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BELT AND ROAD INITIATIVE AND ENVIRONMENTAL CHALLENGES

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China Belt and Road Initiative (BRI) connects China globally through an overland ‘Silk Road Economic Belt’ and an ocean ‘21st Century Maritime Silk Road’. As of March 2022, the BRI involves 147 countries with investments in the first half of 2022 at $28.4 billion.1 However, a profound apprehension on far-reaching environmental consequences have been aired by environmental experts as several BRI projects are known to pass through ecologically sensitive areas and in countries with weak environmental laws and governance.2

Promoting green development as part of the BRI is an essential requirement for Chinese policy makers. In response to environmental degradation in China, a national strategy, ‘Ecological Civilization’ (EC), was proposed at the 17th National Congress of the Communist Party of China (CPC) in 2007. Later, in 2018, it was embedded in the country’s constitution and became part of the national development strategy.3

In the context of environmental protection and loss of biodiversity and ecosystem, several policies have been outlined in the recent past, encouraging Chinese investors to integrate green development throughout the overseas investment process.4 “Green Development Guidelines for Overseas Investment and Cooperation” issued on 15 July 2021, jointly by Ministry of Commerce and Ministry of Ecology and Environment, stresses strengthening environmental protection in the host country, including environmental impact assessment (EIA). It calls for following the rules and regulations of the host country, supporting investments in clean energy, and restoration of affected eco-systems.5

The “Guidelines for Ecological Environmental Protection of Foreign Investment Cooperation and Construction Projects” issued on 6 January 2022 by Ministry of Ecology and Environment, incorporates environmental management in the energy, transport and mining sectors.6 For implementing hydropower projects, for instance, it encourages avoiding nature reserves and important biological habitants.

On 28 March 2022, “Opinion on Jointly Promoting Green Development of the Belt and Road” was issued by the National Development Reform Commission and the Ministers of Foreign Affairs, Ecology and Environment and Commerce.7 Promoting low-carbon development of coal power and other projects and setting timelines for green BRI are important aspects under this ‘opinion’. It affirms that China will stop building new coal-fired power projects abroad and that existing coal projects under construction will be proceeded with ‘prudently’. It sets 2025 as the timeline to expect significant improvement of capacity for environmental risk prevention in overseas projects. The China Banking and Insurance Regulatory Commission (CBIRC) on 1 June 2022, called for ‘green finance’, including mitigating environmental, social and governance (ESG) risks, to foster low-carbon, sustainable development:8

Critics have labeled some of these guidelines as ‘soft law’ and non-binding which cannot be enforced by courts.9 The potential contribution of greenhouse gas (GHG) emissions, especially from coal projects in BRI countries, has been a major concern as several Chinese state-owned banks have invested heavily in such projects.10 In 2016, China was involved in 240 coal projects in BRI countries.11 But there are signs of retreat in Chinese-supported development of coal plants in the past five years.[12] In September 2021, President Xi Jinping at the UN Assembly pledged that China "will not build new coal-fired power projects abroad."[13]

In 2021, China's largest bank, the Industrial and Commercial Bank of China (ICBC) announced it was abandoning a plan to finance $3 billion of the 2,800 MW Sengwa coal project in northern Zimbabwe. In 2022, the Export-Import Bank of China (CHEXIM) announced the cancellation of coal investment in Bangladesh.[14] Moreover, BRI underlined that in the first half of 2022, no coal projects have received finance or investment, with the majority of energy investment going to gas (56 per cent), followed by solar and wind (18 per cent) and oil (18 per cent).[15]

Meanwhile, the announcement of green finance guidelines by CBRIC signals that the existence of potentially significant financial risk from BRI environmental impact is being acknowledged. The Myitsone dam in Myanmar, for instance, was shelved, following stiff resistance from local communities. In 2019, ICBC also pulled out from the $1.2 billion, 1050 MW coal fired plant in Lamu, Kenya following environmental activists filing a lawsuit after which courts ordered the halting of work.

An important aspect concerns guidelines on implementation of EIA, which lack the essential details on public participation, which is an important tool in EIA. Ideally, before any large-scale infrastructure and extractive industries projects are undertaken, it needs to conduct 'Free, Prior and Informed Consent' (FPIC) which is recognized in International Labour Organization Convention No. 169 and the United Nations Declarations of the Rights of Indigenous People, 2007.

Several scientific studies have underscored the environmental risk from BRI projects, especially BRI linear projects i.e. roads, railway and pipeline infrastructures, which are likely to be the greatest threats to already fragile ecosystems and key biodiversity areas (KBAs). One research finding on the impact of KBAs from the proposed road and rail routes, was that since mining is clustered near the proposed route, "construction and development along the route may increase size and number of mines." Also, it pointed out that up to 15 per cent KBA are within 1 km of proposed railways, and may pose a significant risk to biodiversity because the majority of KBAs are unprotected.[16] Further in the quantification of current risks of biological invasion in 123 BRI countries, another study identified 14 global 'hotspots' facing a high risk of invasion by terrestrial vertebrate species – which includes 98 amphibians, 177 reptiles, 391 birds and 150 mammals, threatening their ecosystems.[17]

To alleviate environmental problems, while several Chinese institutes are involved, one study flags the growing deficit in terms of conservation research capacity, underlining that "China lacks a pipeline for training and development of conservation scientists locally and abroad."[18]

One of the most commonly accepted definitions of 'sustainable development' featured in the Brundtland report states that "sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs."[19] Continual reckless development, however, is threatening both current and future generations. As laid out in the recent United Nations Environment Programme (UNEP) report, the enormity of the triple environmental emergencies – the climate crisis, biodiversity loss and pollution – cannot be solved in isolation.[20] As emphasized by eminent economist, Sir Partha Dasgupta, failure to take into account the rapid depletion of 'natural capital' places the world at 'extreme risk'.[21] Poor planning as part of BRI projects could pose detrimental impacts to the ecosystem and regional biodiversity. Policymakers in China and the host countries need to consider the potential environmental risks associated with BRI while implementing the projects.

Views expressed are of the author and do not necessarily reflect the views of the Manohar

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