THE BELT AND ROAD'S MIDLIFE CRISIS: PERSPECTIVES FROM LATIN AMERICA AND THE CARIBBEAN

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China's Belt and Road Initiative (BRI) turned 10 in 2023. Assessing its progress to date is challenging, given the persistent lack of consensus on its true nature. Few global initiatives evoke such disparate perceptions. To some, the BRI epitomises the People's Republic of China's (PRC) audacious foray into twenty-first-century grand strategy, a bold vision for a new era of global connectivity bankrolled by an endless supply of state resources, and the cornerstone of a China-centric world order.[1] To others, the BRI registers as little more than an exercise in branding, dovetailing a variety of pre-existing, disjointed and uncoordinated ventures by various Chinese businesses and state entities.[2] In this essay, my assessment of the BRI zeroes in on the infrastructural shift witnessed in the PRC's international development outlook in the years that followed the Global Financial Crisis of 2007–08. Therefore I focus explicitly on the materiality of Belt and Road encounters rather than on the rhetoric and diplomacy enveloping this new era of global economic engagement.

In Latin America and the Caribbean (LAC), something started to change around 10 years ago. After a decade marked by surging Chinese investments in the region's natural resource sectors—financed by the 'Going Out' policy, which offered soft loans for Chinese corporations to acquire new projects—the landscape of Chinese economic engagement evolved to include infrastructure development. Even as early as 2005, the Export-Import Bank of China and the China Development Bank had been actively involved in the region, extending loans to sovereign nations for diverse projects. However, the emphasis on infrastructure became particularly pronounced in the aftermath of the Global Financial Crisis. In response to the global economic downturn, the Chinese government pumped money into domestic infrastructure projects, which sustained robust economic growth amid the crisis. These were the infamous three years (2011–13) when China consumed more concrete than the United States had done throughout the entire twentieth century.[3] Soon, China's construction capacity began to outstrip domestic demand, prompting a global quest for new profitable markets for Chinese contractors. This would mark the beginning of a new chapter in China–LAC relations, in which loans for infrastructure projects executed by Chinese firms became a cornerstone of the trans-Pacific

connection, particularly within LAC countries with strained relations with Western-based international financial institutions. Chinese contractors have also made inroads into some LAC countries through open bids for public works that have not involved government-to-government agreements or financial backing from Chinese policy banks. Although some analysts like to set the start of this era in a speech by Xi Jinping in Kazakhstan in 2013, where he officially announced the BRI, the underlying currents of change had been set into motion much earlier.

Road leading to the JISCO Alpart bauxite refinery in Nain, Jamaica
Source: the author

Over the period from 2008 to 2019, China's development finance rivalled the lending capacity of the World Bank, with both entities nearing the half-trillion dollar mark for lending globally.[4] In Latin America, the volume of Chinese loans in some years surpassed the combined lending of the World Bank, the Inter-American Development Bank and the US Export-Import Bank,[5] although not all these loans were allocated to infrastructural projects. The distribution of both the number and the volume of loans across the region exhibits disparities. Countries such as Venezuela, Brazil,

Ecuador and Argentina emerged as primary recipients of Chinese financial support, whereas others such as Jamaica and Trinidad and Tobago have also secured considerable loans in proportion to the scale of their economies. In contrast, Chile, Peru and Colombia remain notably absent from the roster of nations with sizeable debts to China, although Chinese contractors have successfully secured bids for significant public works in these countries, such as the Bogotá metro project in Colombia. By 2023, 21 LAC countries had become signatories of the BRI, although formal membership does not correlate with eligibility for funding. Many of these countries were already beneficiaries of loans from Chinese policy banks before joining the BRI. Furthermore, several LAC countries that have not yet formalised their BRI membership are recipients of Chinese infrastructural loans. Indeed, some researchers have contended that the BRI in LAC represents a 'repackaging of existing relations' and economic trends set in motion by the Global Financial Crisis.[6] In this context, it is more useful to conceptualise the BRI as a distinct economic moment in China's developmental trajectory, marked by overaccumulation and the global expansion of Chinese construction firms. Through this lens, a clearer depiction of the developmental impact of the BRI in LAC begins to take shape.

Now often taken for granted, one of the crucial ways in which Chinese development finance reshaped the political landscape of development in LAC was by introducing an (optional) end to unilateral conditionality. For decades, at least since the debt crisis of the early 1980s, the region had been subject to structural adjustment programs as a condition for financing. Certain aspects of conditionality might have yielded benefits—others clearly did not, as illustrated by the World Bank's acknowledgement that the 1980s were a 'lost decade of development'.[7] A fundamental critique has focused on the undemocratic nature of structural adjustment. Sovereign nations were forced into liberalisation trajectories that in occasions diverged from their electoral mandates. In this context, the absence of political conditionality in Chinese developmental finance, whether BRI-branded or not, was welcomed by those critical of the US-centric global development system. But it is important to note that even though Chinese loans do not come with political conditions such as liberalization and governance reforms, they often

include particularly stringent conditions aimed at ensuring repayment, inspired by commercial lending contracts rather than typical development finance.[8] Nevertheless, China's emergence as a major lender has afforded LAC countries additional options to finance their development agendas, consequently providing them with more political leverage to reimagine development beyond the conventional template provided by Washington-based institutions—even if some might have found themselves 'doubly trapped' between two mighty lenders.[9]

By focusing on infrastructure, the Belt and Road Initiative has addressed a regional gap that the World Bank estimated to necessitate investments equivalent to 6.2 percent of annual GDP.[10] But by lending to this sector the BRI has waded into turbid waters. Across LAC countries, major infrastructure works have been a source of contention and conflict as land use changes and authoritarian methods and practices have threatened sustainability and community rights.[11] In this regard, evaluating individual BRI projects requires a consideration of their economic and social returns, alongside an assessment of socioenvironmental costs. Economic dividends are relatively straightforward to measure. In essence, some BRI projects have acted as economic multipliers, generating sufficient economic activity eventually to offset the initial investment. Examples include the expansion of airports in tourism-dependent countries like Antigua and Barbuda, the financing of a national broadband network in Suriname, and investments in road and railway construction and repair in places like Bolivia and Argentina.[12] However, some projects fall short of meeting this multiplier criterion. Examples include 'white elephants' like the Montego Bay Convention Centre in Jamaica or, more broadly, underutilised infrastructure such as the North-South highway in Jamaica, which has high toll prices that have deterred many Jamaicans from using it.

There are examples of Chinese-funded projects that might have not been intended as economic multipliers but which have added social value. Examples include the construction of hospitals and healthcare facilities in Ecuador and Trinidad and Tobago. Similarly, the construction of convention centres or sport venues has often been criticised as a wasteful enterprise in the developing world—but some might wish to challenge the notion

that sport and cultural facilities should remain a luxury exclusive to the developed world while the poor should focus on productivity. Nevertheless, not all these initiatives have yielded the anticipated outcomes. For example, the Couva Hospital in Trinidad and Tobago fell short of its envisaged role as a children's hospital, owing both to structural limitations and to neglect of capacity-related challenges.[13] The proposed construction of a new stadium in El Salvador has also garnered attention, raising questions about scale (if built it will be the largest stadium in Central America) while also triggering geopolitical anxieties in Washington—a matter that arguably diverges from developmental considerations.[14]

Sir Vivian Richards Stadium in Antigua, built with a grant from the Chinese government
Source: the author

Related to the above, concerns have also emerged regarding the processes through which BRI projects have been implemented. A salient feature of projects financed by Chinese policy banks is that they invite limited or no participation from stakeholders and the general public. The development of the National Academy for the Performing Arts in Trinidad, for instance, faced criticism from local artists who lamented the lack of consultation regarding the needs of the local artist community.[15] In a broader perspective, the

construction sector both in the region and beyond has developed a dubious reputation on issues of corruption and accountability. Brazilian and Spanish contractors, for example, have established a low standard in LAC.[16] Chinese enterprises in this sector, too, have faced their share of scandals in such countries as Guyana or Peru.[17] In doing so, they stand on the shoulders of the giants that preceded them, rather than representing isolated anomalies. However, Chinese development finance for infrastructural works stands out for its poor record on issues of transparency, participatory approaches, and consultation. Chinese policy banks typically confine their interactions to central government authorities, thereby distinguishing themselves from such organisations as the World Bank, which, in recent decades, has endeavoured to foster participatory approaches and transparency standards, although not without controversy over whether these initiatives genuinely aim to empower local populations or merely to co-opt them.

Chinese infrastructure projects have also, at times, the distinctive characteristic of relying on an imported Chinese labour force, although the degree to which this has happened varies across the region, with some countries placing severe limitations on the importation of labour. Central American and Caribbean governments have shown a higher propensity for accepting the influx of Chinese labour, a phenomenon less prevalent in South America. For Chinese contractors, the use of Chinese labour is an aspect that might be negotiable, with local authorities being presented with varying price tags depending on the percentage of local workers engaged in the construction process. Employing Chinese workers allows for a more economical and expedient delivery, thereby reducing costs for both parties involved. This efficiency stems from the greater ease with which contractors can exploit Chinese migrant labour.[18] Host countries find themselves at a crossroads, having to decide the extent to which infrastructure aims to generate local employment versus prioritising the swift and cost-effective delivery of projects.

Furthermore, a considerable number of BRI projects in Latin America and the Caribbean grapple with environmental challenges. Some fall into a grey area; for instance, the Coca Codo Sinclair hydroelectric dam in Ecuador has locally significant environmental impacts but could contribute to an

overall reduction in carbon emissions.[19] In contrast, others, like the Santa Cruz River Hydroelectric Complex, blend labour violations with inadequate environmental impact assessments that downplay the substantial damage they could inflict on local ecosystems.[20]

While many debated the BRI's merits and characteristics, few doubted it had become a cornerstone in LAC's developmental landscape. As various Chinese-funded projects proliferated throughout the region, the prevailing belief was that the rise of China was unstoppable, inevitable and exponential, and that China seemed destined to challenge US regional hegemony. However, by 2018, a shift had begun. Reports from the Dialogue and Boston University's Global Development Policy Center highlighted a substantial reduction in Chinese loans to the region. Having consistently surpassed the US$5 billion mark annually since 2009, the figure plummeted to US$2.1 billion in 2018 and US$1.1 billion in 2019.[21] This was not merely a hiccup but rather a new trend, consolidating in 2020 as the first year in which Chinese development banks issued no loans to the region. Subsequent years saw the total loan figures not reaching the US$1 billion mark per year.[22] This new normal coincided with increasing caution on the part of some of China's borrowers. The Jamaican government, for instance, announced in 2019 that it would refrain from taking on more Chinese loans for the time being.[23]

A decade since its inception, the BRI finds itself grappling with a midlife crisis. There is insecurity in a model that once inspired certainty, hesitance where success once appeared inevitable. Notably absent from recent Xi Jinping speeches, the BRI has seemingly been supplanted by less China-centric branding, such as the Global Development Initiative.[24] In material terms, China confronts its first overseas debt crisis, renegotiating US$52 billion in loans in the 2020–21 period.[25] This suggests significant miscalculations in China's overseas development lending, especially in the case of Venezuela. At the same time, while Chinese loans have been rescaled, investments by individual firms not backed by policy banks continue unabated, many of them increasingly under public–private partnership frameworks.[26] This suggests that, at the very least, the BRI has served as a successful mechanism for the internationalisation of many Chinese state-owned and private firms, enabling them to operate with increased autonomy. Furthermore,

the BRI has helped to generate a multitude of bilateral and multilateral agreements designed to facilitate new commercial activities in the years to come,[27] including most recently a free-trade agreement with Ecuador, or a yuan-settlement deal with Brazil.[28]

Over the past decade, the BRI has come to represent a significant moment in China's development trajectory—one that is characterised by state support for the internationalisation of Chinese construction and engineering firms, of which China now has an oversupply. From the perspective of LAC countries, the BRI has reshaped the politics of development and bolstered the developmental agency of policy elites in the region. At the same time, from the vantage point of communities and activists across the region, the BRI has often reinforced existing developmental hierarchies and introduced new barriers for non-elite populations' influence in national and local development projects. As the Chinese government recalibrates its commitment to the BRI in light of the successes and failures of the last decade, along with changing global geopolitics and domestic economic challenges, the relationship between China and LAC is entering a new phase, gradually taking shape.

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