Grading China’s Belt and Road

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About the Belt and Road

Launched in 2013, China’s “One Belt, One Road” seeks to connect large parts of the globe through rail lines, pipelines, highways, ports, digital technology, and other infrastructure. Beijing’s Belt and Road has the potential to address real infrastructure needs. At the same time, it is a serious strategic endeavor with support from the highest level of China’s Communist Party.

The Belt and Road has consequently emerged as an umbrella for advancing Beijing’s broader geopolitical ambitions. However, a significant gap exists between China’s sweeping aspirations for the Belt and Road and the reality, with a growing number of countries voicing their concern about the downsides of Chinese investments.
Seven Challenges Posed by Chinese Projects

Although not monolithic, Chinese infrastructure projects present a number of common challenges to recipient states. These challenges include:

1. **Erosion of National Sovereignty**
2. **Lack of Transparency**
3. **Unsustainable Financial Burdens**
4. **Diseengagement from Local Economic Needs**
5. **Geopolitical Risks**
6. **Negative Environmental Impacts**
7. **Significant Potential for Corruption**
Rising International Concern

In part due to these challenges, a growing number of political, business, and civil society leaders have become increasingly outspoken about the downsides of taking Chinese investment under the umbrella of the Belt and Road.

“These roads cannot be those of a new hegemony, which would transform those that they cross into vassals.”
—Emmanuel Macron, president of France

“The strategy of China is clear. They take economic control of countries.”
—Carlos Pérez, Ecuadorian minister of electricity and renewable energy

“Media institutions are working under fear of the government, with the help of the Chinese.”
—Likezo Kayongo, chief executive officer of Zambian Watchdog

“They [Chinese companies] have taken predatory practices in something that [is termed] today to be a debt trap.”
—Sultan Ahmed bin Sulayem, Dubai Port World chief executive officer
Chinese Projects: A Global Snapshot

The seven challenges posed by Chinese projects are not limited to a particular region or type of infrastructure, as demonstrated by a survey of 10 lower-profile Belt and Road cases spanning the globe.

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A Checklist for Chinese Projects

The first five years of the Belt and Road provide ample evidence of the global demand for infrastructure, but also the types of projects that need to be avoided. It is imperative that governments, companies, journalists, and civil society groups possess a shared framework for assessing the costs and benefits of future infrastructure projects involving China.

This checklist is a starting point.
Chinese projects that pose none of the seven challenges evident globally deserve serious consideration. However, countries should avoid projects where one or more challenges are likely to emerge.
What Countries Should Ask?

- Sovereignty-Upholding?
- Transparent?
- Financially Sustainable?
- Locally Engaged?
- Geopolitically Prudent?
- Environmentally Sustainable?
- Corruption-Resistant?
Chinese Infrastructure Projects
A World of Problems

Belt and Road’s Future
The rising backlash against the Belt and Road has not gone unnoticed in Beijing. Yet it is unlikely that China’s approach will fundamentally change in the years ahead. The sheer size of ongoing Belt and Road projects limits China’s ability to refocus. Moreover, the Belt and Road is ultimately a vehicle for China’s geopolitical ambitions. Liabilities for host countries – loss of control, opacity, debt, dual-use potential, and corruption – are often strategic assets for Beijing.

The primary adaptation of the Belt and Road will be its growing focus on the digital domain. This emphasis on information connectivity will serve to export elements of China’s high-technology domestic surveillance regime, as well as further expose recipient states to possible information compromise.

Criteria for Assessing Belt and Road Projects

- **Sovereignty-Eroding**: China either has long-term equity in the project or a long-term lease, or a Chinese company operates the infrastructure over the long term.
- **Nontransparent**: Lack of clarity surrounding the companies involved, status of negotiations, the terms of the deal, organizational structure, or progress of development.
- **Financially Unsustainable**: Chinese financing has increased the chance of a financial crisis or created repayment difficulties; the project is subject to major cost overruns or not profitable.
- **Locally Disengaged**: Profit-sharing arrangements are inequitable, infrastructure does not benefit locals, project involves mostly Chinese companies and workers, lack of skill transfer.
- **Geopolitically Risky**: Project compromises a country’s telecommunications security, constrains a country’s ability to partner with other states, or creates potential opportunities for military access by China.
- **Environmentally Unsustainable**: Lack of environmental impact study, local environmental concerns ignored, long-lasting ecological damage created.
- **Corruption-Prone**: Recipient country has high level of bribery risk, main Chinese company has past issues with corruption overseas, corruption allegations relating to the project exist, confirmed cases of corruption.

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Haifa Port
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SOURCING FOR THIS PAMPHLET
This pamphlet summarizes the findings of a CNAS report, “Grading China’s Belt and Road.” See the report for all citations as well as in-depth case studies of the Chinese projects covered in this pamphlet.

Read the full report at cnas.org/beltandroad.