeed, global investment statistics illustrate the major shift in Chinese outbound investment patterns starting from the early 2000s. In 2000, China was not significant as an international investor. From 2002-2008, China's outbound investment flows doubled on an annual basis, going from less than three billion US dollars in 2003 to nearly 60 billion by 2008 (Ernest & Young China, 2015). While the rate of growth of outbound investment flows has declined since 2009, China's outward investment continues to grow on an annual

basis while global FDI flows continue to decline. Significantly, China became a "net exporter" of investment capital in 2015, with its outbound investments exceeding foreign investments in China for the first time in the country's recent history (ibid.).

This deeper review of the trends and data illustrates strong support for the argument that China has gradually shifted in terms of its role with respect to the international economy. The characterization that Xi Jinping's rise to power suddenly led to China making a dramatic shift does not reflect these trends. Instead it might be argued that the BRI platform represents China shifting from an economic power that is merely building new linkages overseas, to one which has a much more robust interest in supporting both the physical infrastructure of the global economy, as well as shaping the rules and norms upon which it is based.

That said it is important to consider that the Xi Jinping era has resulted in some major shifts in China's domestic politics, which will be discussed in more detail below.

2.3 Understanding the Belt and Road Initiative

The Belt and Road Initiative is one of the most dramatic international initiatives introduced over the past three decades; it goes far beyond trade and infrastructure in terms of its ambitions.

The idea of the Belt and Road Initiative was first put forward by Chinese President Xi Jinping in a speech delivered at Kazakhstan Nazarbayev University in September of 2013 (Website of the Ministry of Foreign Affairs of the People's Republic of China, 2013a). As originally proposed, the Initiative consisted of the development of a New Silk Road Economic Belt extending from the ancient Chinese city of Xian, passing through Central Asia, the Middle East, and Eastern Europe, veering north to Moscow, and onward to Western Europe, before concluding at the port of Rotterdam; and a Maritime Silk Road, running from China's Eastern Seaboard to Vietnam, around the Malacca Straits and onward to Sri Lanka, across the Indian Ocean to Kenya, around the Horn of Africa and through the Red Sea, crossing the Mediterranean Sea, and extending upward through Greece and Italy (see map below).

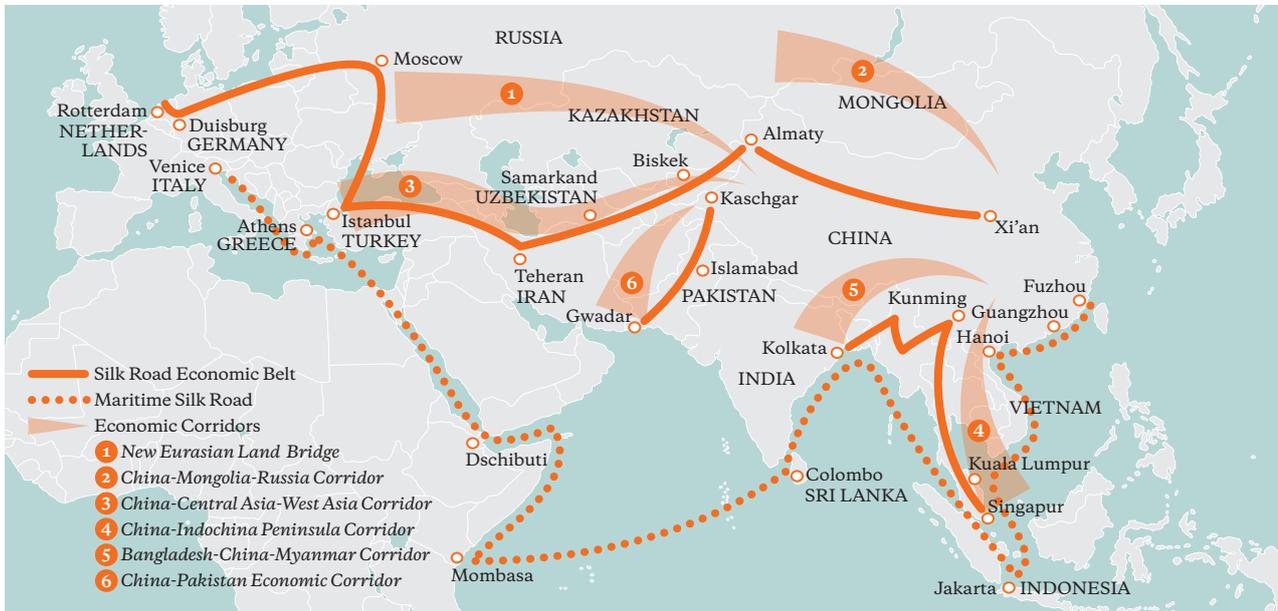


Figure 1: Core corridors of the Belt and Road Initiative

Source: GIS Reports Online 2017

As it can be observed from the map below, the flagship transit corridors of the BRI encircle a vast geographical space, which includes 65 countries, 69 percent of the world's population, and 51 percent of global GDP. If China is successful in mobilizing the support of all these states vis-à-vis the platform, the core BRI space could emerge as having tremendous significance for global economy (Baker McKenzie, 2017).

In addition to these two core routes, the BRI also incorporated six economic corridors, linking key ports and economic zones in China with strategic international ports or commercial hubs. The area of focus of the BRI is significant for several key reasons. Historically, it is significant, as both the Road and the Belt represent ancient Chinese trade routes. In Xi's speech, he identifies the Belt as dating back over 2,100 years to China's Western Han dynasty. Politically it is significant, as it represents a specific example of the global manifestation of what Xi has described as two core contemporary political objectives of the Chinese Communist Party, the "rejuvenation of the Chinese nation" and the "China Dream" (Council of Foreign Relations/CFR, 2019). The Communist Party has interpreted these two principles as realizing the renewal of China's central position within the world, as well as a call for China to shift from a passive to an active power on the international stage. (Note that the

Party published an English language book articulating these concepts in 2014 – see: Xi, 2014).

In proposing the BRI, Xi Jinping emphasized that it would "borrow from the strategic significance of the ancient silk road to promote economic development, enhance economic integration, strengthening mutual interests, and deepen political trust between countries." (XinhuaNet, 2017a). In 2015, the Chinese State Council authorized a Chinese government Action Plan on the Belt and Road Initiative, which is one of the key statements of the platform's objectives, functions, and principles. The document is of particular interest especially because of its intentional effort to illustrate that the BRI is in line with the purposes and principles of the UN Charter, and that the platform is "open...inclusive...follows market operation...and seeks mutual benefit." (Website of the State Council of the People's Republic of China, 2015). This discussion of the BRI's congruence with the UN Charter seems to be a way of leaning on existing international institutions to build an argument for the legitimacy of China's global promotion of the BRI platform.

The document further lays out five core pillars of the Belt and Road Initiative: policy coordination, financial integration, free trade, infrastructure and people-to-people ties. Each of these pillars is also referred to as a form of connectivity between countries or international



Aerial view of the railroad in the Kazakh steppe approaching the city of Aktau on the Caspian Sea which is part of the 'New Eurasian Bridge' of the BRI.

institutions involved in the BRI. Policy coordination, for example, refers to linkages between China's development plans and development plans of other BRI countries, or agencies such as the United Nations Development Program, which has signed a formal MoU with China on BRI collaboration. Financial integration refers to linkages with existing financial institutions such as the International Monetary Fund, as well as collaboration between the Bank of China and other key financial institutions worldwide.

Of the five pillars, infrastructure is by far the one that has attracted the most attention. Chinese scholars and officials regularly cite Asia Development Bank (ADB) statistics regarding the gaps in infrastructure across the region, which are cited at 26 trillion US dollars between 2016 and 2030 (Asian Development Bank Report, 2017). China's support for the establishment of the Asian Infrastructure Investment Bank (AIIB), the Silk Road Fund, and other platforms illustrated the importance of meeting this infrastructure gap vis-à-vis the BRI. Large-scale BRI infrastructure projects, including ports, energy facilities, roads, and railroads have also attracted the lion's share of attention from international scholars writing on the BRI. (Reports from major think tanks tend to focus their analysis on the implications of infrastructure for the BRI. See for example Dollar, 2019; or CSIS-China Power Team, 2019).

Probably the least understood aspect of the BRI is the people-to-people pillar, which has received much less attention particularly from international researchers. This pillar focuses on the construction of linkages between Chinese and international media outlets, political parties, think tanks, development agencies, and cultural and trade associations and NGOs. Through this pillar, the Chinese government has made a number of key pledges, including building at least 500 partnerships between Chinese NGOs and NGOs from other BRI countries, and developing a massive network of civil society organizations along the BRI. According to the official BRI outcome document issued at the Belt and Road Forum in April of 2018, the Silk Road NGO network already has in excess of 300 members. Similar types of platforms have been established for think tank collaboration, collaboration between universities, and collaboration between journalists and writers associations. Participants in the study raised significant concerns about the implications of these "soft power" aspects of the BRI that will be considered in further detail below.

This section would not be complete without some discussion of the BRI as an "open" platform. The Chinese government has emphasized that the BRI is a high-level idea that anyone can play a role in defining, and does not claim to have sole ownership over the platform (XinhuaNet, 2019b). Clearly, Chinese diplomats have pushed countries and international organizations around the

world to sign onto the BRI, or voice some level of support for the platform, but public documents do present global stakeholders with an offer to play a significant role in shaping the initiative. In practice, this has led to the dramatic expansion of the BRI and BRI collaboration to nearly every corner of the globe (see section 4 below for more on this point).

2.4 Points of Difference and Congruence

While there are many different views and narratives of the BRI, it is increasingly clear that the BRI represents an effort to influence/contribute to global governance.

As noted already, there are major gaps in understanding of the Belt and Road Initiative, especially between Chinese and Western scholars. Numerous volumes in Chinese have been written on the contributions that the platform has made to present, and on the prospects of the Belt and Road Initiative for enhancing world economic growth, strengthening trade, and deepening trust between states.

A review of English language literature on the other hand offers a vastly different perspective. The majority of mainstream articles in English consider the Belt and Road Initiative in terms of the new challenges or threats that it will bring to the environment, to communities, and to economic sustainability around the world. More recent analysis further identifies the BRI as a direct threat to democratic governance norms, and to state sovereignty in multiple countries, including the United States. (On the threat to governance norms, see: Jones, 2019).

These gaps in perspectives make conversations between Western-based academics and analysts and their Chinese counterparts particularly difficult, as the two sides are coming from extremely different points of view and working from literatures that are premised on entirely different foundations.

One point around which Chinese and international observers are increasingly in agreement on is the implications of the Belt and Road Initiative, not just for the 65 countries along the two routes, but for the entire world, as well as the implications of the BRI for global governance. With respect to the first point, since 2016, China has further emphasized the platform as one that is open, “to which anyone can contribute,” and has embarked on diplomatic efforts to sign MoUs with countries on every

continent. Indeed, at the time of writing, 136 countries, including ten Latin American countries, and states as far south as New Zealand have signed such MoUs. China’s role has become more influential through these various ties. And from the Chinese perspective as conveyor of the BRI-Platform that invites everyone to engage in this form of global network it bears not only economic, but also new global diplomatic and security dimensions.

With respect to the second point, the Belt and Road Forum (BRF), which is the meeting of BRI member states that takes place every two years in Beijing, has expanded BRI collaboration into a wide range of new areas, illustrating how the BRI is becoming more of a global governance platform than a simple economic initiative. Major BRI initiatives were launched at the April 2019 BRF around financial sustainability, anti-corruption and transparency, as well as climate change and environment. (XinhuaNet, 2019c). As such, it might be proper to think of BRI as a space through which China endeavors to influence a wide range of global governance concerns. Increasingly we should expect the Chinese government and other stakeholders to link their participation in other international platforms to the BRI.

The BRI’s Aspirations for Regional Integration: A Joint Customs Zone?

In February of 2019, just two months ahead of the second Belt and Road Forum, major airports across China started to open “Belt and Road” lanes for immigration. On April 28, 2019, China Immigration announced that it will grant foreign nationals traveling to China on “Belt and Road related business” special provisions for expedited entry, including the possibility of visa free entry for nationals from some countries. (Xinmin Evening News Official Account, 2019). The Chinese Ministry of Public Security later released a statement noting that China would greatly reduce barriers to entry for BRI related business. (Chinese Ministry of Public Security, 2019). As an expert of the Chinese Academy of Social Sciences noted in an interview: “this could potentially be the start of a common labor market, or deeper levels of integration along the BRI.” (Author’s interview with a Chinese expert).

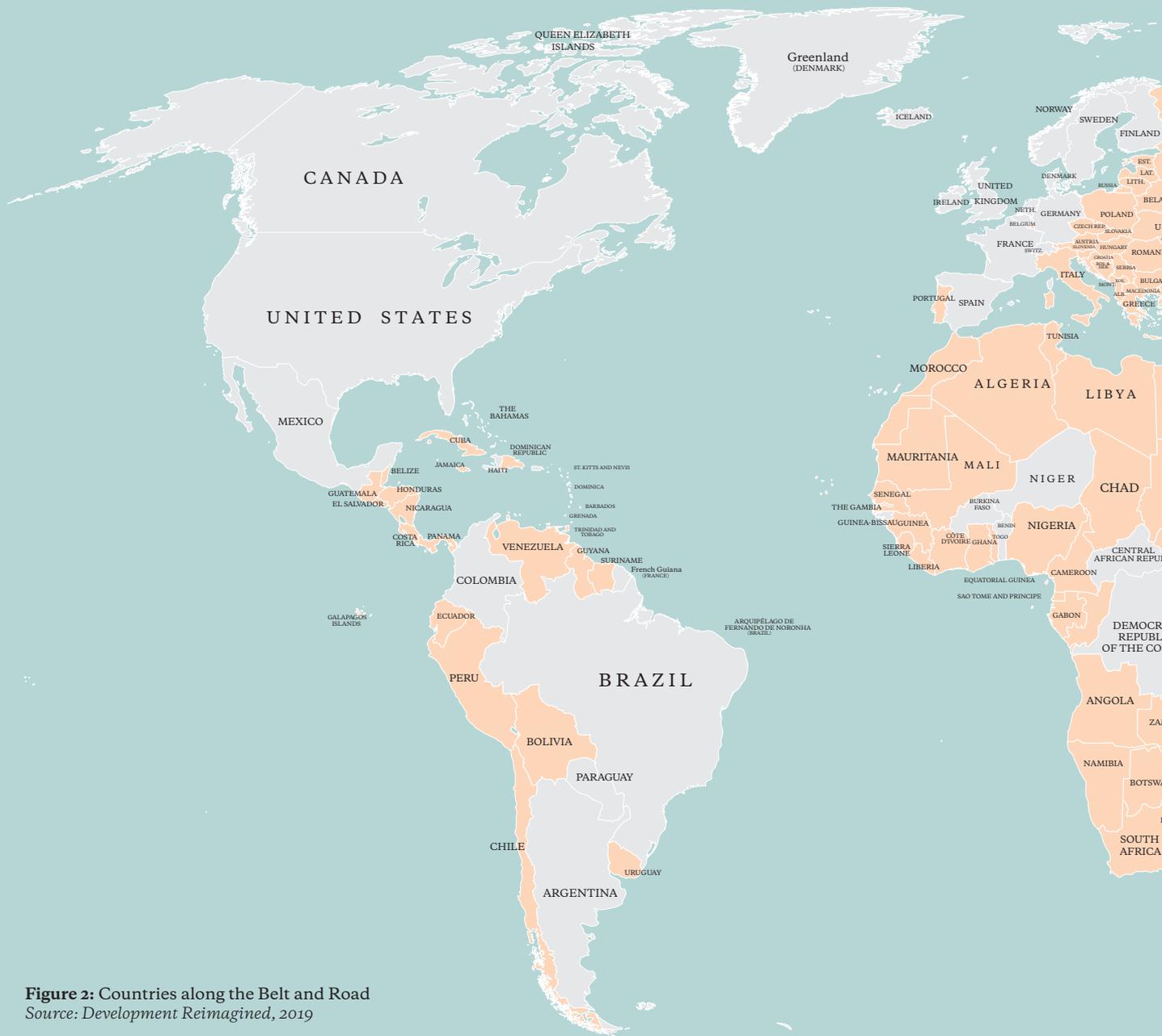


Figure 2: Countries along the Belt and Road
Source: Development Reimagined, 2019

2.5 Why is China Implementing the Belt and Road Initiative?

The Belt and Road Initiative is as much about China’s domestic situation as it is about the country’s growing desire to play a certain role on the international stage.

As discussed already above, the BRI should be understood as a platform that has developed gradually since the late 1990s, and not as a sudden and major shift in China’s policies associated with the current President. Of course, the term BRI was coined by the current President, and under his leadership, China has promoted the scheme in a dramatic and unprecedented way. Many of the partners interviewed for this study expressed a strong interest in understanding why China is implementing the BRI at this certain point in time – what are the key drivers? In reviewing the literature and in interviews with Chinese experts, four key drivers were identified:

- (1) **The development model that China has followed since the early 1980s is increasingly unable to meet China’s growth needs.**

In the early 1980s, China began embracing market reforms, and introduced a series of Special Economic Zones along its Eastern Seaboard, opening many of its territories to foreign investment for the first time since the end of World War II. At the same time, it invested heavily in infrastructure, and leveraging low land prices and low wages, the country managed to attract extremely high levels of overseas investment in the manufacturing sector. Chinese policies prioritized technology transfer to national companies, and the rapid strengthening of the domestic economic base. This worked successfully throughout the last two decades of the 1900s and into the 2000s, with China becoming the world’s factory, and economic growth staying above eight percent annually. (On the Chinese economic model, see: Naughton/Tsai, 2015). In 2008,



as the international financial crisis hit, China ramped up its infrastructure investment spree, pouring hundreds of trillion of Renminbi (RMB, the official currency of China) into the development of over 24,000 kilometers of high-speed railroads, over 2,000 industrial zones, and a wide range of other infrastructure projects. This was financed largely with debt, which soared to unprecedented levels by 2018. While initial investments in infrastructure yielded strong returns, by the early 2010s, yields fell rapidly, with many cities feeling serious pressures in terms of maintaining their competitive edge (Centre for Strategic & International Studies/CSIS, China Power Team, 2019). Wages rose, as did the costs of cleaning up the environment, particularly as China's growing middle and upper-middle classes began to demand clean air, water and soil. (According to a study by the Development Research Center of the Chinese State Council, the cost of environment governance increased sevenfold from 2001 to

2016. (Research Institute for Natural Resources and Environment, State Council Development Research Center of the PRC, 2015).

Thus, one of the primary drivers of the Belt and Road Initiative, and China's outbound investments is the recognition that the economic model it has followed for the past three decades needs reform. Dirty industry needs to be relocated from China's wealthy seaboard provinces to the interior or to overseas locations; high wages mean that Chinese manufacturing is losing its competitive edge; and further investments in domestic infrastructure have limited productivity.

- (2) **China is growing increasingly frustrated with the efforts of international actors to limit its role on the international stage, or to "constrict its developmental space".**

The above-mentioned trends were not something that China suddenly awoke to in 2013 when Xi Jinping

announced the Belt and Road Initiative. As already discussed above, since the late 1990s, China started to recognize the need to encourage its companies to invest overseas, and for China to play a more active role in determining the norms governing the global economy. Throughout the first decade of the 2000s, this was achieved largely by joining international institutions, and increasing its contributions to these institutions, rarely using its voice. (Johnston, 2003). As the 2000s progressed however, the Chinese government began to express increasing levels of frustration with its lack of voice in key international economic institutions, particularly in international financial institutions such as the World Bank and Asian Development Bank (Bing, 2015). As a Chinese government think tank representative noted in an interview with the author, Western powers pressured China to be a responsible player, but balked when China started to request a greater voice within these institutions. This gradually pushed the Chinese government to take more initiative in asserting leadership around the creation of international institutions, which became particularly prominent first around the Asian Infrastructure Investment Bank (AIIB) and later around the Belt and Road Initiative.

Thus, another key argument advanced particularly by Chinese scholars is that China was driven to initiate the Belt and Road Initiative largely as it found the existing international architecture and especially global economic institution inadequate in terms of advancing its international interests.

(3) The ongoing prestige and legitimacy of the party and Xi Jinping as the dominant leadership figure can no longer be linked only to economic development, but needs to relate to the Party's deeper mission of the "revitalization of the Chinese nation".

Related to the above two points, in 2008, the Chinese Communist Party found itself in the midst of a crisis of legitimacy. While it had been largely successful from the 1980s until the early 2000s in providing the Chinese people with high levels of economic benefits, growth rates showed signs of decreasing by 2008, with China also facing pressures from the global economic crisis. At the same time, levels of corruption within the Party had become rampant, as was illustrated by the case of former Ministry of Railways, Liu Zhijun, who was discovered to have embezzled billions of

RMB, and to have accepted hundreds of private housing units as bribes (Kaiman, 2013). Finally, the Party faced a succession crisis. Leadership transitions had been quite orderly over the previous two decades, largely because the Chinese Premier leader, Deng Xiaoping had selected successors, and put in place mechanisms for the transition of power (Duchâtel/ Godement, 2009). As Hu Jintao reached the end of his second term in 2007, a number of key party figures with strong "red credentials" – meaning that their fathers played a key role in the formation of the country – began vying for power, largely by stirring up nationalism. Beyond 2008, the Party shifted dramatically its public narratives around its legitimacy. Progress towards meeting objectives of anti-corruption and anti-gang campaigns became key indicators of success, while the Party's role in the "revitalization of the Chinese nation" and the "China Dream" were brought to the forefront, in some respects supplanting development as the core indicator for the Party's success (Hein, 2013).

The BRI is embedded within a historical narrative of Chinese global leadership – this is clear through government documents that stress the historical significance of the ancient silk roads, which are revived and modernized through the platform. It is here that we see a third driver of the BRI – by showing the Chinese public that the international community recognizes that these historical trade routes have been modernized, and demonstrating that other states and institutions value China's contributions to the development of international institutions, the Party gains greatly in terms of its legitimacy domestically. Indeed, the Party's writing of the promotion of the Belt and Road Initiative into the Party Constitution in late 2017 demonstrates the level of importance placed on BRI in terms of maintaining China's legitimacy, and further helps to explain why Chinese diplomatic efforts focus so strongly on encouraging other states to sign MoUs with respect to the platform. Many Chinese official speeches emphasize that the UN has offered recognition to the BRI as a platform by signing MoUs with China (See for example: Website of the Ministry of Foreign Affairs of the People's Republic of China, 2019b). In a paper on the contributions of the BRI from 2012-2019 published at the Belt and Road Forum in Beijing, China emphasized that it had signed an MoU on BRI collaboration with UNDP, the report

going on in great length about the significance of this partnership. This serves to illustrate the importance that Beijing places on international support in terms of legitimizing the BRI and the Chinese Communist Party (XinhunNet, 2017d).

From the perspective of individual Chinese business representatives or government officials, there is a sense of a political need to support the BRI or have a strategy relevant to the BRI.

(4) Many powerful Chinese stakeholders have developed a deep interest in the ongoing promotion of the BRI.

Finally, the individual interests of China's diverse economic actors further explain why China is advancing the Belt and Road Initiative. From 2008 until 2015, Chinese State-Owned Enterprises (SOEs) benefited greatly from the country's massive economic subsidies allocated for the development of infrastructure. SOEs grew greatly in terms of their capacity, in many cases, squeezing out private enterprises competing for loans and capital. As the infrastructure binge began to slow in the mid-2010s, SOEs became a powerful voice of support for the construction of the BRI. (Many reports have articulated the role that SOEs have played in supporting the BRI. See for example: Xu/Chen, 2018). The reason for this is that they needed support from the Chinese government to identify opportunities overseas, particularly in the areas where they had generated massive excess capacity – infrastructure development. The majority of Chinese SOEs have scrambled to identify projects overseas, and to develop BRI strategies of their own.

Meanwhile, private investors have also looked to take advantage of the BRI as a means of shifting capital outside of China. Statistics on Chinese capital flight from 2015 to 2018 are particularly alarming in the eyes of economists, and conversations with many private investors illustrate the two reasons for the exit of Chinese capital. (On China's capital flight, see: Kärnfelt, 2018). First is the anti-corruption campaign, and various austerity measures, which have forced officials to publicly declare assets, and made it much more difficult for collusion between party leaders and businesses. The Chinese government has attempted to crack down on capital flight, but the BRI gives private companies the perfect loophole – contributing to the BRI is a perfect means of shifting assets overseas in a politically correct way.

Provincial and even municipal level Chinese governments have become active promoters of the BRI as a means of advancing provincial interests within a context of intensive inter-provincial and inter-government competition for policies, funds and projects from Beijing. The Yunnan Provincial government, which shares a 3,000-kilometer border with Myanmar, Laos and Vietnam offers one strong example of this. A poor, land-locked province, since the early 1990s, Yunnan has tried to attract attention from Beijing by boasting its strategic position vis-à-vis the Indian Ocean. Throughout the first two decades of the 2000s, Yunnan-based officials promoted the idea of a two ocean's policy, and of Yunnan as a land bridge or gateway for the development of the Southwest of China. In 2017, it was successful in gaining support from the Chinese State Council, which initiated a new Economic Corridor in Yunnan's benefit: The China-Myanmar Economic Corridor (CMEC; see case study below).

2.6 Challenges and Critiques

Both the literature and the interviews identified a wide range of challenges around the Belt and Road Initiative, including both domestic challenges within China, challenges in host countries, challenges to international institutions, and challenges to international norms. Critiques are separated out into six main categories below, with illustrations of each.

- (1) Environment: "If the 126 Belt and Road Countries do nothing to decarbonize development projects, a near-3 degree [Celsius] increase in global temperature could result." (ClimateWorks Foundation, 2019).

One of the most common critiques raised in both literature and by interview participants relates to environment. These critiques include both those around climate change more broadly, criticizing the BRI for incorporating support to coal-fire power and other dirty energy projects. Also highlighted are criticisms around individual projects and/or weakening of environmental governance in BRI project host countries. An interviewee was especially vocal on this point: "there are no environmental standards on projects... communities do not get any information on environmental impacts, and only find out once they become

clearly visible.” Reports by both the WWF and Environmental and Energy Study Institute (EESI) detail a wide range of environmental impacts, with the WWF finding that BRI projects pose risk to over 1,700 important bird areas and key biodiversity areas (Teese, 2018; WWF, 2017). There is of course a major contradiction between such arguments and the 2019 BRI slogan of “Clean, Green and Open” launched in April of 2019 at the BRF. On the one hand, the Chinese government has been taking a leading role in climate governance, reducing carbon emissions at home, and publicly encouraging its enterprises to undertake green investments overseas. On the other hand, one of the major incentives for Chinese companies to invest overseas is that outdated technologies can easily remain competitive in developing country markets, while many BRI countries have no restrictions on or even encourage traditional power sources such as coal-fired power. As a result, government narratives of green outbound investment have largely failed to gain traction with Chinese companies.

- (2) Community rights: many interviewees talked at length regarding challenges for community rights around BRI projects. Most frequently cited concerns related to serious violations or blatant disregard of land rights – whether they be indigenous or traditional rights or individual land rights. Note though that interviews as well as a careful reading of the literature do not reveal substantial evidence that Chinese companies, or Chinese individuals are directly involved in acts of land grabbing, forced evicted, or fraud around the acquisition of land. There exists significant evidence however, that the Chinese business culture, which places an emphasis on individual networks of relationships structured explicitly around elite capture, have opened a space whereby bureaucrats in weak states can gain tremendous profit through short-term human rights violations. Minxin Pei writes at length on these dynamics as they are manifested domestically within China (Pei, 2016). More recent research has looked at how these business networks are replicating Chinese models of elite capture and crony capitalism overseas (Akpaninyie, 2019). The lack of safeguards and the blind eye that Chinese businesses vis-à-vis human rights might be seen as reinforcing the culture of impunity in many BRI host countries.

As one interview participant noted: “Chinese businesses come in with massive amounts of capital – and they go directly to the senior officials in the military, or more often the Vice Prime Minister. It is no longer possible even to visualize the level of elite capture in the country – layer after layer of business comes in...the private companies and the SOEs, and it becomes a contest – to see who has captured these officials most completely. In the end, the state is sold off, the people’s land is sold off...and there remains nothing of community or sovereignty.”

In Cambodia, there is strong evidence that the lack of attention to community rights has even resulted in significant losses to investors. The Union Development Group’s experience in Koh Kong, Cambodia, for example demonstrates this. In this case, local government officials were tasked with facilitating land acquisition for a large-scale tourist development project, with the company transferring funds for resettlement on to the local government. The government’s complete mismanagement of this process however resulted in the company taking over land that had not been cleared, with absolutely no agreement on the part of many landholders regarding matters of compensation. Major protests and later clashes between community members, the company and local security companies resulted in significant reputational costs for the company, as well as extensive delays in advancing the project (Miller/Bardouille/Tower, 2016).

This demonstrates nascent awareness on the part of some Chinese companies of business cases for doing the right thing. It is important to note however, that most Chinese companies have very limited exposure to risk associated with human rights costs, meaning that there is limited evidence that this will compel Chinese companies to change their practices.

- (3) Lack of Transparency: As a study participant noted in an interview with the author, “there is no information being shared by the government on MOUs [memorandum of understanding] or agreements; even low-ranking officials are kept in the dark.” Not a single interviewee responded positively to the question: “Do you know where to go to get information about BRI projects?” While some had tried various approaches, including efforts to reach out to business associations, Chinese NGOs, or think tanks, none mentioned success in getting access to detailed project information.



A Laotian worker helps build a bridge for the China-Laos railway project near Vang Vieng, Laos. Disputes about land rights along those railway projects between state, investors and civil society or affected local communities are frequent and risky.

The level of misinformation found in the literature on BRI is pervasive; one of the most common errors is to assume that the Chinese central government or Party is behind all BRI plans; English language analysis on BRI also often fails to consult Chinese language source documents, leading to simple factual errors, such as misidentification of a company or stakeholder involved in a major BRI project.

- (4) Lack of official regulation of the BRI/standards for BRI project: There is no formal government regulation of the use of the term “Belt and Road Initiative;” many of the projects that Chinese government and company stakeholder refer to as BRI projects predated the introduction of the concept by the Chinese President Xi Jinping in 2013. In Myanmar, for example, the Chinese Embassy recently organized a photo exhibit on the contributions of the BRI in Myanmar, labeling projects such as the Sino-Myanmar Pipeline Project, which was proposed as early as 1998 as “BRI projects” (XinhuaNet, 2020e).

A review of projects in many different contexts around the globe demonstrates that private Chinese capital will loosely label projects as “BRI” or “contributing to

the BRI” without any form of approval from state authorities in China. In some cases, even investments in sectors that are restricted, outright banned, or otherwise determined as illegal for outbound investment by the Chinese authors have been labeled BRI investments. One significant example of this is a gambling city being constructed in Southwestern Myanmar by a group of private Chinese investors. They have labeled the project in formal meetings with the Myanmar government as the “China-Myanmar-Thailand Economic Corridor” and as a key component of the BRI in Southeast Asia (Yatai International Holding Group, 2018). China’s laws on its nationals investing in overseas gambling are very clear – and yet there are no efforts by Chinese government authorities to respond to private Chinese business labeling such projects as BRI.

- (5) Failure of stakeholders to objectively assess the BRI: This concern was raised by several of the Chinese stakeholders interviewed. As one participant from a Chinese think tank noted: “Most Western academics do not research the Belt and Road Initiative; they criticize it.” The Chinese Foreign Ministry has gone as far as saying that it is “tired of irresponsible comments

made by the US [on the BRI],” and has accused the US and other countries of spreading rumors and misinformation about the platform (Mingjie, 2019).

That Chinese scholars and officials would be defensive of the BRI should come as no surprise. What is interesting is that a growing number of Western academics have also cautioned journalists and scholars to avoid bias in their research, pointing out several studies of questionable academic or journalistic rigor, which come to fairly extreme conclusions regarding the BRI. Of course, it is important not to lose track of point 4 above regarding transparency. If China were more open in sharing information on its overseas investments, it would be much easier for scholars to access and analyze information regarding the BRI.

(6) Undermining sovereignty/national security/fiscal sustainability: These criticisms focus largely on the high levels of debt that BRI countries have taken on, especially since 2013. Several recent studies have documented and reviewed the implications of the loans that poor countries have taken from China. In particular, the Council on Foreign Relations in the United States maintains a BRI tracking tool which shows that the level of debt to China has increased by more than 20 percent in several BRI host countries since 2013 (Steil/Della, 2019). One other study that looks at 68 country cases found eight countries in high risk of financial distress resulting from loans from China associated with BRI projects (Hurley/Morris/Portelance, 2019). Another study finds that there may be a “debt trap” associated with BRI lending, but China might be setting a trap for itself by giving out such a large amount of high-risk loans. The Rhodium Group finds that many countries which become heavily indebted to China need to negotiate a change in the terms of the loans, but that China rarely attempts to nationalize assets, and that it often has very minimal leverage over such countries (Kratz/Feng/Wright, 2019).

(7) Undermining democratic norms, human rights and space for civil society: Another common critique in the literature is that China exports its lack of respect for democracy, human rights and civil society along with the Belt and Road Initiative. This happens for several reasons. First is that China tends to partner only with incumbent governments in implementing

projects, thus in contexts where there are sharp divisions between state and society, it provides support to states in crushing opposition voices. Extensive writing on this topic is available relevant to Cambodia, Pakistan, and Myanmar (see for example: Human Rights Watch, 2019).

Another issue is around China’s support for government organized non-government organizations (GONGOs), which have risen in influence and power in China since introducing the Foreign NGO Law in China in 2017. The Chinese government has provided resources for these GONGOs to develop partnerships with NGOs overseas in BRI host countries through the Silk Road NGO Alliance, which has built close relationships with Cambodian NGOs such as the Cambodian Civil Society Alliance Forum.

(8) Failure of the BRI to consider investment security/conflict dynamics: At present, the BRI lacks a peace and security pillar, or any framework for thinking about the impacts that it may have on conflict; in this sense the BRI is conflict blind, and in practice it interacts with conflict dynamics at community, subnational, national, regional and international levels.

Given the physical presence of the key BRI transportation corridors, it can be argued that the BRI has implications for nearly every major world conflict.

At present there is no peace/security pillar for the BRI, however in 2017, President Xi Jinping created an opening for the establishment of one by noting that the BRI should be “constructed into a road of peace.” Many Chinese respondents interviewed here identified that now is the time to begin developing such a pillar, yet there are major differences in perspective as to what this should look like.

It is important to note that the Chinese government has taken several very significant steps to address some of these concerns. In particular, one major focus of the BRF in April of 2019 was around addressing concerns related to 1, 4 and 7. Themed “Clean, Green and Open,” the BRF saw the release of a number of key new documents, including a set of green investment principles; an initiative to combat corruption and enhance transparency (the Beijing Initiative for the Clean Silk Road), and a debt sustainability framework. Interestingly, these instruments have not received much attention from practitioners.

Chapter 3

The Belt and Road Initiative as Conflict Blind: Evidence and Implications

3.1 A Risky Platform

As noted in the previous section, one of the main findings of the literature review and interviews is that the Belt and Road Initiative lacks any form of framework or guidance for considering conflict. This section offers several case studies to illustrate the risks and challenges resulting from this gap. Considering that the BRI is being promoted globally, and that states with weak governance, need for strong international political support, or fragile states are particularly interested in seeking certain benefits from the BRI, the platform stands as a significant challenge to efforts to address peace and security issues. The map below gives a sense of the scope of the challenges in the Asia Pacific region alone – as can be seen, the BRI passes through, or has significant projects proposed or underway in every conflict hotspot across the region.

Calls for a Security Pillar and the Role of Private Security Companies

Importantly, Chinese scholars have also identified that there is increasing risk associated with Belt and Road investment and have started to call for the BRI to take on a security pillar. The Chinese President Xi Jinping in May of 2017 called for the BRI to be built into a “road of peace,” providing Chinese stakeholders with an entry point for

moving in the peace and security direction (China News/CCTV, 2017). One key concern, especially from interviewees from Myanmar and Kazakhstan highlighted in the first textbox below is that this discussion has shifted in the direction of supporting Chinese security companies to investment projects overseas as a means of enhancing China’s ability to protect assets in fragile contexts.

Chinese Actors Working in the Peace Space?

One of the major challenges to China addressing peace and security challenges along the BRI relates to the lack of a tradition of peacebuilding in China. While ancient Chinese philosophy sheds many insights that would be of major relevance to peacebuilding, contemporary tools and approaches are generally not receiving any support from the Chinese government and are largely censored.

At a more fundamental level, the Chinese Ministry of Education has yet to approve the incorporation of any work on peacebuilding into the Chinese curriculum. As such, China has very few people with experience or familiarity in this area and lacks homegrown expertise. Several institutes across the country are piloting new approaches to peace studies – in particular, Nanjing University has been able to get approval from the Chinese government to host a UNESCO Peace Studies Chair in 2018 (see website of Nanjing University/NJU, without



Figure 3: This map shows the China Merchant’s Bank involvement in key ports and industrial zones along the BRI. The icons of bombs pinpoint places where projects run through conflict hotspots. Source: China Merchant’s Bank, without date

Chinese Private Security Along the BRI: Implications for Peace?

A wide range of Chinese government departments have expressed public concern regarding China's limited ability to provide protection to its overseas assets. These calls have become sharper as the Belt and Road Initiative has continued to develop, and as Chinese nationals and assets have come under threat as a result of political instability. As many countries along the BRI are fragile or seriously impacted by conflict, this trend is likely to continue.

While there are many different approaches China could take to securing its overseas assets, there is a growing push for Chinese private security companies to play a leading role. This is problematic at present, as China lacks a legal framework for its private security companies to invest or operate overseas. The past two years have seen a series of cooperative efforts between international and Chinese security companies, which has set the ball rolling towards a rapid expansion of China overseas private security sector. (Cui, 2017)

A growing number of Chinese private security companies preparing to enter markets such as South Sudan, Pakistan and Myanmar raises a number of challenges for peace and security. First, Chinese experts have

noted that China can “no longer rely on foreign militaries to secure its interests” and that Chinese private security will be more loyal to Chinese national interests. They have further argued that armed actors in other countries will be less likely to attack Chinese security providers, as they would risk upsetting the Chinese government.

These dangerous assumptions could lead to escalations of conflict in a wide range of settings around the world. First, the presence of Chinese security companies, and particularly armed guards could result in rising levels of anti-China sentiment in countries such as Myanmar, where these forces will be perceived to be aligned with the army in controlling the economy and the countries natural resource wealth. Secondly, the involvement of Chinese security companies could lead to a transfer of sensitive technologies to oppressive governments and military forces in a wide range of contexts around the world, which could lead to a rise in violence, oppression (and likely also an increase in violent conflict. One interview participant in Central Asia talked in depth about how the transfer of CCTV technologies and artificial intelligence (AI) to the region had already been used to target human rights lawyers and defenders. (Cui, 2017)

date). This project will begin the translation of a wide range of books on peace and conflict transformation into Chinese. That said, the topics of conflict transformation and peacebuilding remains sensitive within the Chinese context, thus limiting the extent to which such skills can be mainstreamed.

Shifting to the formal diplomatic space, China has demonstrated increased interest over the past decade in preventative diplomacy and mediation. This interest has manifested itself in China becoming more active in the peace space through the United Nations and other international institutions. Most significantly, China announced the United Nations Peace and Development Fund in 2017, and through the 100 million US dollars invested in the fund, it has started to support some activities of the international community in strengthening efforts to prevent violent conflict (United Nations Peace and Development Fund/UNDPF, 2017). There is almost no evidence to support that these multilateral activities have either

increased China's bilateral capacities to consider how its commercial activities play a role in conflict, nor is there evidence that Chinese is utilizing multilateral platforms to address some of the conflict impacts around the BRI.

What China has done, is to begin also playing a much more active role in mediation of violent conflict through bilateral channels. This has been achieved through the establishment of the Special Envoy mechanism under the Chinese Ministry of Foreign Affairs (Ministry of Foreign Affairs of the People's Republic of China, 2019c). Over the past five years, China's use of Special Envoys has increased greatly, particularly in the Asia Pacific Region. While so, there are limitations to the success of the Envoy. Yun Sun looks at this in detail in the case of Myanmar, where the Special Envoy has absolutely no power to coordinate other Chinese stakeholders – meaning that while he tries to convene parties to conflict, other Chinese stakeholders engage in activities that tend to aggravate conflict (Sun, 2018).

The Growing Challenges of Working with Chinese NGOs on Peace and Conflict Issues

While working with Chinese NGOs on issues considered sensitive by the Chinese government was never straightforward, it has become increasingly difficult to build effective partnerships on the BRI with groups based in China. Three challenges stand out. First, it has become increasingly difficult for Chinese NGOs to operate independently of the Chinese government. Many organizations have been forced to establish Party Affairs Departments, and appoint their own Party Secretary, who reports back to the local CPC branch office on the organization's activities. This has made it nearly impossible for most advocacy-based human rights organizations to continue functioning.

A second challenge is even more problematic. In 2016, the Chinese government introduced a new international NGO (INGO) management law placing NGOs

under the Ministry of Public Security rather than the Ministry of Civil Affairs. This law requires that INGOs take on a local government supervisory body and register with the police before setting up and initiating activities in country. All activities and funds must be approved a full year in advance and negotiated with these state authorities. In practice, this has placed major limitations on INGOs trying to operate in China, and in particular, most organizations working in the human rights space have been forced to exit.

A final challenge is the increased restrictions placed on local Chinese NGOs receiving funds from overseas. Many organizations have been explicitly informed that they are not permitted to receive any overseas funds, while others have been penalized under Chinese laws for accepting foreign funds to engage in advocacy work.

Conflict on Many Levels

Due to the lack of capacities to analyze, and address conflict, as well as a total lack of guidance, tools, and mechanisms to manage the BRI's activities in conflict-afflicted and fragile states, the risk of the BRI aggravating conflict on a number of levels is extremely high. The table below presents an overview of the types of conflict risks associated with the BRI. What remains of this section is a series of case studies that explores different types of conflict impacts in more detail.

3.2 Case Studies

3.2.1 The China-Myanmar Economic Corridor

The China-Myanmar Economic Corridor (CMEC) was proposed by the Chinese government in November of 2017. The governments of Myanmar and China formally signed a MoU on the CMEC as a part of the Belt and Road Initiative in September of 2018. The signing was immediately hailed in China as a breakthrough in terms of its long-term efforts to develop facilities for industry and trade through Myanmar. The Corridor would connect a series of railroads and highways from Southwest

China across the border at Ruili/Muse, going on to Myanmar's second largest city, Mandalay, and then to its largest city, Yangon and to the strategically located city of Kyaukphyu, which is located in Rakhine State. The timing of China's proposal of CMEC is of particular interest, as it was announced at the height of the Rohingya crisis on 2017, just after nearly 700,000 Muslim Rohingya were forced to seek shelter from military activities in Myanmar's Rakhine state targeted at clearing a Rohingya armed group out of the territory. The international community has condemned these actions, with multiple states accusing the Myanmar government of genocide.

While CMEC is still in the course of being planned and negotiated by the two governments, nine early harvest projects were agreed in April of 2019, including three cross-border economic cooperation zones (CBECZs), a railway from Muse to Mandalay, and the construction of a part in Kyaukphyu. The combined cost of these projects is likely to exceed 25 billion US dollars, with the result being that Myanmar's economy is much more closely tied to China.

With respect to Myanmar's ongoing conflict dynamics, CMEC has major implications, as are discussed below. Briefly, Myanmar is home to Asia's longest standing civil conflict, which has been referred to as the world's

Type of Conflict	Example
<p>Civil or ethnic intra-state conflict BRI ignores the factors driving conflict between different types of domestic armed actors; BRI projects collaborate directly with armed actors, or are involved in sensitive areas, and upset a cautious balance by influencing supply chains, revenue streams to armed stakeholders.</p>	<p>Myanmar Pakistan</p>
<p>Territorial disputes The BRI passes through territories that are disputed between states, ignoring the interests of one or more of the parties to conflict. This results in increased border tensions and increased probability of inter-state conflict.</p>	<p>Pakistan – India Sudan (South Sudan)</p>
<p>Geo-political conflict OECD members states remain divided over whether to participate in the BRI. The United States in particular has taken a strong stance against the platform and has encouraged its allies not to become a part of the BRI, while also supporting actors across developing countries who are struggling to manage BRI projects. This has led to a very complex geo-political struggle both across OECD members states, as well as within BRI host country states. The implications for BRI host country states are most acute, as actors within the state struggle to influence the direction of the BRI.</p>	<p>Cambodia Kenya Sri Lanka</p>
<p>State-society conflict The BRI largely collaborates with states, generally ignoring societal level actors. In countries with authoritarian regimes, this often places state sharply against society. Conflict manifest themselves in terms of conflicts over land, natural resources, human rights, traditional community rights, and livelihoods.</p>	<p>Laos Cambodia Myanmar Pakistan</p>

most complicated conflict. At the root of the conflict is a desire for a high level of autonomy and federalist structures on the part of the country's ethnic minorities, which make up roughly 40 percent of the population. Nearly all these ethnic groups maintain ethnic armed organizations, and in the cases of many, their own non-state authorities, which maintain control over significant parts of the country, and which provided public services to ethnic populations living in their territories.

CMEC presents a major threat to peace in Myanmar for the following key reasons:

- (1) The platform ignores the grievances of the main ethnic communities – namely that they receive no benefits from Myanmar's economic projects, which are controlled entirely by the military and the Union level government. In Rakhine State, where a port will be constructed providing access to the Indian Ocean, local Rakhine political parties have complained for years that the State's gas and oil resources bring billions of dollars of revenue to the Union government, while Rakhine remains on the of poorest parts of the country. The local Parliament does not even have access to data on the amount of resources extracted, the majority of

which are sold to China. Indeed, the Rakhine Commission had a key recommendation regarding the Kyaukphyu Port Project – namely that an assessment be conducted on its overall impacts for economic development, environment, and sustainability for the region at large. The proponents of the project have completely ignored this recommendation.

- (2) The platform aims to centralize trade and control over the border – a lifeline for the Ethnic Armed Organizations (EAOs). For the past several decades, China and Myanmar have maintained a vibrant cross-border trade, largely bringing benefits to local ethnic interests, and to the EAOs maintaining control along the border. CMEC changes this, as the proposal is for the government of Myanmar to centralize trade, place new customs houses along the border, and collect taxes on goods and resources being traded between the two countries. This is a major source of conflict now, as the centralization of the border means a loss of income and benefits for the EAOs, as well as for small-scale ethnic traders. Since the announcement of CMEC in 2017, conflict has escalated along the border, with both the Myanmar army and EAOs attacking

traders refusing to pay tax. As the border is seen to be a lifeline for many of the EAOs, who use it to generate income, access health and other resources from the China, efforts to centralize trade are seen as efforts to destroy the EAOs. This explains why several armed groups are now attacking the key trade routes from China to Myanmar.

- (3) CMEC fuels conflict by perpetuating the grievances of the Myanmar public with respect to transparency and equity. It is impossible for communities to access information on the project, and at the same time, the project is seen as just one of a continued number of efforts to initiate large-scale investments in sensitive parts of the country – thereby “forcing” the Myanmar military to enter the area as a means of protecting its commercial interests.
- (4) CMEC directly involves armed actors or former armed actors. In the case of one of the key industrial projects in the border area, the Kunlong-Chinshwehaw CBECZ, the Myanmar government has granted the project contract to a company owned by the leadership of a Kokang militia group, the Yang Moliang clan. This group was forced out of the area after the Myanmar National Democratic Alliance Army (MNDAA) defeated them, forcing the leaders to relocate to Yangon. By giving the contract to this group, the Myanmar government has sent a powerful message to the MNDAA – that they are aligning with the MNDAA’s enemies to take over control of the economy in their territory. This explains why the MNDAA has been at war with the Myanmar government army since the signing of their deal.
- (5) There are no directives from China or Myanmar regulating how Chinese, Myanmar or other stakeholders leverage the CMEC framework. The case of the Yatai New City Development in Shwekoko, adjacent to territories controlled by one of Myanmar’s largest ethnic armed groups, the Karen National Union (KNU), and only ten kilometers from Maesot is indicative. In 2018, a private business connected to mainland China, but operating in Cambodia and Thailand, and registered in Hong Kong decided to build a partnership with the Karen border guard force (BGF), a former EAO, which determined in 2012 to surrender its weapons, and to fall under the leadership of the Myanmar army. In exchange for aligning with the Myanmar army, this BGF was given the right to pursue business interests with support from the Myanmar government. In 2018, it was approached by the Chinese owner of the Yatai International Company to partner in constructing a 150,000 acre smart city, called the China-Myanmar-Thailand Economic Corridor at the base of the Karen hills. The leader of the BGF received 20 percent of the shares of the 15 billion US dollars project, making him instantly one of the wealthiest figures in the Karen areas. The KNU took note of this as the project started to break ground in early 2019, and after the size and scope of the development, and the fact that the intention is to build a massive gambling city became known, the KNU became worried about the future of the region. The development now threatens to undermine the entire Myanmar peace process, which hinges on the participation of the KNU as the largest EAO that is a signatory to Myanmar’s national ceasefire agreement. While the company claims to be implementing the CMEC and talks at length on its website about the city as a CMEC project, interviewees have confirmed that this project has nothing to do with the developing CMEC platform.
- (6) The platform involves the acquisition of land tracts across the country in highly sensitive areas. In the northern part of the country alone, the three CBECZs in Shan and Kachin States call for the acquisition of over 15,000 acres of land. What is particularly problematic is the government’s efforts to use formal legal mechanisms/processes to facilitate what otherwise might be labeled the theft of farmland. In 2018, the Myanmar Parliament passed a law known as the Vacant, Fallow and Virgin (VFV) Land Management Law. This law enables the government to declare any land as VFV which lacks formal registration. Given the nature of land and ethnicity in Myanmar, many tracts of land are not formally registered. There are also concerns that this law is being used to sell off to private business land left vacant by IDPs or refugees.

CMEC demonstrates what happens when a major economic initiative enters a highly divided country, building collaboration with only the incumbent government, while ignoring the interests of all other actors. The CMEC projects have dramatically problematized Myanmar’s domestic conflict and efforts to build peace.

3.2.2 South-Asian Geopolitical Challenges and the China-Pakistan Economic Corridor

The China-Pakistan Economic Corridor (CPEC) has been referred to as the flagship project of the BRI, and in terms of both its size, as well as the pace of progress in building the proposed infrastructure projects, it might be said to be the most advanced. The goal of CPEC is to link China's most northwestern province of Xinjiang to the Arabian Sea through Pakistan. It is critical for the development of China's northwest, where China has located one of its largest Special Economic Zones in Kashgar. The government of Pakistan has largely come fully behind the CPEC plans, even setting up a CPEC office in Beijing to better communicate with Chinese counterparts on the project.

Adjacent to CPEC, a second corridor with implications for South Asia has also been announced – the Bangladesh-China-India-Myanmar Corridor (BCIM). If implemented, this corridor would enhance international connectivity for China's Southeast, especially the provinces of Tibet, Yunnan, and Guangxi. Yet, while CPEC has developed rapidly, there has been little movement on the BCIM. The reason for this is largely due to India's concerns about its position within the region vis-à-vis China.

After the announcement of CPEC, the Indian government formally announced its position that the Belt and Road Initiative violates Indian sovereignty, and push China to abandon plans for the CPEC route through Pakistan administered Kashmir. This represents the first geo-political flashpoint of the BRI's plans for South Asia – a major escalation of tensions between Pakistan and India. China has largely ignored India's concerns, leading to a series of dangerous standoffs between China and India on one part, and India and Pakistan on the other. Following India's decision to remove the autonomy of Jammu and Indian administered Kashmir, tensions rose further between the three countries, with the China-Pakistan alliance growing closer.

These twin corridors have generated further tensions across the entire South Asia region, as India feels its influence in the region at threat. The BRI has linked the economies of Bangladesh, Sri Lanka, and the Maldives closer and closer to China, a perceived challenge to India's position of strength in the India Ocean.

While geostrategic competition between a rising China and a rising India may be inevitable, the failure of the BRI to take these factors into account has played a role in the rapid political destabilization of South Asia over the past two years.

At the same time, the CPEC platform has also significantly impacted domestic conflict in Pakistan, particularly in the Southern part of the country, where the interests of a key Pakistani separatist group have been negatively impacted by the CPEC corridor – not at all unlike the experience of Myanmar's EAOs.

3.2.3 Human Rights, Civil Society and the BRI in Kyrgyzstan

BRI collaboration between China and Kyrgyzstan has not taken the same high-level form as that involving Pakistan or Myanmar, but it has nonetheless developed rapidly since 2013. The key focus has been on road connectivity to the capital city of Bishkek, as well as on power transmission. A series of scandals in the country, along with the spillover of China's domestic conflict in Xinjiang however has resulted in very serious tensions in the Central Asian country. Interview respondents noted similar concerns relevant to the BRI in Kyrgyzstan as in other contexts but emphasized how the context there was significantly different with respect to China's policing of cross-border ethnic communities, including Kyrgyz, Kazaks, and Uighurs. As an interviewee noted, "China's policing of these communities has spread into its BRI collaboration in the region, and created challenges when China introduced advanced monitoring technology into the country." The interviewee went on to note that Chinese CCTV cameras had been given to the Kyrgyzstan government as a gift to assist in a crackdown on crime and terrorism in the region. But the data from these cameras is seemingly also available to China, posing serious risks to activists, lawyers and others working on rights issues in the border area.

The government of Kyrgyzstan has been heavy handed in cracking down on activist efforts to speak out on human rights issues, particularly involving the Muslim community. This has resulted in growing levels of anti-China sentiment in the country, which peaked in 2018 following the break-down of a Chinese refurbished power plant in the middle of winter.

This case illustrates both challenges of the BRI for human rights issues, but also some of the connections between China's domestic human rights issues and the BRI more broadly.

Chapter 4

Conclusions and the Way Forward

The major finding of this study is that the risk of aggravating conflict on several levels through the BRI is extremely high. The BRI, however, is conflict blind, insofar as it does not offer any guidance with respect to how actors promoting and developing the BRI should behave in conflict-afflicted areas, nor does it make considerations with respect to the mitigation of violent conflict at the interstate, sub-national, local or community levels. The only consideration it does offer is that companies should consider security risks around their investments, and conduct various forms of political, economic, and social risks assessments.

In cases where there is active armed conflict, it finds that the BRI can be particularly risky given its failure to consider possible impacts on conflict; in other cases, the leading driver of conflict tends to be the lack of information and transparency around project details, which results in tremendous frustration on the part of communities, local officials or other key stakeholders. Another key concern is the lack of a peace and security pillar within the BRI and the actual trend to increase the involvement of Chinese security firms in BRI investment projects also overseas.

The report makes the following key recommendations on the basis of these findings:

- (1) The Chinese government and other countries involved in implementing the Belt and Road Initiative need to establish a platform to consider the impacts that the BRI will have on conflict dynamics. This could be modeled after platforms that have been set up to address environmental concerns and corruption. Establishing such a platform would provide peace practitioners, researchers, international organizations and states a space to engage around reducing the impacts of the BRI on conflict.
- (2) At present, practitioners have limited space through which they can engage in effective dialogue and advocacy vis-à-vis the Belt and Road Initiative. One available channel has been think tank dialogues. One of the challenges emphasized by participants in this study is that practitioner, and especially NGO participation cannot be limited to non-official and informal track two dialogue. NGOs are key stakeholders in nearly all countries through which the BRI passes. As such, projects must consult with civil society in advance of any implementation. Presently, implementors of BRI projects have failed to do this.
- (3) UN Business and Human Rights platforms could be used more intensively for mutual engagement: A growing number of Chinese companies are now participating in these platforms, and the UN Working Group on Business & Human Rights might become a space through which China might be engaged. The Working Group has a project on business and human rights in conflict-affected contexts, which might be a space for engagement. Potential outcomes might be mainstreaming human rights in dialogue with Chinese companies but also to understand better how the other stakeholders think – so an increase of the mutual understanding between political actors, company representatives and civil society actors
- (4) As the majority of states have signed MoUs on BRI collaboration with China, and as the BRI-platform has some level of recognition from other key international institutions such as the United Nations and the Asian Development Bank, it would be a mistake to ignore BRI, or consider the BRI insignificant for efforts to address violent conflict. This requires more attention by policy makers, peacebuilders as well as experts for economic development. It needs to be taken up in discourses along with the 2030 Agenda and fulfilment of the SDGs.

Abbreviations

AIIB	Asian Infrastructure Investment Bank
ADB	Asian Development Bank
BCIM	Bangladesh-China-India-Myanmar Economic Corridor
BRF	Belt and Road Forum
BRI	Belt and Road Initiative
BGF	Border Guard Forces
CNKI	China Knowledge Resource Integrated Database
CMEC	China-Myanmar Economic Corridor
CPEC	China-Pakistan Economic Corridor
CBECZ	Cross-Border Economic Cooperation Zone
EESI	Environmental and Energy Study Institute
EAOs	Ethnic Armed Organizations
FDI	Foreign Direct Investment
GONGO	Government-Organized Non-Governmental Organization
GDP	Gross Domestic Product
KNU	Karen National Union
MoU	Memorandum of Understanding
MNDAA	Myanmar National Democratic Alliance Army
NGO	Non-Governmental Organization
SOEs	State-Owned Enterprises
UN	United Nations
UNDP	United Nations Development Programme
WWF	World Wildlife Federation

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