

'Of Roots and Routes' of the Belt and Road Initiative: A Perspective from the Global South

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- Professor Li Xiangyan, Director-General of the National Institute for International Strategy at the Chinese Academy of Social Sciences;
- Professors and Learned Colleagues; and
- Invited Guests and Conference Participants.

Allow me to convey my sincere appreciation for the invitation to participate in this important conference and modestly contribute towards building a collective perspective on securing quality development and cooperation within the purview of the Belt and Road Initiative (BRI). The title of my reflective paper, on which I base these inputs, aptly begins with the words **'of roots and routes'**.

I use the word roots (as in the roots of a tree) to capture the essence of how we ought to be thinking about deepening our economic and social interaction routes or pathways. The routes of the BRI must, in my view, be predicated on a clear sense of how we secure **rootedness** across many countries in a way that goes beyond the general assumption or perspective that the initiative is purely a vision of a single country or driven only by self-interest in a world where cooperation seems to have given way to coercion and rivalry.

Speaking at the World Economic Forum in 2017, President Xi Jinping stated that *"(p)ursuing protectionism is like locking oneself in a dark room. While wind and rain may be kept outside, that dark room will also block light and air."*

In this statement, President Jinping expressed the essence of the BRI and the deep desire to see a more interconnected world. His goal is to see a world that does not leave the South behind because of global trends that limit connectivity in a manner that advantages some countries over others.

The statement was made at a time when some regions of the world are increasingly seeking to barricade themselves off and remain in dark rooms to maintain their historical privileges arising from unfair terms of trade of raw materials, the dominance of certain currencies within the framework of international trade and the tendency to only allow for connectivity under conditions that support ongoing economic dependence between the North and the South.

The simplest way to put it is that there have been no sincere attempts to build routes connecting the North and South. This reality seems absurd when considering that the Strait of Gibraltar is only 14 kilometres long. According to Professor Tung-Yen Lin, Chinese-American structural engineer, a tunnel is feasible. It is important to note that the tunnel connecting England and France is more than 50 kilometres long, making nearly four times longer than the distance between North Africa and Europe.

In light of the geoeconomic circumstances African countries have faced since gaining their independence, we might want to add to President Xi's argument by indicating that occasionally, it seems, ***some within the dominant global order are keen to keep others in the dark room and to block light and air, so they remain suffocated and economically dependent on aid and handouts.***

It is in this context that many people recognise the value of what is intended and the overall vision established for the BRI. In both form and substance, it is transformative approach meant to change inequality between nations arising from a one-sided push for globalisation that maintains the economic hegemony of some over others.

While many countries have historically supported economic globalisation and liberalisation of economies, they have done so in order to maintain their economic advantages and control over the movement of goods, services and people. Any observer would be left with little room not to conclude that the recent shifts towards protectionism are nothing more than an attempt by some to keep globalisation only if it sustains historical benefits and relationships of economic advantage.

Even as we seek a different global social order and establish new economic pathways, it is imperative that we recognise the challenges and dilemmas faced by many African countries. ***How do we embrace new possibilities while the umbilical cord of history keeps dragging us into short-term gains over painful transitions into a more prosperous future?***

In South Africa, this reality of historical linkages and our rootedness in some parts of the world came into sharp focus when we experienced some pushback from the Western capitals on our positions on the war in Europe, and lately, the conflict in the Middle East.

Our participation in trade arrangements with the West was brought into question with indications of possible pullbacks on trade agreements that would have a detrimental effect on some sectors of our economy.

As we worked to strike a balance that would prevent us from experiencing further increases in unemployment in the event that arbitrary changes were made on trade agreements, we were encouraged to start thinking of longer-term interventions that would allow us to be less dependent on our historical trading partners.

This vision invariably led us towards reflection on the imperatives of ensuring that we rapidly move on the implementation of the African Continental Free Trade Area and how we can speed up the economic benefits derived from BRICS, including from the more recent expansion of this formation.

It is within this setting of having to live with the historical linkages and a longer-term perspective that we need to engage with the reality that the BRI can conceivably change the world order and usher in a new form of globalisation that is much more inclusive and has deep rootedness in the South.

As we explore new possibilities, we cannot avoid an element of political economy analysis. This necessitates an appreciation of the historical routes and significant challenges confronting many countries in the Global South.

While we would want to embrace a new world order and change economic lanes quickly, the reality is that we are often derailed by history, and our intense reliance on investment and financial resources from the global North. Herein lies a very challenge and something worth reflecting on as we seek to engage in the broader development benefits of the BRI.

In establishing new pathways and encouraging lane changes for longer-term prosperity, we must be mindful of the challenges many in the South face in openly embracing new possibilities. The political tentacles and economic umbilical cords run deep and require careful and astute maneuverings on the part of policymakers and senior public officials who provide policy guidance, and who are expected to shape interventions to secure a better, more prosperous and inclusive future. Appeasing the West and embracing new possibilities requires a level of state capability that is not in abundant supply.

I must emphasise that the imperative of enhancing such capabilities in the global South is a matter close to my heart. We are relentless on this agenda, to build a new cadre of a public servant characterized by innovation, ethics, high-level technical competencies, internationalism and people-centeredness. After all, it was President Xi in 1989 wrote that the basic proficiency of officials must be their rootedness with the people.

As we reflect on the possibilities of a new economic pathway on the back of the BRI and others, it is worth referring to and keeping in mind the work of Prof Wang Yiwei, who wrote that the belt and road ‘... (i)nitiative can ...be called the second great geographic discovery”.

Prof Wang stresses that the initiative serves to help developing countries achieve rapid development, incorporating the possibility of changing lanes in its economic pathway and securing joint revival as part of inclusive globalisation. The five dimensions of connectivity noted by Prof Wang include policy coordination, facilities connectivity, unimpeded trade, financial integration and people-to-people bonds.

It is very clear from this scholar and others that the articulated visions for the initiative and Chinese engagements in Africa and other places are a sense that ***a different approach to development is possible and that replicating the history of new colonialism would not be appropriate.***

Any replication would merely entail replacing Western economic actors with those from the East. I am confident that this is not what the people of this region want and is not the core orientation of the BRI.

Let me emphasise here the assertion by Prof Wang that, amongst others, the initiative aims to forge inclusive globalisation and eliminate gaps between the rich and poor through connectivity. Naturally, as Africans, ***we must engage such assertion from the perspective of evidence and, given our complex history of post-colonial domination, with a bit of scepticism.*** After all, we are constantly told by the West that we need to be careful of the Dragon from the East.

If we take a step back and reflect, we already see some evidence of a different type of rootedness. China is playing a central role in establishing alternative modalities of finance by supporting, amongst others, initiatives such as the Asian Infrastructure Investment Bank (AIIB), Shanghai Cooperation Organisation (SCO) and the New Development Bank (NDB) otherwise known as the BRICS Bank which has opened credit lines to countries beyond BRICS member states.

To many, these initiatives point to the possibility of creating new opportunities for joint economic cooperation, sustainable development and a deeper regional integration that could lead further to a new era of shared development.

The opening of alternative lending systems creates an immense possibility of a different type of rootedness. It allows African actors access to loans in a more competitive space and some level of economic autonomy. One of the most significant challenges with loans from the West and its institutions is the imposition of conditionalities aimed at restricting the developmental and social roles of governments.

As is now commonly known, these conditionalities were disastrous for the African continent. Even the most accommodating of critics of the World Bank recognised that the biggest challenge was a lack of rootedness. Prof Gustav Ranis articulated this well, indicating that the "...conditionality process works well only when local polities have decided, largely on their own, possibly with outside technical help, to address their reform needs, effect certain policy changes sequentially and approach the international community for financial help in getting there".

Is the Chinese approach unique? Or will the institutions eventually be pressured to adopt the conditionalities associated with the World Bank?

Even as we need to approach this cautiously and see the evidence over time, there is much that allows us to paint a more positive future. The OECD in a 2018 Business and Financial Report suggested that China has a much broader approach to development. This more balanced regional growth strategy includes upgrading its industry and the implementation of greener economic growth. While such a generic conclusion may be helpful for broader diplomatic expression, our responsibility must be to engage the detailed elements across the projects to establish the levels of rootedness and how benefits are distributed.

If we do not remain self-critical, we may as well find ourselves in a situation where African outflows to the East serve to suffocate the continent further and recreate the conditions that gave rise to anti-neo-colonial perspectives.

We must interrogate the range of infrastructure projects that are part of the broader initiative, and encourage much higher levels of local participation and involvement. It is important to keep in mind that Western investments often had a limited impact on local economies owing to their tendency to limit local economic multipliers by ensuring that the flows were circular and primarily served to transfer funds from Western banks to Western companies.

One element that serves to help us guard against a new form of neo-colonialism is that we now have a much larger base of knowledge to learn from. That is, we are now able to create our conditionalities and, indeed, modalities for ensuring local participation. This is already being observed in various infrastructure projects that result from direct Chinese support in countries such as Kenya and Ethiopia.

We witness that in many situations, there is an effective transfer of skills due to the introduction of vocational capacity transfer initiatives. We also witness active steps towards ensuring that infrastructure efforts serve to spur broader economic activities. This is aptly displayed in the Chinese investment in the Nigerian rail network, which has resulted in the establishment of nodal centres involving locals. In the construction of the railway in Kenya, locals were integrated into the production process.

Our conditionalities on infrastructure initiatives, when coupled with the expressed commitment from all within the BRI, bodes well for a different type of inclusivity and, indeed, a new rootedness that is crucial. Countries that have a multifaceted economic agreement with China (such as South Africa, Angola, Tanzania, Kenya, Ethiopia, Zambia, Democratic Republic of Congo, Nigeria and Angola) are, according to many commentators, experiencing positive effects, including job creation, knowledge transfer, training and skills enhancement, innovations, rapid technological application and integrations, and establishment of small and medium-sized enterprises.

We are also beginning to witness broader expansion into local manufacturing as a result of the initial investments in infrastructure made by Chinese businesses upon realising the potential for local manufacturing closer to natural resources and where labour is available.

The more significant outcome of initial efforts to support infrastructure development is that China has surpassed the US as Africa's top trading partner. According to Professor Joshua Eisenman, trade growth is due to the influence of five causal factors: 1) China's rapidly industrialising economy; 2) the abundance of natural resources in Africa; 3) China's comparative advantage in labour-intensive and capital-intensive production; 4) the importance placed on infrastructure development; and 5) the economies of scale linked to China's shipping and manufacturing sectors.

Africa provides a dual benefit by serving as a source of raw material needed to drive China's economy and as a substantial emergent market where it can sell its produce. Africa sees trade with China as one which results in crucial infrastructure investment projects, and serves as a cheap source of capital equipment and consumer goods.

Even as we want to celebrate the immense strides in Africa, let us, who are engaged in research, reflection and capacity building, not lose sight of the challenges and the imperatives of ensuring that detailed, evidence-based analysis drives our approach to whether the routes (and comprehensive infrastructure projects) are purely about the appetite of China and growing business interests.

No matter the articulated diplomacy around inclusivity and joint development, we must appreciate that sometimes, private businesses, people and others are less prone to care about the quality of their initiatives or the sharing of benefits.

We cannot ignore earlier reports of poor workmanship and non-compliance with local labour laws. This situation is occasionally made worse by corruption in parts of our world and the tendency of businesses to take advantage of these circumstances to increase their profits or accumulate more wealth.

In addition, concerns are often expressed about initial investments and agreements leading to the unfair exploitation of natural resources and a disregard for environmental issues and other equally important considerations such as local beneficiation, employment, and education. ***We must remain intellectually vigilant despite our sense of positivity in relationships and the need for diplomatic niceties.*** We must embody the communist ethos that we speak of to ensure that those who exercise economic power do so in a way that embodies what we articulate as the social benefits of the BRI, and the alternative pathways and lanes towards economic growth.

This brings me to the topic that I believe will be most crucial going forward. To ensure that we sustain the pathway to inclusivity and the lowering of global inequality, we must possess the necessary research and policy implementation capabilities. This matter is sometimes taken for granted in a society where a meritocratic system has evolved over the years.

In my own country and many others, we are still facing immense challenges in establishing professionalism within public institutions and ensuring that our political leaders can lead and negotiate the most beneficial arrangements possible. I sense that the only way China can make sure that its initiatives are socially rooted is by investing much more deeply in building African state capacity.

Public servants in our different countries are at the forefront of engaging with local Chinese counterparts and therefore they effectively serve as your eyes on the ground. They are in charge of monitoring developments to ensure that local agents act in accordance with the intentions articulated during political level engagements and within the China-Africa forum.

The consequences of capacity failures in some African countries have dire ramifications for all of us, including China. Appropriately trained officials are crucial to securing a local rootedness of initiatives. They can negotiate arrangements that seek to grow our new world order partnerships.

Together with my colleagues in South Africa and other countries, we are eager to send our officials to China for training to improve their skills and expertise in various fields of specialisation. This crucial capacity-building initiative must be sustained to foster a shared future that brings development and progress for the benefit of all of us.

Building capacity for African institutions is building capacity for the realisation of your vision – the vision of a more just, inclusive and collaborative world.

As I conclude, Session Chairperson, allow me once again to express my gratitude for the invitation and for providing me with the space to engage openly on the challenges and nuances that need to be considered as we reflect on the BRI. We cannot, in our excitement, lose sight of the Marxist vision of a just and equitable society. The path to a better future will be built upon the local rootedness of our routes.

I thank you