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ROAD TO PEACE OR BONE OF CONTENTION?
THE IMPACT OF THE BELT AND ROAD INITIATIVE ON CONFLICT STATES
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Cover:
Pakistan Navy soldier stands guard while a loaded Chinese ship prepares to depart at Gwadar port. Muhammad Yousouf, picture alliance/AP Photo.

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Ever since its announcement in 2013, China’s “Belt and Road Initiative” (BRI) has attracted significant attention from international observers, covering its impact on fields ranging from economic integration to geopolitics. However, the peace and security implications of the BRI have seen comparatively little interest, despite the heavy concentration of BRI-related investments in highly fragile and conflict-prone environments.

As will be shown in this report, Chinese-built infrastructure also has a transformative impact on local conflict dynamics in many ways – through the provision of developmental benefits and economic opportunities, the manifestation of state power in everyday lives, the abduction of BRI projects by local political interests, or securitization measures. Some of these effects are positive, and have opened up new development perspectives to countries that would have otherwise found it difficult to attract outside investments. Others are negative, and have created new grievances and tensions, especially where the benefits and costs of BRI projects are unevenly distributed between groups with a history of conflict with each other. The aim of this report is to illustrate the complex relationships between BRI investments and local conflict dynamics, and to provide some practical suggestions for how outcomes could be improved.

This issue is of urgent relevance, and has only become more so during the early-stage implementation of the BRI. As projects continue to materialize in conflict environments, Chinese enterprises are grappling with how to navigate them. The geopolitical tensions surrounding the BRI have exposed member states to external pressure and led to domestic political tugs-of-war. There is a pervasive lack of trust in national authorities tasked with implementing the BRI, sometimes paired with suspicions over Chinese influence. Among some groups, resistance against the BRI has turned violent, and projects themselves have become targets for militant attacks. Meeting this challenge will be crucial for the future of many of these countries, and to the BRI itself.

This report is based on an investigation of four especially conflict-prone BRI member countries: Pakistan, Myanmar, Kyrgyzstan and Uganda. All of these countries have experienced severe conflicts, sometimes rising to the level of civil wars, and are marked by ongoing political instability. Despite these preconditions, which have hampered their access to foreign investments and development finance, they were able to secure significant Chinese infrastructure investments through the BRI, ranging from a volume of about 2 billion USD in Uganda to more than 30 billion (and counting) in Pakistan. We investigated the BRI’s local effects through a mixture of interviews with local experts and civil society representatives (mainly conducted online due to the pandemic situation), an analysis of observations in local media, expert and stakeholder publications, and background discussions with local and Chinese stakeholders.

Based on our research, we find that across all four cases, resistance against the BRI in conflict states is often the result of planning that is responsive to national-level interests, but less so to the concerns of regional and local communities. Benefits tend to cluster among elites and already-privileged groups, with disadvantaged communities at risk of being left further behind. Accordingly, ensuring broader acceptance and success of the BRI in such environments hinges on better outreach to local communities, strengthening conflict sensitivity, improving project transparency, and offering
adequate solutions for adverse effects on local livelihoods. While far from a complete investigation, this report is intended as a first step towards a larger research program aimed at studying the BRI's effects on conflict-affected states, and as a demonstration of this question's relevance. It is also a call for greater cooperation from all sides – Chinese, local and international actors – to ensure a better BRI implementation, which is in their shared long-term interest.
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1. THE BRI: BETWEEN GLOBAL AMBITIONS AND LOCAL IMPLEMENTATIONS

Officially launched in 2013 under the name “One Belt, One Road”, the BRI has since emerged as the world’s most prominent infrastructure initiative. The original vision reflected in the name was to upgrade China’s transport links with the world by constructing a new land-based corridor across Eurasia (the “Silk Road Economic Belt”) and a string of port facilities around the Indian Ocean (the “Maritime Silk Road”). While these descriptions serve to conjure up romantic images of daring traders exploring new commercial opportunities, the BRI has by now evolved into a vast, immensely complex array of projects whose scope is difficult to capture. The original, connectivity-centric effort has become a worldwide platform for infrastructure projects that are often compartmentalized and scattered between dozens of sectors. To give just a few examples that will be covered in this report, prominent BRI projects have included a vast new port in Pakistan, a hydroelectric dam in Myanmar, mining operations in Kyrgyzstan, and road-building in Uganda.

This diversity is mainly due to the BRI’s conceptualization as an open platform to which many different actors can attach their projects, and has resulted in a situation where there is no clear definition of a ‘BRI project’. In practice, the term can be used to cover any infrastructure project located in a country that has officially signed on to the BRI, and that is either funded or constructed by Chinese actors (usually both). This is also the approach we took for this report, in order to include as much material and data as possible. This definition makes it easier to offer an idea of the BRI’s overall scope, which is otherwise highly contested. Using this method, and recent data from the China Global Investment Tracker (CGIT, Scissors 2019), results in an aggregate estimate of about 351 billion USD of Chinese infrastructure construction investments in BRI countries since the time of their joining – a staggering figure, despite other estimates going into the trillions.¹

No matter how widely the net is cast, it is clear that in many countries across the globe, China has become the most important provider of infrastructure. As we will show, Chinese agency in this field is marked by a very high risk acceptance, enabling a move into areas that had been underserved by other international actors like the World Bank, the Asian Development Bank or Western development agencies. One of the key ideas that influenced the conceptualization of the BRI was the diagnosis of a massive “infrastructure gap” in developing countries that held back local development and global economic growth, with the unfulfilled demand estimated at up to 500 billion USD a year (Lin/Wang 2013). In offering to plug this gap, China could leverage its strengths in infrastructure development, while simultaneously exporting domestic overcapacities in this sector and triggering a new stage in the ‘going out’ process of Chinese enterprises.

However, in the eyes of international observers, the BRI soon attained a far greater significance than just an economic or developmental measure. Due to its close association with the person of Xi Jinping, and his pursuit of a much more ambitious Chinese foreign policy (Yan 2014), perceptions

¹ Our estimate is based on CGIT data updated throughout the end of 2020, and limited to construction investments across four sectors relevant to infrastructure (transport, energy, utilities and telecom).
quickly focused on its potential geopolitical impact. Even before most of its projects had gotten under way, observers – especially in the US – began to wonder if the main intention behind the BRI was to transform the vast landmass of Eurasia into a kind of Chinese ‘hinterland’, using the enormous pull of China’s market to draw smaller countries into its orbit – first economically, and then politically (Fallon 2015, Ferdinand 2016). This assumption has continued to dominate Western perceptions of the BRI – and motivated much of the resistance against it, resulting in a situation where Italy is the only major Western nation that has officially signed up to the initiative. To date, the most prominent Western analyses on the BRI continue to focus on geopolitical aspects, e.g. as a long-term attempt to build an alternative world order by continuing the liberal program of economic openness while seeking to undermine its political dimension (Rolland 2017). Others have focused more on the traditional meaning of ‘geopolitics’ and how the BRI is intended to transform strategic spaces, stretching from China’s restive western regions to the Eurasian frontier (Markey 2020). As more evidence from actual implementation on the ground becomes available, recent studies have also covered the tensions between Chinese strategic objectives and local realities in the diverse settings that have become part of the BRI (Hillman 2020).

These perceptions cannot be easily dismissed. After all, a major reason why the BRI received such an enthusiastic reception among Chinese IR theorists was precisely because it heralded a new stage in China’s development, in which the country would move from selectively adapting to an existing global order to actively reshaping it (Swaine 2015). In a very literal sense, Chinese-built roads and bridges would create new pathways for human interactions across Eurasia and Africa, and as the point where all of these lines converged, their country would (re-)emerge as the political center of the world. These expectations have been steadily encouraged by Xi Jinping himself, who has made it clear that the BRI is central to his vision of moving China back towards the “center stage” of international politics (China Daily 2017). However, something that has gotten lost among the focus on the BRI’s strategic purposes and geopolitical impact is that the vast majority of announced and completed projects will most immediately affect the lives of people in their local environment. Governments across Asia and Africa have not signed up to it primarily because of a desire to forge closer ties with China, but because they believe Chinese-provided infrastructure offers them the best chance to fulfill their own national development priorities.

Projects that are eventually constructed are not drawn up in a central headquarters in Beijing, but are the result of complex interactions between local political actors, their constituencies, Chinese funding agencies and contractors. While ‘China’ is often seen as a monolithic entity, the immense scope of the BRI and its openness have attracted a highly diverse set of actors just on this side alone. This includes a large number of government agencies, primarily the National Development and Reform Commission (NDRC, the leading economic planning agency) and the ministries of commerce and foreign affairs, provincial and even city-level governments; a host of national and multilateral funding vehicles, from the new Asian Infrastructure Investment Bank (AIIB) and a dedicated “Silk Road Fund” (SRF) to the existing Chinese policy banks (China Development Bank and China Exim Bank); a mixture of both state-owned and private Chinese enterprises seeking commercial opportunities in project construction; advisors drawn from the ranks of think tanks and academia; state-affiliated and private organizations engaged in various forms of international
networking and promotion; and finally, a vast number of ordinary people who have been drawn to the opportunities promised by the BRI.

In the countries that have signed up for the BRI, they engage with an even more eclectic mix of local political, economic and social actors, who seek to enlist the initiative to the pursuit of their own interests, which are frequently at odds with each other. As a result, projects need to be renegotiated as the political winds in target countries shift and priorities are reevaluated. This is an especially acute problem in the countries covered here, which have frequently experienced outbreaks of violence, political instability, tenuous institutional arrangements, and sometimes international conflicts with other states. Sometimes, this results in projects that have little in common with the original pitch, or even outright abandonment. This report seeks to take these factors into account and to add more nuance to global perceptions of the BRI, showing how it is localized in highly challenging environments and in turn transforms them.

### 2. CONTROVERSIES, CONCERNS AND CONFLICT RISKS

Aside from the perception of the BRI as a geopolitical project to carve out a Chinese-dominated sphere of interest in the developing world, criticism has usually focused on several specific features of Chinese-built infrastructure and the financing behind it. These will be briefly summarized here, followed by a set of initial assumptions on how these issues in turn relate to conflicts.

One of the earliest such criticisms focused on the existing environmental sustainability track record of Chinese infrastructure projects, raising concerns over the expansion of CO₂-emitting energy generation and industries, the reorientation of water resources and loss of livelihoods for local residents, a loss of biodiversity and proliferation of invasive species, and the degradation of ecosystems as a result of construction activity (Ascensão et al. 2018). These issues were also among the first to be acknowledged by the Chinese government, which in 2019 rolled out a comprehensive agenda aimed at “greening” the BRI and increasing attention to environmental issues in project funding. All key BRI funding organizations have by now committed to upholding these principles (Jahns et al. 2020). However, due to the decentralized nature of the BRI, capacity limitations among supervising institutions, and inconsistent environmental regulations across recipient countries, the actual, widespread implementation of such standards remains elusive (Hale/Liu/Urpelainen 2020).

Additionally, while one of the BRI’s stated aims is to kickstart local industrial development, the direct economic benefits arising from its construction and sometimes also operation are restricted to a small number of overwhelmingly Chinese contractors, most of them state-owned enterprises (SOEs). According to the deputy director of China’s State-owned Assets Supervision and Administration Commission (SASAC), they account for more than 80% of the volume of BRI investments (China Daily 2019). A common complaint is that bidding processes are closed or opaque, systematically locking out international competitors (EUCCC 2020). Domestic enterprises in developing countries are rarely if ever considered for implementation, usually with the argument that they lack the technical know-how to do so; and whatever immediate employment opportunities are created for locals are
almost exclusively in low-skilled, low-paid and temporary positions (Russell/Berger 2019). Some BRI projects, like a major railway expansion in Ethiopia, now include extensive training schemes for local staff at Chinese colleges (Chen 2020), but the effects remain yet to be seen.

The financing of BRI projects has similarly emerged as a highly contentious topic. Despite being mostly commercial in nature rather than coming as aid, its concentration in infrastructure projects puts it in direct competition with international development finance, which often requires recipients to commit to economic and political reforms (Dollar 2018). Chinese loans, on the other hand, are advertised as coming with “no strings attached”, buttressed by China’s official stance of nonintervention in the domestic politics of other states. Accordingly, the proliferation of BRI-related loans and Chinese development finance has been seen as weakening the standards set by Western regimes and reducing reform pressure on states that do not comply with them (Brautigam 2009; Benabdallah 2016).

The ability to tap into Chinese capital has also resulted in a drastic increase in the debt levels of many member countries, giving rise to worries about the sustainability of these arrangements. According to a World Bank estimate, a third of recipient countries are expected to experience increased debt vulnerability as a result of the structure of their BRI arrangements (Bandiera/Tsiropoulos 2019). Some analysts have even accused China of engaging in so-called “debt-trap diplomacy” – willfully extending loans that it knows creditors will default on, only to use the necessary restructuring or forgiveness to increase its political influence over them. These charges are exaggerated and ignore both the agency of local political actors as well as more innocent explanations for the failure rate of Chinese loans, like a greater willingness to take risks and lack of experience with local context conditions (Acker/Brautigam/Huang 2020). But debt sustainability is another problematic aspect of the BRI, especially since defaults can have significant disruptive effects on local economies and societies.

In highlighting the agency of national political leaders in recipient countries, counterpoints to the ‘debt trap’ narrative have also raised another problematic issue. Major decisions on BRI projects and entire development plans are predominantly made at the bilateral governmental level, and with little input from local governments and civil society groups that are the most acutely affected by them. National leaders have been highly successful in pitching projects whose overall viability is dubious, but deliver concentrated benefits for themselves or key allies and constituencies. The story of the Hambantota port in Sri Lanka, which originally triggered the ‘debt trap’ narrative, is a case in point for this (Ferchen/Perera 2019). In countries like Pakistan, the results of high-level negotiations ultimately led to domestic disputes over resource-sharing, exacerbated tensions between the center and periphery, and led to strongly diverging views of the BRI among economic elites and disadvantaged groups (Markey 2020).

Assessing the viability of BRI projects and rejecting unconvincing pitches is supposed to be done at the level of funding organizations, but this is not always handled consistently. In practice, only the flagship AIIB has the necessary independence and capacities to do thorough reviews and act on them, while policy banks and the SRF are lacking in this regard (Hale/Liu/Urpelainen 2020). More-
over, they are directly overseen by the Chinese government (or in the case of the SRF, the central bank), tasked with supporting its political objectives and will follow its guidance on projects that are seen to deliver strategic or diplomatic benefits for China (Rudyak 2020).

Finally, the predominantly Chinese companies tasked with constructing BRI projects in fragile contexts find themselves operating in complex environments with which they have had little previous experience. In making sense of this environment, and their own role within it, they face a major challenge in lacking capacities on conflict sensitivity, and have been slow to embrace general Corporate Social Responsibility (CSR) standards (Tan-Mullins 2014). This is exacerbated by China’s strong commitment to noninterference in the political affairs of other countries, which discourages Chinese companies from even seeing themselves as (political) actors in these local contexts. As a result, they often remain aloof and isolated from local communities, communicate little information about their objectives and tasks, and lack channels to take up local concerns (Jafri 2020).

These issues are well known, but how they play out specifically in conflict settings is an issue that has received little systematic attention, despite the many existing studies on the BRI. However, across the potential environmental, developmental, financial or social impacts, a common thread is that the benefits and costs of the BRI are often unevenly distributed in recipient countries. While the influx of resources associated with BRI membership may indeed be a boon and make a positive contribution to local development, the precise distribution of benefits among different groups likely matters a great deal for the overall impact. In countries that have already experienced significant conflicts, tensions may well be exacerbated as a result of diverging perceptions of projects and their benefits.

### 3. THE BRI IN CONFLICT ENVIRONMENTS: GENERAL PATTERNS

Figure 1 plots total Chinese infrastructure construction investments in BRI countries against their conflict proneness, using the abovementioned statistics from the China Global Investment Tracker for the former and the “cohesion” dimension of the State Fragility Index (SFI) as a proxy for the latter. The plotted number is the sum total of all such investments in a country since it joined the BRI, updated until the end of 2020. This may include projects already agreed prior to the onset of the BRI, but due to the vague, open nature of the initiative is arguably the most reasonable criterion for inclusion. Figures for state cohesion use the most recent (2020) edition of the SFI, as these do not tend to vary much over time.3

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2 Figures are limited to construction investments across four sectors relevant to infrastructure (transport, energy, utilities and telecom).

3 The “cohesion” dimension was chosen because it reflects direct conflict risks and measures of ongoing conflict, rather than economic and political grievances that are seen as risk factors in their outbreak. The plotted figure is the sum of its three sub-indicators ("Security Apparatus", "Factionalized Elites" and "Group Grievance"), with higher numbers reflecting higher levels of conflict proneness.
The figure sketches the overall bivariate correlation, an estimate of the linear relationship provided by the regression line, and labels cases that have attracted particularly high investments (more than 10 billion USD in total). As these indicators show, Chinese infrastructure investments under the BRI are clearly skewed towards environments with high levels of conflict risk. Purely from a risk management viewpoint, this appears counterintuitive: infrastructure investments have very long amortization periods, and are highly vulnerable to wartime destruction as well as lesser political risks like expropriation or drastic revisions to existing contracts. Accordingly, we would expect capital to flock to environments that exhibit long-term stability, but the opposite is clearly the case for the BRI.

Some of this is by design – after all, the BRI was specifically intended to alleviate an unmet demand for infrastructure across developing countries in Asia and Africa that had at least been partially caused by their often unattractive risk profiles (Deloitte 2019). There is an element of path dependence, too: the BRI built on decades of prior Chinese engagement with many of its members, often centered around natural resource extraction to fuel China’s booming economy. As China is an industrial latecomer, these usually had to be acquired in fragile states where Western corporations feared to tread (Alden/Alves 2009). Another reason can be found in the BRI’s perception as a geopolitical project designed to further Chinese global influence, which caused the US and many of its allies to abstain from participation and discourage it in others (Ekman et al. 2019). This opposition removed many of the world’s wealthiest and most politically stable nations from the pool of potential members, leaving it skewed towards more fragile countries.

While any sort of foreign direct investment (FDI) would be considered a boon for capital-deprived countries, the specific form which BRI-related inflows took often turned out to be much more con-

Fig. 1: Chinese infrastructure investments under the BRI by recipient state conflict proneness. Data Source: SFI 2020 and CGIT (Scissors 2019).
troversial. As we will show with our subsequent case studies, this was often related to underappreciated political aspects of infrastructure – its relation to grand visions of national development, its association with specific local political interests, an uneven distribution of costs and benefits, and often a lack of community engagement despite the deeply transformative impact projects will have on local residents.

4. “ALL-WEATHER” FRIENDS AND LOCAL ENMITIES: THE BRI IN PAKISTAN

Pakistan was one of the first countries to sign up to the BRI and is home to its ‘flagship’ project, the China-Pakistan Economic Corridor (CPEC). The history of CPEC in Pakistan, and its many interactions with local conflict environments and politics, is long and complex – in fact, one of its main features, and the reason why it was described as a ‘corridor’, predates the BRI by more than a decade. The idea to develop the coastal town of Gwadar in Balochistan into an international port and trade hub was already pitched to China by then-president Pervez Musharraf in 2001, who was able to overcome initial skepticism and eventually secured a funding and construction agreement (Markey 2020).

Despite these early warning signs, Islamabad was eventually able to pitch an even grander design to its Chinese counterparts, taking advantage of Xi Jinping’s appetite for bold foreign policy moves and nascent vision for the BRI. In 2013, the newly-elected PML-N government of Prime Minister Nawaz Sharif reached an agreement in principle on an economic corridor running from Gwadar to the Chinese border. The port itself, intermittently managed by the Singapore Port Authority, would once again be run by China; it would be designated as the terminus of a new road, rail and telecom link running all the way to the Chinese border; a dozen new power plants were to address Pakistan’s chronic energy shortfall; and once the groundwork had been laid, new business parks along the corridor would jumpstart Pakistan’s industrialization (Small 2020). With the exception of several projects in Gwadar, this was to be financed by Chinese commercial loans at undisclosed interest rates.

Coming on the heels of an economic crisis, as well as the US drawing down its counterterrorism campaigns and the attendant aid, the PML-N government hailed CPEC as a “game changer” for Pakistan. It was sold not as a mundane infrastructure program, but as a nation-building and development scheme that would enable all regions of Pakistan to share in the benefits of modernity and globalization (Ahmed 2019; Hameed 2018). Similarly, it was advertised as proof of the “all-weather friendship” between Beijing and Islamabad, encouraging the perception that China was robustly backing Pakistan in its conflict with India out of strategic concerns (Markey 2020). This campaign, and the enthusiastic reactions it generated, also helped to convince Beijing that Pakistan was exceptionally friendly territory for the BRI, and worth committing a major share of its resources to (Afzal 2020).

Reality would turn out to be much more complicated as soon as CPEC moved from early visions to the stage of concrete projects. Inside Pakistan, conflicts erupted over three key aspects of CPEC: the distribution of its projects, the location of decision-making authority, and the lack of transparency over the content of specific agreements. All of these sprang from long-running prob-
lems with Pakistan's political and administrative systems, yet had not been anticipated and apparently came as a shock to the Chinese (Small 2020).

Center-periphery tensions are a long-running issue in Pakistani politics, owing to its status as a multiethnic state whose largest group, the Punjabis, have historically dominated politics, state agencies and the security establishment (Waseem 2011). CPEC-related conflicts can be traced to the same fault line, and originally developed over the routing question. In the early negotiation phase, the project had been illustrated with a map showing a transit corridor from Gwadar through Balochistan, Khyber-Pakthunkhwa and Gilgit-Baltistan, i.e. Pakistan's lesser-developed western periphery. In 2014–2015, however, it emerged that there was little Chinese interest in this route, due to the lack of existing infrastructure and the severe insurgent problem in these areas. Leaks that the central government was now exploring an ‘eastern route’ through better-developed areas in Punjab and Sindh triggered fierce opposition from constituencies along the ‘western route’ (Shah 2015). In 2015, an all-party conference signed off on a compromise that replaced the single corridor with three north-south arteries and several lateral connections (Noorani 2016). However, most of the promised roads in the West had not in fact been included in the CPEC portfolio and are yet to begin construction or even receive the necessary funding commitments (Aamir 2019). This caused widespread feelings of betrayal among the concerned communities and a dramatic loss of trust in central authorities.4

Another CPEC priority, the amelioration of Pakistan’s chronic energy deficit through new power plants, caused similar misgivings. While ten plants became operational from 2015–2020, adding a total of about 5,500 MW capacity,5 these benefits were again unevenly distributed. With one exception, the plants finished so far are located entirely in Punjab and Sindh, and the single plant technically located in Balochistan is actually on the outskirts of Karachi. An even bigger issue is the dramatic difference in transmission grid capacity between the provinces, which has so far enabled mainly consumers in the developed eastern parts of Pakistan to enjoy CPEC’s benefits, while grids in Pakistan’s western regions are too outdated, disconnected and sparse to actually deliver this load to local households.6 Local politicians and activists raised concerns over this imbalance, but have so far been unable to get local grid upgrades on the CPEC-approved list.

When mapping out projects that have been completed or begun construction using geolocation data (figure 2), both the connectivity gaps in the proposed ‘western route’ and the heavy concentration of power plants in eastern and southern industrial centers are immediately apparent. So far, the main beneficiaries of CPEC’s early stage are Pakistan’s comparatively highly developed areas, while its periphery is at risk of being left even further behind.

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5 Based on information on energy projects provided by the Pakistani government’s official CPEC portal (http://cpec.gov.pk/energy).

6 Interviews with a former adviser to the government of Khyber-Pakthunkwa, November 22, 2020, and a Baloch politician, November 26, 2020.
In response to these concerns, seeking to stabilize CPEC’s security environment and to rebuild a nationwide consensus around it, China and its domestic partners deployed a variety of tools that can be sorted into two strategies. The first of these was centered on security measures and had a short-term focus, while the second constituted broader political outreach.

Security concerns and countermeasures featured prominently in CPEC planning, mainly in response to a history of insurgent attacks on Chinese construction crews. In order to secure CPEC against this threat, Pakistan’s military set up a “Special Security Division” of 15,000 troops in 2016, soon after joined by a special naval detachment to protect Gwadar (Khan 2016). These forces were deployed mainly in the western regions but made up of units drawn from Punjab and Sindh (Sial 2016), which soon became another point of tension with local citizens and authorities. In addition to government forces, several Chinese private security contractors are advertising services in Pakistan, despite an official ban on such activities (Legarda/Nouwens 2018).

Ultimately, this securitization strategy also had a political impact as Pakistan’s military became increasingly involved in project selection and implementation. This reflected another familiar fault line in Pakistani politics – the struggle between civilian and military authorities (Waseem 2011). Here, the government turnover in 2018 was a watershed moment: incoming premier Imran Khan’s previous criticism of CPEC had caused a delay in the program and undermined Chinese confidence in Pakistan’s civilian authorities. While Khan’s new government eventually embraced the initiative, it took the
visit of a high-ranking general to Beijing to get CPEC back on track,\textsuperscript{8} while Beijing also increasingly turned to the military, the only Pakistani institution it saw as internally stable, effective and completely committed to CPEC.\textsuperscript{9}

Where the PML-N government had still insisted on civilian control over CPEC, its successor also proved more willing to entertain the military’s economic and strategic ambitions.\textsuperscript{10} This eventually led to the centralization of CPEC planning under a new “CPEC Authority” (CPECA) in October 2019, headed by retired general Asim Bajwa, and following a model the army had proposed in 2016 (Boni/Adeney 2020). This involvement has generated fresh concerns over CPEC-related corruption – Bajwa himself was soon after implicated in a personal corruption scandal and had to resign as adviser to the president, but continues in his CPECA function (Shahid 2020). Even more worrisome is that CPECA was established by executive decree and lacked parliamentary authorization for the initial period of its operation, which was only belatedly established in November 2020 (Haider 2020). It is unclear whether Beijing had actively pushed for this reorganization, but it certainly welcomed it after its initial experiences with the Khan government.\textsuperscript{11}

The second strategy was political in nature, signaling a gradual weakening of China’s official principle of noninterference. In the planning stage, Chinese diplomats engaged in outreach to opposition parties, seeking to counter perceptions of CPEC as a ‘PML-N pet project’ and to insulate it against future government turnovers (Small 2020). Chinese negotiators were somewhat willing to alter the subnational distribution of CPEC projects and, for example, agreed to an even number of proposed industrial parks for all provinces (Hussain/Rao 2020).

A second element was civil society outreach, targeted specifically at groups that were opposed to CPEC. In Balochistan, local politicians and journalists were invited on tours of China, showcasing its own successful modernization and portraying it as a friend to all of Pakistan. However, according to one participant, these attempts fell completely flat because they followed a general image-building template rather than addressing the actual issues of concern to Baloch communities.\textsuperscript{12}

Third, China intensified its exchanges with Pakistan’s policy community, setting up discussion fora, research-sharing channels and even entire new think tanks (Abb 2016). However, these suffered from the problem that policy elites in Islamabad are also predominantly recruited from the Punjabi majority and predisposed to be positive towards CPEC. Critics from other provinces either found themselves outright excluded from such gatherings or left with little confidence that their input was

\textsuperscript{8} Interview with a journalist based in Balochistan, November 20, 2020.

\textsuperscript{9} Interview with an academic expert on CPEC, October 28, 2020.

\textsuperscript{10} Interview with a Pakistani expert on civil-military relations, November 16, 2020.

\textsuperscript{11} Interview with a Pakistani expert on civil-military relations, November 16, 2020.

\textsuperscript{12} Interview with a journalist based in Balochistan, November 20, 2020.
taken seriously.\textsuperscript{12} The Chinese preference for tight political control over its domestic policy community and highly scripted discussions likely also undermined the effectiveness of such channels.

Fourth and finally, China and Pakistan waged a joint information campaign to promote CPEC, touting its developmental and strategic benefits, which however tended to delegitimize any domestic criticism of the project by connecting it to Pakistan's external enemies (Afzal 2020).

The political strategy achieved a major success in bringing the Khan government on board with CPEC, which arguably established the broadest domestic elite consensus since its onset. Among ordinary Pakistani citizens, China also continues to enjoy a highly positive image and a great deal of trust (Pew Research 2015), while the activities of Chinese companies there received a 63% approval in a Chinese survey, far higher than the 44% average in a sample of BRI countries (Sina Finance 2020). Crucially, with the exception of some separatist groups in Balochistan, CPEC critics do not disagree with the project as a whole, but in fact often want a bigger piece of it. The failure to achieve a more equitable distribution is mainly blamed on authorities in Islamabad and the shortcomings of Pakistan's own political system.\textsuperscript{14}

However, the longer CPEC's benefits are withheld from already marginalized groups, the more likely it is that their opposition will turn fundamental. Within Balochistan, the narrative that China is a neocolonial, exploitative actor is gaining ground and being used as a recruitment tool for insurgent groups (Kovrig 2018). The most desirable connectivity and electricity projects have been irrevocably assigned to Punjab and Sindh provinces, while Pakistan's periphery is set to lose out, and this structural disadvantage will continue to hamper follow-on plans for industrial parks (Hussain/Rao 2020; Small 2020), further exacerbating subnational developmental differences. Accordingly, CPEC's nation-building ambitions have failed so far, as Baloch and Pashtu grievances against the center have intensified further.

Engagement at the grassroots level has also produced few tangible results: many local citizens in the immediate vicinity of projects see Chinese companies as aloof and either ignorant of or indifferent to their concerns (Jafri 2020). CSR efforts are nonexistent in the vast majority of settings, and where they have been attempted – like a project to provide schooling for children in Gwadar – are perceived as inadequate.\textsuperscript{15} As mentioned above, stakeholder outreach has also been mostly ineffective.

CPEC's security strategy has likewise delivered mixed results. In general, insurgent violence in Pakistan decreased markedly over the last few years, including CPEC-relevant areas; however, a hard core of Baloch separatists and Islamists continue to target Chinese projects.\textsuperscript{16} Just in the last two

\textsuperscript{12} Interviews with a former adviser to the government of Khyber-Pakhthunkhwa, November 22, 2020, and an adviser to the government of Balochistan, December 2, 2020.

\textsuperscript{13} Interviews with an academic expert on CPEC, November 5, 2020; a Pakistani think tank expert, October 30, 2020; and an adviser to the government of Balochistan, December 2, 2020.

\textsuperscript{14} Interview with an adviser to the Balochistan provincial government, December 2, 2020.

\textsuperscript{15} Interviews with an academic expert on CPEC, November 5, 2020.
years, the Balochistan Liberation Army (BLA) carried out attacks against a hotel in Gwadar and the Chinese consulate and China-built stock exchange in Karachi, each resulting in multiple fatalities. This campaign has hampered the construction of CPEC and forced drastic limits on the movement of Chinese nationals in Pakistan (Aamir 2018).

The measures introduced to safeguard CPEC have further alienated local communities especially in high-security zones like Gwadar, where multiple layers of checkpoints limit the movement of locals and are perceived as harassment.\(^\text{17}\) They have also significantly inhibited the sea access of local fishermen and resulted in a loss of livelihoods, without creating new employment opportunities.\(^\text{18}\) All of this has created a sense of disconnect from local communities and bolstered the narrative that CPEC is a neocolonial project designed by outsiders seeking to exploit the people of Balochistan.

Apart from its social costs, the tight security regime has also added to Pakistan’s financial burden, and will have to be borne by consumers with an extra tax on electricity (Kiani 2017). Most seriously, however, it has further strengthened the role of the military in Pakistani politics. This creates several other problems — obviously the lack of democratic legitimation and public accountability, but also a blow to constitutionally mandated devolution (Boni/Adeney 2020) and the further escalation of center-periphery tensions, as the military is seen as especially dominated by Punjabi elites.

The history of CPEC in Pakistan shows the degree to which BRI outcomes on the ground are determined by a complex interplay of local and Chinese interests, and presented the latter with tough choices between economic viability, strategic designs, satisfying local political elites and managing security concerns. Some local elites — primarily the PML-N government, allied business elites, and later on the military — were highly successful in putting their own imprint on CPEC, while others, especially minorities in Pakistan’s western regions, fared much worse, exacerbating conflicts between these groups (Hameed 2018). This localization or even abduction played out not just in project selection, but also the shaping of expectations and the greater narrative surrounding CPEC. Here, the hype generated in the planning stage generated expectations that profit-oriented Chinese investments could not possibly measure up to.

Despite its overall friendly ties to China, Pakistan’s difficult political terrain and existing conflicts ended up posing a significant challenge, which Chinese actors arguably underestimated. Chinese enterprises entering the country lacked conflict management capabilities or even detailed information about the local situation, and official guidelines urge them to refrain from any action that could be construed as political interference (MOFCOM 2019). Active engagement on all of these fronts would have helped to avoid entanglement in conflicts, improved expectations management and probably saved costs compared to the existing security arrangements.

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17 Interview with a journalist based in Balochistan, November 20, 2020.
5. COOPERATION THROUGH COMPLEXITY: MYANMAR AND THE BRI

Myanmar’s transition from military rule towards democracy came to an abrupt end on 1 February 2021 when the armed forces (Tatmadaw) seized power. The takeover has thrust China on to center stage of a major internal political crisis with tense international implications – despite officially denying any prior knowledge of the Tatmadaw’s intentions (Myanmar Times 2021). By declaring a state of national emergency, the military seizure of power effectively put an end to the political transformation and gradual liberalization that had begun during the 2010s following the re-introduction of multi-party elections. The February 2021 arrest and detention of National League for Democracy (NLD) leader, Daw Aung San Suu Kyi, and other party representatives, has led to a widespread ‘civil disobedience’ movement (CDM) across the country (BBC 2021).

Aside from the political unrest that has followed the military seizure of power, a multitude of subnational conflicts still dominate Myanmar’s political landscape, with areas often controlled by the Tatmadaw, paramilitary groups, or ethnic armed organizations (EAOs), as well as with zones of ‘mixed authority’.

China has been Myanmar’s most prominent international investor, as well as defense and diplomatic ally, since the late 1980s. However, during the early 2010s relations between the two countries temporarily soured when several China-backed projects, including the Myitsone hydropower project, were suspended (Gong 2020). Following accusations of state-sponsored violence against the Rohingya people in Rakhine State in 2017, the western international community strongly condemned the government of Myanmar’s handling of the situation and began to withdraw program funding and investments. As a result, the prospect of Myanmar transitioning away from its economic reliance on China rapidly faded, with Naypyitaw reverting back to a ‘look east’ economic policy (Lwin 2019).

Under the leadership of Daw Aung San Suu Kyi, Myanmar signed a memorandum of understanding with China to join the BRI in 2018, an avenue through which Beijing sought to bolster the two countries’ bilateral economic relations. Ahead of a state visit to Myanmar in January 2020, President Xi Jinping spoke of the two countries’ “Paukphaw” friendship, using the Burmese language word for ‘fraternal’ to invoke a symbolic sense of cultural cooperation and historical connection between the two countries (Liu 2020). In January 2021, during a visit to Myanmar, Chinese Foreign Minister Wang Yi urged progress on key BRI projects, especially the construction of the Kyaukphyu deep-sea port and the Mandalay-Kyaukphyu Railway.

China has invested billions of dollars in Myanmar over many decades and remains the country’s biggest trading partner and main source of FDI, with a focus on hydropower, oil and gas, and mining (Lwin 2019). BRI projects exist as part of the strategically important China-Myanmar Economic Corridor (CMEC), which consists of a number of infrastructure projects aimed at supporting connectivity between Myanmar, China and the surrounding region.
Official CMEC projects include road and rail transportation links from China’s Yunnan Province through Muse and Mandalay to Kyaukphyu, where a planned deep-sea port forms an essential element of the Kyaukphyu Special Economic Zone (SEZ). Kyaukphyu is located in Rakhine State, the epicenter of ongoing violence against the Rohingya people, where tensions remain high. Another planned SEZ is the Myitkyina Economic Development Zone which, when complete, will occupy approximately 2,000 hectares surrounding the Kachin capital of Myitkyina (Sandhi Governance Institute 2019). The region is home to the Kachin Independent Organization (KIO), one of the country’s most powerful EAOs which has pursued federalism since the 1960s (Irrawaddy 2019). The KIO’s armed wing, the Kachin Independence Army (KIA), regularly clashes with the Tatmadaw (Lei Mon 2020). In northern Shan State, on the border with China, there is a third SEZ being developed in Muse whose surrounding area is affected by numerous local conflicts involving the Tatmadaw, EAOs, militias, and other government and armed group proxies (Asia Foundation 2017).

Most projects officially labelled as BRI projects are planned for areas with no active conflicts, but where marginalized groups are vulnerable and people nurture deep grievances. Concerns exist that Tatmadaw strongmen and Myanmar’s economic elites may benefit the most from new Chinese investments with economic benefits being distributed inequitably among the population (Lo 2019).

Ongoing subnational conflicts across the country are hard to ignore and questions have been raised about the viability of BRI projects before securing peace deals with EAOs (Lwin 2019). Violence has already been linked to the securitization of CMEC. In October 2020, for example, the Tatmadaw conducted a military operation intended to “provide security” for CMEC-related projects along the Mandalay-Lashio highway. Local human rights analysts suggest that the operation included indiscriminate shelling, torture, looting and destruction of property in the southern Kyaukme township (Shan Human Rights Foundation 2020).

While potential threats to the safety and security of Chinese workers are of concern to Chinese officials, the safety and security of affected communities are often missing from the official discourse. Statements from Chinese government officials often assert that increased economic development linked to BRI projects will inevitably lead to peace. However, the root causes of conflict in Myanmar go beyond ‘underdevelopment’, with multifaceted subnational conflict dynamics varying by context and by group – ethnic, religious, gender and generational –, meaning that no such one-size-fits-all response will be effective (Asia Foundation 2017).

China has not been averse to greater political involvement in this complex context, despite its official policy of non-interference in the internal affairs of other countries. Historical and cultural ties with ethnic groups across the border have enabled China to bring some of Myanmar’s EAOs – in particular, the KIA, the United Wa State Army, and the Kokang Army (Sun 2017) – to the negotiating table.

During the 2010s, Myanmar’s government generally employed a cautious approach to Chinese investment as a result of a number of issues including debt, the environment and social instability. For example, the suspension of the Myitsone dam in 2011 came in response to widespread opposition to the project, not only from potentially affected communities but also from elites residing in Central
Myanmar (Sze Wan Chan 2017). Concerns focus on the environmental and social impacts that the dam may have on downstream communities in the Ayeyarwady River basin – including flooding, mass land confiscation and displacement (BBC 2019). Despite these concerns, Chinese investors continue to lobby for the unpopular project to be restarted under the framework of the BRI (Lo 2019).

Previous research suggests that infrastructure projects associated with the BRI have the potential to negatively affect up to 24 million people in Myanmar as river-related infrastructure development, deforestation, and changing land use could lead to sedimentation, water pollution and the devastation of livelihoods (Helsingen et al. 2017). Under the leadership of Daw Aung San Suu Kyi, Naypyitaw made efforts to implement a stronger investment regulatory framework. Under the 2018 Myanmar Sustainable Development Plan (MSDP) large-scale infrastructure projects are expected to go through standardized sustainable business processes and procedures that meet international standards. However, civil society analysts question whether or not a centralized decision-making model – such as the MSDP – can ever be effective in tackling the many challenges linked to BRI investment as such a model excludes engagement with local communities (Zhou 2019). Mounting pressure from Beijing to make concessions to ensure faster progress on long-planned BRI projects has been seen as threatening Myanmar’s sense of political agency, which some analysts believe could “stoke public anger”, trigger protests and force through projects that are conflict in-sensitive (International Crisis Group 2020).

While supporters and critics of Chinese investment in Myanmar have long existed across all sections of society, including within government, civil society and local communities, recent interviews help us to understand more about the opportunities and concerns associated with the BRI in Myanmar from the perspective of local civil society.

As BRI initiatives begin to unfold, there is hope that projects will lead to more job opportunities for local people, access to money will increase, local economies will recover from the damage caused by the Covid-19 pandemic and GDP will grow.19 Residents located close by Kyaukphyu are hopeful that new roads and microfinance projects linked to the BRI could help progress local livelihoods.20 Many of Myanmar’s small to medium-sized business actors, including traders, also look positively on the BRI in the expectation that the terms of trade between Myanmar and China will improve (Mark et al. 2020). However, while the BRI has created new economic opportunities for local communities and businesses in Myanmar, important conflict-related issues have also come to light.

As noted by a local expert, armed conflict in northern Shan State has expanded gradually over the last five years, spreading to more townships, all of which are connected to BRI projects in some way.21 All interviewees predict that if BRI infrastructure projects pass through conflict-affected areas, then further conflict is unavoidable. One contributing factor towards this prediction is that more se-

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19 Interview with a local research consultant on private sector investment in Myanmar, 4 December, 2020.
20 Interview with a Yangon-based expert on China in Myanmar, 19 November, 2020.
curity will be needed to protect BRI investments, leading to increased militarization. Concerns exist that EAOs, or state-backed militias, could be transformed by their potential involvement with certain BRI projects, financially strengthening them and leading to the evolution of more armed groups, competition, rivalry and more unwanted conflicts.

CMEC is seen as China's vision for the region, rather than policy designed in response to the specific concerns and priorities of Myanmar's people (McCarthy 2020). Project plans are commonly perceived as being devised by Chinese companies, which do not pursue initiatives to help prevent or address the causes of conflict and lack sufficient understanding of complex environments. Owing to a deficit of accessible and transparent information, there is a common lack of understanding over what constitutes a BRI project and what falls under the category of more generalized Chinese investment in Myanmar. This has led to confusion, the spread of misinformation, and contributed towards anger among communities at the lack of inclusion in decision-making. It is commonly presumed that benefits will inevitably be shared unequally, mainly among elites and members of the Tatmadaw.

In Kachin State, people perceive that Chinese workers are more likely to receive jobs over local workers. According to one interviewee, as Chinese companies are more likely to win BRI tenders, local companies are increasingly seeking to merge with Chinese companies in the hope of obtaining more work, leading to concerns that this might continue the trend of Chinese workers being hired. In Rakhine State, workers of Bamar ethnic origin are perceived as receiving higher salaries than workers from other ethnic communities, exacerbating pre-existing tensions. BRI projects in Myanmar are seen to offer few openings for women as it is assumed that the majority of jobs will be given to men due to the physical nature of construction work. At all levels, women are not seen as being involved enough in BRI project planning, leading to accusations of gender-insensitive design and implementation.

While efforts are being made to demonstrate increased transparency over project tenders via the creation of the online platform “Project Bank” (Clapp 2020), a general lack of clear information related to the BRI leaves communities feeling ill-informed. This has led to increased anxiety among affected residents who fear they might be forced to leave their land or give up their livelihoods when

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22 Interview with a local research consultant on private sector investment in Myanmar, 4 December, 2020.
23 Interview with a civil society leader based in Rakhine State, 19 November, 2020.
24 Interview with a civil society representative from northern Myanmar, 23 November, 2020.
27 Interview with a civil society leader based in Rakhine State, 19 November, 2020.
28 Interview with a civil society leader based in Rakhine State, 19 November, 2020.
29 Interview with a Yangon-based expert on China in Myanmar, 19 November, 2020.
30 Interview with a civil society leader in Myanmar, 23 November, 2020.
31 Interview with a civil society representative from northern Myanmar, 23 November, 2020.
32 Interview with a civil society representative from northern Myanmar, 23 November, 2020.
their farmlands are taken from them, a move made easier by the "Vacant, Fallow and Virgin Land Management Law" of 2012, which offers residents – particularly women – little protection from land grabs.\textsuperscript{33} For those who are offered compensation for their land, it is often perceived as being at a lower price than the land is worth, and there have been cases of land confiscation associated with the BRI, mostly linked to the creation of the three planned SEZs.\textsuperscript{34} Civil society representatives predict that there will be more grievances related to land, driven by the perception that the government does not have the financial resources to provide compensation, fuelling concerns that more land might be confiscated.\textsuperscript{35}

Although the Myanmar government has, on occasion, acted to ensure that environmental and social impact assessments (ESIAs) are included as part of Chinese investment agreements, they are not always independently conducted, have neglected civil society from consultations and have failed to prevent detrimental environmental and social impacts in the past.\textsuperscript{36} According to a human rights organization based in northern Myanmar, consultations between Chinese investors and some local communities likely to be impacted by specific BRI projects have reportedly taken place but with mixed results.\textsuperscript{37} For example, when communities were engaged in relation to the SEZ near Myitkyina, Chinese investors are reported to have explained very little about the project to affected villagers, making negotiations difficult and unclear.\textsuperscript{38} Such experiences fuel suspicion among local communities that consultations are intentionally opaque due to perceived company concerns that the better informed people are, the more likely they are to object or to protest.\textsuperscript{39}

While the long-term implications of the military seizure of power remain unknown, for the BRI to be successful in Myanmar, all actors involved must better understand the multitude of factors related to existing subnational conflict. If China becomes closer associated with the Tatmadaw, it will likely further erode people's confidence in the BRI. The assertion that economic development alone can lead to reconciliation is overly simplistic and the concerns and priorities of specific communities, particularly women and other marginalized and minority groups, must be accounted for to ensure truly conflict-sensitive project design and implementation so that projects go beyond doing no harm and contribute towards peace dividends. Affected communities are currently not being given the right to free, prior and informed consent regarding BRI projects and previous attempts at consultation have come across as tokenistic or ineffectual. Without a shift in the policies and practices of Chinese investors, it is likely that Myanmar's hesitancy towards Chinese investment will continue. While it remains to be seen how willing China is to become more involved in the stalled

\textsuperscript{33} Interview with a Yangon-based expert on China in Myanmar, 19 November, 2020.
\textsuperscript{34} Interview with a civil society representative from northern Myanmar, 23 November, 2020.
\textsuperscript{35} Interviews with a Yangon-based expert on China in Myanmar, 19 November, 2020 and a local research consultant on private sector investment in Myanmar, 4 December, 2020.
\textsuperscript{36} Interview with a civil society leader based in Rakhine State, 19 November, 2020.
\textsuperscript{37} Interview with a civil society representative from northern Myanmar, 23 November, 2020.
\textsuperscript{38} Interview with a civil society representative from northern Myanmar, 23 November, 2020.
\textsuperscript{39} Interview with a civil society leader based in Rakhine State, 19 November, 2020.
peace process, the BRI has opened up a central opportunity for China which, if taken, could have significant implications for peace and security in Myanmar.

6. A SKEPTICAL NEIGHBOR: PERCEPTIONS OF CHINESE INVESTMENTS IN KYRGYZSTAN

Kyrgyzstan is a key part of China’s overland ‘belts’ connecting Europe and Asia. The country is often referred to as an “island of democracy” in an authoritarian region, with a strong civil society. Since independence in 1991, it has also been the scene of political turbulence and domestic ethnic strife. Violent upheavals took place in the ethnically diverse southern part of the country in 2010 when clashes broke out between ethnic Kyrgyz and Uzbeks, leaving scores dead and many more displaced and injured (Pannier 2020). Decades-long cross-border confrontations between communities and security forces in the Ferghana Valley, where the borders of Kyrgyzstan, Tajikistan, and Uzbekistan converge, are also common – mainly over disputed territory and the use of scarce land and water resources required for local livelihoods, and exacerbated by national and ethnic identity. Abusive and corrupt practices by the authorities can also enflame tensions and mistrust.

Over the past two decades, China has become a major player in Central Asia, mostly in the economic sphere where it has largely supplanted Russia. China’s investments have steadily increased since the announcement of the BRI in 2013. While none of these investments are ‘officially’ tied to the BRI, many fall under its umbrella (Mogilevskii 2019). In 2019, nearly half of the Kyrgyzstan government’s debt was held by the Export-Import Bank of China (BBC 2019).

While government-to-government loans have declined recently, FDI from private and Chinese state-owned enterprises continues to flow – often in coordination with local Kyrgyzstani ventures – largely into mining and oil (van der Kley 2020). As of 2020, the metals industry had received over 79% of all FDI in the country, over ten times the next largest sector – building and construction materials (7.1%) (OECD 2020). The Chinese government had previously financed several transport and energy connectivity projects as concessional loans, but these have largely given way to smaller grants.

Chinese investments bring jobs to communities (although the proportion of local to Chinese workers remains a point of contention, as do differences in pay). They can also bring training and skills-building programs, and Chinese language tuition.40 Better roads and transport links help move goods and facilitate new business,41 including the opening of local shops. While men tend to be hired for the hard labor in mining or refining, women can find opportunities (often better paid than normal) as cooks, cleaners or sometimes as liaisons between communities and companies.42 Despite multiple regime changes, most parliamentarians and high-level officials remain supportive of Chinese

40 Interview with a researcher and journalist focused on China in Central Asia, November 10, 2020.
41 Interview with a Kyrgyzstani-based peace and security adviser, November 17, 2020.
42 Interview with an academic expert on the political economy of Central Asia, December 3, 2020.
investments, which they see as a crucial source of revenue, infrastructure development, or personal enrichment. Chinese money and investments are also welcome due to the lack of conditionality and a willingness to play by local rules. In fact, many projects are launched on the initiative of the Kyrgyzstan government or local businesses, which then seek funding from China. But given the unpopularity of many officials and a lack of trust in authorities, the approval by national or local officials hardly translates into greater public support.

Despite its rising economic role, China is widely mistrusted by the public, with polls showing that Russia still enjoys greater support due its historical, economic and security ties (Laruelle/Royce 2020). Between 2018 and 2020, there were reportedly 42 rallies and protests in Kyrgyzstan that were related to China (Oxus Society 2020).

Several projects – either funded by Chinese government loans or by FDI from Chinese private ventures – have gained widespread notoriety. After the completion of a 386 million USD project to modernize a Bishkek thermal power plant, a malfunction during the winter of 2018 left residents in the capital without heating – leading to accusations of corruption that ended with a former Prime Minister and other officials sentenced to lengthy prison terms (Fergana News Agency 2019). Most recently, following the political upheaval in October 2020, local residents seized several mining facilities, expelling, in some cases, managers and Chinese workers (Shaku 2020).

Some local communities believe China is attempting to grab Kyrgyzstan’s land, which is reinforced by narratives of historical disputes over land and concern over ‘debt traps’. Investments are seen as an attempt by China to gain footholds abroad to increase its influence, and to ensure foreign support for some of its policies, for example in Xinjiang. The ‘expansionist’ role of China, it is argued, means that Kyrgyzstan has limited autonomy in the face of the colossal neighbor’s political influence and economic might.

Many believe that investments are intended to benefit China and local elites, but not local communities, especially women and marginalized groups, who have less of a say and receive fewer benefits. Chinese workers being paid more for the same work, or money going to corrupt officials, are cited as examples of this. Transport links that avoid major towns or settlements, bring few benefits to communities. For example, Kyrgyzstan’s south would play a largely transit role in the long-discussed China-Kyrgyzstan-Uzbekistan railway, with few benefits for communities located along the route (Roberts 2019). The limited interaction between communities and Chinese workers has led to an increase in xenophobic attitudes towards Chinese people, with protestors demanding

43 Interview with an academic expert on Russia and China in Central Asia, December 2, 2020.
44 Interview with a researcher and journalist focused on China in Central Asia, November 10, 2020.
46 Interview with an expert on China in Central Asia, November 12, 2020.
47 Interview with an academic expert on the political economy of Central Asia, December 3, 2020.
allegedly illegal Chinese immigrants to be deported or an end to marriages between Kyrgyz and Chinese people (Imanaliyeva 2020).

Perceptions of China and Chinese investments can vary substantially depending on factors such as employment, social status, age or gender – all of which help determine how impacts are felt. Views can also vary depending on the stage of development of specific projects. For example, where projects have reached an advanced stage, communities are said to know what to expect, as opposed to projects in the scoping or exploratory stage, where things are more uncertain and viewed with suspicion. Media reporting plays a role, too – in Russian-speaking communities where there is greater proliferation of Russian language news, people have different perspectives from those where information is shared informally on social media in local languages. Rumors and dubious media reports can fuel existing grievances or perceptions. Covid-19, for example, has led to growing misinformation and distrust of China, further entrenching opposition to Chinese investments. Although, this has been somewhat mitigated by China’s support for Central Asia during the pandemic.

Effects of Chinese investments on livelihoods vary substantially. Some projects provide jobs and training, with a large local labor force feeling the benefits. However, this can create resentment amongst community members who are not hired. For example, in the Jalal-Abad province’s Ala-Buka village, we heard how those in the center of the town benefited from jobs linked to the Full Gold Mining Company deposit, while those living further out felt they were neglected, leading to stronger anti-Chinese sentiments. Many Kyrgyzstani workers compare their pay or benefits to those of Chinese laborers, who are often brought in because of their specialized skills or project management experience. In some mining sites, artisanal and small-scale miners who once gathered gold or other minerals close to the surface have now been squeezed out due to increased mining operations by Chinese companies.

The environmental impacts of Chinese projects have been a source of anti-Chinese protests. Some local residents, especially farmers and herders, claim to have been negatively impacted by pollution. They argue that their land has been contaminated by mines or refineries. Although social, environmental and economic impact assessments are almost never carried out at any stage of the projects, some interviewees mentioned that some companies, such as Kichi Charaat in Chatkal district, over time have developed a more collaborative approach with local workers, listening to their needs and tailoring their social packages accordingly. In gold mines like Salton-Sary, which have seen violent clashes between communities and Chinese workers (KABAR 2019), cases of contamination of rivers and loss of livestock and crops are frequently cited in nearby settlements, although there has been limited corroborating evidence released. In Bishkek, the heat and power plant, which

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48 Interview with a Kyrgyzstan-based peace and security adviser, November 17, 2020.
49 Interview with an academic expert on Russia and China in Central Asia, December 2, 2020.
50 Interview with an expert on China in Central Asia, November 12, 2020.
51 Interview with an expert on China in Central Asia, November 12, 2020.
52 Interview with a Kyrgyzstan-based peace and security adviser, November 17, 2020.
failed in 2018, is based on coal usage and is thus seen as a ‘non-green’ project that contributes to the city’s serious pollution problem.\footnote{Interview with an academic expert on Russia and China in Central Asia, December 2, 2020.} Across the country, state inspections are repeatedly carried out, but there is little public trust in them.\footnote{Interview with a researcher and journalist focused on China in Central Asia, November 10, 2020.} In some cases, Chinese companies have paid compensation but this has done little to allay concerns or resolve grievances.

Corruption, or perceptions of it, is a factor that tarnishes the reputation of local officials as well as Chinese investors. While the Chinese-funded renovation of the Bishkek thermal power plant provides a high-profile case study where politicians were allegedly involved in corruption, the interviews suggest this is not unique. Many of the deals struck between Chinese companies and local decision-makers are opaque and closed to public scrutiny, lending themselves to accusations of corrupt dealings that benefit elites. This is compounded by the Chinese companies’ preference to deal exclusively with government officials, without engaging civil society directly. When Chinese companies have disputes with communities, they are perceived to work with local officials in the first instance and then escalate to higher-level officials in the province capitals or Bishkek rather than engage directly with those affected.\footnote{Interview with an academic expert on the political economy of Central Asia, December 3, 2020.} This solidifies public perceptions that the benefits of such projects are intended for a select few, and not for residents.

Isolation and securitization of Chinese companies and workers also enflame tensions. Chinese workers have their own compounds and live separately from communities in the project locations, with Chinese private security companies providing protection (Yau/van der Kley 2020). Security companies hired to protect Chinese workers from “hostile populations” only increase the disconnect with local communities who feel a growing sense of militarization, insecurity and even “occupation” of their lands.\footnote{Interviews with a Kyrgyzstan-based peace and security adviser, November 17, 2020, and an expert on China in Central Asia, November 12, 2020.} Sometimes Chinese workers are perceived as acting ‘superior’ to local people, hiring their own drivers, translators, cooks and cleaners, which can be seen as disrespectful of residents who wish to share in some of the more prestigious and better paid positions.

A pervasive trust deficit also affects the role of civil society organizations (CSOs). There are suspicions as to why CSOs – especially international entities – would want to get involved in ‘internal’ or national matters, unless they represent the interests of foreign powers.\footnote{Interview with a Kyrgyzstan-based peace and security adviser, November 17, 2020.} Both the Kyrgyzstan government and Chinese companies therefore prefer to keep third parties out of the equation, meaning that no one benefits from the expertise CSOs offer on specific issues, including those related to responsible and sustainable investment and ensuring local buy-in and engagement.\footnote{Interview with an academic expert on Russia and China in Central Asia, December 2, 2020.}
Chinese investors and the government in Kyrgyzstan face an uphill battle in getting public support for Chinese investments. Considering the strong opposition to their presence, many investors may decide it is not worth it and shift their focus to other Central Asian countries, or focus on soft power – for example, by providing support in responding to the Covid-19 crisis. However, for any continued investments, both sides will need to rethink their approach by closely considering the impact on local communities, including the variable impacts on women and other marginalized groups, and by considering a more transparent, inclusive and responsive way of working with the public across all stages of the project.

7. THE EAST AFRICAN BELT: BRI INVESTMENTS IN LANDLOCKED UGANDA

Since gaining independence from Great Britain in 1962, Uganda's politics and society have been marked by North-South divisions and tensions causing conflict. Historically, the root cause of the problem can be found in a mixture of colonial legacy as well as by ethnic and religious divisions (Lwanga-Lunyigo 1987). Since 1986, the Ugandan government – under the leadership of President Yoweri Museveni – has shaped Uganda's political landscape, bringing relative stability and economic prosperity to the country (BBC 2018). However, socio-economic and political exclusion by ethnicity and location continues to have a destabilizing impact and is a catalyst for political conflict (Saferworld 2020).

In 1987, following the signing of a major bilateral economic cooperation agreement between Uganda and China (Obwona et al. 2007), Chinese companies began to invest in infrastructure – mainly constructing houses, roads and bridges. Since then, the volume of Chinese investment has increased significantly. The discovery of oil deposits in 2006, predominantly in Uganda's northern and north-easterly regions, has further accelerated an inflow of investments from China. However, poor natural resource governance has led to a rapid increase in land and natural resource disputes, especially in the north of the country. Land ownership, a major cause of tension and violence, has a history of changing borders and boundaries to suit political interests, often resulting in displacement or denial of people's rights (Saferworld 2021).

The Ugandan population is young and growing rapidly. In 2019, 46.5% of people were under the age of 14 (Statista 2020). While government policies have spurred the country's economic growth, they have only had a low impact on job creation, with analyses suggesting that there are only enough formal employment opportunities available for around a tenth of the 700,000 young people who reach working age every year (Economist 2021). This growing trend, coupled with a rise in the cost of living, is a major source of resentment for young and disenfranchised people who, despite increasing government restrictions on freedom of expression (CIVICUS 2018) have begun to express their grievances more forcefully.

In 2018, Uganda signed a memorandum of understanding to join the BRI. It is estimated that the total sum of BRI investments and Chinese contracts in Uganda amount to roughly 1.8 billion USD (Scissors 2019). Major BRI projects include: a 480 million USD expansion of Entebbe airport by China
Communications Construction Corporation (CCCC), which is also building a toll road between the airport and Kampala; two large scale hydropower plants at Karuma and Isimba – both backed by loans from China’s EXIM Bank; and a number of rail and road construction projects (Wingo 2019).

The majority of China-backed public infrastructure projects in Uganda come in the form of government-to-government bilateral development support, with major projects proposed and endorsed centrally. The Ugandan government has expressed a strong preference for Chinese investment as a major source of infrastructure finance over western sources of investment because of China’s stated lack of interference in the internal affairs of other countries (Kynge 2014). Chinese finance has therefore been seen as a crucial avenue through which to plug the country’s infrastructure gap without inviting criticism of the Ugandan government’s more illiberal policies.

From recent interviews with Ugandan civil society representatives, it is widely acknowledged that Chinese infrastructure investment projects have the potential to create significant economic benefits for Ugandans, as a result of better connectivity, improved local infrastructure and the creation of new business opportunities. A local land use consultant suggested that Chinese investments have created new business opportunities for local investors, for example in wood production, ecotourism and the health sector. Larger-scale projects, such as the China-Uganda Agricultural Industrial Zone – funded by the Kehong Group and estimated to be worth 220 million USD (Oluka 2016) – are predicted to boost local agricultural output and increase the value of Uganda’s exports including hides, oils and seeds (Xinhua 2020).

Some BRI projects have negatively impacted local environments. The construction of the Isimba and Karuma dams, for example, reportedly increased erosion and flooding along the river Nile. While environmental damage threatens livelihoods, it is women who most often bear the brunt of it as they occupy the majority of agricultural jobs that are adversely affected. This results in many women having to move back into the family home having lost their main source of income, therefore experiencing greater poverty. Men on the other hand, are deemed as being better able to seek alternative avenues for livelihoods by landing short-term employment opportunities more easily, especially in jobs that are more physically demanding, such as the construction of roads and hydropower plants.

Land is an important but sensitive resource for Ugandans which is considered essential for cultural identity and for sustaining livelihoods (Saferworld 2021). However, land required for BRI project delivery is only occasionally acquired through official acquisition processes resulting in numerous

60 Interview with a Ugandan Research Fellow and Lecturer, 22 November, 2020.
61 Interview with a Ugandan Research Fellow and Lecturer, 22 November, 2020.
62 Interview with a Ugandan environment and land use consultant, 7 December, 2020.
63 Interview with a Ugandan human rights, justice and accountability expert, 4 December, 2020.
64 Interview with a Ugandan human rights, justice and accountability expert, 4 December, 2020.
65 Interview with a Ugandan expert on conflict resolution, 1 December, 2020.
66 Interview with a Ugandan Research Fellow and Lecturer, 22 November, 2020.
incidents of rights violations, including forceful evictions without compensation. According to a local expert, land acquisitions can lead to increased tension within and amongst communities, and between communities, local governments and investors, as marginalized groups – especially in northern Uganda – have shown an increasing willingness to defend their land and interests from investors and the government.

Chinese investments have increased the demand for land that is needed to undertake infrastructure development, mineral exploration and excavation, urbanization and commercial agriculture (Xinhua 2018). Such increasing demand has a pervasive effect in raising the price of land located nearby BRI construction sites, such as the Mbane industrial hub – also known as Mile 5 – "leaving many Ugandan investors priced out of the market". At the same time, in the proximity of BRI projects rent prices have gone up significantly, forcing some local residents to leave their homes in search of cheaper rent.

In case of disputes over land acquisition, local owners can seek financial compensation but this avenue has its own limitations. According to a Kampala-based researcher, as Uganda is a patriarchal society, women – especially elderly women – risk having their limited bargaining power taken advantage of and can end up being cheated out of compensation altogether.

Although litigation often seems like the only viable option for those adversely affected by land issues, many who pursue this path face delayed justice, as demonstrated by legal disputes from as far back as 2014 still being fought out in court. Engaging in legal proceedings is therefore only for those who can afford it, which in turn tends to favor the upper strata of society.

While BRI investments have bolstered the development agenda of the Ugandan government, questions have been raised about the government’s lack of transparency and accountability, leading to increased public mistrust. Following accusations of backdoor lobbying by Chinese companies in relation to a contract to resurface the highway linking Kampala to Jinja (Daily Monitor 2019), allegations of corruption were directed at the government over the awarding of the contract, leading to calls for greater transparency and accountability. The perception of corruption linked to BRI contract award processes is prevalent, particularly among local business communities. Ugandan companies that lose out on BRI project contracts blame this on local politicians’ systematic favoring of Chinese competitors, which is usually mandated under the BRI. Such perceptions exacerbate suspicion of corruption vis-à-vis relevant entities such as the Uganda National Roads Authority (UNRA) or city authorities including the Kampala Capital City Authority.
In 2019, Chinese investment in Uganda helped to create roughly 18,000 jobs (Mayers/Barungi 2019). Given the high level of unemployment in the country, particularly amongst those aged between 18 and 30, a rise in the number of jobs available has been welcomed by communities, especially those living nearby BRI project sites. While many Chinese companies responsible for the delivery of BRI projects operate with a majority Ugandan casual labor force – mostly over 95% (Mayers/Barungi 2019) – poor working conditions, a lack of employment protections and the perception of unfair compensation have soured this positive development. During the construction of the Karuma Dam, there were reports of a significant number of injuries suffered by local workers due to a lack of personal protective equipment (PPE). Furthermore, it has been reported that some Chinese investors do not understand Ugandan labor law (Musoke 2020) and that Ugandan organisations focussing on workers’ rights are often ignored by Chinese companies. In response to this, in 2020 the Federation of Uganda Employers designed a program to help Chinese entrepreneurs to do business in Uganda more responsibly (Business and Human Rights Resource Centre 2020). Nonetheless, perceptions remain that Chinese companies prefer to prioritize project efficiency over social or corporate responsibility.

In recent years, the number of Chinese citizens living in Uganda has increased significantly. Attitudes towards the large Chinese presence in Uganda are starting to shift and the Covid-19 pandemic has exposed a growing anti-Chinese popular sentiment in Uganda. Despite Chinese efforts to be seen as contributing to the Ugandan fight against Covid-19, reports of racism, xenophobia and discrimination against Chinese nationals in Uganda increased in 2020 (Oryem 2020).

The BRI in Uganda has been welcomed at the highest levels of government despite growing public dissatisfaction. While BRI infrastructure projects have brought new jobs and business opportunities, members of the public and the business community have no say in what projects are agreed, nor which companies are chosen to implement them. Issues related to land acquisitions and the environment negatively affect Ugandan communities the most intimately. Actors involved in the BRI must recognize the history of marginalization and conflict in Uganda, as well as the complexities and sensitivities of land ownership. All land required for projects must be acquired legally. People giving up their land must also be allowed to do so in a free, informed and consensual way and not forced, with compensation paid out at a controlled market price. Concerns over a lack of labor rights, loose contractual agreements with employees and limited attention paid to corporate social responsibility have also had a negative impact on local perceptions of BRI investments. Unless addressed, it is likely that frustrations will mount, potentially leading to the exacerbation of existing tensions, further discrimination and more violence.

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76 Interview with a Ugandan Research Fellow and Lecturer, 22 November, 2020.
77 Interview with a Ugandan environment and land use consultant, 7 December, 2020.
78 Interview with a Ugandan expert on conflict resolution, 1 December, 2020.
79 Interview with a Ugandan expert on conflict resolution, 1 December, 2020.
80 Interview with a Ugandan environment and land use consultant, 7 December, 2020.
8. CONCLUSIONS

Across the four cases and regions covered here, the BRI’s impact on conflict settings appears to be a mixed bag. On the one hand, it is undeniable that it yielded valuable foreign investments and concrete projects that otherwise would have been difficult to realize in these countries, given their conflict history, political instability and scarcity of capital. Marked by a much higher risk acceptance than that of traditional sources, and often the only option available, Chinese BRI-related (and other) development finance has emerged as a highly important factor in conflict settings. The BRI’s core promise of long-term developmental benefits cannot be assessed yet, but intermediate results across key categories like connectivity, power generation and industrialization are encouraging.

On the other hand, the distribution of these new resources has emerged as a major point of contention, especially where differences run along existing conflict lines within societies. Benefits tend to accrue among elites and powerful constituencies, while already disadvantaged groups lose out. BRI projects are often implemented in line with national-level development plans and reflect the priorities of central governments, while peripheral regions have fared much worse in making their voices heard. Major projects, like the Gwadar port or Muse-Mandalay railway line, have not been designed in consultation with local populations, and are sometimes pursued against their active resistance. Locally operating Chinese companies are not systematically encouraged to understand themselves as actors in a difficult political environment, but instead to segregate as much as possible and stick to the increasingly unrealistic notion of ‘noninterference’, often at the explicit direction of the Chinese government and local embassies. This precludes genuine engagement with local communities and where outreach is attempted, it is often perceived as a mere image-building exercise.

While all four cases present specific challenges, it is also possible to suggest practices that would have served to improve outcomes across all of them. The first of these is to understand local civil society actors as crucial stakeholders in a project, and to involve them in all phases of the project cycle, beginning with the earliest impact assessments. This is not just a way of strengthening local ownership, but would also help BRI contractors by gaining greater knowledge about local environments and trusted intermediaries for the dissemination of project-related information.

Second, Chinese corporations active in these settings should urgently strengthen their conflict analysis capabilities and strive to develop a more conflict-sensitive consciousness. Accurately understanding the complex environments in which they operate, and the ways in which their investments could worsen or ease tensions, is not just a question of social responsibility, but would also increase the safety and long-term viability of Chinese investments.

Third, the lack of transparency surrounding BRI projects has already been identified as a major issue in other studies, but takes on additional relevance in conflict settings with low levels of inter-communal trust and governmental legitimacy. Opaque tender procedures and secrecy regarding the underlying loan agreements, as well as a focus on bilateral top-level negotiations shift the burden to ensure a fair and sustainable BRI implementation squarely on to national political systems,
which are often unable to deliver this. Greater transparency, reliable information platforms, and independent oversight would be obvious ways of improvement.

Fourth, a greater focus on local livelihood issues would help with reducing grievances and resistance against the BRI at this level. Projects that may make sense for national-level development schemes can have highly adverse, concentrated effects locally, with environmental damage, land grabbing and transitory or exploitative employment opportunities among the biggest issues. This is another problem best addressed through active outreach and consultation with civil society.

Most of these improvements will have to be negotiated between Chinese and local actors. As pointed out in the case studies, BRI project outcomes are heavily influenced, but not dictated by the Chinese side, and building a more inclusive and conflict sensitive BRI will be a joint task. Ideally, this should also involve international partners to a greater extent – development agencies that have experience with operating in fragile environments, researchers who are able to offer insights on conflict dynamics, and NGOs engaged in practical conflict sensitivity work. This will require an attitude shift on both sides: for China, a greater willingness to open the BRI up to scrutiny and participation from actors it cannot control; and for Western governments and other external actors, a focus on fact-based, constructive engagement instead of reflexive rejection. In conflict settings that seek transition to more stable and prosperous societies, the BRI is already an important factor. Working towards better implementation should be a goal shared by all stakeholders.


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Ever since its announcement in 2013, China’s “Belt and Road Initiative” (BRI) has attracted significant attention from international observers, covering its impact on fields ranging from economic integration to geopolitics. However, the peace and security implications of the BRI have seen comparatively little interest, despite the heavy concentration of BRI-related investments in highly fragile and conflict-prone environments. This report focuses on BRI projects and their transformative impact on conflict dynamics in four of these countries: Pakistan, Myanmar, Kyrgyzstan and Uganda. It also provides some practical suggestions for improving local outcomes and strengthening international cooperation.

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