RESEARCH ON INVESTMENT RULE OF LAW COOPERATION IN CHINA'S PROMOTION OF THE BELT AND ROAD INITIATIVE

Gu Enuo

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International investment constitutes a key dimension of high-quality cooperation under the Belt and Road Initiative. However, affected by unilateralism, protectionist measures, and growing regulatory uncertainty, it faces increasingly complex and diverse risks. Deepening the rule of law cooperation based on an international order governed by international law is not only a fundamental way to mitigate investment risks associated with the Belt and Road Initiative but also an essential requirement for building a more just and reasonable system of global economic governance. At present, investment rule of law cooperation under the Belt and Road Initiative faces three main challenges: limited legal cooperation capacity among some participating countries at the subject level, insufficient coordination between hard law and soft law at the normative level, and relatively weak regional enforcement and dispute-prevention mechanisms at the implementation level. To advance regional investment rule of law cooperation and promote the high-quality development of the Belt and Road Initiative, China should foster consultative governance on investment rule of law cooperation among partner countries, comprehensively upgrade hard law and soft law instruments regulating investment, and strengthen enforcement and dispute settlement capacity, thereby contributing a more just, reasonable, and inclusive model of investment governance to the world.

I. INTRODUCTION

The Belt and Road Initiative, guided by the principles of extensive consultation, joint contribution, and shared benefits, is China's significant contribution to the international community. It aims to make the global governance system more inclusive and balanced by promoting regional

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and international economic cooperation, with the rule of law serving as an important guarantee for its steady and long-term development. Within this framework, trade and investment are key channels for stimulating growth, encouraging, facilitating, and protecting investment, and enhancing the economic prosperity of participating countries. Investment thus constitutes an important pillar of China's advancement of the Belt and Road Initiative, while the prevention and resolution of investment risks depend on the rule of law as an essential means.

At the same time, profound changes in the global political and economic landscape are reshaping the context in which Belt and Road Initiative cooperation unfolds. Adjustments in major-power relations, the restructuring of global value chains, and more salient non-traditional security concerns have led some countries to adopt broader policy approaches. In this environment, investment activities along the Belt and Road face a more complex external setting and a denser web of institutional and legal risks.

Existing academic research on the Belt and Road Initiative and the rule of law provides an important foundation for this article. Overall, the literature has concentrated on several core themes: the Belt and Road Initiative as a vehicle for supplying international public goods and promoting more inclusive forms of globalization;[1] the construction of a Belt and Road-oriented rule of law framework, including institutional arrangements for dispute resolution;[2] and the potential of Belt and Road Initiative practice to support the reform and improvement of global economic governance.[3] Scholars have also examined the growing competition over rules, standards, and legal discourse in the international economic order,[4] stressed that foreign-related rule of law is a key instrument for preventing and managing legal risks in China's overseas investment,[5] and argued that China needs to move from broad conceptual proposals toward more concrete and codified rules and

1 Shi Jingxia, *The Belt and Road Initiative and International Law: An Analysis from the Perspective of the Supply of International Public Goods*, 1 Social Sciences in China 156, 158 (2021).

2 Liu Jingdong, *A New Rule of Law Pathway for Promoting the High-Quality Development of the Belt and Road Initiative*, 10 Chinese Rule of Law 32, 36 (2023).

3 Liu Jingdong, *Research on Construction of the Rule of Law System of the 'Belt and Road'*, 5 Tribune of Political Science and Law 125, 126 (2017).

4 Huang Huikang, *On the Legal Guarantee for Promoting the High-Quality Development of the Belt and Road*, 1 Journal of International Law 1, 21-22 (2024).

5 He Zhipeng & Cui Peng, *Foreign-Related Rule of Law: A Good Way to Deal with the Legal Risks of Overseas Investment*, 3 Journal of International Economic Law 28, 36-37 (2022).

mechanisms.[6] However, relatively few studies have systematically explored how investment rule of law cooperation under the Belt and Road Initiative can operate at the subject, normative, and implementation levels to build a structured and effective mechanism for addressing increasingly complex investment risks.

In response to these external challenges and theoretical gaps, China's efforts to prevent and resolve investment risks under the Belt and Road Initiative require closer rule of law cooperation among participating states. The overall objective is to jointly build a stable, transparent, and predictable legal framework, resist the negative effects of unilateralism and protectionism, promote cooperation between China and co-construction countries in domains such as rules, regulations, management, and standards, and realize the 'soft connectivity' of rules and standards, so as to provide lasting legal guarantees for the high-quality joint construction of the Belt and Road. Against this background, this article focuses on the alignment between investment risk prevention and control and investment rule of law cooperation, analyzes the necessity and constraints of such cooperation under the Belt and Road Initiative, and constructs a three-level analytical framework centered on subjects, norms, and implementation mechanisms. On this basis, it proposes institutional pathways for strengthening investment rule of law cooperation and seeks to contribute to the formation of a more open, just, reasonable, and inclusive model of investment governance.

II. THE NECESSITY OF CHINA'S PROMOTION OF INVESTMENT RULE OF LAW COOPERATION UNDER THE BELT AND ROAD INITIATIVE

The rule of law serves as an essential foundation and guarantee for jointly building the Belt and Road Initiative. As an important component of international cooperation under the Belt and Road Initiative,[7] rule of law cooperation can help prevent and manage investment risks by enhancing the interaction of legal rules among participating countries. In recent years, however, the risks facing the Belt and Road Initiative-related investment

6 Zhang Naigen, *'Global South' and International Law: Implications, Issues, and Expectations*, 5 Chinese Review of International Law 3, 18-19 (2025).

7 Wang Chen, *Jointly Promoting the Rule of Law Cooperation Under the Belt and Road Initiative: Keynote Speech at the Opening Ceremony of the China Forum on International Rule of Law Cooperation of 2019*, 23 The People's Congress of China 12 (2019).

have gradually evolved from relatively single to complex and interlinked. In this sense, investment rule of law cooperation is highly compatible with China's efforts to promote investment under the Belt and Road Initiative, as it can effectively safeguard the steady progress of the Belt and Road Initiative construction.

A. Practical Evidence of Investment Risks

Driven by the Belt and Road Initiative, cross-border investment activity is inevitable, but opportunities coexist with risks. When enterprises invest in countries along the routes, they face a variety of risk factors arising from policy and governance, economic and financial conditions, as well as social and environmental factors, which are comprehensive and complex.

Firstly, policy and governance-related risks are often intertwined with geopolitical factors, and their interactions can amplify the uncertainty of investment activities.[8] In some host states, external geopolitical competition is internalized into domestic political narratives, and the Belt and Road Initiative projects become the focus of internal policy debates and are subject to reviews or renegotiation. This may lead to adjustments of cooperation frameworks and even delays or cancellations of projects. For example, amid changes in its domestic and external policy orientation, Panama adjusted its participation in Belt and Road Initiative cooperation.[9] Similar dynamics have appeared in Australia and other regions, where domestic legislative and policy tools have been used to influence infrastructure and energy projects.[10] These developments show that shifts in host-country politics and policy preferences can directly affect the continuity and stability of Belt and Road Initiative-related investment.

Secondly, economic and financial risks may increase the uncertainty of investment activities. Since 2018, the rise of protectionist measures and the expanded use of economic sanctions have exposed investment activities to risks related to sanctions, investment security, and foreign-exchange guarantees. Economic sanctions may disrupt supply chains and financing arrangements in certain Belt and Road Initiative partner countries, while

8 Zhang Xiaotong & Xu Zihao, *BRI Projects' Geopolitical Risks: Concepts and Theorization*, 3 Global Review 80, 82-83 (2020).

9 Feng Junze, *The Motivations, Measures, and Impacts of the United States' Intensified Suppression on China in the Fields of Ports and Shipping*, 2 Peace and Development 90, 105 (2025).

10 Diao Daming & Liu Yingzhe, *Systemic Pressure, Decision-Makers' Cognition, and Strategic Choice of Australia as a Third Party Between China and the U.S.*, 34 Journal of Tongji University (Social Sciences Edition) 40, 52-54 (2023).

restrictions on access to key financial messaging and payment systems, or to specific currencies, can complicate the settlement of cross-border trade and investment.[11] The Belt and Road Initiative investment must cope with exchange rate and interest rate fluctuations: the former directly affects the value of cross-border transactions, and the latter affects financing costs and the stability of financing activities. Governments adopted various measures, including strengthened exchange-rate management, to stabilize reserves and currencies. While these responses help maintain macroeconomic stability, they may raise investment and operating costs for enterprises, which in practice can face cumbersome approval procedures for foreign-exchange remittances and even short-term cash-flow pressures when foreign-currency transfers are delayed.[12]

Finally, social and environmental risks are closely related to the characteristics of many Belt and Road Initiative projects, especially large infrastructure and resource-development projects that have long cycles, wide impact, and strong public sensitivity. These projects often involve land acquisition, relocation, environmental assessment, and community participation. If relevant standards are not properly implemented, disputes and protests may arise, delaying construction, increasing costs, and even leading to project suspension.[13] Issues concerning environmental pollution, labor right infringement, and corruption constitute major sources of social risk in cross-border investment and may trigger both legal and reputational consequences for enterprises.[14]

The investment activities under the Belt and Road Initiative must navigate a wide range of challenges, including policy and governance-related risks, economic and financial risks, and social and environmental risks. These risks interact with and reinforce one another, and their cumulative effect increases the complexity of the external environment for Chinese enterprises and other market participants.

11 Yu Mei, Bian Jiangze & Han Yu et al., *Financing Risks and Strategic Responses to International Trade Under the Belt and Road Initiative*, 4 PKU Financial Review 464-466 (2024).

12 CHEN XI, SAFEGUARDING HIGH-QUALITY DEVELOPMENT OF THE BELT AND ROAD INITIATIVE THROUGH THE RULE OF LAW, at https://epaper.gmw.cn/gmrb/html/2025-03/07/nw.D110000gmrb_20250307_2-15.htm (Last visited on November 10, 2025).

13 JIA MING, CHINESE ENTERPRISES' OVERSEAS CORPORATE SOCIAL RESPONSIBILITY ALONG THE BELT AND ROAD, at 11-12 (China Science Publishing & Media Ltd., 2022).

14 Song Guoxin, *A Decade of Belt and Road Initiative: Major Security Achievements and Risk Response*, 2 Northeast Asia Forum 17, 28 (2024).

Table 1: Major Categories of the Belt and Road Initiative Investment Risks and Corresponding Rule of Law Responses

Risk Category	Typical Manifestations (Examples)	Rule of Law Cooperation Responses
Policy & Governance-Related Risks	• Policy and legal changes affecting the Belt and Road Initiative projects • Inconsistent energy sector regulation • Fragmented digital rules and standards	• Strengthen policy and rule of law dialogues among the Belt and Road Initiative countries • Improve the transparency of laws and regulatory changes • Support legislative and institutional capacity building
Economic & Financial Risks	• Sanctions or restrictive measures affecting supply chains and payments • Limited access to key currencies and payment systems • Exchange-rate and interest-rate volatility increasing costs	• Upgrade BIT standards on treatment and protection • Clarify investor-state dispute settlement mechanisms • Use treaties and rule of law cooperation to enhance predictability for capital flows
Social & Environmental Risks	• Local opposition due to cultural and communication gaps • Concerns over the environment, labor, and land • Limited consultation and grievance channels	• Include sustainable development, environmental, labor, and CSR clauses in treaties and documents • Set clearer standards on consultation and disclosure • Establish community dialogue and grievance mechanisms

B. Clarification of the Concept of Rule of Law Cooperation

The rule of law is a fundamental consensus and universal aspiration of contemporary civilized societies. Over time, its meaning and structure have been gradually enriched and systematized. In general, the rule of law can be understood as a principle and method of state and social governance that presupposes democratic participation. It requires strict compliance with the law, focuses on ensuring the proper exercise of public power, and takes the protection of rights and the pursuit of justice as its core values.[15] This understanding reveals a number of key elements of the rule of law: democracy and participation as a prerequisite, the supremacy of law, appropriate content and form of legal norms, sound institutional safeguards, and the protection of fundamental rights.[16]

Building on this foundation, scholars have further elaborated on the rule of law by emphasizing, *inter alia*, the supremacy and general applicability of law, the quality of laws (clarity, stability, fairness, and accessibility), the requirement that public power be exercised within legal boundaries and subject to effective supervision, and the existence of institutional mechanisms for law enforcement and remedies.[17] Although theoretical formulations vary, relevant doctrines broadly converge on the view that the rule of law combines formal requirements (publicity, stability, and generality of norms) with substantive values (rights protection and justice),[18] thus rejecting both legal formalism and instrumental conceptions of law.[19]

On this basis, the 'international rule of law' refers to the idea that relations among states should, as far as possible, be governed by common legal rules rather than by unrestrained power politics. It is reflected in the *Charter of the United Nations* and other basic instruments, as well as in international courts and tribunals, treaty-monitoring bodies and other mechanisms that supervise compliance with legal obligations.[20] In this sense, an 'international law-based international order' implies that states accept legal constraints on the pursuit of their interests and seek to address common challenges through rules and institutions rather than unilateral coercive measures.[21]

Against this conceptual background, 'investment rule of law cooperation' under the Belt and Road Initiative may be understood as sustained, coordinated efforts by China and other participating states to prevent and control investment risks through legal means. This cooperation requires, on the

15 THE EDITORIAL TEAM OF JURISPRUDENCE, JURISPRUDENCE (SECOND EDITION), at 357 (People's Publishing House & Higher Education Press, 2021).

16 ZHOU YONGKUN, JURISPRUDENCE: GLOBAL PERSPECTIVE (FOURTH EDITION), at 150 (Law Press・China, 2016).

17 DAVID M. BEATTY, THE ULTIMATE RULE OF LAW, at 3-29 (Oxford University Press, 2004).

18 DANILO ZOLO, THE RULE OF LAW: A CRITICAL REAPPRAISAL, *in* THE RULE OF LAW: HISTORY, THEORY AND CRITICISM, at 13 (Paolo Costa & Danilo Zolo eds., Springer, 2007); Simon Chesterman, *An International Rule of Law?*, 56(2) The American Journal of Comparative Law 331, 337-350 (2008).

19 Ernest J. Weinrib, *Legal Formalism: On the Immanent Rationality of Law*, 97 Yale Law Journal 949, 956-961 (1988); Peter Rijpkema, *The Concept of a Global Rule of Law*, 4(2) Transnational Legal Theory 167, 170-180 (2013).

20 Sir Arthur Watts, *The International Rule of Law*, 36 German Yearbook of International Law 15, 25-41 (1993).

21 Cai Congyan, *On the 'International Law-Based International Order'*, 1 Social Sciences in China 24, 37 (2023).

one hand, the continuous advancement of domestic rule of law in participating countries so that investment-related decisions and regulatory actions are taken according to law; and, on the other hand, the strengthening of coordination at the levels of subjects, norms, and implementation mechanisms, in order to jointly formulate and apply rules on market access, treatment standards, risk prevention, and dispute settlement, and to build a more open, stable, and inclusive investment order along the Belt and Road routes.

C. The Compatibility of Investment and Rule of Law Cooperation Under the Belt and Road Initiative

Based on the analysis of investment risks and rule of law cooperation, there is a high degree of alignment between Belt and Road Initiative investment and rule of law cooperation. Properly designed rule of law cooperation can effectively mitigate Belt and Road Initiative-related investment risks, as reflected in the following three aspects.

Firstly, the evolving geopolitical and policy environment has become an important and unavoidable factor for China's participation in the formulation of international investment rules. In recent years, some countries, under the banner of safeguarding national security, have adopted temporary, specialized, and targeted legislative measures to restrict overseas investment activities of specific enterprises and pursue geo-economic objectives by adjusting investment rules. Such practices have increased the uncertainty and complexity of the external environment for Belt and Road Initiative investors. By contrast, rule of law cooperation under the Belt and Road Initiative adheres to an open and inclusive orientation. It emphasizes broad participation, consultation, and non-exclusivity, which helps to expand common interests, promote shared values such as openness and development, and avoid excessive fragmentation of rules.[22] In terms of cooperation forms, Belt and Road Initiative rule of law cooperation highlights flexibility and pragmatism, going beyond rigid cooperation paradigms centered solely on regulatory control. Through such open and inclusive rule of law cooperation, China and its partners can mitigate the impact of unilateral and exclusive arrangements on cross-border investment and contribute to a more balanced rule-making discourse.

22 XI JINPING, BUILDING AN OPEN, INCLUSIVE AND INTERCONNECTED WORLD FOR COMMON DEVELOPMENT — KEYNOTE SPEECH AT THE OPENING CEREMONY OF THE THIRD BELT AND ROAD FORUM FOR INTERNATIONAL COOPERATION, at http://www.beltandroadforum.org/english/n101/2023/1018/c124-1175.html (Last visited on November 30, 2025).

Secondly, rule of law cooperation plays a positive role in improving market access and balancing market openness with risk control. In the field of international investment law, there has been a gradual expansion of pre-establishment national treatment and a growing emphasis on fair and predictable access conditions.[23] Within the framework of rule of law cooperation under the Belt and Road Initiative, market accessibility and risk controllability have become important items on the agenda of investment treaty reform. In this context, market accessibility refers to the extent to which investors and investments can effectively enter and operate in the host market under clear and transparent conditions. At the same time, risk controllability means that investors can reasonably predict, manage, and address non-commercial risks to their investment interests within the host country. Rule of law cooperation under the Belt and Road Initiative provides a basis for building a network of investment treaties with common objectives, thereby contributing to more resilient and predictable international investment markets and reinforcing cross-border investment as a pillar of coordinated economic development among countries. At the same time, China has, through rule of law cooperation under the Belt and Road Initiative, upgraded and improved parts of its existing investment treaty network, incorporated development concerns into treaty texts, attached importance to the distributive effects of investment, and thereby enhanced the effectiveness of treaty governance.

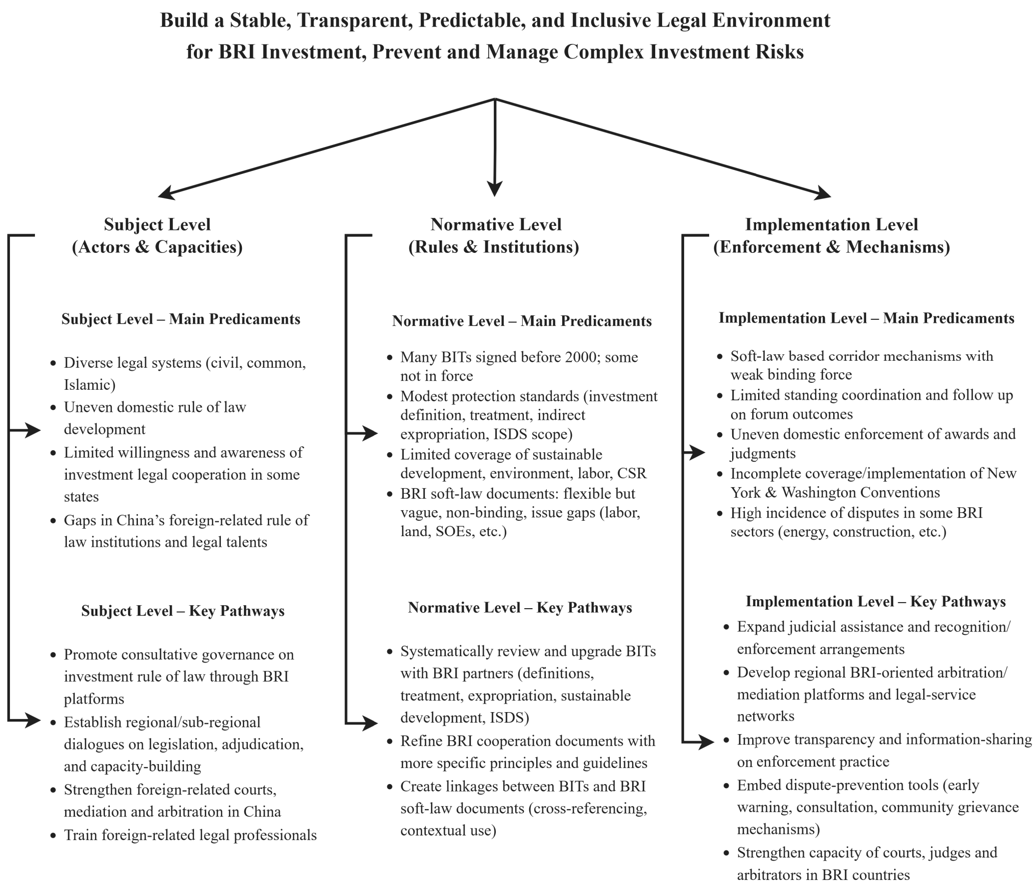
Finally, rule of law cooperation can promote the establishment of international development and investment mechanisms, helping mitigate social risks. A key starting point is to build institutionalized mechanisms for policy communication and mutual understanding among participating countries in investment-related fields. On this basis, diverse communication and dialogue platforms can be established among governments, enterprises, and communities. Coordinating investment promotion with social concerns, aligning investment activities with community well-being, and establishing stable information-sharing channels between investors and local communities in host countries can help form reasonable expectations for all parties and reduce misunderstandings. Since the launch of the Belt and Road Initiative, bilateral cooperation documents on production capacity and investment cooperation concluded between China and participating countries have reflected the political commitment of both sides to policy

23 Among the 2,598 investment treaties recorded by the UNCTAD, only 175 of them contain pre-establishment national treatment clauses.

communication.[24]

To synthesize the above analysis, investment rule of law cooperation under the Belt and Road Initiative can be understood as a multi-level governance arrangement. At the subject level, it depends on the willingness and capacity of states and institutions to engage in rule of law cooperation. At the normative level, it is shaped by the interaction between hard law and soft law instruments governing cross-border investment. At the implementation level, it ultimately relies on the effectiveness of enforcement mechanisms and dispute prevention and settlement arrangements. Figure 1 summarizes this three-level framework and the key links between investment risks, rule of law cooperation, and governance outcomes.

Figure 1: Three-Level Framework of Investment Rule of Law Cooperation Under the Belt and Road Initiative



24 Zhang Naigen, *On the Regulatory Subjects of Foreign Relations Law from the Perspective of the Belt and Road*, 4 Chinese Review of International Law 19, 24-25 (2023).

III. ANALYSIS OF THE PREDICAMENT OF CHINA'S INVESTMENT RULE OF LAW COOPERATION UNDER THE BELT AND ROAD INITIATIVE

From the perspective of mechanism design and operation, investment rule of law cooperation under the Belt and Road Initiative faces three main predicaments at the subject, normative, and implementation levels. Building on the analytical structure outlined in Figure 1, this section examines in detail the primary considerations at each of these three levels and their implications for the effectiveness of investment rule of law cooperation. At the subject level, differences in legal capacity building and varying willingness to cooperate necessitate the use of bilateral arrangements as the primary form for investment rule of law cooperation. At the normative level, the relatively gradual development of hard law and the non-mandatory nature of soft law result in gaps in investment rule of law cooperation due to insufficient coordination between the two norms. At the implementation level, flexible cooperation mechanisms and weak enforcement guarantees may undermine mutual trust in judicial cooperation and the effectiveness of judgments and awards.

A. Limited Rule of Law Cooperation Capacity

Legal capacity building is closely linked to the driving force for rule of law cooperation under the Belt and Road Initiative. The Belt and Road Initiative encompasses countries from a variety of legal systems, including civil law, common law, and Islamic law. Participating states differ in their levels of domestic legal development and their practical experience in engaging with the international rule of law. At the subject level, insufficient cooperation in the rule of law is reflected in two main aspects: first, limited willingness of some countries to engage in rule of law cooperation; and second, disparities in rule of law capacity. China, as the initiator of the Belt and Road Initiative, also faces the task of further improving its rule of law work in foreign-related affairs and deepening rule of law cooperation.

On the one hand, inherent diversity in legal cultures and judicial environments across the Belt and Road Initiative countries, combined with varying understandings of international rules in different states, presents both challenges and opportunities for developing shared approaches to rule of law cooperation. This is manifested in the different levels of initiative shown in the coordination and shaping of international rules. Given the relatively complex regulatory landscape in this field, much energy cooperation relies on special project-based arrangements rather than comprehensive international and domestic legal safeguards.[25] In the area of digital governance, many Belt and Road Initiative-related countries and regions remain in the early stages of digital transformation, with digital infrastructure and digital governance rules evolving at different paces. This has become a key area for capacity building to support their economic development and better align with the goal of building a 'Digital Silk Road'.[26] In practice, divergent digital rules, standards, and laws among the Belt and Road Initiative countries have increased the difficulty in advancing the Digital Silk Road and posed challenges to cross-border investment in emerging digital sectors.

On the other hand, empirical studies using 'legal system difference' indices based on Belt and Road Initiative country samples show that, compared with differences in political or economic systems, differences in legal systems constitute a central consideration affecting China's direct investment in the Belt and Road Initiative countries.[27] Some findings indicate that, both theoretically and empirically, the gap between willingness to cooperate on the rule of law and rule of law capacity building remains a primary obstacle to advancing investment rule of law cooperation under the Belt and Road Initiative.

From China's domestic perspective, institutions serving foreign-related investment, such as international commercial courts and specialized mediation and arbitration institutions, still handle a relatively limited number of cases and could further enhance their internationalization.[28] Although Chinese courts have concluded a large volume of foreign-related civil and commercial cases in recent years,[29] there is still room for improvement in accurately

25 Seyedashkan Madani, *The BRI and Its Implications for China's Energy Security: The Four as Model Perspective*, 11(4) International Journal of Energy Economics and Policy 549, 554-555 (2021).

26 LIU QIAN, THE DIGITAL SILK ROAD ACCELERATES WORLD MODERNIZATION, at https://www.yidaiyilu.gov.cn/p/0RRKAALU.html (Last visited on November 20, 2025).

27 The legal system difference index is a composite measure derived from four indicators: the 'rule of law indicators' from the World Bank, the 'protection of property rights' from the United States' Heritage Foundation, and both the 'strength of protection for minority investors' and 'ease of bankruptcy processing' indicators from the World Bank's Business Environment Index.

28 The first and second international commercial courts of the Supreme People's Court have accepted 44 international commercial disputes, 37 of which have been concluded, involving parties from 21 countries and regions. CHINA DAILY, SPC UNVEILS INTERNATIONAL TRIBUNAL GUIDELINE, at https://english.court.gov.cn/2025-09/28/c_1129144.htm (Last visited on November 25, 2025).

29 Since 2013, Chinese courts have closed about 417,000 first-instance civil and commercial cases involving foreign elements, covering parties from more than 100 countries and regions. XINHUA, CHINESE COURTS GIVE EQUAL PROTECTION TO FOREIGN PARTIES' RIGHTS, at https://english.court.gov.cn/2025-03/08/c_1076556.htm (Last visited on November 25, 2025).

identifying foreign-related elements, applying correct jurisdiction rules, and making sound jurisdictional determinations. This highlights the need to further enhance the comprehensive quality and professional capacity of foreign-related judges. Training mechanisms should better align with practical requirements to match talent supply with actual demand, and with theoretical education and practical skills. Addressing those areas will strengthen the effectiveness of China's foreign-related rule of law work and support its ability to engage in deeper rule of law cooperation with the Belt and Road Initiative countries.[30]

B. Insufficient Coordination Between Hard Law and Soft Law

Cross-border investment is an important component of the Belt and Road Initiative. The normative carriers of rule of law cooperation in this field are mainly hard law and soft law instruments governing investment activities, particularly bilateral investment treaties (BITs) and the Belt and Road Initiative cooperation documents. At present, BITs, as hard law instruments, require updates to certain provisions, while the Belt and Road Initiative soft law documents, although flexible and numerous, lack enforceability. Insufficient coordination between these two normative layers has created predicaments for investment rule of law cooperation at the normative level.

On the hard law side, China has concluded BITs with most Belt and Road Initiative countries. However, a substantial portion of these treaties were signed before 2000, and a small number of countries have not yet concluded BITs with China. In some participating countries across Asia and Africa, evolving economic conditions, alongside debt and political dynamics, could potentially affect the continuity of investment projects.[31] In cases where treaties are not yet in force, Chinese investors may need to rely on diplomatic protection or domestic remedies, which may not fully align with expectations for loss compensation.[32]

30 Shan Wenhua, *Improving the Mechanism for Cultivating Foreign Legal Talents Guided by Practice*, 24 Democracy and Law Weekly 71 (2024).

31 COUNTRY-RISK RATING PROJECT TEAM OF THE NATIONAL INSTITUTE FOR GLOBAL STRATEGY CHINESE ACADEMY OF SOCIAL SCIENCES & LABORATORY OF WORLD ECONOMIC FORECASTING AND POLICY SIMULATION OF THE CHINESE ACADEMY OF SOCIAL SCIENCES, REPORT OF COUNTRY-RISK RATING OF OVERSEAS INVESTMENT FROM CHINA (CROIC-IWEP), at 56-60 (China Social Science Press, 2024).

32 Ke Jing, *Belt and Road Initiative Advancement and Bilateral Investment Treaty*, 6 Contemporary International Relations 49, 53 (2018).

The definition of 'investment' typically follows a broad, asset-based approach, such as 'every kind of asset', without explicitly clarifying the substantive boundaries of protected assets, which may introduce a certain degree of uncertainty.[33] Treatment clauses often provide limited pre-establishment rights; pre-establishment national treatment is usually not included; and post-establishment national treatment is frequently subject to conditions tied to the law of host countries. In countries without robust national treatment commitments, Chinese enterprises may face difficulties in competing on an equal footing with local or third-country investors.[34]

Provisions on expropriation similarly tend to define indirect expropriation in general terms, using phrases like 'measures having effect equivalent to expropriation or nationalization', without clearly enumerating the elements and standards for identifying such measures.[35] As for dispute settlement, a significant share of BITs restrict investor-state arbitration to disputes over the amount of compensation for expropriation, while questions about whether state measures constitute expropriation or other treaty-related breaches must be resolved through negotiation or domestic proceedings, which is not ideal for investor protection.[36]

In addition, a portion of China's BITs contain umbrella clauses or similar provisions that elevate contractual commitments to the level of treaty obligations.[37] Some BITs remain focused on traditional core issues such as market access, treatment, and expropriation, and have not fully incorporated emerging trends in international investment law. It can also constrain host states' ability to implement reasonable regulatory measures aimed at achieving long-term economic and social development.

On the soft law side, the growing use of non-binding norms reflects a general trend in international law. In practice, international norm-setting does not rely solely on treaties; soft law instruments and their associated

33 Lv Jihai & Hu Xiaohong, *Reconstruction of the Definition Clause of 'Investment' in IIAs: A Perspective of BITs from China and the Countries Along the Belt and Road*, 8 Scientific Decision Making 132, 136 (2021).

34 Han Bing, *BITs and Protection of Overseas Investment Interests — An Analysis Based on BITs Between China and Countries of the Belt and Road Initiative*, 8 Journal of International Economic Cooperation 31, 33 (2017).

35 Deng Tingting & Zhang Meiyu, *The Treaty Protection of Chinese Overseas Investment Under 'the Belt and Road Initiative'*, 6 Journal of Central South University (Social Science) 36, 38 (2016).

36 Lu Jinyong, Wang Guang & Yan Shiqiang, *Bilateral Investment Treaty and the Protection of Chinese Enterprises' Investment Interests — Based on the Analysis of Countries of the Belt and Road Initiative*, 3 Intertrade 48 (2018).

37 ANNA CHUWEN DAI, THE INTERNATIONAL INVESTMENT AGREEMENT NETWORK UNDER THE 'BELT AND ROAD' INITIATIVE, *in* THE BELT AND ROAD INITIATIVE: LAW, ECONOMICS, AND POLITICS, at 323 (Julien Chaisse & Jędrzej Górski eds., Brill Nijhoff, 2018).

mechanisms also play an important role in advancing shared objectives.[38] To date, China has signed numerous cooperation documents with participating countries and international organizations to jointly build the Belt and Road Initiative.[39] Most of these cooperation documents are soft law: while not strictly binding, they can guide behaviors and provide frameworks for cooperation.[40] Their design intentionally retains a high degree of flexibility to establish adaptable legal frameworks for cooperation across infrastructure, industrial capacity, finance, and digital connectivity.[41]

However, this flexibility also entails certain limitations. Many cooperation documents do not address in detail some of the complex issues arising in Belt and Road Initiative investment practice, such as labor standards, land acquisition, environmental protection, and national security review. These issues may affect the relationships between investors and local communities and may fall outside the scope of existing bilateral and regional investment treaties.[42] The language in cooperation documents tends to be programmatic and declarative, with general formulations and limited operational guidance on specific standards and rule systems. This may reduce predictability regarding potential risks and behaviors and is not conducive to further strengthening trust in Belt and Road Initiative plans among participating countries.[43] In practice, relying solely on negotiation or mediation mechanisms outlined in cooperation documents makes it difficult to resolve complex investment disputes;[44] investors often still need to rely on dispute settlement mechanisms under BITs or other binding instruments.

In general, the relationship between soft law and hard law necessitates

38 JAMES CRAEFORD, SOVEREIGNTY AS A LEGAL VALUE, *in* THE CAMBRIDGE COMPANION TO INTERNATIONAL LAW, at 124 (James Crawford & Martti Koskenniemi eds., Cambridge University Press, 2012).

39 XIANG SONGLIN, THE BELT AND ROAD INITIATIVE FORSTERS SHARED DEVELOPMENT THROUGH PRAGMATIC COOPERATION, at https://news.gmw.cn/2025-06/26/content_38113843.htm (Last visited on November 30, 2025).

40 Heng Wang, *The Belt and Road Initiative Agreements: Characteristics, Rationale, and Challenges*, 20(3) World Trade Review 282, 288 (2021).

41 Heng Wang, *China's Approach to the Belt and Road Initiative: Scope, Character, and Sustainability*, 22(1) Journal of International Economic Law 29, 35-36 (2019).

42 HAO TIAN, CHINA'S CONDITIONAL AID AND ITS IMPACT IN CENTRAL ASIA, *in* CHINA'S BELT AND ROAD INITIATIVE AND ITS IMPACT IN CENTRAL ASIA, at 33 (The George Washington University, Central Asia Program, 2018).

43 LAURENCE R. HELFER, FLEXIBILITY IN INTERNATIONAL AGREEMENTS, *in* INTERDISCIPLINARY PERSPECTIVES ON INTERNATIONAL LAW AND INTERNATIONAL RELATIONS: THE STATE OF THE ART, at 176-177 (Jeffrey L. Dunoff & Mark A. Pollack eds., Cambridge University Press, 2013).

44 SHI JINGXIA, THE BELT AND ROAD INITIATIVE AND INTERNATIONAL LAW: AN INTERNATIONAL PUBLIC GOODS PERSPECTIVE, *in* INTERNATIONAL GOVERNANCE AND THE RULE OF LAW IN CHINA UNDER THE BELT AND ROAD INITIATIVE, at 20-21 (Zhao Yun ed., Cambridge University Press, 2018).

deeper integration at the implementation level, particularly in three main areas. First, at the rule level, soft law's reliance on voluntary compliance could be supported by more systematic review mechanisms. The translation of soft law commitments into hard law obligations can be paced alongside domestic legislative developments in Belt and Road Initiative countries. Second, at the remedial level, political consultations under soft law frameworks offer flexible solutions. In contrast, regional hard law arrangements with dispute settlement provisions, such as the *Regional Comprehensive Economic Partnership* (RCEP), could be more closely aligned with Belt and Road Initiative soft law systems to enhance complementarity and coherence. Third, at the macro governance level, establishing cross-sectoral coordination mechanisms and regular legal information exchange platforms would help to harmonize rule interpretations and synchronize legal information, thereby strengthening overall governance coherence.

C. Weak Regional Enforcement Mechanisms

The Belt and Road Initiative is characterized by flexible cooperation forms, such as cooperation forums and economic corridors, and places strong emphasis on 'hard' connectivity through infrastructure development. However, the relative lack of binding guarantees in rule implementation makes investment rule of law cooperation face considerations regarding stability, which may affect its long-term, sustainable, and high-quality development. At present, bilateral mechanisms remain the primary mode of rule of law cooperation, reflecting the central role of BITs in the international investment rule of law framework. However, bilateral arrangements also face challenges: intergovernmental working systems are complex with many departments, each with distinct sectoral responsibilities, which can lead to inefficiencies in coordination.[45] In addition, uneven development of domestic rule of law institutions in some countries affects the domestic enforcement of international investment commitments and limits the role of law in resolving disputes.

At the regional level, Belt and Road Initiative cooperation often relies on economic corridors, with infrastructure projects at the core. In practice, the formation and improvement of cooperation mechanisms in these corridors largely depend on cooperation documents, which fall

45 Shen Minghui & Shen Chen, *Institutional Supply and the Belt and Road Initiative Development Cooperation*, 38(1) Foreign Affairs Review 1, 19-21 (2021).

within the category of soft law. As a result, mechanisms built on this basis tend to be weaker in terms of implementation force than hard law mechanisms anchored in BITs.[46] At the multilateral level, the Belt and Road Forum for International Cooperation serves as the leading platform. However, between forum meetings, there is no standing coordination body responsible for follow-up on outcomes, sectoral discussions, and capacity building activities. Compared with other international forums that have permanent secretariats and established working procedures, the multilateral mechanisms of the Belt and Road Initiative still need to be strengthened in decision-making, coordination, and implementation.

At the project level, Belt and Road Initiative cooperation primarily involves the execution of contracts and related cooperation documents. In some cases, China has experienced compliance issues with host countries in its outbound investment projects, including defaults or delays in infrastructure construction, non-financial direct investment, and sovereign debt. From the perspective of host countries, limited political, economic, and social capacity can increase the risk of non-performance. The relatively weak binding force of cooperation documents, along with variations in the importance attached to national credit and reputation, also influences a host state's willingness to comply.[47] Feedback on the implementation of cooperation documents is often obtained through diplomatic exchanges or bilateral consultations. There is generally no dedicated mechanism within the Belt and Road Initiative framework to evaluate implementation performance systematically.

Enforcement of international investment arbitration awards also depends on domestic judicial assistance. Differences in legal culture and levels of trust between legal systems can pose obstacles to the cross-border enforcement of civil and commercial judgments and arbitral awards. In some countries, judicial systems face burdens such as case backlogs and limited resources, which can lead to slow enforcement procedures and reduced efficiency.[48]

46 Li Xiangyang, *High-Quality Development and Institutionalization of the BRI*, 5 World Economics and Politics 51, 63 (2020).

47 Yang Shouming & Li Haoru, *Compliance Dilemma in the Belt and Road Foreign Investment: Performance, Causes and Solutions*, 4 Northeast Asia Economic Research 16, 20-23 (2023).

48 For instance, Kazakhstan's mutual agreement procedure (MAP) for resolving disputes on the interpretation and application of the provisions of the tax treaty is marked by significant inefficiency. On average, MAP cases were not closed within a timeframe of 24 months, with an average time of 26.37 months. Furthermore, procedural communication could be enhanced, as evidenced by difficulties in scheduling meetings, delays in obtaining position papers, and a lack of clarity regarding the person competent to make decisions (including frequent changes in personnel). OECD MAKING DISPUTE RESOLUTION MORE EFFECTIVE-MAP PEER REVIEW REPORT, KAZAKHSTAN (STAGE 2), at https://www.oecd.org/content/dam/oecd/en/publications/reports/2022/09/making-dispute-resolution-more-effective-map-peer-review-report-kazakhstan-stage-2_8e9abfb8/34c25884-en.pdf (Last visited on November 2, 2025).

Not all Belt and Road Initiative countries are parties to key international conventions on recognition and enforcement of arbitral awards; in such cases, even where an award is favorable to Chinese investors, recognition or enforcement may be refused.[49] Even in countries that have ratified these conventions, variations in enforcement practices and administrative capacity can increase legal costs for commercial entities and influence the predictability of outcomes.[50]

More broadly, the majority of Belt and Road Initiative countries are developing or transition economies, where rule of law development exhibits varied progress. This is evidenced by heterogeneity in legal systems, asymmetries in economic and trade rules and standards, and the absence of unified and efficient dispute-resolution mechanisms. First, differences in legal terminology, forms, trial models, and techniques among different legal families lead to varied approaches to dispute resolution, which may affect legal certainty. Second, recent data from international dispute settlement institutions show that Belt and Road Initiative countries account for a relatively high share of known investment disputes, particularly in sectors such as energy, manufacturing, and construction,[51] indicating that the protection of foreign investors' rights in many jurisdictions still needs improvement. Third, in some cases, host governments act as both regulators and parties to investment projects, playing a 'dual role' in dispute settlement, and thereby placing foreign investors at a relative disadvantage. Assessments of the business environment in some regions along the Belt and Road routes continue to highlight issues such as administrative interference in the judiciary and judicial delays.[52] These factors collectively indicate that regional enforcement mechanisms and judicial cooperation still require substantial strengthening to support investment rule of law cooperation under the Belt and Road Initiative.

49 MO JIHONG, LIAO FAN & SUN NANXIANG, BUILDING LEGAL RISK PREVENTION MECHANISMS FOR THE BELT AND ROAD INITIATIVE, at 18 (China Social Sciences Press, 2019).

50 MO JIHONG & SUN NANXIANG, THE CHARACTERISTICS OF THE LEGAL RISKS OF 'BELT AND ROAD' AND THEIR PREVENTIVE MEASURES, *in* THE BELT AND ROAD INITIATIVE: PAST, PRESENT, FUTURE, at 149-151 (Gao Xiang, Kostas Gouliamos & Liu Zuokui et al. eds., Palgrave Macmillan, 2025).

51 As of the beginning of 2025, there were 666 cases involving countries along the Belt and Road, which accounted for almost half of the total number of investment disputes at the global level, according to the UNCTAD dispute settlement database. UNCTAD, INVESTMENT DISPUTE SETTLEMENT NAVIGATOR, at https://investmentpolicy.unctad.org/investment-dispute-settlement (Last visited on November 2, 2025).

52 WORLD BANK, BUSINESS READY 2024, at https://www.worldbank.org/en/businessready (Last visited on November 5, 2025).

IV. PATHWAYS FOR CHINA TO ADVANCE INVESTMENT RULE OF LAW COOPERATION UNDER THE BELT AND ROAD INITIATIVE

As an institutional arrangement for improving international cooperation, investment rule of law cooperation under the Belt and Road Initiative should respond to the practical needs of Belt and Road Initiative development and to the predicaments identified at the subject, normative, and implementation levels. From the perspective of content supply and mechanism building, it is necessary to shift from fragmented, *ad hoc* arrangements toward a more structured, institutionalized form of cooperation. At the subject level, this entails promoting consultative governance and enhancing the rule of law capacity of states, enterprises, and other actors. At the normative level, it requires upgrading and aligning hard law and soft law instruments. At the implementation level, it involves strengthening enforcement capacity, improving dispute-resolution mechanisms, and developing a governance model that prioritizes dispute prevention. Collectively, these efforts can provide a regional practical template for optimizing the international investment governance order.

Building on the three-level analytical framework established earlier, this section proposes targeted pathways to advance investment rule of law cooperation under the Belt and Road Initiative. Table 2 summarizes the main predicaments at each level and the corresponding pathways suggested in this article. These pathways will be elaborated on in more detail with respect to the subject, normative, and implementation levels.

Table 2: Predicaments and Pathways of Investment Rule of Law Cooperation Under the Belt and Road Initiative

Level	Main Predicaments	Proposed Pathways
Subject Level	• Diverse legal systems and uneven rule of law development • Limited willingness and awareness of rule of law cooperation in some states • Room for improvement in China's foreign-related courts and dispute-resolution institutions • Growing demand for foreign-related legal talent and practice-oriented training	• Promote consultative governance on investment rule of law via the Belt and Road Initiative platforms • Establish regional/sub-regional dialogues on legislation and adjudication • Strengthen international commercial courts, mediation, and arbitration in China • Develop practice-oriented training systems for foreign-related legal professionals

Level	Main Predicaments	Proposed Pathways
Normative Level	• Many BITs were signed in earlier periods; some are not in force • Modest protection standards (definitions, treatment, indirect expropriation, ISDS scope) • Limited sustainable development, environment, labor, and CSR clauses • Belt and Road Initiative cooperation documents are flexible but relatively vague • Weak linkage between BITs (hard law) and Belt and Road Initiative documents (soft law)	• Systematically review and upgrade BITs with Belt and Road Initiative countries • Include sustainable development, environment, labor, and CSR in new or revised treaties • Refine Belt and Road Initiative cooperation documents with clearer investment-related guidelines • Create mechanisms for cross-referencing and mutual interpretation between BITs and Belt and Road Initiative documents
Implementation Level	• Corridor mechanisms rely mainly on soft-law documents with a weak binding force • Lack of standing coordination and follow-up on forum outcomes • Compliance issues in some projects (defaults or delays) • Uneven enforcement of foreign judgments and arbitral awards; incomplete convention coverage • High incidence of disputes in some sectors; host governments sometimes in a 'dual role'	• Conclude or deepen judicial assistance and enforcement agreements • Encourage broader participation in international enforcement conventions • Build regional BRI-oriented arbitration and mediation platforms • Embed dispute prevention tools (early warning, consultation, grievance procedures) in Belt and Road Initiative documents and contracts • Support capacity building for courts, judges, arbitrators, and enforcement institutions

A. Promoting Consultative Governance and Cooperation Among Countries

At the subject level, the core task is to construct a multi-layered, two-dimensional governance framework that combines inter-state cooperation with the active participation of enterprises and other stakeholders. States remain the top-level designers and institutional providers of rule of law cooperation. In the external dimension, China can further leverage the Belt and Road Initiative platforms to promote consultative governance on investment rule of law cooperation, strengthen exchanges with the legislative and judicial bodies of partner countries, and encourage host states to improve the transparency, accessibility, and predictability of their legal and regulatory frameworks. Priority shall be given to sectors such as energy, infrastructure, and digital economy, where investment is both important and sensitive, and where a common consensus on basic standards and good practices is urgently needed.

In practical terms, China can promote the development of regional or sub-regional dialogue and coordination mechanisms for investment rule of law cooperation. These may take the form of joint committees, expert panels, or other 'committee-style' arrangements under the Belt and Road Initiative cooperation frameworks. Their functions include: tracking legislative developments in key areas affecting investment, exchanging experience on the interpretation and application of investment-related rules, carrying out joint research on emerging issues, and providing regular training for officials and judges on international economic law, comparative legal systems, and dispute settlement. By embedding the negotiation and upgrading of investment agreements within such consultation mechanisms, the transparency of negotiations and the coherence of implementation can be improved, and the willingness and capacity of all parties to engage in investment rule of law cooperation can be enhanced.

Enterprises should move beyond the purely passive role of 'complying with rules' to become proactive participants in shaping and refining the rules. Corporate behavior is directly governed by host-state laws and relevant international economic agreements. However, in practice, corporate contracts, industry standards, and internal compliance systems can also exert a *de facto* regulatory effect, especially in emerging fields where hard law rules are incomplete. Enterprises can work with host governments and local partners to develop sector-specific compliance guidelines, green financing standards, and model contract clauses for Belt and Road Initiative projects, thereby helping to form an efficient and predictable industry order. By aligning investment planning with host countries' sustainable development goals and coordinating investment promotion with social and environmental concerns, enterprises can contribute to a more responsible and sustainable pattern of cross-border investment.

From a domestic perspective, strengthening China's rule of law capacity in foreign-related affairs and enhancing legal services for foreign-related affairs are essential to supporting investors' ability to 'go global'. Particular emphasis should be placed on cultivating legal professionals who respect and understand foreign legal cultures, are familiar with foreign legal rules and practices, and possess strong practical skills. This calls for the establishment of a coordinated mechanism involving government, enterprises, academia, and professional institutions, and for the construction of a foreign-related investment service and security system comprising four modules: legislative tracking, compliance management, risk identification, and dispute resolution. At the same time, institutions such as international commercial courts, mediation centers, and arbitration bodies should further improve their international orientation and case-handling capacity to provide higher-quality judicial and dispute-resolution support for investment rule of law cooperation with Belt and Road Initiative partners.

B. Upgrading and Coordinating Hard Law and Soft Law Frameworks

At the normative level, traditional international investment governance has primarily relied on bilateral treaties and investment arbitration, with limited coordination between hard law and soft law. The Belt and Road Initiative, in contrast, has adopted a more inclusive, flexible, and non-compulsory approach, making extensive use of cooperation documents and other soft law instruments.[53] Against this background, advancing investment rule of law cooperation requires both upgrading the hard law framework and improving the complementarity between hard law and soft law.

On the hard law side, China should systematically upgrade its BITs with Belt and Road Initiative partner countries. A practical approach is to enrich treaty content around three core modules: investment access, investment facilitation, and investment dispute prevention, supplemented by provisions on sustainable development and responsible investment provisions. In terms of investment access, China can, where conditions permit, gradually expand pre-establishment national treatment and refine negative-list commitments, while retaining necessary regulatory space. In the area of investment facilitation, China can draw on its domestic practices and its participation in global discussions to incorporate clear provisions on transparency, information sharing, administrative streamlining, and coordination among regulatory bodies. Upgraded BITs should also strengthen dispute-prevention mechanisms, for example, by establishing host state contact points, introducing prior consultation mechanisms, and providing for mediation and other amicable settlement mechanisms before resorting to arbitration.

53 Wang Qianhui & Peng Yue, *China's Vision of International Order Through the Belt and Road Initiative*, 5 Chinese Review of International Law 3, 10 (2024).

These measures can improve the stability and predictability of the investment environment and reduce the risk of dispute escalation.

At the same time, BITs should place greater emphasis on sustainable development, environmental protection, labor rights, and corporate social responsibility. By incorporating these elements into treaty preambles and operative clauses, BITs can help prevent host states from engaging in a 'race to the bottom' in environmental and social standards to attract foreign capital, while encouraging investors to assume corresponding obligations. In this way, investment rule of law cooperation under the Belt and Road Initiative can better support the long-term development objectives of host countries and promote a more balanced approach to investment and public welfare.

On the soft law side, the Belt and Road Initiative cooperation documents differ from treaties in terms of negotiation, reporting, approval,[54] application, and interpretation,[55] leaving substantial institutional flexibility. While this flexibility is an advantage, it also gives rise to risks of fragmentation and inconsistency, as documents signed at different levels and during different periods may overlap or conflict. It is therefore necessary to avoid excessive fragmentation of soft law instruments and improve their internal coherence. One possible solution is to establish a management or coordination mechanism for the Belt and Road Initiative cooperation documents — for example within the framework of the Belt and Road Forum for International Cooperation — tasked with registering, classifying, and publishing the documents, providing drafting guidance, and encouraging the use of more precise and operational language on investment-related issues such as labor, land use, environmental protection, and community consultation.

A further key task is to improve the mechanisms for translating soft law understandings into hard law obligations. Two complementary techniques are particularly relevant. The first is absorption, where there is sufficient consensus, general principles and specific provisions from the Belt and Road Initiative cooperation documents can be incorporated into upgraded BITs or other binding agreements, especially in areas such as connectivity,

54 Articles 8, 16(8), and 17(8) of the *Measures for the Administration of Conclusion of Treaties*.

55 In the *Opinions of the Supreme People's Court on Further Providing Judicial Services and Guarantees by the People's Courts for the Belt and Road Initiative* (effective in 2019), article II (4) is regarding the implementation of the *Beijing Initiative for the Clean Silk Road*, article II (6) is regarding the implementation of the *Initiative on Promoting Unimpeded Trade Cooperation Along the Belt and Road*, article II (10) is regarding the implementation of the *Common Initiative for Strengthening Cooperation Between Countries Along the Belt and Road in the Field of the Intellectual Property Rights*, and article II (11) is regarding the implementation of the *Green Investment Principles for the Development of Belt and Road Initiative*.

sustainable infrastructure, and legal and judicial cooperation.[56] The second is embedding, where cooperation documents can be attached to treaties as annexes or protocols, with explicit cross references in the main text, thereby making their content an integral part of the treaty and conferring equivalent legal force. These approaches help transform flexible cooperation understandings into enforceable norms and provide a clearer legal basis for subsequent dispute settlement and enforcement, thereby enhancing the overall effectiveness of investment rule of law cooperation.

C. Strengthening Enforcement Capacity and Dispute Settlement

At the implementation level, the life of the law lies in its practical application. The ultimate goal of investment rule of law cooperation under the Belt and Road Initiative is to build an efficient, predictable, and multi-tiered system of judicial coordination and dispute settlement that serves the objectives of unimpeded trade, financial integration, and closer people-to-people ties. This calls for progress on several fronts: reducing legal conflicts and promoting demonstrative convergence of laws, enhancing judicial cooperation and the enforcement of judgments and arbitral awards, consolidating and upgrading dispute settlement platforms, and advancing a governance model in which dispute prevention plays a front-end role.

Firstly, transitioning from reducing legal conflicts to promoting demonstrative legal convergence, China and Belt and Road Initiative partner countries can explore the development of model or framework agreements in areas of high consensus, such as investment, supply chain cooperation, trade facilitation, and data security regulation. On this basis, parties can jointly develop model texts and guideline documents, for example, on issues related to customs procedures, regulatory transparency, and information sharing. At the same time, China can further strengthen judicial cooperation with partner countries through bilateral or regional agreements on judicial assistance in civil and commercial matters, mutual recognition and enforcement of judgments and arbitral awards, and information exchanges regarding enforcement

56 Article 9.1 of Chapter 9 of the *China-Cambodia Free Trade Agreement* states that both parties will take further actions to implement the *Outline of Bilateral Cooperation Plan to Jointly Build the Silk Road Economic Belt and the 21st Century Maritime Road Between the People's Republic of China and the Kingdom of Cambodia*.

practice.[57] The establishment of joint judicial assurance arrangements for major Belt and Road Initiative projects should also be considered, providing early intervention in dispute resolution and follow-up services for judgment enforcement.

Secondly, mechanisms for resolving Belt and Road Initiative-related commercial disputes are already taking shape, including international commercial mediation centers, cooperative arrangements among the Belt and Road Initiative arbitration institutions, and international commercial courts. These institutions can be further consolidated and integrated to form a more coordinated dispute resolution architecture that covers a full range of dispute types and procedural options.[58] The recent revision of *China's Arbitration Law* confirms the authority of Chinese arbitration institutions and tribunals to handle international investment arbitration cases,[59] laying a domestic legal foundation for China to serve as a seat for international investment arbitration. On this basis, China can promote enhanced coordination among arbitration institutions and broaden participation by arbitrators from the Belt and Road Initiative countries, thereby improving professional capacity, reducing reliance on a small group of traditional arbitration centers, and narrowing the gap between arbitrators from different countries.[60]

Finally, a governance model centered on dispute prevention positions investment dispute prevention as a front-end link in the international investment governance chain. Its core function is to identify and manage risks early and promptly, thereby improving the resilience of the investment environment. In the context of the Belt and Road Initiative, this can be achieved by embedding 'complaint-consultation-feedback' mechanisms into upgraded BITs and Belt and Road Initiative cooperation documents, establishing contact points or liaison platforms for enterprises and communities, and tasking joint committees or working groups with monitoring project implementation and addressing emerging issues at an early stage. For projects with significant social or environmental impacts, it is particularly important to establish institutionalized

57 At the multilateral level, efforts are made to promote cooperation between China and the Belt and Road Initiative countries within the framework of the *Convention on the Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters* and the *United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards*. At the bilateral level, efforts are made to conclude bilateral judicial cooperation agreements between China and the Belt and Road Initiative countries, and to explore the foundational principles, procedures, and strategic pathways for judicial collaboration under the framework of the Belt and Road Initiative rule of law cooperation.

58 Jin Chun, *On the Constructive Role of the International Organization for Mediation in Building a New International Rule of Law: Reconstructing the Belt and Road Dispute Resolution Mechanism Through the Perspective of Six Narratives*, 9 Zhejiang Social Sciences 63, 72 (2025).

59 Article 94 of the *Arbitration Law of the People's Republic of China* (Revised in 2025).

60 XI JINPING, ON COMPREHENSIVELY ADVANCING LAW-BASED GOVERNANCE, at 257-258 (Central Party Literature Press, 2020).

procedures for community consultation, grievance handling, and independent monitoring, so as to address local concerns in a timely manner and reduce the likelihood of social tensions escalating into legal disputes.[61] Meeting minutes, joint interpretations, and other documents generated through consultation processes should be systematically archived and, where appropriate, made accessible to specific third parties upon request to enhance the transparency and credibility of the mechanisms.

By strengthening enforcement capacity, improving multi-level dispute-resolution mechanisms, and giving full play to dispute-prevention tools, investment rule of law cooperation under the Belt and Road Initiative can better address complex investment risks and contribute to a more resilient, sustainable, and inclusive pattern of international investment governance.

V. CONCLUSION

Against the backdrop of profound adjustments in the global political and economic landscape, the high-quality joint construction of the Belt and Road Initiative has become an important platform for promoting connectivity, supporting recovery, and fostering more balanced development. Within this framework, investment rule of law cooperation holds strategic significance. It helps mitigate the impact of unilateral and protectionist measures, contributes to building a stable, transparent, and predictable investment environment, and supports the steady, long-term progress of Belt and Road Initiative projects. Given the complexity and interdependence of the political, economic, and social factors affecting the Belt and Road Initiative-related investment, systematic and multi-level rule of law cooperation is not only a key pathway for managing investment risks but also a fundamental guarantee for the high-quality and sustainable development of the Belt and Road Initiative.

At the same time, the international investment governance regime itself is undergoing adjustment. Concerns about the balance between investor protection and states' regulatory space, reflected in debates over the legitimacy and scope of certain investor-state dispute settlement practices, have spurred reflection and reform in international investment law.[62] In this context, China's advancement of the Belt and Road Initiative can be viewed as a contribution to providing international public goods, improving the effectiveness and inclusiveness of economic governance, and exploring new approaches to

61 Article 34.7 of the *United States-Mexico-Canada Agreement* provides useful references.

62 Yu Fei & Ke Yueting, *Addressing the Legitimacy Crisis of International Investment Arbitration: Using Judicial Deference as an Approach*, 5 Journal of Xiamen University (Arts & Social Sciences) 57 (2023).

legitimate and balanced investment governance.[63] Recent policy directions, including the emphasis on advancing the rule of law in foreign-related affairs[64] and pursuing high-quality Belt and Road cooperation[65] in major Party and state decisions, such as those adopted at the Fourth Plenary Session of the 20th Central Committee of the Communist Party of China, provide further normative support and guidance for strengthening investment rule of law cooperation under the Belt and Road Initiative.

Starting from the perspective of investment rule of law cooperation under the Belt and Road Initiative, this article has analyzed the main predicaments at the subject, normative, and implementation levels and proposed corresponding pathways: enhancing countries' willingness and capacity to engage in consultative governance and rule of law cooperation; promoting the upgrading and coordination of hard law and soft law frameworks governing investment; and strengthening enforcement capacity, dispute prevention, and dispute settlement. By advancing along these three dimensions, China and its Belt and Road Initiative partners can work together to help build a new model of international investment governance that is more just, fair, and inclusive.

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中国推进“一带一路”建设的投资法治合作研究

内容提要 作为高质量共建“一带一路”机制的合作重点，国际投资活动面临着逆全球化下单边主义与保护主义的影响，呈现出复杂多样的投资风险。深化基于“以国际法为基础的国际秩序”的法治合作，既是降低“一带一路”投资风险的根本路径，也是塑造更为公正合理的全球经济治理秩序的必然要求。当前，“一带一路”建设的投资法治合作存在法治合作能力欠缺、硬法软法协作不足、区域执行机制薄弱等问题。为展开区域投资法治合作，推动共建“一带一路”高质量发展，中国作为倡议国应当促进各国就投资法治合作展开协商治理，全面升级规范投资活动的硬法与软法，强化执行与争端化解能力，进而为全球贡献更加公正、合理、包容的投资治理新范式。

63 Shen Wei, *The Legitimacy of the International Economic Governance System: Connotations, Crises, and Reflections*, 5 Journal of Zhengzhou University (Philosophy and Social Sciences) 25, 29 (2024).

64 *Recommendations of the Central Committee of the Communist Party of China for Formulating the 15th Five-Year Plan for National Economic and Social Development* (Adopted at the Fourth Plenary Session of the 20th Central Committee of the Communist Party of China on October 23, 2025), VII (24).

65 *Id*., XV (57).