

# Chinese-Funded Transportation Projects in Latin America's Protected Territories

Zara C. Albright

Boston University, Pardee Center for the Study of the Longer-Range Future

## Problem Statement

New data from the Boston University Global Development Policy Center shows that nearly half of development projects funded by China Development Bank or China Export-Import Bank in Latin America overlap with sensitive territories, representing nearly \$110 billion in financing (Ray et. al. 2021). These sensitive territories include indigenous peoples' territories, critical habitats, and national protected areas. Critical habitats refer to areas with "great biological importance," as recognized by the International Finance Corporation, and national protected areas include ecologically sensitive territories with designated protection status, such as national or state parks. These development projects imply high costs: displacement of local indigenous communities, destruction of fragile or unique ecosystems, and financial losses for investors facing delays from protests or environmental disasters.

### Research Questions:

1. Why and how do Latin American states approve projects in these sensitive territories?
2. What are the key tradeoffs that officials make between different development goals?

## Findings & Contributions

These case studies reveal that states and policymakers often prioritize economic objectives – such as improving export infrastructure – over environmental and social objectives – such as protecting fragile ecosystems or guaranteeing indigenous peoples' autonomy.

Development projects involve a complex web of tradeoffs that may place overlaps with different sensitive territories in opposition, such as in the case of Bolivia's El Espino highway, further complicating efforts to ensure multidimensional sustainability in the long-term.

### Implications for the Longer-Range Future:

- China could choose to either center or ignore environmental and social dimensions of its overseas development projects, with major consequences for sustainable development – in social and environmental dimensions – in Latin America.
- Latin American states, however, have significant capacity to moderate potential negative long-term environmental and social implications through proactive policymaking, including enforcing impact study requirements and designing mitigation measures.

## Data

National document collections house official government contracts, environmental impact studies, feasibility studies, construction plans, project update reports, and relevant legislation or regulations. Local news sources offer perspectives from local populations, including indigenous peoples, as well as additional information about negotiations and construction.

## Methods

This study employs **qualitative process tracing** to examine each stage in the policy planning and project construction process: initial concept, impact studies, contract negotiations, prior consultation, formal approval, and construction. At each stage, the study focuses on who was involved, what their objectives were, and whether their input was incorporated.

## Costa Rica: Ruta Nacional No. 32 Highway

### Project Details:

Contract Amount: \$465 million  
 Loan Amount: \$395 million  
 Lender: China ExIm Bank  
 Contractor: China Harbor Engineering Company  
 Year Approved: 2016

### Sensitive Territories:

National Protected Areas  
 Critical Habitats

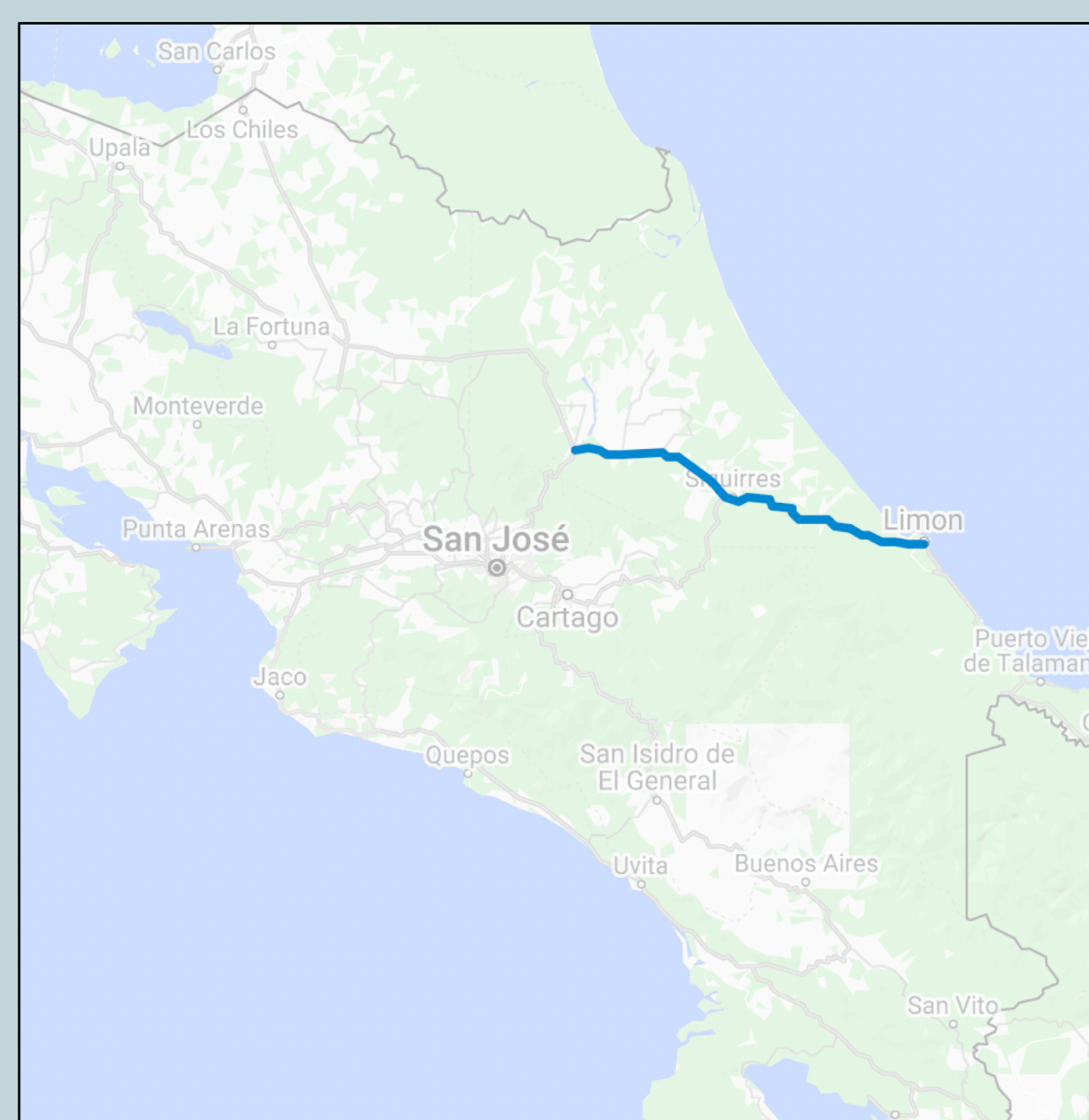


Fig 1: Rt. 32 Location, Author Elaboration

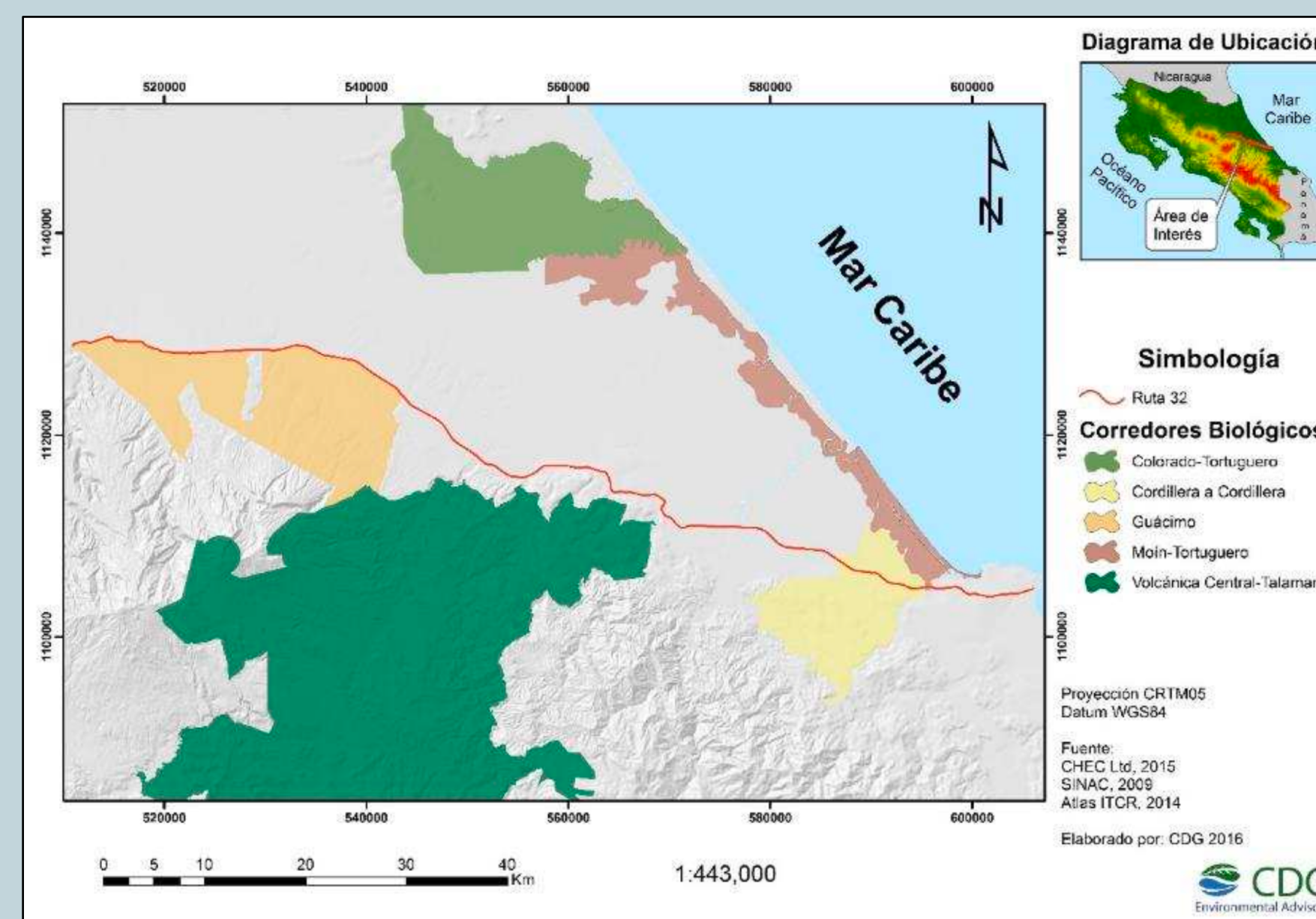


Fig 2: Biological Corridors along Rt. 32, CDG Environmental Advisors 2016

**Project Antecedents:** A key tradeoff emerged between improving infrastructure required to export goods from San José through Limón and the potential damages to fragile ecosystems along the highway route.  
**Negotiation and Consultation:** This tradeoff was given ample consideration in the environmental impact study, and officials responded to citizen complaints about the proximity to sensitive territories highlighted in Fig 2.  
**Formal Approval:** These concerns were ultimately overruled in the legislative approval, which declared the project a "work of public interest" and gave it priority over other goals.  
**Construction:** Challenges have persisted throughout construction, chiefly related to issues with expropriating land needed for the project due to delays in negotiations and lack of funds to compensate landowners.

## Bolivia: El Espino-Charagua-Boyuibe Highway

### Project Details:

Contract Amount: \$253 million  
 Loan Amount: \$215 million  
 Lender: China ExIm Bank  
 Contractor: China Railway Group  
 Year Approved: 2017

### Sensitive Territories:

National Protected Areas  
 Critical Habitats  
 Indigenous Peoples' Territories

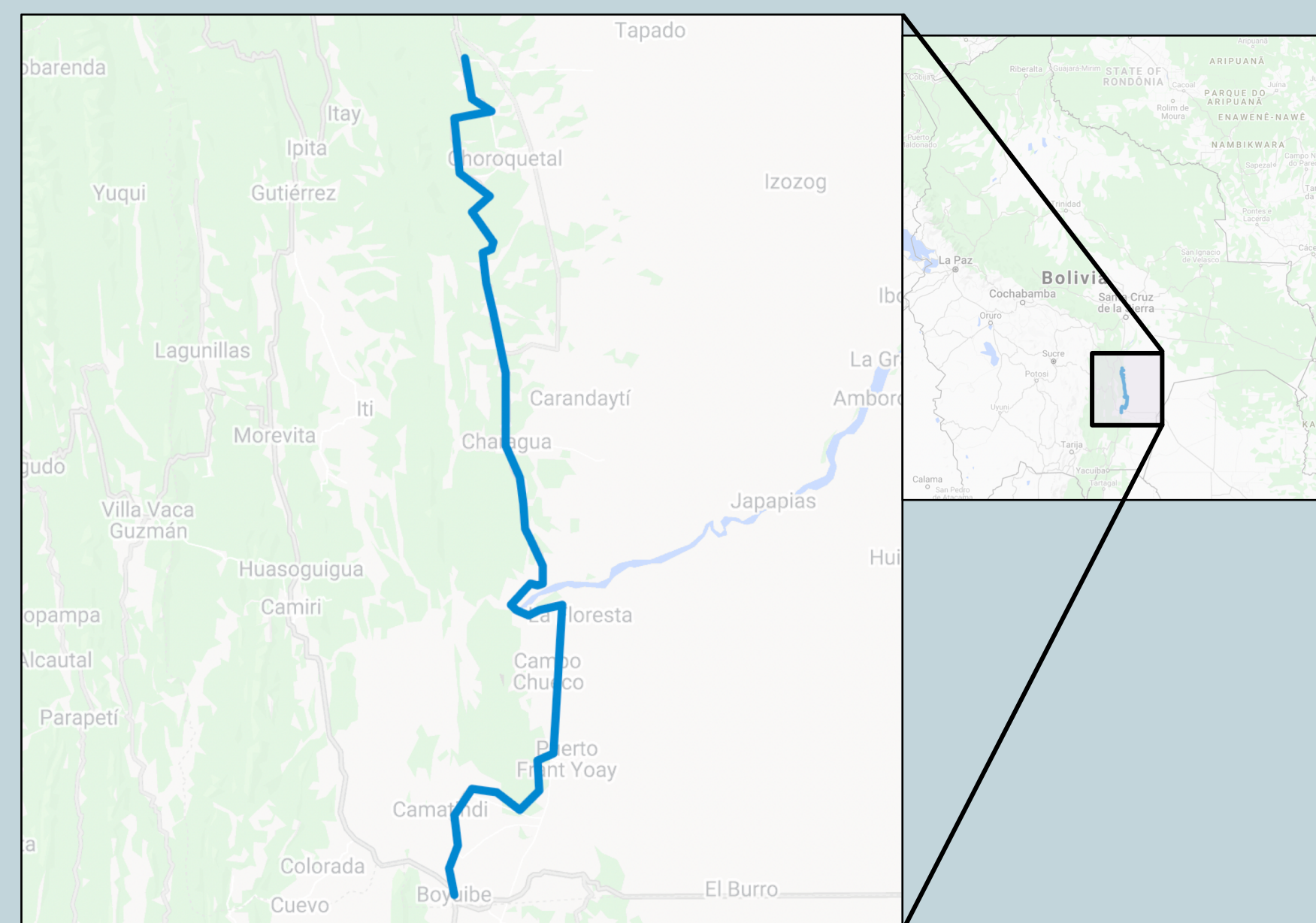


Fig 3: Highway Location, Author Elaboration

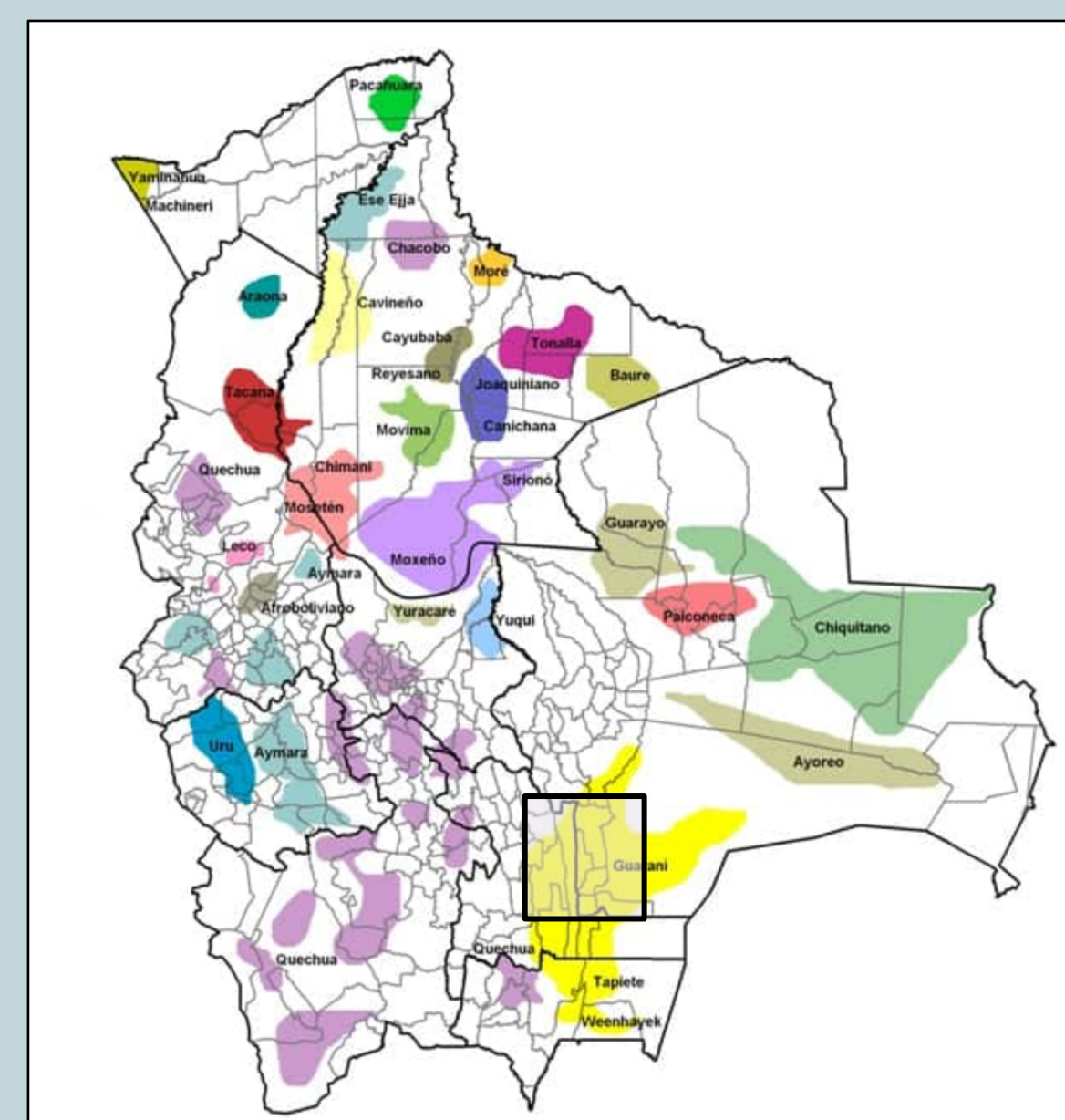


Fig 4: Indigenous Territories in Bolivia, Merco Vilca 2008

**Project Antecedents:** The central tradeoff for this project was between an economic goal of connecting indigenous Guaraní communities to the national economy and the state's goals of minimizing potential damage to fragile ecosystems and avoiding the costs of mitigation.  
**Negotiation and Consultation:** There were extended negotiations between indigenous communities and the state before China's involvement, dating to the 1970s and catalogued in multiple prior impact studies.  
**Formal Approval:** Policymakers' justifications for approving the project cited improvements to the regional transportation network and benefits for local indigenous economies.  
**Construction:** During the construction phase, disputes between indigenous communities and the state continued. The state failed to make contract payments, leading to major protests and delays.

## Argentina: Belgrano Cargas Railway

### Project Details:

Contract Amount: \$2,471 million  
 Loan Amount: \$2,100 million  
 Lender: CDB, ICBC  
 Contractor: China Machinery Engineering Corporation  
 Year Approved: 2014

### Sensitive Territories:

Critical Habitats  
 Indigenous Peoples' Territories

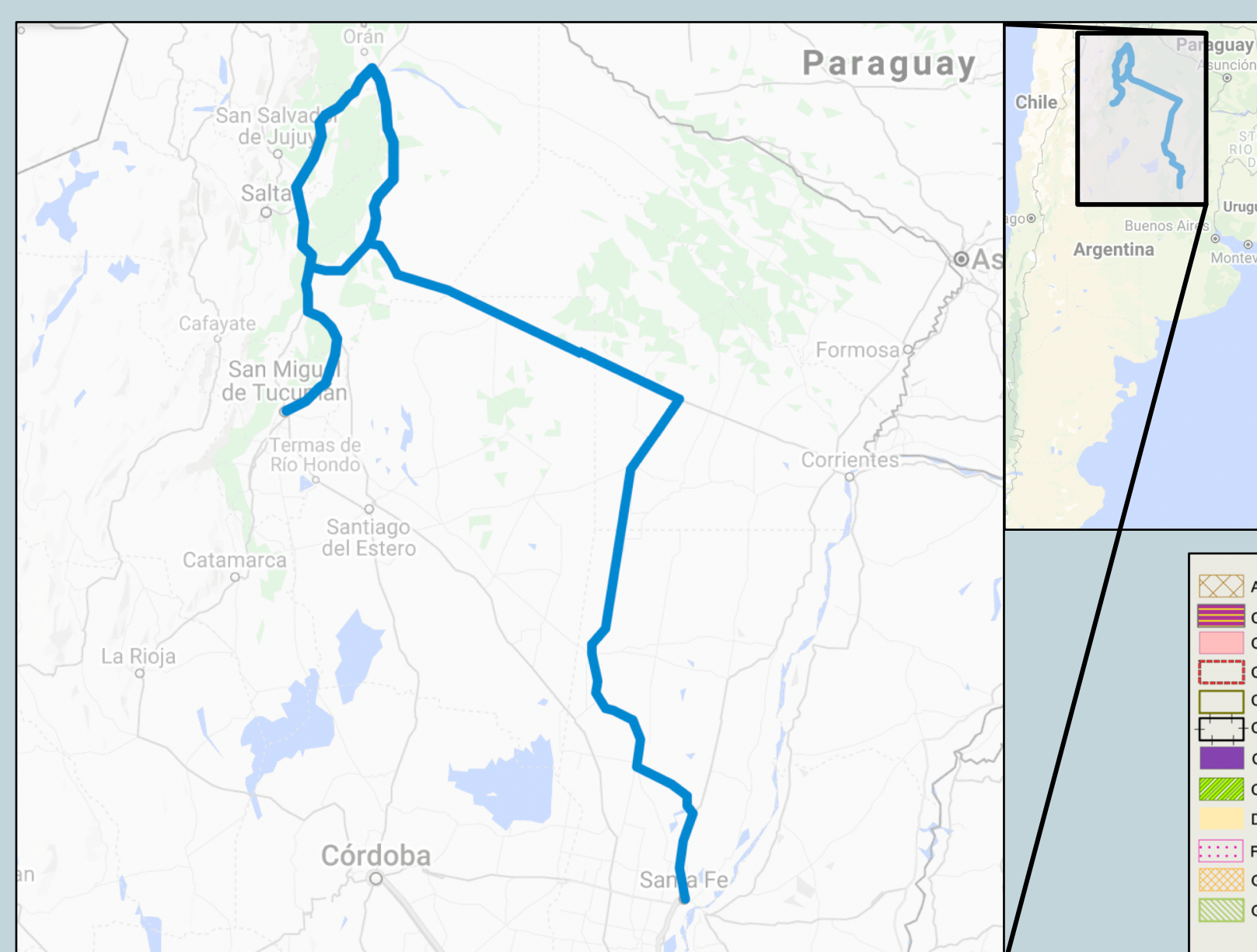


Fig 5: Railway Location, Author Elaboration

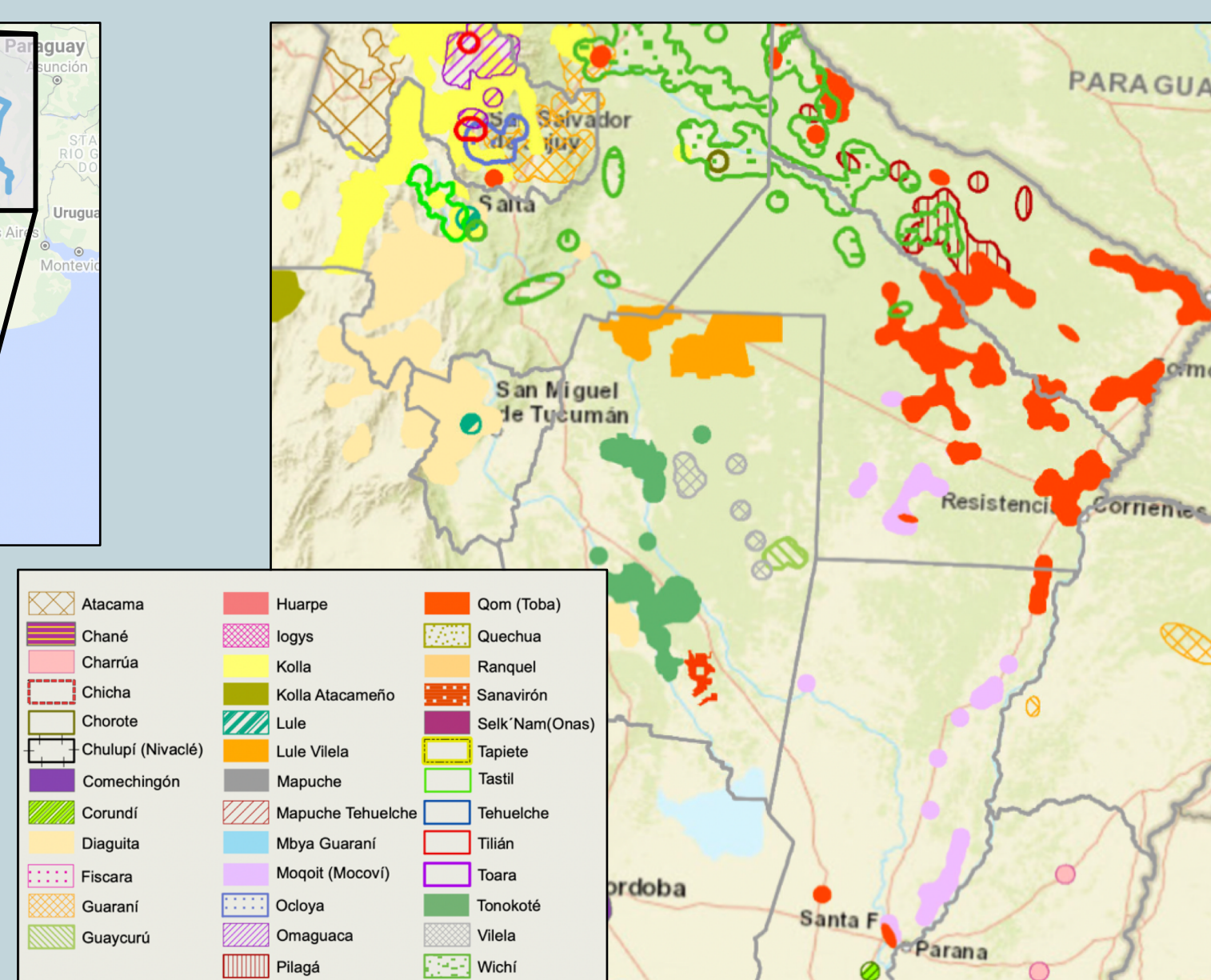


Fig 6: Indigenous Territories in Argentina, INAI 2020

**Project Antecedents:** This project presented a tradeoff between improving railway export infrastructure for Northern industries and maintaining integrity of indigenous lands.  
**Negotiation and Consultation:** There is no publicly available evidence indicating that a formal impact study was conducted to explore these tradeoffs or consult impacted indigenous populations. Northern industries dominated the non-governmental participation.  
**Formal Approval:** The formal approvals reflect this limited inclusion in their emphasis on improved competitiveness and productivity and technical training for local industries.  
**Construction:** Interestingly, there have been no major protests or delays during construction, suggesting a lack of opposition, but without formal impact studies, this conclusion is necessarily speculative.

**For more Information:**

To view the full interactive dataset of China's Overseas Development Financing (Ray et. al. 2021), with sensitive territory overlaps, visit: <https://www.bu.edu/gdp/chinas-overseas-development-finance/>.

Thank you to the Pardee Center for their generous support of this research. For the full details of this study, please reach out to the author at [zca@bu.edu](mailto:zca@bu.edu). Any views expressed in this poster are the author's own.