Western (double) standards

Criticising Chinese production standards would be more convincing if the same noble demands were met by the West itself

China's worldwide expansion is making international headlines, notably the so-called New Silk Road or Belt and Road Initiative (BRI). It is focusing on the development of infrastructure with the aim of stimulating trade between China and various regions, opening up new markets, and improving access to raw materials and agricultural goods. The reactions to it vary greatly – some are praising the initiative as a giant engine for the development and modernisation of global infrastructure, while critics see as an embodiment of a new imperialism with geostrategic goals.

Even aside from the new Silk Road, in recent years China has become indispensable as a lender and investor to many countries in the Global South. From the point of view of the recipient countries, it's a tempting offer: so far, Beijing has not intervened in the internal affairs of these states and has not set conditions for transparency or austerity the way that Western financiers often do. This makes China an attractive partner. Moreover, there's no doubt that infrastructure investment is necessary, and the long-term deficits in Africa, Latin America and Asia are enormous.

At the same time, this creates a dilemma: there's a need for the development of infrastructure but the geography and biodiversity of these regions mean that infrastructure projects or the extraction of raw materials rapidly create huge environmental costs. The West, for instance, criticises the absence of governance standards because of the negative consequences it might have on working conditions and environmental protection.

This tendency is exacerbated by the fact that in many recipient countries, environmental protection, workers' rights and respect for local communities have traditionally received little attention. In general, China's demand has consolidated and expanded existing avenues of development in the Global South. But China's interests are not

fundamentally different from those of Western companies and governments. We are looking for sales markets for our own export goods, raw materials for domestic industrial production and agricultural goods for consumption – while local production conditions are of, at best, secondary importance. The recently concluded trade agreement between the EU and the South American trading bloc Mercosur is one example: anyone who is serious about protecting workers' rights and local communities as well as the environment cannot really consider an agreement with the current Brazilian government.

Pointing the finger

The Global South widely perceives the industrialised countries' criticism regarding the effects of Chinese economic activities on the environment and human rights as an offended and intimidated reaction of declining economic powers. Why? Because Western companies simply do not have a much better reputation. A study by the University of Maastricht analysed 1800 human rights complaints against corporations. At the top of the list were companies from the US (511 cases), Great Britain (198), and Canada (110). China followed in fourth place with 94 cases, just ahead of Germany with 87 complaints.

In the case of China, it's naturally more difficult to find someone who is responsible when violations occur. So far, civil society in the Global South has only limited possibilities to hold Chinese banks, corporations, and regulators accountable. China maintains relationships almost exclusively with governments; non-governmental organisations usually have no access to the responsible parties. Information about projects is frequently lacking. Moreover, the relevant institutions are often unapproachable, which in turn often precludes a willingness to engage in dialogue.

At the international level, the Chinese leadership relies on soft power. It aims to improve its image as an investor and business partner. This makes the Chinese quite sensitive to public pressure.

Likewise, whereas in the case of violations by Western companies, civil society organisations or unions can create public pressure in a corporation's home country, this is usually out of the question with regard to China.

However, as long as Western governments are unwilling to enact binding regulations concerning human rights and environmental protection that apply to their transnational corporations operating in the Global South,

it's difficult to point a finger at China.

China rethinks investment

In Germany, so far only voluntary commitments exist for companies. The coalition government, at the initiative of the Social Democratic Party, has agreed to review the scope of this commitment and introduce legislative provisions, if the commitments aren't met. However, the Federal Ministry of Economics and the Chancellery have massively softened the review mechanism under the National Action Plan on Business and Human Rights (NAP). From the point of view of trade unions and civil society organisations, there's no adequate basis to monitor the degree of human rights due diligence of German companies operating abroad.

By contrast, a rethinking is apparently taking place in China at the moment. At the international level, the Chinese leadership relies on soft power. It aims to improve its image as an investor and business partner. This makes the Chinese quite sensitive to public pressure. They hope to have better opportunities on the world market if their entrepreneurial commitment is developed in a more socially acceptable form.

In the meantime, the Ministry of Foreign Affairs, the Ministry of Commerce and other authorities as well as the state-owned banks are issuing guidelines for socially compatible foreign investment. Within China, many corporations are already committed to corporate social responsibility (CSR), and awareness of these goals is also increasing abroad. It's in the companies' own interest to avoid conflicts with the local population, as such problems often lead to work stoppages, lost profits, or even violent protests. The change of strategy accordingly aims to thwart both local protests and international pressure.

Binding commitments are beneficial

In line with this, in March 2019 China committed to the United Nations Human Rights Council to respect human rights in its foreign investments. In total, the People's Republic accepted 284 of the 346 recommendations that had been proposed by dozens of countries in the Global South as part of its Third Universal Periodic Review (UPR).

Europe finally needs to come down from the rhetorical level and

For example, China accepted two recommendations from the diplomatic representations of Ecuador and Peru and their demands to 'Promote measures that ensure that

development and infrastructure projects inside and outside of its territory are fully consistent with human rights and respect the environment and natural resource sustainability, in line with national and international law and with the commitments from the 2030 Agenda for Sustainable Development.' China also accepted recommendations from Palestine, Haiti, Fiji, the Republic of Congo, and Kenya, to take into account the United Nations Guiding Principles on Business and Human Rights.

Of course, China must be evaluated according to whether and how it keeps its promises (especially since the UPR does not provide for sanctions). But that applies equally to the industrialised countries and Germany.

At the United Nations, meanwhile, the governments of Ecuador and South Africa drive forward the so-called UN Treaty Process; this includes discussions on binding rules for transnational activities. Above all, the countries of the Global South support the project, while the large industrial nations continue to rely predominantly on voluntary measures. However, experience in recent years clearly shows that voluntary corporate responsibility is not adequate. The resolution establishing this working group was adopted by the votes of twenty nations, mainly from the Global South and influential emerging economies, including China, India, and Russia.

One can doubt whether states such as Russia and China would actually agree to legally binding obligations of their companies. But for now the outlook is good, as long as Western industrialised countries properly take heed of the issue. Europe finally needs to come down from the rhetorical level and deliver. At the same time, a two-sided advantage exists. First, this would increase the credibility and attractiveness of European countries abroad. If the West invokes the use of human rights as its greatest distinguishing feature against emerging authoritarian states, it would be to the benefit of its corporations. Secondly, pressure on China and other investors in the Global South would increase responsibility to an even greater degree for labour standards, human rights, and the environment.



Claudia Detsch

Brussels

Claudia Detsch is the Director of FES Just Climate. Her previous positions include Editor-in-Chief of the IPG Journal and Director of *Nueva Sociedad*.