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On the High Road? International Trade and the Belt and Road Initiative in Vietnam and Rwanda

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Abstract

This article explores the recent international trade dynamics in Rwanda and Vietnam, two developing countries participating in the Belt and Road Initiative (BRI). Headed by China, the BRI is a global infrastructure development project with participants in South America, Africa, Asia, and Europe that has large implications for current and future global trade. The BRI is no stranger to trade and diplomacy debates and has accusations of ulterior debt-trapping motives. This article will study the state of globalization and trade in Rwanda and Vietnam, with the BRI as an important trade and development ethics application in terms of new investment and accelerated infrastructure expansion which will however not benefit everybody equally.

I. Introduction

The Belt and Road Initiative (BRI) is comprised of two main trade route goals, hence its name, "Belt" and "Road" Initiative. "Belt" signifies the on-land "Silk Road Economic Belt" that connects China, Central and South Asia, and Europe; "Road" refers to the "New Maritime Silk Road" that link China, Southeast Asia, the Middle East, North and East Africa, and Europe.[1] The BRI includes plans to remove trade barriers, massive infrastructure projects, and investment into human capital.

This article analyzes the BRI within the greater context of international trade and globalization. Using case study analysis, we look into two countries, Vietnam and Rwanda, which are in regional hotspots for BRI development and investment, respectively in South-East Asia and Sub-Saharan Africa. Case studies, more so than an aggregate lens, allow for a more comprehensive understanding of the BRI's goals and impacts since the level of existing development and trade in both countries (and regions) is varied.

Following this introduction, this article first engages in a brief literature review of existing literature on the BRI for the Greater Mekong subregion and the East African region. The subsequent socio-economic background section provides a timeline analysis of life expectancy, literacy rate, and GDP per capita. After a detailed analysis of some key facts and ethical issues, covered respectively, in sections IV and V, the article provides some conclusions.

[1] World Bank (2019).

II. Brief Literature Review

Since the BRI is a relatively new project, scholarly literature pertaining to the BRI's effects on individual countries is sparse. Regarding Vietnam, the literature generally agrees that the BRI already has benefitted and will continue to benefit Vietnam's international trade. However, disagreements exist about a.) how positive its effects are and b.) the distribution of benefits between Vietnam and China. Much of the literature on the BRI's East African presence focuses on coastal nations with large ports. Within the literature for the general East African region, scholars agree that Rwanda will overall gain from the BRI.

Devadason and Chandran (2019) studied China and Vietnam's general trade relations outside the BRI context with the gravity model, which measures bilateral trade volumes relative to their economic size and trade frictions. They also use a stochastic frontier analysis to control for trade resistance and trade inefficiencies. Their analysis found that China and Vietnam's economic capacities and structures were asymmetric, with Vietnam mainly importing from China, creating an imbalance in China's favor. However, this trade deficit does not make their relationship one-sided; their economies are highly interdependent, and in the Association of Southeast Asian Nations (ASEAN), Vietnam has reaped the most benefits from China's ascension in the value chain and labor pricing shifts.

Le et al. (2020) analyze the Greater Mekong subregion's (GMS) engagement in the BRI and economic cooperation with China, the region's dominant trading partner, using trade balance analysis, the gravity model, and statistical analysis of human capital, trade openness, and financial development. They found that the BRI's regional economic integration did not produce considerable trade increases in Vietnam since Vietnam's exports to GMS nations lie significantly lower than the model predictions. However, the BRI will help stimulate Vietnam's trade through what Le et al. (2020, p. 260) call "human capital enhancement and financial development." The gravity model also shows that Vietnam is not benefitting from cooperation with the GMS since it has a large trade deficit with China.

Huang and Tung (2022) performed a discourse analysis of Vietnam's policies, statements, and actions to understand their perception and reception of the BRI. Their analysis considers both the suspicious and supportive perspectives of China's intentions. The authors observed that Vietnam has the most reluctant attitude in the region towards the BRI, considering China and Vietnam's relationship, which according to Huang and Tung (2022, p. 316) has been turbulent. Since a power imbalance exists between China and Vietnam and the Vietnamese-Taiwanese economic relationship is strong, Vietnam firmly resists China's political influence to preserve their autonomy and independence while simultaneously economically cooperating for foreign investments and development purposes.

Githaiga, Burimaso, Bing and Ahmed (2019) perform an overview analysis of the African continent's place within the BRI, finding the project mutually beneficial for China in terms of diplomacy and increased market access and for its participants in terms of infrastructure, transportation, and economic integration. Rwanda, as a small landlocked country with no access to ports, has more obstacles to engaging in regional and international trade, so these transportation projects will significantly increase their market access. According to Githaiga, Burimaso, Bing and Ahmed (2019), there are many claims about Chinese businesses' poor labor conditions, unfair wages, and discrimination in Africa. Nevertheless, the BRI's implementation in Africa will profitably affect global trade flows.

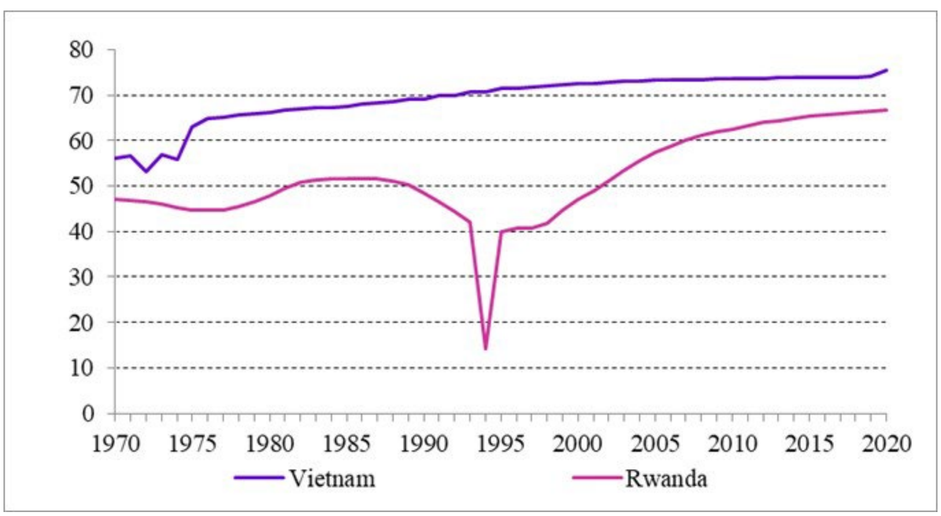
Mukwaya and Mold (2018) analyze and model the BRI's economic impact on East Africa with the Global Trade Analysis Project using a computable general equilibrium model, which computes complex equilibrium effects across multiple sectors and regions. They found that the railroad project through Rwanda will decrease regional transportation costs, positively affecting trade and well-being. Overall, their model shows that the BRI creates a net welfare gain for the East African region with improvements in infrastructure development, trade, GDP growth, and export volume, though the gains vary across countries.

III. Socioeconomic Background

Vietnam is a lower-middle-income country with a population of about 97.5 million people and a GDP of about $366.1 billion (based on 2021 metrics).[2] Rwanda is a low-income country that is also considered a least developed country by the United Nations,[3] with a population of about 13.5 million people and a GDP of about $11.07 billion (based on 2021 metrics).[4]

Regardless of these labels and their tumultuous recent history, both Vietnam and Rwanda have experienced overall steady growth and amelioration of living standards. Figure 1 displays the evolution of life expectancy at birth from 1970 to 2020 for Rwanda and Vietnam. Upon analyzing Figure 1, we see two pronounced deviations from the general trend—one for Vietnam from 1970 to 1975 and one for Rwanda in 1994. Vietnam's inconsistency during these years is attributed to the Vietnam War, which naturally decreases life expectancy; Rwanda's aggression fluctuation from about 42 years in 1993 to 14 years in 1994 is due to the Rwandan genocide. Considering the logical causes of these outliers, both countries still have significant positive life expectancy trends where, as time passes, life expectancy increases—both with a cumulative life expectancy increase of around 20 years over the past five decades.

Figure 1: Life Expectancy at Birth, Total (Years), 1970-2020

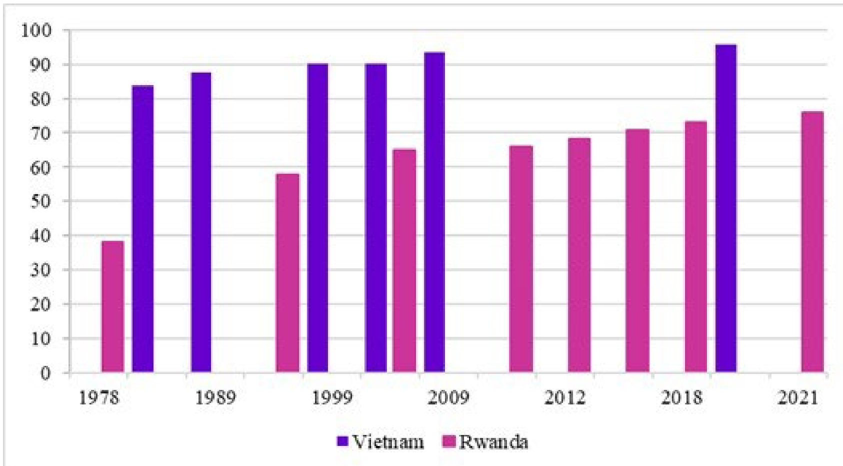


Source: Created by author based on World Bank (2023).

[2] World Bank (2023).
[3] United Nations (2021).
[4] World Bank (2023).

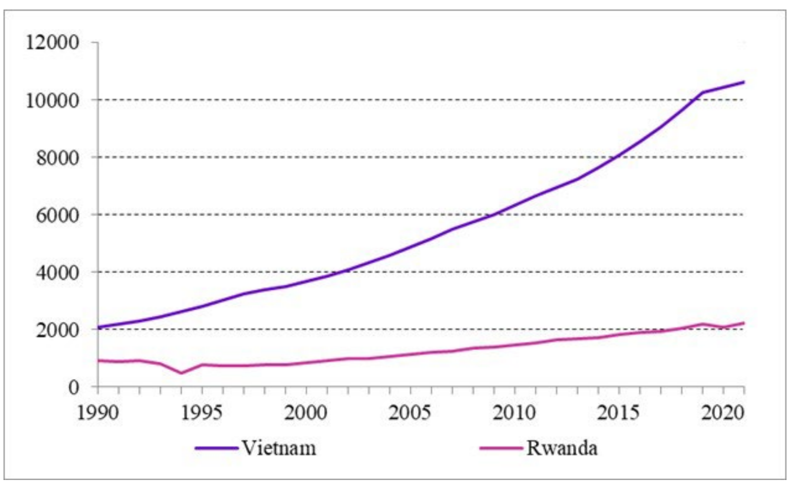
While the data collection for literacy rates is spotty and inconsistent across the years for the two countries, Figure 2 still helps us visualize Vietnam and Rwanda's progress based on this development indicator. In Vietnam's case, their literacy rates have increased from 83.8 percent in 1979 to 95.8 percent in 2019, experiencing unwavering growth in this respect. In Rwanda, literacy rates have increased at a faster rate than in Vietnam, going from a 38.2 percent literate population in 1978 to 75.9 percent in 2021. Rwanda's literacy rates almost doubled in 43 years.

Figure 2: Total Adult Literacy Rate (Percentage of People Ages 15+)



Source: Created by author based on World Bank (2023).

Figure 3: GDP per capita, PPP (Constant 2017 International $)



Source: Created by author based on World Bank (2023).

Figure 3 shows Vietnam and Rwanda's purchasing-power parity (PPP)-adjusted GDP per capita in constant 2017 international dollars. Figure 3 reflects Vietnam's rapid economic growth; Vietnam's GDP per capita boomed from almost $2,100 in 1990 to about $10,628 in 2021 due to trade liberalization and significant participation in globalization. In 31 years, Vietnam experienced a fivefold increase in its GDP per capita with approximately, on average, a $278 yearly increase. As reflected in the literature covering Rwanda's trade, Rwanda has not experienced similar extreme growth, likely due to its landlocked geography and poor market access. However, Rwanda's GDP per capita has still increased over time. In 31 years, Rwanda's GDP per capita has grown from about $933 in 1990 to $2,239 in 2021. While these numbers do not seem as impressive as Vietnam's, Rwanda's GDP per capita still grew 2.4 times over this period, increasing by approximately, on average, $51 per year. Notice, again, a slight deviation from the general trend in 1994 for Rwanda, reflecting the Rwandan genocide, during which GDP per capita collapsed to about $478, approximately half of the previous year's value.

IV. Analysis of Facts

This analysis of facts is split into two subsections. The first subsection explains the influence of Vietnam and Rwanda's colonial economic history and trade liberalization periods on trade and situates the two countries in the global economy with reviewing their export and import shares as percent of national GDP and their shares in world GDP and world exports. The second subsection defines the current economic conditions that will facilitate the BRI, interprets the BRI's impacts on these trade dimensions, and illustrates the World Bank's BRI impact projections.

IV.1. Key Trade Facts for Vietnam and Rwanda

From the 19th century till 1954, Vietnam, formerly French Indochina, was under French colonial rule, where their economy was widely transformed into a cash crop system, with rubber as the main product, to yield profit for the French.[5] This economic dynamic created a restrictive trade system in which the colony, Vietnam, produced raw materials and non-competitive goods for France, which actively tried to limit Vietnam's trade with other competitors.[6] The French industrialized Vietnam to improve its internal trade and economic activity to combat the widespread poverty colonialism created because the Vietnamese workforce was becoming too unhealthy to produce the quantity of goods demanded by France.[7] While France's imperial capitalist goals motivated this economic development, Vietnam was in a better position for trade liberalization than Rwanda.

From the late 19th century to 1962, Rwanda was initially under German, then most significantly under Belgian colonial rule, who abused internal ethnic relations to control the colony and extract profit from cash crop exports, specifically coffee.[8] Rwanda's colonial history created the conditions for the Rwandan genocide and a highly specialized, inflexible agricultural economy—two determinants of Rwanda's late trade liberalization.[9]

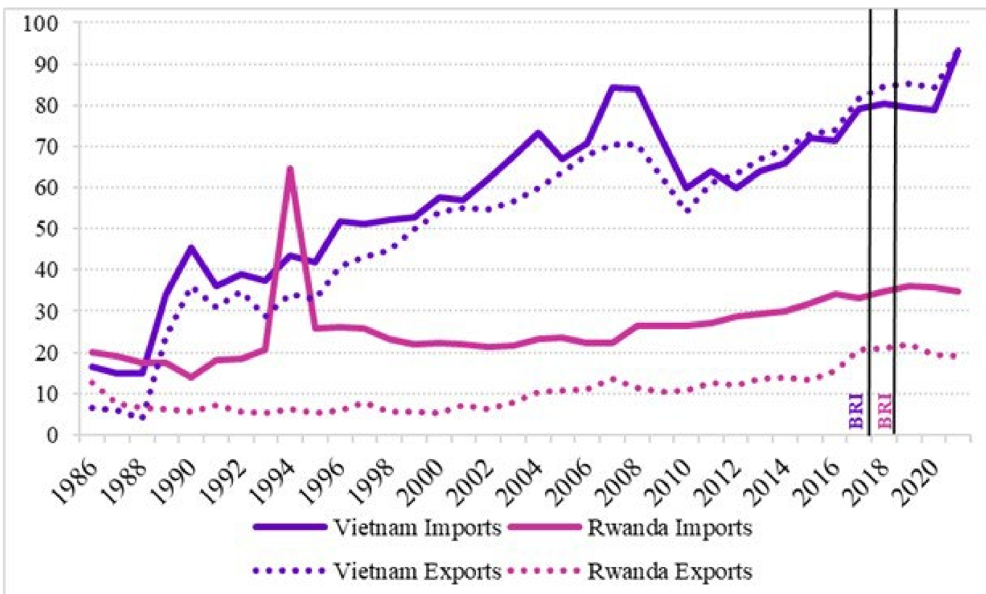
Moving to the post-colonial period, two massive economic policy changes, the so-called Renovation in 1986 and the market reforms in 1989, characterized Vietnam's trade liberalization.[10] Scholars found that these reforms led to "GDP growth, macroeconomic stabilization, export expansion, foreign direct investment attraction, and poverty reduction."[11] Figure 3 in section III

[5] Hardy (1998), p. 808.
[6] Hardy (1998), p. 809.
[7] Hardy (1998), p. 817.
[8] Chossudovsky (1996), p. 938.
[9] Chossudovsky (1996), p. 939.
[10] Thanh (2005), p. 75.
[11] Thanh (2005), pp. 75-76.

above reflects Vietnam's progress in terms of GDP per capita, while Figure 4 below reflects the 1989 market reforms by a sharp increase in Vietnam's imports (as percent of GDP) from 15 percent in 1988 to 45.3 percent in 1990, and a sharp increase in Vietnam's exports (as percent of GDP) from about 4 percent in 1988 to 36 percent in 1990. Within a year of trade liberalization, Vietnam tripled its imports and increased its exports nine times, continuing this growth ever since.

Rwanda's first real attempt at trade liberalization was agreeing to the International Monetary Fund's structural adjustment program in 1990, whose loans "required a currency devaluation, which sparked inflation" and had devastating effects on farmers.[12] Then, the Rwandan genocide occurred in 1994, displayed by the import spike of 64.8 percent in Figure 4. In the 2000s, Rwanda adopted more liberal trade policies, such as joining regional trade groups, lowering tariffs (reflected in Figure 7), and privatizing industries; however, Rwanda has not implemented any reforms as drastic as Vietnam's.[13] Regardless of Rwanda's smaller-scale reforms and their mainly agricultural and service-based economy,[14] their imports and exports as percentages of GDP have still increased steadily over the last thirty years, from 14 percent in 1990 to a maximum of 36.1 percent in 2019, and from 5.6 percent in 1990 to a maximum of 21.8 percent in 2019, respectively.

Figure 4: Imports and Exports as Percentages of GDP



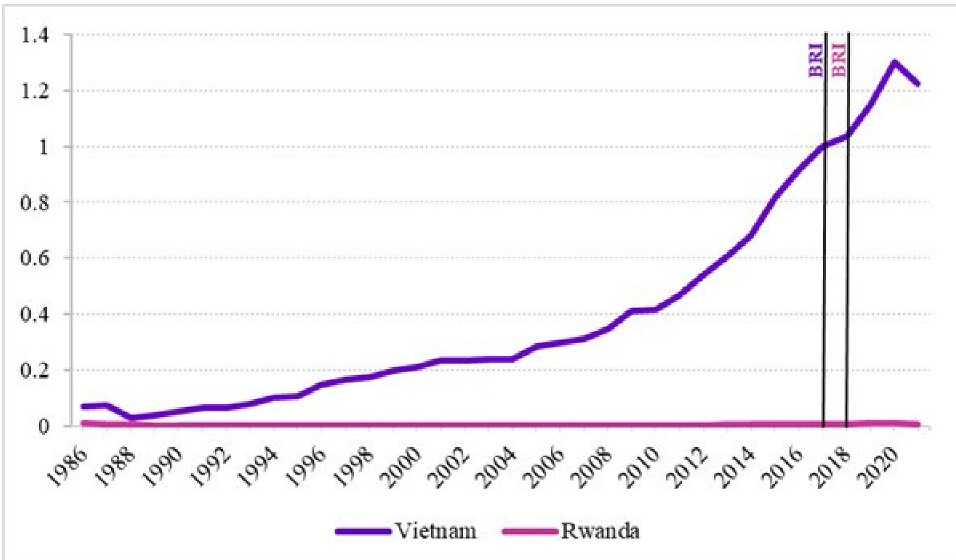
Source: Created by author based on World Bank (2023).

Figures 4 to 6 all display the disparity between Rwanda's and Vietnam's degree of liberal economic shifts, with Vietnam having 58.4 percentage points more imports and 74.2 percentage points more exports as a percentage of GDP than Rwanda (Figure 4). The differences are even more striking in Figures 5 and 6: Vietnam had 1.2 percent of world exports in 2021, while Rwanda held near zero percent (0.008 percent) in 2021, Vietnam constituted 0.4 percent of the world's

[12] Ahluwalia and Boudreaux (2009), p. 153.
[13] Ahluwalia and Boudreaux (2009), p. 175.
[14] National Institute of Statistics of Rwanda (2023).

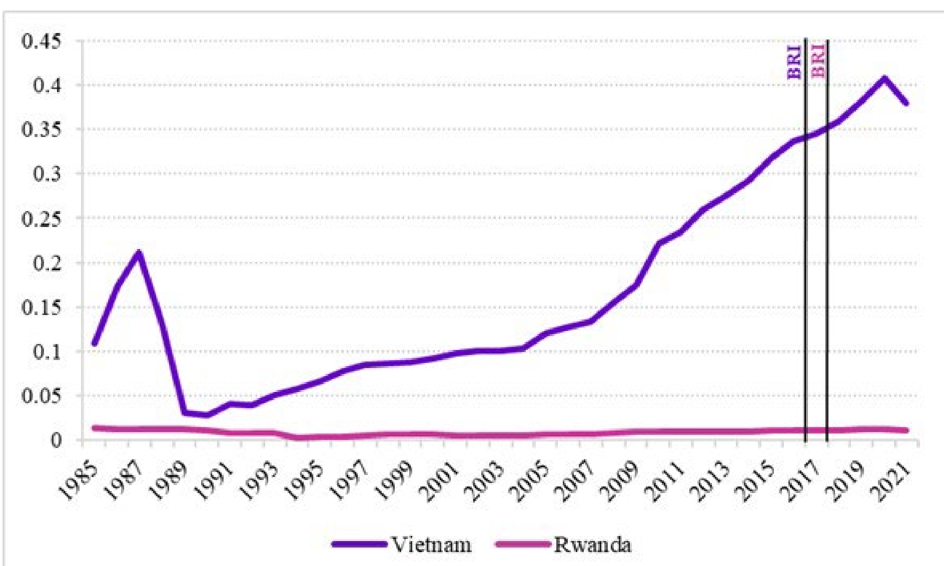
GDP in 2021, while Rwanda constituted 0.011percent of the world's GDP in 2021. Rwanda's share in world GDP was actually lower in 2021 than it was in 1985, when Rwanda's share in world GDP was 0.013 percent. This is a tiny change in terms of percentage points but constitutes a 14.0 percent reduction from 1985 to 2021.

Figure 5: Percentage Share in World Exports, 1986-2021



Source: Created by author based on World Bank (2023).

Figure 6: Percentage Share in World GDP, 1985-2021



Source: Created by author based on World Bank (2023).

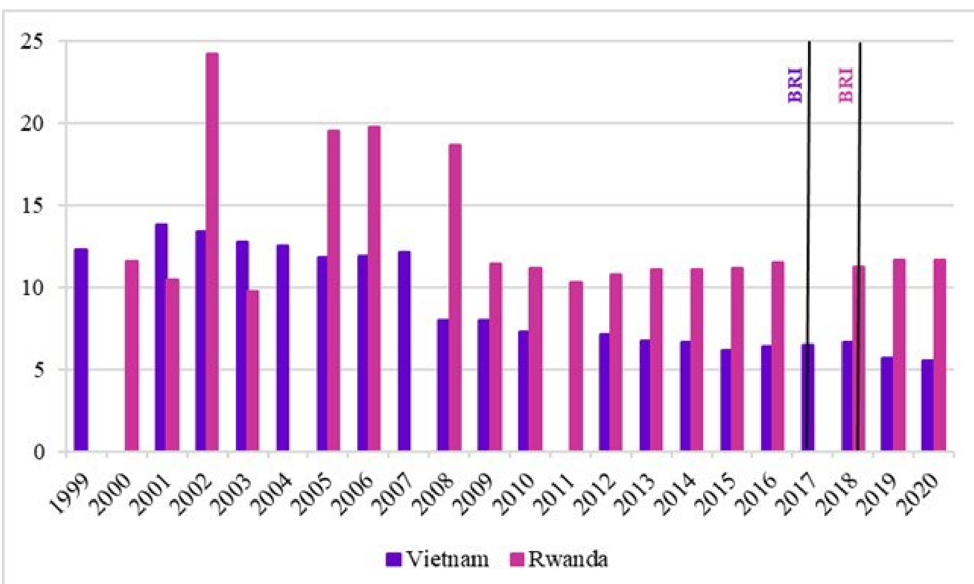
While some of the differences between Vietnam and Rwanda in Figures 5 and 6 can be attributed to Rwanda's overall smaller relative size, Figure 4 shows imports and exports as shares of national GDP, which corrects for this variation in country size and therefore confirms a difference exists due to some other factors, especially trade liberalization. However, other geographic differences between these countries affect the data in Figure 4; Rwanda is a landlocked nation with poor market access,[15] while Vietnam has access to ports, thus better market access. Discernable in all three figures (4, 5, and 6) is the slight downturn in economic activity in 2020 due to the COVID-19 pandemic.

IV.2. Relevant Trade Dimensions for the Belt & Road Initiative

Vietnam joined the BRI in 2017, and Rwanda joined in 2018.[16] The BRI will impact Vietnam and Rwanda's trade through multiple different channels: tariffs, human capital, and transport infrastructure. This subsection analyzes the current state of these economic aspects and the BRI's impacts on them, and then reviews the World Bank's BRI trade impact projections.

As seen in Figure 7, since 2001, Vietnam's average tariffs have decreased from 13.8 percent to 5.6 percent in 2020, and since 2005, Rwanda's average tariffs have decreased from 19.5 percent to 11.7 percent. The BRI has helped reduce trade barriers, but regional trade cooperation has also facilitated this tariff decline. Vietnam is in the Greater Mekong Subregion and a member of ASEAN—both incorporate economic cooperation into their agendas.[17] Rwanda is in the East African Community customs union, in which "tariffs, rules of origin, import prohibitions, and trade remedy regulations have been harmonized."[18]

Figure 7: All Products Tariff Rate in Percentages (Applied, Simple Mean)



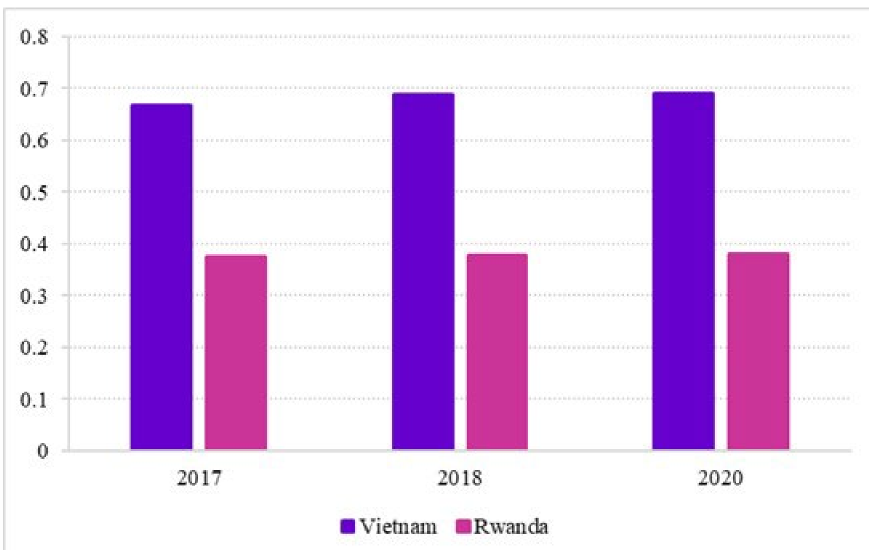
Source: Created by author based on World Bank (2023).

[15] Githaiga, Burimaso, Bing and Ahmed (2019), p. 124.
[16] Sacks (2021).
[17] World Bank (2019), p. 47.
[18] U.S. International Trade Administration (2022).

Since the World Bank's World Integrated Trade Solution's last data collection in 2018, China has had no tariffs on Vietnam and Rwanda as part of the BRI, but both Vietnam and Rwanda still have tariffs in place on China.[19] Since Vietnam and Rwanda set import tariffs on China, China has no tariffs on them, and their economies are relatively small in the global market (Figure 6), these tariffs make Vietnam and Rwanda experience production and consumption deadweight losses (consumer surplus losses) and result in an overall welfare loss for both Vietnam and Rwanda. Their tariffs on Chinese products make them worse off because their economies are not large enough to affect the world market price of any commodity, and therefore, they will not attain a terms of trade gain from shifting the world market price. With respect to trade restrictions only, the BRI has a positive impact on Vietnam and Rwanda since their trade losses are less than in the case where China also sets tariffs, but they would be better off by engaging in free trade and removing tariffs on China as well.

The BRI also stimulates trade through human capital investment,[20] which is any funding toward education, job training, technical skills, and so on.[21] As Figure 8 shows, Vietnam has become slightly more productive since its Human Capital Index (HCI) score increased from 0.67 in 2017 to 0.69 in 2020, while Rwanda's productivity has stayed fairly constant, with its HCI score resting at about 0.37.[22] Since "enhancing soft connectivity," which includes human capital improvement, is part of the BRI's agenda, these HCI scores are expected to increase as the BRI progresses.[23]

Figure 8: Human Capital Index (HCI)

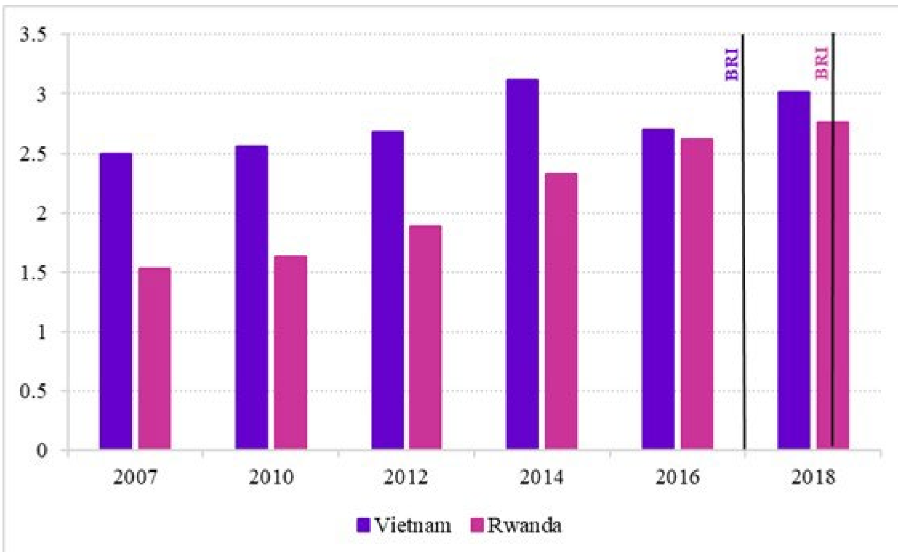


Source: Created by author based on World Bank (2023).

[19] World Integrated Trade Solution (2023).
[20] Le et al. (2020), p. 260.
[21] World Bank (2022).
[22] As defined in World Bank (2023), the Human Capital Index (HCI) calculates the contributions of health and education to worker productivity. The final index score ranges from zero to one and measures the productivity as a future worker of child born today relative to the benchmark of full health and complete education.
[23] United Nations (2022), p. 24.

Lastly, the BRI is funding and facilitating numerous transport infrastructure projects—its most transformative contribution to trade and globalization—that will heighten global economic integration and connectivity and lower trade costs.[24] Figure 9 shows Vietnam and Rwanda's quality of trade and transport infrastructure, which the World Bank measures with a scale from 1 (worst) to 5 (best) using their logistics performance assessments. Vietnam improved in this sector from 2007 to 2014, then experienced some backsliding from 2016 to 2018. Rwanda has almost doubled its ranking, progressing from 1.53 in 2007 to 2.76 in 2018 but is still far behind Vietnam.

Figure 9: Logistics Performance Index, Quality of Trade and Transport-Related Infrastructure



Source: Created by author based on World Bank (2023).

One of the main reasons for Rwanda's much lower scores is that Rwanda has a "lack of integrated multi-modal transport systems."[25] In Sub-Saharan Africa, there is a high degree of trade inefficiency, so the in-progress and planned BRI transport infrastructure projects are pivotal for Rwanda and this region. For example, the time needed to import in Sub-Saharan Africa is 44 times the average import time for the Group of 7 countries (G7), and the export time is five times the average G7 export time.[26] However, Vietnam has developed intermodal transport, and their goods transported on railways have been increasing until 2009.[27] Regarding the BRI's contribution to rail transport, there are multiple new railways and railway upgrades proposed, under construction, or completed that pass through Vietnam.[28] Container trains running between China and Vietnam have already cut down trade costs—a trend that is expected to continue.

Overall, for economies participating in the BRI, including Vietnam and Rwanda, BRI transport infrastructure development will shorten travel times up to 12 percent, which also decreases trade

[24] World Bank (2019), pp. 136-140.
[25] African Development Bank Group, (2013), p. 58.
[26] World Bank (2019), p. 32.
[27] World Bank (2019).
[28] World Bank (2019), p. 139.

costs, and will expand trade between 2.8 and 9.7 percent.[29] Even non-participating economies gain as well. Globally, travel times will decline by 3 percent, trade will increase between 1.7 and 6.2 percent, and real income will rise by 0.7 to 2.9 percent.[30] While these gains are unevenly distributed, the net global effect is positive.[31]

V. Ethical Analysis

This ethical analysis has three subsections; the first details the ethical issues of international trade, which goes over Barry and Wisor's (2015) four areas in which trade can be unethical. The second explores ethical aspects of trade in Vietnam and Rwanda, such as labor issues, child labor, illegal markets, and human trafficking, using Barry and Wisor's ethical framework. The third takes an ethical perspective of the BRI and uses the same ethical framework to consider its connections to unethical labor conditions and corruption, its impacts on debt sustainability, the environment, and the climate, its unequal distributional effects, and its contribution to lowering poverty rates.

V.1. Ethical Issues of International Trade

According to Barry and Wisor (2015), there are four areas of international trade where ethical questioning is applicable: "content," "process," "harm," and "fairness."[32] The first ethical question concerns what is traded or the content of trade.[33] For example, organs, historical artifacts, bodies (even children's bodies) for sex, exotic animals, and deadly substances are traded, but should they be under ethical standards?[34] Next, Barry and Wisor's trade code of ethics asks how trade occurs.[35] The process of trade involves countries making trade agreements, goods production, and distribution; ethical breaches can happen at any point in this trade process.[36] For example, unethical labor conditions, child labor, coercion, and corruption are common problems in this regard.[37]

Third, while trade is generally accepted as a positive, welfare-increasing phenomenon, trade can harm some who engage in it and create negative externalities that degrade the environment and human health.[38] Lastly, trade can have differentiated gains and losses across different groups—gains from trade are not always fairly distributed.[39] Trade never allocates exactly the same benefits to every actor within it. However, when significant and exploitative disparities occur between groups, we can no longer claim that the market will solve all failures and we should recognize the possibility of a deeper ethical problem.

[29] World Bank (2019), p. 5.
[30] World Bank (2019), p. 5.
[31] World Bank (2019), p. 5.
[32] Barry and Wisor (2015), p. 220.
[33] Barry and Wisor (2015), pp. 220-221.
[34] Barry and Wisor (2015), p. 220-221.
[35] Barry and Wisor (2015), p. 221.
[36] Barry and Wisor (2015), p. 221.
[37] Barry and Wisor (2015), p. 221.
[38] Barry and Wisor (2015), p. 221-223.
[39] Barry and Wisor (2015), p. 223-224.

V.2. Existing Trade Ethical Structures in Vietnam and Rwanda

Addressing the first trade ethical complaint (content), both Vietnam and Rwanda have significant human trafficking markets.[40] The State Department ranks Vietnam as Tier 3—the worst ranking—for trafficking for persons, which means they do "not fully meet the minimum standards for the elimination of trafficking and [are] not making significant efforts to do so."[41] Rwanda performs better in this regard, ranked as Tier 2, which means they do "not fully meet the minimum standards for the elimination of trafficking but [are] making significant efforts to do so."[42]

Another problematic trade content prevalent in both countries is the illegal wildlife trade—both in live animals and animal products. Vietnam is considered a "hotspot market for wildlife consumption" and a trade corridor to other involved countries, like China.[43] Not only are illegal wildlife markets unethical in terms of animal rights, but they are also extremely hazardous to human health since their markets are zoonotic disease super-spreaders. In Rwanda's case, the illegal wildlife trade is not as severe as Vietnam's; however, many poached products, like ivory and rhino horn, are transported through Rwanda, and Rwanda also supplies and transports rare birds for the "exotic pet market."[44]

Concerns about the process of trade, especially in terms of labor, are also prevalent in Vietnam and Rwanda. Vietnam's labor conditions and standards were quite poor to the point of sweatshops, but recently, a new, more progressive labor code was passed in 2021, bringing them closer to international standards.[45] While this code is a step in the right direction, the State Department has identified in its human rights report that the government does not actively enforce laws that prohibit forced labor, there is no penalty for violating these laws, and NGOs continually report instances of forced labor (even forced child labor).[46] New research is being conducted in the Vietnam garment sector about widespread sexual abuse of female workers who make up over 80 percent of the Vietnamese garment labor force; nearly 50 percent of women working in this industry reported sexual harassment, abuse, or violence of some kind from preliminary data.[47] Vietnam's new labor code has defined sexual harassment as "any sexual act of a person against another person in the workplace against the latter's will" and made sexual harassment illegal; [48] but the adoption and ratification of the labor code does not equal enforcement.

Rwanda's labor concerns lie mainly in the child labor sector, where kids are "subjected to the worst forms of child labor," such as "forced domestic work" and unsafe mining labor.[49] There is a gender disparity in child labor; girls are pushed into "domestic servitude and commercial sexual exploitation," and boys are subject to involuntary industrial and agricultural labor, such as plantation or mine work.[50] While Rwanda has adopted all international standards regarding child

[40] U.S. Department of State (2022), p. 69.
[41] U.S. Department of State (2022), pp. 592-596.
[42] U.S. Department of State (2022), pp. 468-470.
[43] Luong (2022), p. 1.
[44] Global Initiative against Transnational Organized Crime (2021), p. 3.
[45] Socialist Republic of Vietnam, The National Assembly (2019).
[46] U.S. Department of State (2022b), pp. 36-43.
[47] Hodal (2019).
[48] Socialist Republic of Vietnam, The National Assembly (2019), Article 3, Paragraph 9 and Article 5, Paragraph 1a, respectively.
[49] U.S. Department of Labor (2021), p. 1.
[50] U.S. Department of State (2022b), p. 2.

labor,[51] ratification does not equal enforcement again—it is still a prevalent issue. Recently, in 2021, the Rwandan government took some steps towards the elimination of dangerous child labor by launching a new plan to tackle trafficking and creating a hotline for child abuse reports, which includes child labor.[52] However, the Bureau of International Labor Affairs still deems Rwanda's inspections for child labor inadequate[53] and has found gaps in Rwanda's laws that contradict protections against child labor, such as the difference between the minimum work age (16 years) and the minimum years of required schooling (12 years).[54]

V.3. Ethical Perspectives of the BRI

This section discusses ethical perspectives of the BRI—first, concerning trade ethics and second, regarding impacts on poverty as an ethical issue. The BRI will impact the trade process in many dimensions. The two issues we will examine first are corruption and labor. When comparing the BRI corridor economies to the rest of the world, their level of corruption is higher than the world average, with their highest levels of corruption being in the low to lower-middle income participating countries.[55] Corruption can lead to unethical labor conditions and unfair trading.[56] The United States (U.S.) State Department has uncovered numerous unethical practices in labor for BRI projects, mining, and factories, such as debt slavery, withholding wages, labor contract irregularities, identification document confiscation, forced overtime working hours, penalties for resigning, intimidation, threats, violence, medical care denial, poor work and living standards, restricted freedom of movement, and retaliation against those who report abuse.[57]

The BRI also has negative implications for debt vulnerability, the environment, and the climate, which all fall under the harm complaint of trade. The World Bank found that BRI investment can intensify "existing debt vulnerabilities" in many countries.[58] The International Monetary Fund performs debt sustainability analysis for every country; in 2020, they deemed Rwanda at moderate risk of "external [and overall] debt distress,"[59] and in 2022, they identified Vietnam's debt sustainability risk as "low to moderate."[60] Rwanda progressed from a low debt risk position in 2019 to moderate in 2020 and is less equipped to respond to economic shocks because of the COVID-19 pandemic.[61] Debt effects of the BRI should be carefully watched, especially in Rwanda. As with any transportation infrastructure development, the BRI will have negative environmental externalities, including increased greenhouse gas emissions from new development and decreased carbon sinks due to logging.[62] The BRI will also directly make traffic pollution rise, damage land and water bodies, and disrupt natural habitats at the cost of biodiversity.[63]

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[51] U.S. Department of State (2022b), p. 2.
[52] U.S. Department of State (2022b), p. 1.
[53] U.S. Department of State (2022b), p. 1.
[54] U.S. Department of State (2022b), pp. 3-4.
[55] World Bank (2019), p. 109.
[56] Barry and Wisor (2015), p. 221.
[57] U.S. Department of State (2022a), pp. 36-37.
[58] World Bank (2019), p. 98.
[59] International Monetary Fund (IMF) (2020), p. 1.
[60] International Monetary Fund IMF) (2022), pp. 55-63.
[61] International Monetary Fund (IMF) (2020), p. 10.
[62] World Bank (2019), p. 112.
[63] World Bank (2019), p. 111.

The BRI raises some ethical questions about its fairness for individual countries and the distribution of benefits for participating nations compared to China. The BRI will not impact each participating economy equally; gains in income will be unequally distributed, and some nations will even experience negative welfare effects if infrastructure costs exceed the gains from economic integration.[64] To no surprise, China is among the countries that will benefit the most from the BRI.[65]

To end on a positive note, the BRI does reduce a prominent ethical issue: poverty. According to the World Bank (2019, p. 5), the BRI has the potential to pull "7.6 million people from extreme poverty (less than $1.90 a day at purchasing power parity [PPP]) and 32 million people from moderate poverty (less than PPP$3.20 a day)" in primarily countries participating in the BRI.

VI. Conclusion

From a neoclassical liberal economic standpoint, the BRI is a great step for global development due to the BRI's gains in trade, income gains, increased jobs, infrastructure improvement and expansion, less poverty (on average), rises in GDP per capita, and so on. While all those positives are true, liberalism tends to analyze complex social issues from an overall average point of view, meaning without consciousness or sensitivity to marginalized groups.

The ethical analysis section explicitly discussed women's and children's disadvantages and inequality, so there are most definitely differentiated impacts and experiences across various groups. The new study on sexual abuse in the Vietnamese garment sector will provide us with more insight into the individual women's experience in the labor force, which will be extremely helpful for a more gender-focused ethical analysis. Research of this type is relatively new and especially rare in developing countries; similar ethnographical studies to capture women's realities in the workforce should be conducted and prioritized within the discipline of development ethics.

Another disadvantaged group in terms of climate vulnerability consists of developing countries, especially those in Sub-Saharan Africa, Latin America, and Southeast Asia. The BRI is and will have a substantial impact on the environment and the climate. The infrastructure projects will drastically change the environment in places that have not seen such a disruption until now. They will also emit large quantities of greenhouse gases on top of China's current greenhouse gas emissions, which as pointed out above, are already now (2023) the highest greenhouse gas emissions by country in the world.

We already know that the biggest winner of the BRI is China, a not particularly climate-vulnerable country, yet all the countries facilitating this development will feel the disproportionate climate impacts. To assess whether the BRI is ethical from an environmental perspective, more extensive research on the BRI's climate and natural impacts would be a good step toward bettering our ethical analysis. In any case, the impact of globalization and the BRI will always be differentiated; it depends on who you are, where you are, what you do, and everything in between.

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[64] World Bank (2019), p. 5.
[65] World Bank (2019), p. 61-64.

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