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**Report of NEAT Working Group (WG) on
Theme: “Belt and Road Initiative: Partnership for Enhancing Regional Connectivity”
Hosted by NEAT-Laos via Zoom Platform
13 June 2023**

I. Background

The Belt and Road Initiative (BRI) aims to enhancing policy, infrastructure, trade, finance, and people-to-people connectivity among countries around the world. Since its inception in 2013, the BRI has achieved notable success in various aspects, while also dealing with challenges. It has gained support from countries across the globe. So far, more than 150 countries and 32 international organizations have signed Memorandum of Understandings (MoUs) related to this Initiative. Over the past decade, there have been over 3000 connectivity projects valued hundreds of billion US dollars having been completed, being undertaken and planned under the BRI framework, creating hundred thousand of jobs and helping to uplift millions of people out of poverty.

In ASEAN, the BRI made a positive contribution to enhancing regional connectivity through implementing various connectivity projects. One of these is the Laos-China railway, which is a key section of Kunming-Singapore railway network. The Laos-China railway, which has been in operation since December 2021, in combination with other critical infrastructure projects, has helped Laos transforming from being a land-locked into a land-linked nation. It enables the country to be more physically connected with China and the rest of ASEAN. Likewise, the Thailand-China railway to link Vientiane with Bangkok has now started, which will subsequently travel from Thailand to Malaysia on the way down to Singapore. The Kunming-Singapore railway network, once completed, will allow greater physical connectivity between the ASEAN member states and beyond, contributing to the realization of the Master Plan on ASEAN Connectivity (MPAC 2025).

Despite the fact that BRI has produced tangible outcomes. Numerous BRI projects encounter significant challenges stemming from the complex dynamics between China and its local partners. Many have urged the BRI to bolster its transparency and actively address the concerns of as many as possible local stakeholders. Currently, there is a pressing need to examine BRI projects, identifying concrete measures to enhance their implementation. This will ensure that this global initiative benefits a wide range of stakeholders, rather than being limited to a select few.

II. Objectives

The WG aims to create an opportunity for NEAT member countries to update the progress on the implementation of the BRI projects over the decade, identify opportunities and challenges facing countries implementing BRI projects as well as provide practical recommendations on how to make BRI more impactful in the future and ultimately contribute to achieving the UN 2030 agenda.

III. Opportunities and challenges

The BRI projects have made positive contributions on socio-economic development of the BRI participating countries. The rail link is one of the most promising transport networks in the region to connect with worldwide, contributing to fulfil the participating governments' strategy in terms of infrastructure development. Through the seamless transportation network, it could ensure greater participation of the BRI countries in global value chains and improve market access. This could also lead to an increase in foreign direct investment, especially in manufacturing and digital sectors.

However, there are certain challenges to be addressed in order to make the BRI more impactful and ensure that the benefits are maximized:

- There have been numerous cooperation mechanisms and initiatives in the sub-region and these mechanisms tend to work against each other rather than complementing each other.
- Socially, many large projects can result in displacement and social disruption. This can lead to a loss of livelihood, social network and cultural heritage.
- There are still concerns regarding environmental issues and responsibilities, for instance, the projects might lead to degradation of ecosystem, loss of biodiversity and increase pollution while sometimes seen neglected.
- Many projects still rely on imported Chinese labor due to inadequate local employment.
- Other growing concerns include project management issues, coordination, technical challenges, inadequate infrastructure, and lack of production capacity which could hinder FDI inflow and lead to the import of foreign workers instead of hiring local labor.

IV. Policy recommendations

In order for the BRI participating countries to maximize their gains and minimize the losses, multiple policy recommendations have been provided as follows:

- 1) There is a need for high-level political will, trust and commitment to ensure the successful implementation of projects under the BRI initiatives qualitatively and efficiently.
- 2) BRI projects' design and implementation should be based on meticulous calculation, detailed planning, and serious commitment to increase transparency as well as accountability in order to benefit a wide range of stakeholders, particularly the local communities surrounding the projects.
- 3) There is a pressing need to ensure the participation of as many as possible stakeholders in the BRI projects, so that their concerns could be taken into consideration during the projects' planning and implementation phases.
- 4) The implementation of BRI projects should be complemented with clear environmental and social safeguard mechanisms to avoid or minimize adverse impacts in the projects.

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- 5) The local governments need to improve legal frameworks, judicial system and law enforcement capabilities as an effort to create a more favorable environment to build confidence for both domestic and foreign investors.
- 6) There should be more production capacity cooperation between the more developed and developing nations. Technological transfer from the advanced to smaller economies should be taken place, so that the small economies will be able to enhance their competitive production capacities, which will, in turn, benefit them economically.
- 7) Expand Third-Party Market Cooperation among East Asian economies (10+3) under the BRI framework.
- 8) Debt sustainability framework should be developed between China and the BRI participating countries, taking into account the national capacities and developmental context of the countries involved to ensure debt sustainability and social and economic growth.
- 9) China and other multiple developmental partners offer technical assistance and professional training programs prior to the implementation of the projects so that locals will be equipped with the skills and knowledge required by the development projects. This is to ascertain the promotion of local employment.
- 10) The implementation of “open, clean, and green” BRI projects is a shared responsibility between China and the recipient countries. Responsible agencies must practice good governance ideals such as transparency, participation, inclusivity and accountability to effectively respond to interests and concerns of their constituents.
- 11) It is equally essential to invest in soft infrastructure development including ICT and trade facilities, including synchronizing standards, rules, regulation, cross-border procedures and customs which will allow goods, services and people to flow more smoothly.
- 12) Encourage exchange of information and dialogue among cooperation frameworks, with a view to promoting effective synergy among them.
- 13) Encourage communication and dialogue with local media and local communities to gather feedback to improve BRI projects. This also helps to build understanding and support from public opinion for these projects.