

BRI's Strategic Recalibration Towards Delinking: Identifying and Confronting Extractivism

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A roadmap

- ❖ (Neo)-extractivism
- ❖ Critics of the BRI from the left: Their main positions and justifications
- ❖ Is BRI attractive or extractive?!
- ❖ Inconclusive remarks: recalibration of the BRI towards de-extractivism

(Neo)-Extractivism

- ❑ Originated in the Latin American context, it is the appropriation of natural resources in large volumes and high intensity, with over 50% exported as raw materials, without/with limited industrial processing (Gudynas 2018: 62) Extractivism **≠** all activities that appropriate resources
- ❑ **Ten conditions of politico-economic extractivism**
 1. Creating a monopoly over resources (to be) extracted
 2. Connecting tightly between state and private capital groups, national or international
 3. Owning required infrastructural elements
 4. Establishing an 'operational centre' functions to transport the extracted products from poor to rich places
 5. NOT channelling accumulated wealth towards the losers in the process
 6. Deepening social inequalities and resource curse
 7. Using obtained wealth by the state for social distribution (*Progressive or Neo-extractivism*)
 8. Neglecting material reproduction of extracted resources
 9. Creating huge windfall profits
 10. Breeding complex patterns of inclusion and exclusion

Critics of the BRI from the left: Their main positions and justifications

❑ The BRICS's neat intertwinement (condition 2)

- Brazil: the Bancada Agraria (the powerful parliamentary group that represents the interests of large landowners specifically and of the extractivist model generally)
- Russia: an oligarchy of former state and party officials who became private owners of previously state-owned resources
- India: strong ties between large national capital groups and state agencies
- China: business interests and the state meet and intermingle within and outside the Communist Party
- South Africa: black entrepreneurship and the highly corruptive circles surrounding the Zuma regime
(Ye *et al.*, 2019)

❑ A critique of BRI's 'State-coordinated Investment Partnerships (SCIPs)

- State and business actors work jointly to export overcapacity;
- SCIPs of the BRI is an elite development paradigm;
- SCIPs are closely aligned to a contemporary global current of public-private partnerships.

China's BRI is attractive or extractive?!

- ❑ As Gonzalez-Vicente (2019) observed, SCIPs allowed individually-pursued BRI projects to profit maximise and collective ones to expand Chinese capitalism
 - BUT not Chinese per se if BRI is struggling to disentangle from the neoliberal globalisation.
- ❑ Instances of Accumulation Regimes: China advancing and normalising 'resource-backed development' (e.g., China Eximbank's concessional loans to Bui hydroelectric dam in Ghana, which was built by Sinohydro (Odoom, 2017) / BRI in Congo: developing a series of infrastructures in exchange for access to copper and cobalt deposits (Maiza-Larrarte and Claudio-Quiroga, 2019) / Others are to be paid back in hard currency, but using resources or assets as collateral – e.g., oil in Venezuela, Angola and Brazil (Alves, 2013; Rosales, 2016).
 - BUT China cannot be solely blamed. State actors within the countries above must share responsibility in escaping out of extractivist cycles. With or Without China, the extractivist cycles persist due to the sustaining logic of global capitalism.

- ❑ The financial engineering in some BRI projects along the *offshore routes* indicate that individual firms have few incentives to contribute back to development of China and elsewhere, e.g., the series of subsidiaries the China Harbour Engineering Company (CHEC) has registered in the Bahamas, and Delaware to operate a BRI project in Jamaica. This is a frequent arrangement used to avoid double taxation (reduce costs) and uncertainty (reduce risk), mirroring global trends of financialization that prioritize business wealth-maximization and risk mitigation (Hendrikse and Fernandex, 2019).
- BUT avoidable if China and Jamaica (or others) can jointly establish a system of taxation that eliminate the gap. This is necessarily democratic with the focus on giving full voice to the most vulnerable before establishing bands of tax rates. However, there needs to be multi-dimensional solidarity in the resistance to tax evasion, distinguishing Chinese investors, including SOEs, from a *transnational capitalist class*.

- ❑ *Market sovereignties* can take many forms. These market-enabling sovereignty regimes reduce financial and regulatory risk and, hence, ensure the profitability of accumulation regimes. Examples are the long-term leases of public space for commercial activity; these would include an agreement to fund Kenya's Standard Gauge Rail, including provisions for all disputes to be arbitrated in China (Carrai, 2019).
- YET, arbitration does not have to take place in China but involves both China and Kenya while giving more power to Kenya. The Kenyan government can be pushed from below to apply stricter rules for leases or even ban certain public space from commercial activities. Does that need China's push at all? Where should the resistance come from?

- ❑ ***Special Economic Zones (SEZs)*** are spatial and territorial fixes for capitalist accumulation where state sovereignty is bypassed, and legal compromises are reached to satisfy the economic logics of Chinese investors. Considered by Chinese officials a successful tool to promote economic activity within China, there are ongoing debates about the developmental potential of Chinese-built SEZs in places like Egypt, Indonesia, Mexico, or Russia (Bräutigam and Tang, 2012).
 - BUT: SEZs could also have a de-fixing quality if they are utilised to develop resistance fields from below. The states of the BRI members at the receiving end do not have to say 'yes' and divert the attention to their failures to China.

- ❑ ***Embodied transnational sovereignties*** refers to the ways in which Chinese workers in overseas projects, being subject to Chinese—rather than local—labor law, embody the transnationalization of Chinese sovereignty into distant construction sites across the world. A good example is the labor regime of CHEC in Jamaica. CHEC was allowed to employ a significant contingent of Chinese nationals that made it possible to cut costs and expedite the construction process.
 - BUT: the forms of agency that BRI members have can push for a collective, democratic planning based on deliberation, voting, and consultation.
 - Inter-locally established and supranational labour laws and regulations.

Inconclusive remarks: recalibration of the BRI towards de-extractivism

- ❑ As BRI expands and deepens with branch initiatives taking shape, it will become independent (not a baby of China).
- ❑ Delinking should involve de-extractivism. Yet, the extractivist cycles or tendencies within the BRI must be collectively dealt with, not simply bashing China or tagging it an imperialist power.
- ❑ Delinking must be inter-dimensional and then trans-dimensional.
- ❑ De-extractivism can be made a priority or what Mao says primary contradiction, though it is certainly not the only primary contradiction.