

# New Year, New Thoughts

## Readdressing Hambantota and China's Debt-Trap Diplomacy

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As we enter a new year, we often seek to both examine and readdress key thoughts and ideas within our fields of research. This need for constant clarity remains vital within all forms of international relations investigation.

As such, the increasingly powerful Chinese state has in recent years been the target of great criticism for its many policies toward developing nations. One such example of these initiatives has been China's Belt and Road Initiative (BRI), which has been a topic of multiple debates—these have ranged from accusations of neocolonialism to defense of the BRI as merely being an alternative form of international development.<sup>1</sup> Nearly all arguments made around this divisive topic display a level of maliciousness, and always suggest it being part of a larger grand strategy that is played on the part of the Chinese state. However, this topic, as can be found within many other fields of inquiry, suffers from a certain level of informational bias that in turn orbits itself. Although not wishing to walk the well-trodden path that is China and its relationship with loans and investment dealings, it does remain pertinent to examine a more nuanced and substitute view from within this topic.

The subject of neocolonialism remains much more complex than has often been presented by academics and outside nations. For many, the policies and actions that embody the BRI are on the surface complex but underneath remain simple. This being the action of debt-trap diplomacy (DTD), which, as an act, entails the use of high-interest loans (typically in association with foreign direct investment into developing nations) to ensnare a state into losing control of or having to lease a piece of the project for which the loans are entailed.<sup>2</sup> This is to pull one nation further into the control of another via economic means.<sup>3</sup>

Both Western and non-Western academics alike have thoroughly documented the instances of DTD since the official start of the BRI in 2013 under Chinese premier Xi Jinping.<sup>4</sup> As such, the most-recognized and most-cited example of China's DTD has come in the form of the Hambantota Port in Sri Lanka.<sup>5</sup> This Sri Lankan port was created through high-interest loans financed and constructed by Chinese companies. When the Sri Lankan government could not pay back said loans, they leased the port back to the Chinese and paid interest for missing

said payments. This was best shown when CMPort gained a 70-percent stake in the operations, while the port itself was leased for 99 years to the Chinese.<sup>6</sup>

For many scholars, this was a twofold problem. First, this was a successful example of Chinese DTD taking place within a developing nation, in this case Sri Lanka.<sup>7</sup> Second, the Chinese had successfully secured a deep-water port in the Indian Ocean.<sup>8</sup> This was something that would help cement China in the Indo-Pacific security theater and strategically place itself close to India as part of its “String of Pearls” policy.<sup>9</sup> Overall, this would appear to be a very basic neorealist observation of the topic. However, I contend, alongside others, that there exists a problem within this analysis: the problem is that when you view such topics from a solely international perspective, scholars and analysts have tended to miss the more nuanced views within this field.

The adoption of a more neoclassical realist image helps us to dig further into the subject, by instead reflecting on the domestic political problems that Sri Lanka had been inflicted with over the course of the Hambantota Port saga. The decisions that had been made leading up to the leasing of the Hambantota Port are not purely examples of neocolonialism but instead reveal the more internal domestic politics within the nation; this has been explored by Daniel Markey (2020) and Wang Se (2019).<sup>10</sup> For example, during the 2001 Sri Lankan elections, the United National Front had promised an increase in vital infrastructure in the country. Part of this promise was the creation of a Hambantota port, as well as investments into energy and transport infrastructure. This was under the umbrella of the 2002 “Regaining Sri Lanka” economic development program.<sup>11</sup>

The results of these decisions, combined with the internal politics of Sri Lanka, pushed the nation into obtaining the port, in contrast to the view that the Chinese lured them into it. The decisions being made, in contrast to much of colonial history, were not forced upon Sri Lanka and similar nations.<sup>12</sup> In this context, I and others contest that Sri Lanka got itself into debt over its own internal politics rather than being baited by ulterior Chinese motives.

It is worth noting that in the past China has also successfully used DTD as a means of controlling states (specifically in Africa).<sup>13</sup> This is in specific regard to the Port of Djibouti, an example of Chinese DTD that has generated the most fear around such investment strategies and their purposes.<sup>14</sup>

I would still argue that it is not entirely a baseless fear that China will continue acting in a neocolonial manner. China does have the economic means to do so and has extracted resources from developing nations, but the decisions being made are not being forced on these countries—they instead reflect their own politics and relevant shortcomings. In the case of Sri Lanka, it demonstrated a complicated image of domestic competition between politicians, seeking to gen-

erate political clout. The reasoning for which was to show their local populations they could deliver on the development of further infrastructure, which was deemed politically vital for local politicians to generate legitimacy.

Canada was the first investor to begin showing interest in the creation of a port in Sri Lanka. However, Ottawa pulled out after it deemed the project financially unfeasible. China was the only nation at the time that was willing to fund the construction of the port.<sup>15</sup> So, Sri Lanka got itself into debt troubles not because of China initially seeking to hold advantages over it but rather due to domestic political reasons. The possible misunderstanding of this relates to a more nuanced view: that these topics have often been prone to generalized views rather than focusing on the specifics of each case.

The need for specificity and the avoidance of generalizations within both international relations and international security will help generate two key analytical features. First, the ability to focus and concentrate on the specifics of each international case. Second, to further develop and understand both the external and internal motivations for nations that seek to pursue such investment loans from nations such as China. This more comprehensive analysis serves to help expand upon the initial research and academic commentary that has been provided as well as to further generate a better understanding of present topics.

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### **Notes**

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