DEBT TRAP DIPLOMACY

Measuring China’s Reach and Projection of Influence Through the Policy-setting Agendas Exerted by Debt Traps.
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1. Introduction

On October 18th, 2017, president Xi Jinping delivered a political report that lasted for 3 hours and 23 minutes. Even for a country that doesn’t evaluate a speech by its length and doesn’t normally consider the levels of the public speaking efforts made by officials, it was a mammoth oration. His address was clear from the start: it was a celebration of the path that China has set its foot on – to be rejuvenated, to become what in Xi’s mind China was always supposed to be, not just a great power, but THE great power.

The Chinese dream cannot, in all honesty, be begrudged. In living memory, the country has experienced war, both civil and international, famine and both political and economic struggles that have made their astronomical rise all the more impressive. However, it would also be a sign of profound ignorance to disregard some of their more self-indulgent policies. One of these policies is, in my view, the debt trap diplomacy.

After surfacing in the title of a 2017 analysis by an Indian commentator who argued that China was offering funding for impertinent projects in order to secure resources and other advantageous boons instead of local economies, the term “debt trap” gained traction in 2018 when the now infamous Belt and Road Initiative marked its 5 year anniversary.

In its infancy, the Initiative was not only ambitious, but to a certain degree – attractive. The Chinese offered money, plans to develop local infrastructure programs, the prospect of new jobs and in return they seemed not to demand anything, substantial, that is. Now, after more than half a decade since its inception, the true repercussions of this gigantic project are finally starting to be unravelled.

The first blatant outcomes are the developing countries’ inability to pay off their debts and China’s all too eager desire to exchange favours and strategic goods in return for a lengthier lease, demonstrated by the speed with which these goods have been distributed and settled upon. Sri Lanka’s inability to pay their debt resulted in the Chinese gaining control of the Hambantota port. China’s long-awaited plan to establish an overseas military base was also possible due to Djibouti’s incapacity to pay off their debt. Therefore, I asked myself: Why is China using debt trap diplomacy as a way to further its goals and extend its reach?
2. Methodology

In this project, I chose to analyse the intricacies of debt trap diplomacy and its ramifications, by focusing on Sri Lanka and Djibouti, how they came to be subjected to it, as well as whether they can escape its implications. What made this issue the subject of my interest was the fact that, in my view, debt-trap diplomacy is very much a core idea of the faculty that I chose to pursue: Development and International Relations. By targeting more often than not developing countries and in doing so, shaping the interstate relations and regional causalities, this membrane of the foreign policy, according to several parties including the United States, is currently China’s *modus operandi* when it comes to their foreign strategy. It is also a newer concept, which is why my interest in delving into it was piqued in the first place.

The issue that I have chosen to focus on is related to a plethora of scientific disciplines, including many economic theories that I have not even begun to consider, as well as subjects related to urbanism and urban planning, but as this project allows very little in terms of space for elaboration, I have decided to elect neorealism as my main theoretical premise. When it comes to it, I would be hard-pressed to say that neorealism encompasses all the theoretical ramifications my chosen subject is linked to. That being said, I did not by any means hinder my research with an unsupportive theoretical basis. I have come to the conclusion that neorealism truly serves to support my research and is best suited for my necessity in finding answers to my inquiry.

I start my project by explaining in-depth my stand on the matter of appropriateness of neorealism for my research and its fittingness. Neorealism claims that states are predisposed to conflict, their self-servitude outweighing the need for a peaceful resolution. Even when cooperation is possible, the need for states to serve their own interests will make cooperation difficult, if not redundant (Hellmann & Wolf, 1993, p. 5). As the main concerns of the theory are social and economic in their description of interstate relations, it allows me to delve into the multi-faceted aspect of debt trap diplomacy, therefore presenting a detailed assessment of its consequences and the nexus of the socio-economic issues that it weaves. The theory also grants me a degree of comprehension in the matter of the stake-holder parties in the region in question, mainly China and its actions concerning several key states including Sri Lanka and Djibouti. My expectation was to find whether or not the theory can help me better understand, but also explain debt trap diplomacy, and as I’ve come to establish, it is most relevant.
In the analysis part of my project, I decided to lay-out the very concept of a debt, why it is often thought of as a trap, its origins, but also its relevance on the international map and the threats that it represents even in the day-to-day lives of the people. By providing an extensive account of the issue, I wanted to make sure that should any questions arise in the process of reading this project, they will be answered exhaustively from the start.

Finally, in the last part of my project, I decided to choose Sri Lanka and Djibouti as my case studies, for it is these two regions that face the most concerns regarding debt-traps and their consequences. As found in “An Overview of Case Study”, Dr. Kenneth Harling defines the methodological concept thusly: “a holistic inquiry that investigates a contemporary phenomenon within its natural setting (Harling, 2012, p. 1).” It is my belief that therefore it is indeed this methodological approach that would serve my paper best. As case studies are also of different types, I chose the collective case study method, as it provides a more in-depth understanding by using a number of case studies to determine the pattern of actions or consequences of the phenomenon observed (Harling, 2012, p. 2). I will try to exemplify my coursework by referring to BRI projects and their effect on the region. I will also delve more into the agenda that China seeks to accomplish through the Belt and Road Initiative and all its repercussions, but also how it may shape the international nexus moving forward.

Also, here I will discuss at length the key infrastructural points that China has invested in in Sri Lanka and Djibouti, their geographical implications for China, and how these projects have affected the economic state of their respective countries. I will also approach the public response to said projects both locally, but also how the international community has responded to China’s endeavours. Moreover, I will try to delve into any possible solutions that Sri Lanka or Djibouti have attempted in order to relieve themselves of the subsequent burden: whether by trying to appeal for help from other parties interested to buy even a portion of the debt, or by making a play for renegotiation with China.

The sources that I used were mainly found in articles, other online documents and books. While I consider the issue at hand very prevalent, it has not yet gathered substantive academic attention and thus the number of monographies of use is quite sparse. However, this is not to say that this project is completely void of them and what little I could use, were mainly found at the Aalborg University Library. I have tried to collect as many references as possible as to construct a
plurilateral understanding of the issue and not project a biased view on the matter at hand, however, as I find myself critiquing some of China’s actions and slighting its foreign strategy in light of my research, I will like to say that I stand by what I write and my views are my own. Nevertheless, please note that I have strived to be very diligent in order to preserve the professionalism that is to be expected from an academic thesis. With that being said, I would like to start by focusing on the theoretical part of my project.

3. Theory

3.1 Neorealism

Neorealism is a theory of international relations that has gained traction in the last few decades, since its establishment by Kenneth Waltz in his book “Theory of International Politics” (1979). Along with neo-liberal institutionalism, it is believed to be one of the most influential contemporary approaches to international relations. While it was built on some of the principles of the realist theory, it does present some key differences, especially concerning the behavioural patterns of individual states. Waltz developed the neorealism theory as a response and slight critique of Morgenthau’s realism, which was, in his view, lacking a more scientific approach.

Robert O. Keohane elaborates on that thusly: “For Waltz, a good theory will not merely point to the importance of power and the balance of power, as Morgenthau did, but will account for the recurrent formation of balances of power in world politics, and tell us how changing power configurations affect patterns of alignments and conflict in world politics (Keohane, 1986, p. 15).”

Neorealism, like many other theories of international relations, is materialist: its basis is the material distribution of power, such as economic and militaristic capabilities, but it also clearly defines the balance of power between states and is explanatory of the behaviours of the international actors (Jackson & Sorensen, 2013, p. 209). Neorealism also argues that states are predisposed towards conflict and competition, failing to cooperate even when there are common interests and goals. Neorealists credit this “inevitability” to international anarchy, claiming that no amount of international institutions or agreements will diminish the states’ need for gaining more from any form of cooperation than their counterpart, therefore setting their needs above the needs of the many, rendering the true spirit of cooperation moot (Hellmann & Wolf, 1993, p. 8).
For neorealists, the focus point of international relations is the structural concept. Waltz defined it as follows. Firstly, he remonstrates that to a certain extent classical realism is right, by stating that no higher authority other than the state can rule and organise the international system, thusly confirming its anarchical aspect and structure. Secondly, he defines that the international system is formed by smaller units – states, each having the same engagements and performing the same governing tasks on a day-to-day basis like: tax collection, economic regulation and maintaining their national defence (Jackson & Sorensen, 2013, p. 51).

Another key concept of neorealism is the security dilemma. The anarchical structure of the system forces individual states to deal with uncertainty concerning their security. Any state, at any given time is faced with the possibility of being subjected to some form of aggression from another state, which is made all the more stressing considering that there is no higher authority that could solve a potential conflict or force another state to comply to a less problematic tactic. Therefore, the individual state is faced with no other option to rely itself on, than gaining more power and solidifying itself against potential threats. By pursuing this goal, a state could, under the right circumstances and with the right advantages (geographical position, economic development, militaristic capacity, etc.) become The Power in the region, or even more so, a hegemon (Lebow, 2011).

On the aspect of cooperation and alliance, neorealism is quite narrow. Stephen Walt and Glenn Snyder have analysed how non-structural such as threat perception influence alignment patterns. According to them “states prefer to form alliances with distant states, especially when they do not have serious disputes with them. States are less likely to align themselves with neighbouring states and those with which they are in conflict; on the contrary, they will tend to balance against those states because they perceive them as threatening (Hellmann & Wolf, 1993, p. 9).”

Neorealists remonstrate that states make security decisions concerning alliances by debating the costs and benefits of said alliances and what effect they may have on their security. Hellman and Wolf define the benefits and costs of such affiliations thusly: “Security benefits include a reduced probability of being attacked, greater strength in case of an attack and prevention of the ally’s alliance with one’s adversary. As to costs, being allied with others might
drag a state into a war over the ally’s interests that one does not share, and it constrains a state’s foreign policies and military independence (Hellmann & Wolf, 1993, p. 9).”

Neorealism is, at its core, a rational theory and represents one of the key rationalistic approaches of International Relations. It emphasises the need to understand how choices are made by cognisant actors and it presents us with the possibility to predict certain outcomes according to specific conditions and the context in which these choices and decisions are made (Steans, Pettiford, Diez, & El-Anis, 2010, p. 238). Offensive realists, like Mearsheimer, are adamant that for the individual state it is more important to exert their dominance, extend their reach and maximise their power than simply maintaining an alliance, therefore striving to attain a position of influence on other players or even that of a regional hegemon (Mearsheimer, 2001, p. 3).

Neorealists attest the complexity of the system to its polarised aspect. According to them, to understand international relations, we must analyse the distribution of power across the global nexus and the relevance of its actors (Lebow, 2011). Three types of polarity can be identified in the neorealism theory: unipolarity, bipolarity and multipolarity and China happens to have a role in all of them.

- Unipolarity allows for the hegemon, the power above the rest, to exert its strength and standing and enforce order and stability. In the South-East hemisphere of the world, China is just that: a mammoth of a country with a seemingly all-encompassing grasp on the economy, not only its own, but in the countries around it as well. That enables it to exercise its means in furthering its reach and agenda.

- Bipolarity is a system that means to ensure stability concerning two powers having roughly the same military standing or possessing equal degrees of international might. The situation also projects the understanding that outright conflict will not be beneficial to either side and will more likely than not prove indecisive. This scenario is reminiscent of the recent trade war between China and the United States. Considering the gravitas of their standing and the influence which they wield, it is unlikely that an outright military conflict will come to pass, at least in the near future, but it also means that both parties seek to enlarge their areas of dominance by other means necessary, which in China’s case, was establishing its first military
base in Djibouti, located 6 miles away from the United States’ only permanent military base in Africa (Cheng, 2018).

- Multipolarity argues that three or more global powers jointly try to gain more power, but also strive to pre-empt other powers from gaining it, consequently making the international nexus volatile and uncertain. The difference in power being minimal, makes any probability of alignment crucial and scrutinised for the balance of power. Likewise, any defections or additional alliances could prove devastating for the stability of the system, bringing the international community to a brink of war (Lebow, 2011). Considering China’s proximity to Russia and Russia’s long-standing opposition towards the United States, as well as all of their individual intents and means available to achieve them, the international nexus becomes a series of clear-sighted moves on each of their parts that could amount to furthering a long-distance strategy. That at least is the case of China’s Belt and Road initiative. Establishing more key-points of interest in the South and Central Asia, it could give China the geopolitical edge and China is sure to establish those key-points by gaining long-term access through the unpayable debts it trapped those countries in.

This is why I believe that neorealism is the ideal theory for a comprehensive research paper that seeks to explain what China is trying to achieve through its debt-trap diplomatic endeavours. Debt traps are in themselves a method of exerting dominace and power, which are the cornerstones of neorealism, over the party struggling with financial deficit. In China’s case, it would be remiss to not consider its economic magnitude, and more so how this enables China to further its agenda.

4. Analysis

4.1. The Debt Trap

“A trap may be defined as an ambush aimed to lock in something, closing unexpectedly, and perhaps even brutally. [...] Most important of all, if this ‘something’ is a living thing, it must grasp and grapple with the mechanism in order to break free, as so many institutions and people
are attempting to do in the ongoing crisis. A trap thus comprises both a mechanism built by concrete things, institutions and behaviour, and a cognitive aspect, which pulls the victim into the trap while blurring its understanding of the impending danger (Bajo & Roelants, 2011, p. 55).”

Debt crises aren’t exactly new no matter how you look at them, but they have begun to be quite more prevalent in the last few decades ever since the deregulation of lending and global financial laws in the 1970s. Back in the 70s, the favourable conditions of the loans have created a medium in which the debt of developing countries rose at a tremendous rate. The World Bank, as well as private banks and governments even actively encouraged taking loans. The situation changed when neoliberal policies have begun being enforced, and the increase in interest, coupled with the decrease in the commodities market have made it possible for the contractors to make huge profits, while at the same time debt kept rising to astronomical heights (Toussaint, 2008, p. 127)

*Table. 1. External debt of developing countries from the creditors’ point of view (Toussaint, 2008, p. 128).*

<table>
<thead>
<tr>
<th>External Debt</th>
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<tbody>
<tr>
<td>2,600 billion</td>
</tr>
<tr>
<td>US dollars</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Multilateral Debts (Owed to IFIs)</th>
<th>23%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bilateral Debts (Owed to governments)</td>
<td>20%</td>
</tr>
<tr>
<td>Private Part (Owed to private institutions)</td>
<td>57%</td>
</tr>
</tbody>
</table>

**Interpretation of Table. 1:**

During the 1970s and until 1982, developing countries have consistently increased their loans. In The World Bank: A Critical Primer, the situation is explained thusly: “The total external debt (public and private) in current dollars was multiplied by ten (going from $70 billion to $716 billion). The external public debt was also multiplied by ten (from $45 billion to $442 billion). The public external debt owed to the World Bank was multiplied by 7.5. During this period, the net
transfer on debt was consistently positive, which means that the developing countries borrowed more than they paid back. They were encouraged to take out more loans since the real interest rates were extremely low. Furthermore, the export revenue with which they were reimbursing the debt was increasing, since the price of raw materials was high. Consequently, the developing countries on the whole did not have repayment problems (Toussaint, 2008, p. 130).”

Roelants and Bajo outline three traps as underlying mechanism that pave the way for an economic crisis to emerge: the consumption trap, the liquidity trap and the debt trap.

- The consumption trap concerns mainly individual and household consumers. It relates to the need of the consumer to increase the amount of goods it has access to. Over-consumption is a constant in every crisis. It is enabled by ‘stated income’ loans – access to money on the basis of a personal statement without the proper records and proof, which the authorities continue to neglect in solving. Because consumption depends increasingly on credit and by extension on debt, boosting consumption, which is a core attribute of capitalism, creates a vicious cycle (Bajo & Roelants, 2011, p. 55).

- The liquidity trap is perhaps explained best by Nobel Prize winner Paul Krugman. When it comes to relieving a debt, liquidation is difficult. In case of an overwhelming debt to settle and the inability to do so, recession is inevitable, and the economic prospect goes beyond the scope of serviceable goals. However, to most people, what matters is the availability of the credit and the means to obtain it (Bajo & Roelants, 2011, p. 64).

- The debt trap is a consequence of a system that thrives when there is an increase in inequality and a great decrease in government intervention. Both the consumption trap and the liquidation trap are a prerequisite of the debt trap as they flow into it. Depending on the factors, the consumption trap, upon worsening can evolve into the dept trap. In the case of debt trap by homeowners, the trap has three major systemic issues: equity loss, the bearing on rental housing and the loss of socio-economic cohesion (Bajo & Roelants, 2011, p. 72).
“In the end, the debt trap can be solved by political will, as in the recent pardons of African countries’ debt. But what cannot be solved is what the debt trap leaves behind, namely the sheer destruction of wealth (Bajo & Roelants, 2011, p. 77).”

Table 2. Comparison between loans and reimbursements (Toussaint, 2008).

Should these debts be enabled by the governments as is most of the time the case, the reality of it on the local economy is crushing. Debt must be dealt with, but in order to achieve this, a new political and social consensus must emerge (Bajo & Roelants, 2011, p. 78). However, as explained through neorealism, reaching a consensus, or a level of cooperation needed to settle debts as well as debt traps, is almost impossible given the interest of the party holding the debt to service its needs and agenda. As witnessed by China’s eagerness to “settle” the debts of Sri Lanka and Djibouti through other means, mainly capitalising on their property and territory and unwillingness to allow them to repay the debts through other means (Lo, 2019), neorealism states its case: that THE power in the region will always seek to exert its dominance and conflict is, even in its mildest forms, inevitable.

5. Discussion

5.1 China’s Foreign Policy Strategy

It is no secret that China has expressed a far more assertive stance when it comes to its foreign policy ever since Xi Jinping took office, as opposed to its “bide your time and hide your
strength” ideology that was so prominent during the Deng Xiaoping era. US president Barack Obama even stated that president Xi “consolidated power faster and more comprehensively than probably anyone since Deng Xiaoping (Brown, 2018, p. 2).”

In the book “The Prisoners of Geography” by Tim Marshall, Marshall outlines an event that boldly showed that China will no longer hide their might. He describes it thusly: “In October of 2006, a US naval supercarrier group led by the 1000-foot USS Kitty Hawk was confidently sailing through the East China Sea between Southern Japan and Taiwan, minding everyone’s business, when, without warning, a Chinese navy submarine surfaced in the middle of the group (Marshall, 2016, p. 36).” For a foreign submarine to quietly emerge among a highly protected and armed forces of the United States, the message that it was sending was clear: “We are now a maritime power, this is our time, this is our sea (Marshall, 2016).”

And indeed, in the last decade or so, China has taken great strides in establishing itself as one of the great powers, if not The great power on the rise. No other example probably shows it best than that of the most ambitious infrastructure project in recent history that is the Belt and Road Initiative. With trillions of dollars in investment projects, China seeks to connect Mongolia and Russia, Eurasian countries, Central and West Asia, Pakistan and other countries of the Indian sub-continent into the Silk Roads of the future, with China at its helm. Under the banner of trade, openness and future prosperity, China is a multiple-opportunity endeavour: it expands China’s reach, export of goods and labour, and it also has geopolitical aims by linking its neighbours economically closer (OECD, 2018, p. 4). This is the era of Global China. It can no longer pretend to be a mouse when everyone knows that it is an elephant (Brown, 2018, p. 90).

In April of 2019, the Foreign Policy journal published an article stressing that the Belt and Road Initiative threatens the countries’ ability to achieve self-reliance. This article outlines how China’s endeavour to broaden it geopolitical and economic situation is practically a condition of saddling countries with unsustainable debt and increasing their dependency on China. Despite years of trying (marginally successfully) to rid themselves of the accumulated debt from back in the 70s, now developing countries strategic assets like access to ports and resources are outright targeted and many of the vulnerable countries have one key contractor: China (Green, 2019).
“According to a study by the International Monetary Fund (IMF), from 2013 to 2016, China’s contribution to the public debt of heavily indebted poor countries nearly doubled from 6.2 percent to 11.6 percent. China’s lending is expanding even more through BRI (Green, 2019).”

In “The World Bank: A Critical Primer” these types of loans are described as a vicious cycle and that taking out external loans to promote development and well-being with the purpose of self-perpetuating growth not only does not work but turns into perpetual debt with a huge capital flow to the creditors (Toussaint, 2008, p. 132)

The Sri Lanka Case

In a New York Times article published in June, 2018, Maria Abi-Habib begins it thusly: “Every time Sri Lanka’s president, Mahinda Rajapaksa, turned to his Chinese allies for loans and assistance with an ambitious port project, the answer was yes (Abi-Habib, 2018).”

The Hambantota port case is often used as the leading example of China’s Debt Trap Diplomacy. After being leased to China for 99 years for a price of $1.12 billion dollars in 2017, it became the go-to argument of China seizing another country’s strategic assets through unpayable loans. Two years later, a new leader was elected as a result of a successful campaign under the idea of getting back the port and relieving the $8 billion dollars of debts that was racked up only in the last two years, however, China would be reluctant under the best circumstances to even consider such a notion. The truth is that the port is a geographical goldmine. Located right in the centre of a busy shipping route in the south of Sri Lanka, it is currently the link that holds China’s concept for the new silk road in place.

It appears that Sri Lanka’s president, Gotabaya Rajapaksa, and the Chinese have a different idea of how the debt problem should be solved moving forward. Ajith Nivard Cabraal, Sri Lanka’s prime minister has expressed the desire for a “return to norm”, stating: “We pay back the loan in due course in the way that we had originally agreed without any disturbance at all (Lo, 2019).” On the other hand, Chinese diplomat Wu Jianghao, upon congratulating the newly elected president, remarked that the two countries should “speed up the implementation of cooperation on big economic projects, including the Colombo Port City and the Hambantota Port, under the existing consensus (Lo, 2019).”
In an article of The Diplomat, it is argued that Sri Lanka is not really a victim of a debt trap, seeing as it had substantial debt problems long before China decided to extend a ‘helping hand’. Be that as it may, it is important to note that China also didn’t try to offer the agreed-upon sum as a grant or another form of aid. And the strategical advantages of the deal cannot be overlooked. Moreover, taking into account the aforementioned substantial debt that Sri Lanka already possessed prior to the deal, one can argue that China should have made more of an effort to relieve it instead of adding to it (Moramudali, 2019).

Neorealists agree with neo-liberals that international cooperation is difficult even when there are common goals (Hellmann & Wolf, 1993, p. 7). In this case, China was expressly invested in helping Sri Lanka with its already precarious financial state, however, China’s own interest and agenda, establishing a well-positioned port as a key interest point in its geographical link, took precedence and in turn, the debt amounted by Sri Lanka skyrocketed.

In the same New York Times article mentioned at the beginning of the case, Maria Abi-Habib expresses her own concerns regarding the use of a debt trap in this case thusly:

“The debt deal also intensified some of the harshest accusations about President Xi Jinping’s signature Belt and Road Initiative: that the global investment and lending program amounts to a debt trap for vulnerable countries around the world, fuelling corruption and autocratic behaviour in struggling democracies (Abi-Habib, 2018).”

5.2 The Djibouti Case

I consider the Djibouti debt case an even more appropriate example of China’s plans for geo-political and economical expansion. Despite being 2,500 miles from Sri Lanka and located on a whole other continent, the situation is quite similar to the one outlined in the previous subchapter. According to a report published in March by the Centre for Global Development, 88% of Djibouti’s GDP of $1.72 billion is set to be the equivalent of the debt that the country has stocked up, the most of which belongs to China (Hurley, Morris, & Portelance, 2018, p. 20).

The most notable aspect of the Djibouti case is again, its strategic placement. This development became China’s first overseas military base and it’s located only 6 miles away from the United States’ only permanent military base in Africa (Cheng, 2018). However, China has been careful to avoid any militaristic implications of the geographical position of the base and its
implications. A state-run news agency Xinhua wrote that “the Djibouti base has nothing to do with an arms race or military expansion, and China has no intention of turning the logistics centre into a military foothold”, which is at odds with the reports saying that the base has become heavily fortified with an underground space of 23,000 square meters (Headley, 2018).

Djibouti isn’t the first time China endeavoured to intervene in Africa. After financing to built Africa’s largest port, a railway to Ethiopia and now an actual military base there, it is more than clear that China’s cannot be contested (Bearak, 2019). Its strategic foothold has solidified so fast and with such efficiency that the other global powers can do nothing else than gape. Honestly, it is truly admirable. China has proven itself to be more than just a formidable opponent. It made it clear to the rest of the world that having a plan and following it through not only matters but yields results. Meanwhile, under the banner of infrastructural development and the dream of hundreds of job opportunities, countries crumble to their knees from the weight of the crushing debt.

Helman and Wolf established their own views on the situation well before China adopted its more aggressive foreign affairs policy. In Neorealism, Neoliberal Institutionalism, and the Future of NATO, they state: “For neorealists, the relative distribution of national capabilities in the international system determines how states conceive of their interests (Hellmann & Wolf, 1993, pp. 8-9).” It is likewise straightforward that China’s use of its considerable funds is now a means to buying a geopolitical foothold in several regions.

6. Conclusion

China is without question a great power. This paper didn’t seek to contest this fact, but more so to stress just to what lengths China is eager to go to hold on to its seat of power and solidify it to the point of concreteness. In an anarchical world where there is no higher authority that can enforce their views and rhetoric upon the rest of the world, China seeks to become that power, partly from security reasons, partly for social recognition, partly for enabling the type of Chinese Characteristics that are not exactly accepted by the more liberal and democratic countries of the world.
Neorealism’s creed that countries seek to exert their dominance and maximise their power by extending their geopolitical and economical grasp is perhaps a text-book example of China’s foreign policy strategy. Whether or not China will achieve that which it seeks is yet to be determined, but the fact remains that its consistent tries are a testament to its will and forethought.

Debt trap diplomacy is a clear measuring instrument for China’s agenda and the strategy it settled upon in order to achieve it. At their core, debt traps are economic crises and China enabling them to further their geopolitical gain and strategic footing is a noteworthy issue which I hope will gather even more traction going forward, but preferably not at the expense of another poor developing country.

Djibouti and Sri Lanka aren’t singular instances, however they are prime examples of what happens to a small economy when a bigger one seeks to further its aims with no regard to what the economic plunge will do to not only the country, but also the individual.

The future is uncertain and I by no means want this paper to become predictionist in its nature. However, I do wander as to what else can become ‘collateral’ in China’s quest for more power. The Belt and Road Initiative is now at the European Union’s door. This in itself is a testimony to China’s so far successful campaign to project influence where there was none projected before.

7. Bibliography


