



Is China Practicing “Debt-Trap Diplomacy” in Africa?

OE Watch Commentary: There are some who might view Chinese investment in African nations as simply providing assistance for infrastructure development. As the accompanying article from the *Institute for Security Studies* (an organization based in South Africa) explains, the problem is Africa might be selling its future to China in what has been described as “debt-trap diplomacy.” One need only look at Sri Lanka to see what can happen when China offers easy – some might say addictive – money that comes without the same, or what might be seen as strict, conditions of Western lenders. Post civil-war Sri Lanka turned to what it believed was its benevolent friend, China, to help finance its reconstruction. The money flowed in, but the country developed economic problems causing the debt burden to become untenable. In lieu of repayment, Sri Lanka relinquished majority control over its strategic port of Hambantota. Outrage ensued across Sri Lanka with accusations that such debt-trap diplomacy poses a threat to the sovereignty of developing, but vulnerable nations. Now, many wonder if Africa is falling into the same trap.

In Africa, as happened in Sri Lanka, loans are collateralized with long-term high value assets, such as ports or mineral resources. In return for financing and sometimes even building the infrastructure these countries need to exploit their own natural resources, China frequently requires favorable access to those very same resources. This arrangement, sometimes described as “tied-aid,” not only benefits Chinese companies, but also provides China with economic penetration and strategic leverage in the host country.

Perhaps nowhere on the African continent is China’s strategy so pronounced as in Djibouti. So far, Chinese financing has helped this tiny, coastal, cash-strapped nation with several large infrastructure projects, including a new port, two new airports, and the Djibouti-Ethiopia railroad. This influx of Chinese money and the growing debt Djibouti owes has some in that African nation concerned, with one deputy from the National Assembly declaring that China is going to take the port, just as it did in Sri Lanka. Djibouti, by no coincidence, is also where China has established its first military base overseas. This base, as the article’s author notes, is the first pearl in China’s “String of Pearls,” a geopolitical theory describing Chinese ambitions to have a secure sea route in the Indian Ocean connecting China to the Middle East.

Although China’s financing is described as predatory, the article points out how African political leaders are often complicit in these deals. While not excusing their actions, it should however be noted that often these countries with their low credit ratings, narrow revenue bases, and undiversified economies find it difficult to obtain financing through Western sources. Still, it is those very same economic problems that make it likely a country will default on its loan, allowing China to acquire the resources it had agreed to as collateral.

Some argue that many African leaders could be savvier in their negotiations with the Chinese, or even possibly use their relationship with China to encourage Western powers to be more willing to finance riskier infrastructure projects. Meanwhile, there is growing concern that African nations will suffer a similar fate as Sri Lanka, trapping themselves in a never-ending debt servitude and perhaps losing a piece of their sovereignty in the process. **End OE Watch Commentary (Feldman)**

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Concerns are growing that Chinese financed megaprojects in Africa, such as the Mombasa-Nairobi standard gauge railway pictured here, are causing some African nations to become “debt-trapped” to China

Source: Mwangi Kirubi, <https://www.flickr.com/photos/mwangee/34181402040/>, CC BY-NC 2.0.

Source: Ronak Gopaldas, “Lessons from Sri Lanka on China’s debt-trap diplomacy,” *Institute for Security Studies (South Africa)*, 21 February 2018. <https://issafrica.org/iss-today/lessons-from-sri-lanka-on-chinas-debt-trap-diplomacy>

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With the West in retreat and focusing on internal issues, China is asserting a more muscular approach across Africa. As Africa’s main trading partner since 2008, China is securing a long-term ‘foothold’, where it can do business and also ensure the security of its citizens and companies.

Many states would have to resort to payments ‘in kind’ – which effectively amounts to a country handing the asset back to China a la Sri Lanka. This has led to Beijing’s role in Africa being criticized by Western governments and some Africans as neo-colonial.

However while there is a tendency to paint China’s financing as predatory, African political elites are also complicit, argues China-Africa expert Dr Lucy Corkin. Blaming China provides a convenient scapegoat but doesn’t absolve governments from brokering shoddy deals that don’t benefit their people.