China's Debt Diplomacy in Africa

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***Abstract*—China's rise has been the talk for decades, and rightly so: the country's growing economic and political clout on the global stage has piqued the interest of media, governments and academic institutions around the globe. This paper aims to call into question the prevailing opinion considering the increasing interest in China namely, that China has the upper hand and is exploiting the African continent by saddling African countries with debt in order to trap them thereby exerting economic and political influence over them. Debt-trap diplomacy (DTD) is seen as a relatively new Chinese policy tool and it builds on the approach that China intentionally excessively lends money to low-income indebted states that cannot later repay Chinese debt. The borrowing state thus relinquishes some of its strategic assets to decrease its debt burden towards China (debt-for-equity swap). DTD debate has been encompassed by particular criticism questioning the existence of such a strategy as DTD. Scholars questioning DTD existence suggest DTD is far more complicated than it is usually portrayed, meaning DTD should not be automatically taken as a predatory technique China strategically pursues. This study seeks to investigate Chinas use of DTD as an elaborated strategic tool and its implications and I do this by making use of the case of Nigeria in order to get a better understanding of debt trap diplomacy by applying the phenomenon to the country.**

I. INTRODUCTION

"We will open our arms to the people of other countries and welcome them aboard the express train of China's development". (President Xi Jinping quoted in Xinhua, 2017)

China is now the world's largest economy based on purchasing power parity. Consequently, China has major impacts on the global economy and development. While the US economy is still about 50 per cent larger than China's when measured in dollars (Frankel, 2020) the gap between the two is closing fast thanks to generally much faster growth rates in the latter. China produces and consumes more than half of the world's steel, and more cement was poured there from 2011 to 2013 than was used in the entire 20th century in the US (Swanson, 2015).

China's economic rise created a strong imperative to source supplies of raw materials from elsewhere; often the Global South. Chinese demand was the main driver of the global commodity super-cycle from 2003 to 2014, with some suggesting this 'transformed development strategies in the Global South' (Jepson, 2020). However, the commodity price bust, exacerbated by the initial impacts of COVID-19 on prices, casts doubt on this theory (Carmody, 2020), as does the fact that it did not induce structural transformation in Africa or South America (Carmody et al, 2020). Nonetheless, the Chinese economy and the government's geoeconomic strategy have had major impacts along a number of politico-economic axes.

Debt-trap diplomacy (DTD) could be regarded as a relatively new policy tool of specific nature that has influenced current international affairs.

According to Ajinoti 2022, Debt-trap diplomacy is a term used to define a creditor nation or establishment extending loans to a borrowing nation in order to expand the lender's political leverage. This form of diplomacy entails providing projects/loans with too challenging terms for borrowing states to pay back, ultimately forcing them to accept economic or political concessions. Simply put, the debt trap is a position in which someone is forced to overspend on loans in order to pay back their existing debts. Nevertheless, the interesting facet of the so-called debt-trap diplomacy is its prime association with China (People's Republic of China).

Recently, one faction has blamed China for using this strategy to promote its geopolitical interests in Asia and Africa by giving them huge loans and acquiring the assets of the borrowing nations when they fail to repay. The other, however, has portrayed China as an excellent entrepreneur who saw economic opportunity

in providing loans to failing countries, generating enormous profits from it, both in terms of money and resources.

The spectacle of debt-trap diplomacy, the deliberative use of development finance to entrap economies with the aim of advancing foreign and economy policy objectives, is once again haunting the world. Critics contend that unrestricted borrowing which is now the keystone of Chinese influence in many parts of low-income developing and emerging countries, undermines the very prospects for sustainable and sovereign development that China purports to support. Moreover, the cost of alleviating such debt burdens has led to, as the Sri Lankan case apparently demonstrates, China's acquisition of a 99-year lease for one of the country's strategic ports. The use of development assistance in the form of loans, grants, and other forms of economic engagement with another country is characterised by International Relations scholars as 'economic statecraft' (Norris 2016:13-14). Put another way, debt-trap diplomacy is one of the number of approaches that states employ to achieve foreign policy aims through the active application of positive and negative inducements (Matsanduno 2012). Positive inducements include financial assistance, as indicated above, as well as policies such as trade incentives and preferential market access; negative inducements focus on restricting financial flows to the target country, limiting access to markets, and other punitive economic actions falling under the heading of sanctions. This research, therefore, explores the historical and contemporary context of debt-trap diplomacy, its appropriation and application as part of China's economic statecraft in the developing world. The central aim of this research is to answer the following question; Did China begin its multi-billion Belt and Road Initiative as a master plan to trap poor and needy nations and rip them off their assets and resources? Or is this concept of debt trap just a coincidence that overlapped with China's efforts to provide financial aid and assistance to developing countries? Due to DTD becoming a worldwide issue, this study aims to analyze the nature of this very specific foreign policy tool.

II. HISTORICAL BACKGROUND OF DEBT

There are many cases of countries in the 19th and early 20th century, the high-water mark of European colonialism and imperialism, using debt-funded infrastructure projects to embark on rapid modernization. For instance, the French-led design and construction of the Suez Canal, which involved the issuing of £3.3 million's worth of Egyptian bonds in 1863 on behalf of the Egyptian Khedive, as well as his commitment to provide labour and a 99-year operational lease to the French firm took ten years to complete (Toussaint 2016). This 'build, operate and transfer' agreement, involving a million local labourers, ran dramatically over budget and required raising additional capital, ultimately saddling the Egyptian government with massive debt. As bankruptcy loomed, the Khedive was obliged to sell the Egyptian government's shares in the Suez Canal, turning to British and French banks to meet long and short-term loan contingencies at inflated interest rates. To meet its mounting debt obligations, the Egyptian government was forced to accept unfavourable payment terms including hikes in tax revenues as imposed through the Public Debt Fund (a committee of creditors) (Toussaint 2016). As a result, from 1875 to 1885, the country endured a series of economic crises contributing to the widespread social unrest that ended with British military intervention, the overthrow of the Khedive, and Anglo-French control over public finances and key institutions.

Many Latin American countries also borrowed heavily from Europe and later US sources to fund capital projects like railroads, canals, and port modernisation. Cyclical dependency between Latin American government borrowers and Europe and US banking creditors contributed to a series of crises running from 1820 through to the 1930s Great Depression (Marichal 1989). The City of London's considerable role in financing railways, modernisation of ports, and other infrastructure projects in the economies of Argentina, Brazil, and Chile in the 19th century earned the region the appellate as Britain's 'informal empire' (Gough 2014). Fluctuating commodity prices, inflationary pressures, and collapsing local currencies were among the causes of the surge in national indebtedness of which Western creditors took advantage to carve out concessions and market share in Latin America.

During the Cold War, and after the twin oil shocks of the 1970s and subsequent collapse of commodity prices that hung over the global economy through the 1980s, the possibility of Latin American debt default loomed large. Faced with massive exposure to a

number of Latin American debtor countries, the US government took a hard line on repayment on market terms, seeking to hold off default through aggressive structural reform of Latin American economies in an effort to offset or recoup losses to US commercial banks. From the mid-1980s onwards, neo-liberalist tenets linked debt repayment to 'conditionalities' imposed by Western dominated multi-lateral institutions like the International Monetary Fund (IMF) that focused on reducing public spending and privatising state-owned assets.

In some cases, donor and multi-lateral conditionalities were later extended to governance criteria like electoral democracy. To address their debt obligations, debtor countries faced an unenviable set of choices ranging from debt rescheduling, suspension of debt repayments, threats of debt default, and outright defaults.

The introduction of the US Treasury's Brady Plan in 1989, a managed programme of debt rescheduling coupled to fiscal measures, marked a recognition on the part of the US policymakers of the limits to this approach (Sachs 1989; Silva Dalto 2019). Innovative policies such as reducing the value of debt, collateralising debt, and repurchasing debt on secondary markets were all encouraged. Nevertheless, while the Brady Plan staved off sovereign defaults and re-established regular debt payments, it produced persistent low growth in Latin American economies. This compounded the region's decade long inability to attract foreign capital, the continuing transfer of domestic savings to service interest repayments, and the danger that all of this posed to newly established democracies (Foxley 1987: 90-94).

During this period, debt forgiveness was traditionally avoided unless it was tied to diplomatic considerations (allies or related externalities) for the implicit moral hazard it created.

Towards the end of the 1990s, however, high-profile diplomacy, alongside media and social campaigns, pressured governments to embark on a wave of bilateral and multilateral debt write-offs for highly indebted poor countries (HIPC). This erasure of sovereign debt set the stage for the economic take-off experienced by low-income developing and emerging economies in the first decade of the 2000s (World Bank 2018).

III. DEBT-TRAP DIPLOMACY (DBT): CONCEPTUAL FRAMEWORK

China's emergence as a global economic powerhouse is attributable to Deng Xiaoping's grand 'reform and opening up' project from the late 1970s. Given its nature, the DTD can be designated among the foreign policy economic tools, alongside military and diplomatic ones. As mentioned above, DTD appears to be a new concept in International Relations. In International Relations, one of the most crucial aspects of a nation-state is to fulfil its national interests. These interests may vary from state to state, but fundamentally all states focus on enhancing their power and position in the global arena. Foreign policies are often in tune with the country's interests, and one such example is Belt and Road Initiative (BRI), through which China is strengthening its leverage in Asia and Africa.

Subsequently, a new concept emerged when Brahma Chellaney, an Indian Academic, came up with the term Debt-Trap Diplomacy in 2017. This refers to a situation in which China lends to developing countries, typically for large-scale infrastructure projects. Researchers are concerned about the sustainability of African states' debt to China and the implications of 'debt-trap diplomacy' on Africa's future foreign relations.

The founding father of the term, Indian scholar Brahma Chellaney (2017), suggests that: DTD is a policy tool when 'state X' (lending country; in this case China) supports infrastructure projects in strategically located 'state Y' (borrower country; usually developing country), often by providing excessive loans to the 'state Y' government. As a result, 'state Y' becomes considerably economically dependent on the 'state X', leaving 'state Y' even more firmly under 'state X' control. In other words, 'state Y' becomes ensnared in a debt trap that leaves it vulnerable to 'state X' influence. Consequently, 'state Y' is not able to repay 'state X' loans; therefore, 'state Y' relinquishes some of its assets (for instance, infrastructure) in favor of 'state X' in order to decrease its debt burden towards 'state X' (this final step can also be designated as debt-forequity swap).

Additionally, Chellaney (2017) preassumes that the aforementioned logic of the relations between two states could be associated with Chinese behavior in the international affairs towards low-income indebted

countries. China uses its financial capacities to gain control over the borrower country's sectors, such as the access to natural resources, or to open the market for its low-cost export of goods, which is, as he states, a predatory behavior. Moreover, China does not only provide the low-income and indebted state with loans but, in many cases, also provides it with workers. That leaves the unemployed citizens of the given state behind and deepens social-economic rifts in the local society.

Rana and Xianbai (2020) state that China deliberately pursues malicious 'debt trap diplomacy' to project undue political influence over sovereign nations' via lending Chinese capital. Whereas Green (2019) postulates that DTD poses a huge risk because China does not follow up on globally recognized sustainable and transparent lending practices, such as offering transparency and financial sustainability. China would trade debt for a country's strategic assets instead. One of the critical questions within the Chinese DTD debate is whether China pursues DTD intentionally or not.

To elaborate, whether China strategically lends money to states that cannot repay the debt, which then enables China to win some strategic goods by gaining access to natural resources, military bases, or important harbours.

One of the most prominent arguments opposing DTD is that countries that fall into the debt trap are corrupted, recklessly borrow prosperity, possess preexisting macroeconomic vulnerability, and inherent governance deficiency. Tan (2019) even states that DTD theory 'is not so much a cautionary tale of borrowing from China but of what happens when weak governance is married with the unforgiving demands of international financial markets. Whereas Brautigam (2019) observes that Chinese DTD is significantly more complicated than it is usually portrayed, meaning that DTD should not be automatically regarded as a predatory technique that China strategically pursues. The debate stems from the criticism of simplistic views that created strong narratives about China being an exploitative state. As DeBoom (2019) remarks, the use of DTD is rather complex and should be further researched, because as 'the novelist Adichie reminds us, the greatest danger of 'single stories' is often not that they are false, but rather that they are incomplete'.

IV. BELT AND ROAD INITIATIVE (BRI)

Debt Trap Diplomacy originated in 2013 when Chinese President Xi Jinping announced the Belt and Road Initiative (BRI), a global infrastructure development and investment strategy. Using it as China's Foreign Policy, President Xi promised various infrastructural projects like building ports, railways, roadways, bridges, dams, and power stations in poor developing countries, especially in Asia and Africa. According to Aid Data, 13 thousand 427 Chinese development projects worth $847 billion are employed in 165 countries worldwide (Ajinoti 2022).

BRI which began in 2013 but builds on strategies developed under previous initiatives like 'Develop the West' (Summers, 2016) was established as a broad policy 'umbrella' through which Chinese businesses, especially the country's SOEs, could find new markets overseas, consequently reproducing and expanding Chinese-based capital and power. Broadly, Chinese transnationalisation under the BRI umbrella works on two levels; at the macro level, the state attempts to create capital allocation mechanisms which serve its overarching geopolitical/geoeconomic objectives. At this level, the BRI is joined by sub-initiatives like the $60 billion China-Pakistan Economic Corridor (CPEC), and the $60 billion package of loans, grants and export credits announced following the 2015 and 2018 fora on China-Africa Cooperation (FOCAC), though commitments were reduced at the 2021 iteration of the event (Thomas, 2021). These frameworks provide loose guidance and opportunities for businesses but do not direct their day-to-day operations.

According to Huang (2016), the BRI is intended to sustain Chinese economic growth at a time when the country's growth has slowed down. As a result, China will be able to explore new economic opportunities outside of developed countries.

Meanwhile, the main drivers at the project level are the disaggregated interests of SOEs, both central and provincial, that use access to state-backed funding to pursue their own broad interests, although rarely in complete contradiction to those of the CCP (Doshi, 2021). These policies and supporting systems produced huge outflows of capital and led to the construction of a considerable number of debt-financed development projects throughout the Global

South in recent years. Yet as Flint and Zhu (2019) explain, the political engagement underpinning the expansion of Chinese capital means that the BRI, even if understood largely as a project of economic integration (as in the Chinese scholarship), cannot be separated from geopolitical consequences. Indeed, geopolitics is a constitutive element within the BRI given that the initiative is one that influences politics across multiple scales. BRI is thus a project that 'has the potential to be transformative and simultaneously create possibilities for global cooperation and conflict' (Flint and Zhu (2019)).

A closer analysis of these loans can unearth crucial differences between the Chinese loans and the loans provided by other financial institutions like the World Bank, International Monetary Fund, OECD, etc. The latter offer loans with bona fide, transparent terms and conditions, whereas the former offer under murky contracts, often with clauses of early termination and full repayment of the loans. However, since financial institutions are inter-governmental organisations with nation-states as their members, the terms must be unambiguous and open to all party members. On the other hand, Chinese loans whether concessional or commercial- are provided by the Chinese banks, making China and the borrowing country the only two parties involved. Thus, as long as the terms are comprehensible for the concerned parties, the Chinese banks are not accountable or answerable to anyone who is not directly involved in the contract. Further research demonstrates that of the countries that have taken loans, none has blamed China for hidden or vague terms and conditions, but they have pointed out that Chinese loans are at a much higher interest rate. They have also expressed concerns about the lack of alternatives due to their bad credit rating in the international financial system (Ajinoti 2022). BRI has been particularly popular in the developing world because it facilitated the obtainment of possible investments. While the Euroatlantic community determines its support through democracy or the rule of law, China, in contrast, does not share these ideas.

China has lent over $1 trillion to more than 150 countries as part of its Belt and Road Initiative, making it the world's largest official creditor. Through the BRI, the Chinese state has sought to construct and consolidate an image of China as a pragmatic development partner. However, this image has tarnished in recent years. Developments within China have begun to have major effects on the availability of BRI capital. Waning debt sustainability in several key BRI participant states, the questionable economic viability of some large-scale infrastructure projects and frequent corruption allegations have seriously undermined the legitimacy of Global China. Likewise, the COVID-19-induced global economic contraction also laid bare that Chinese-owned debt has crucial politico-economic repercussions for both borrowers and lenders. The US-China trade war, for instance, significantly increased uncertainty across China's financial sector. Yet China finds itself unable to fully abandon its former model or the BRI (enshrined in the constitution since 2017) as the country struggles with overcapacity in heavy industries (Carmody,2021).

More specifically, the use of DTD was frequently mentioned in the case of Sri Lanka. When the island was not able to repay the loans. it offered Hambantota Port as an exchange for a removal of its financial burden which has failed to create projected revenues but instead incurred $300m in losses (Sum, 2019). Indeed, the Sri Lankan government has also extensively borrowed from non-Chinese sources, and officials have insisted that the government had signed the loan for the port without pressure from China. Importantly, the privatisation of Hambantota port was not the result of a debt-for-equity swap, as is often falsely reported. After a change in government, Sri Lanka rather leased the port for 99 years to China Merchants Port Holdings by means of a majority stake (70 per cent) in a joint venture with Sri Lanka's port authority for an upfront payment of $1.12bn. The deal aimed at raising foreign exchange in order to service its debt which had grown to $46.6bn – or 57 per cent of its gross domestic product (GDP) – by the end of 2016. However, partly as a result of COVID-19 and the country's inability to service its debts, Sri Lanka experienced an economic crisis in 2022 (Ishak,2022). Nonetheless, the case of Hambantota port and the takeover of the Laotian electrical grid by a Chinese company are examples of how growing indebtedness to China (and other creditors) reduces policy space and, by extension, the degree of 'agency' of low- and middle-income countries.

The precise ways, however, in which China impacts development are locally mediated, negotiated and constituted (Hart,2002). For example, there is evidence that, in some countries, political elites have

acted irresponsibly by signing finance agreements with Chinese lenders without due diligence and long-term debt management plans (see Carmody et al, 2022).

Politically, the Chinese government has also engaged in 'damage control', which is aimed at maintaining the narrative of 'win-win cooperation' with the so-called developing world. It is obvious that the Chinese state has started to concentrate resources towards more ideational power projection in its engagement with the Global South, while simultaneously shifting material resources from loan financing towards targeted investment (for instance in the food processing industry), trade promotion and capacity building.

With the introduction of its Global Development Initiative in September 2021, there are indications that China is moving to a 'new development paradigm', with the emphasis on providing flows of foreign direct investment rather than loans and a focus on supporting small and medium-sized enterprises, human capital investments and green development (Alex,2022).

V. THE AFRICAN EXPERIENCE: KEY EMPHASIS ON NIGERIA

Africa is rich in natural resources such as oil, gas, minerals, and agricultural viable lands, which are in high demand in China. Even after being a resource-rich continent, Africa didn't have financial stability and remained underdeveloped throughout its history. One of the significant defining reasons is its lack of an industrial revolution. As a result, post-decolonisation, when newly independent states worked towards growth and development, they faced the problem of insufficient technology, infrastructure, and skills in the continent (Ajinoti, 2022).

China is the largest bilateral lender for many African countries, China invested around $200 billion in total from 2000 to 2019, working on nearly 70 projects per year since 2010, around 66% of these projects were either in the transport or energy sector. For instance, in 2021, China's outstanding debt to Kenya totaled US$6.3 billion, to Angola was US$40 billion, to Djibouti was US$1.4 billion, to Nigeria amounted to US$ 4.2 billion, and to Ghana was US$2 billion. Between 1995 and 2020, Nigeria received the highest share of Chinese investments in Africa, at 17 percent of total Chinese foreign direct investment (FDI), followed by Angola and Kenya (8 percent each), and Djibouti (6 percent) (Osman, 2021).

The international conditions of trade for African countries in the 1970s were initially favourable as a result of the commodity boom, but quickly shifted to their disadvantage (Greene& Khan, 1990). The African countries that benefited from these price surges in primary goods increased their public spending, while the revenue taxed on commodities was not rising as fast (Greene, 1989). Consequently, governments borrowed externally in order to meet the costs for their increased public spending (Krum, 1985; Greene, 1989). One would expect public spending to decrease considering this, but it did not as governments, once again, continued borrowing in order to continue spending (Greene, 1989). The question that bears itself is why countries were allowed to continue to borrow despite the decrease of commodity prices? Mustapha (2014) stated the following: "despite the low prices faced by mineral exporters throughout the 1970s, these countries were able to borrow abroad to maintain their public expenditure programmes because of expectations of a return of prices to historical level"

These consecutive crises, among other domestic factors, led to the stagflation crisis in the industrialized economies. In order to bring down inflation, many of these countries pursued highly restrictive monetary policies with the US spearheading the trend (Vermeiren, 2021). As a result, interest rates rose which in turn had a direct impact on highly indebted countries that made use of commercial loans. Moreover, governments continued to spend even after the commodity prices declined. Thus, in order to mitigate these balance-of-payments-difficulties, a few countries chose to uphold external borrowing (Krumm, 1985).

Furthermore, poor decision making on the part of policymakers continued when borrowed money was funnelled into projects that did not yield adequate returns to service the debt taken (Krumm, 1985). Even with billions of dollars of infrastructural spending, the impact on the economy is nill or minimal with the money moving from the Export-Import Bank of China or whatever institution that is funding the project to the company in China doing the construction. Every material comes from China, personnel, and even labourers. Many of the projects are not sustainable and

cannot generate the revenue needed to repay the debts. (Akinseloyin, 2021)

Chinese FDI in the region goes primarily to resource-rich countries for infrastructural development. For instance, Nigeria received 11 percent of Chinese FDI in 2020. By September 2022, Nigerians bilateral debt profile from China amounted to $4.09 billion, making China the largest creditor nation to Nigeria. China's political motivations, such as establishing its primacy in the UN-led multilateral order, reforming existing multilateral institutions, and emerging as the Global South's benefactor, also drive Chinese investments and lending.

Another significant question is the ability of government to commercialize the projects to recoup the stupendous amounts of loans. Essentially, China loans patterns to Africa have higher interest rates as compared to other Europe money lending institution such as the World Bank and IMF, which provide developmental loans primarily for public infrastructure projects and macroeconomic readjustment. Another notable difference is that Chinese FDI is state-backed and, in many cases, strives to fulfil the state's national imperatives in recipient nations. Securing critical minerals supply chains, building energy infrastructure in oil-rich countries such as Nigeria to export shipments back to the Chinese mainland, and garnering support for China's objectives in multilateral bodies are some of the policy objectives that China wishes to fulfil through its 'debt diplomacy' (Gupta, 2023)

One disturbing components of China loans agreement is the "confidentiality" clause and non-disclosure associated with state-backed Chinese funding which prevents borrowers from divulging the terms of the loans and means there is a lack of public scrutiny of loan agreements which Nigerians are even forbidden for showing a loan contract exists. The implication is that it is difficult for any individual or institution to track the terms of loans. Nigeria is the 6th most indebted African country to China. Chinese lenders are in a dominant position in the loan agreements (Gupta, 2023).

Lackadaisical monitoring and evaluation mechanisms and a strategic drive to furnish loans for political capital to countries with high levels of debt distress make China the region's foremost choice as a bilateral lender. This has also been assisted by rampant public office corruption in the region, leading to mismanagement and loss of funds worth US$5.67 billion in Nigeria (during its 'oil-for-loans' deal with China) between 2002-2007.

However, recently China's approach to providing development finance to Africa has been under criticism. Critics argue that the loans may lead to economic dependency, trapping African countries in perpetual debt cycles, and raising uncontrollable debt levels. Concerns over China's involvement in Africa, particularly expressed by Western countries, center on the perceived restriction to Africa's growth. Fears have been raised regarding the China-Africa infrastructure development cooperation, which includes costly ventures such as government buildings, sports facilities, and cultural institutions, which critics believe provide limited and short-term economic benefits.

On the other hand, proponents of the Chinese approach emphasize that the loans have a positive impact on fostering economic growth within their nations. They believe that China's infrastructure strategy is advantageous due to its fewer stringent constraints and regulations. That the loans have indeed yielded indispensable infrastructure advancements, such as roads and hydroelectric dams.

Nigerians have every reason to worry about the controversies around Chinese loans. In the public domain, Chinese loans are perceived as a huge burden placed on Nigeria. There seems to be a consensus that Chinese loans to Nigeria are not sustainable. The loans have been made more complex because the loans have the "cross default" provisions that tie the various loans to one another. If the loans were easy to repay, Angola, Ethiopia, Zambia, Kenya and Congo Democratic Republic would not have defaulted. The treatment given to defaulting nations is equally shabby. (Erinne 2020)

Chinese companies own or operate terminals in 96 ports in 53 countries. This has given China enormous political power and economic leverage around the world. China has indeed spread her powers across the African continent, pushing her much coveted debt-trap diplomacy unchallenged.

As at 2021, there are 15 projects financed by China's loans in Nigeria, totaling $7.26 billion.

The projects include

- Idu-Kaduna Rail $500 million.
- Abuja Light Rail $657 million.
- ICT infrastructure $100 million.
- Zungeru-Ibadan Rail $984.32million.
- Lagos- Ibadan Rail $1.26 million.
- Greater Abuja Water $381.09million
- Nigerian Communication Satellite $200million.
- Abuja-Keffi-Maiduguri Road $460.82 million
- 40 Rice Processing Mills $325.67 million.
- 4 Airport Terminal Extension $500 million.
- Security communications system $399 million.

Therefore, it is pertinent to keep in mind that no nation has ever carried out a foreign policy without its national interest in mind. Thus, Chinese loans to Nigeria and Africa at large can be considered as an extension of China's foreign policy in the continent.

VI. IMPACTS OF DEBT TRAP DIPLOMACY

Thinking systematically about the effects of China on global development, there are a variety of channels of greater or lesser importance at different scales, from the local to the global macro-economic, that are worthy of consideration and subject to more or less state involvement and direction.

These include:

- demand for natural resources and other goods and services in a generally rapidly growing Chinese economy;
- competitive displacement effects on other producers around the world in manufacturing in particular as a result of Chinese 'commodity power'.
- employment creation and destruction and other economic impacts associated with outward foreign direct investment (FDI) from China and its attraction away from other potential locations
- China's global influence on keeping interest rates lower than they would normally be, as a result of the huge pool of savings in that country;
- impacts of Chinese infrastructure construction through the BRI, including on sovereign debt
- geographically uneven impacts on innovation as part of a 'battle for the Global North' in the generation of new technologies and the expansion of associated standards, as expressed particularly through the China 2035 plan
- perhaps less tangible or measurable governance impacts as a result of strategic couplings of interests between Chinese and Global South political elites
- the impacts of Chinese overseas development assistance and programmes of technical and educational cooperation
- the economic impacts of Chinese diasporas, in terms of job creation and displacement, trade and network facilitation and access to capital, imports and additional exports
- the economic and governance impacts of Chinese-led institutions and agreements such as the Asian Infrastructure Investment Bank (AIIB), BRICS Development Bank and the new Regional Comprehensive Economic Partnership which took effect in 2020.

China's growth model following the Mao era (1949–76) was produced by debt-fuelled infrastructure investment and the formation of export-oriented manufacturing clusters. These clusters generated surpluses which repaid the initial debt and allowed the cycle to repeat. However, throughout the 2000s, and particularly from the early 2010s, following China's massive stimulus that was induced by the North Atlantic Financial Crisis, the model began to suffer from a major slump in profitability.

It is evident that China did choose its borrowers strategically. It stepped in at the most opportunistic moment and gave the best deals to its handpicked targets. Most countries did not have a good credit rating and thus were ineligible to seek help from other alternative sources of external finance. In such a situation, China protected its interests by holding project assets as collateral. The Chinese Exim Bank, through 'Resource Guarantee Infrastructure Financing', focused mainly on mineral and hydrocarbon-rich African states to leverage the extraction of natural resources against defaults on loans. For instance, it extracted Copper from Zambia, Gold from Tanzania, and Oil & Gas from Sudan. This strategy can be termed China's safety net, but not its Policy. Moreover, China proved helpful in quite a few cases, it helped Pakistan with its perennial power shortages, boosted communication and energy sectors and developed transport channels throughout Asia and Africa. Therefore, though China may have exacerbated, it did not cause the problem, whose roots

lay in the borrowing countries' broken politics and economic mismanagement (Ajinoti 2022).

VII. THEORETICAL FRAMEWORK

Dependency Theory

Dependency theory suggests that resources flow from poor and underdeveloped states (the periphery) to wealthy states (the core), enriching the latter at the expense of the former.

Dependency theory holds the core perspective that underdevelopment of the third-world countries is tied to the drift of wealth and assets from the poor regions to the rich developed society, which keeps the Western world perpetually in riches, through retaining the third-world economy at the base of the pyramid (Namkoong, 1999). The dependency theory, which developed in the late 1960s, maintains that poor states continue to be poor, while the rich ones remain rich through the integration of the poor states into the unbalanced world system.

According to Tenzin and Lee (2022), dependency is seen as some interrelations and connections among humans which makes one side rely on the other for many reasons: funding, mentoring, parenting, guiding, financing, and housing, among others. Some of the above kinds of relationships can be readily found around children and parents, lecturers and students, employers, employees, developed and underdeveloped countries, and so on. Tenzin and Lee (2022) argue further that every society is seen in a global web of oneness in today's world tending to enforce some ways of dependency, rather than being an island unto itself. Dependency theory has become pertinent and dominant in academia today, as some countries appear to want to remain in a permanent dependent condition while being policed, dominated, and with their choices of freedom limited (Tenzin &Lee, 2022).

Ghosh (2001) buttressed that dependency theory has forthwith provided substitute means of learning and understanding the lack of development in third-world countries through the lens of new ideas, new dimensions and unfolding discoveries for understanding the development process of the borrowing of dependent countries. Frank (2001) stated that underdevelopment was enmeshed in third-world countries through how they were incorporated into the world economic system and international politics, with major players of Europe and America that had hitherto been present with their economic tools of world capitalism which tended to impoverish the periphery in a way that ensured the dominance of the metropolis over and every participating less developed country members.

Debt trap diplomacy can be seen as a form of dependency, where developing countries become economically dependent on more developed countries due to unsustainable debt. This dependency inhibits the economic growth of the developing countries and perpetuates their subordinate position in the global economic system. The lending countries maintain their economic dominance by ensuring that the borrowing countries remain dependent on their financial assistance and unable to achieve true economic independence.

China is a communist society, but in an economic context, the country is strictly capitalistic. In a basic sense, can one sovereign state help another sovereign state reach the period of mass consumption in a global capitalist order? The dependency theory emerged as a harsh opposition to the modernisation theory, which debunked most of the economic strategies suggested by the modernisation theory (Matunhu, 2011:68). The developed states stand to benefit the most from international trade, compared to the global south because the developing and underdeveloped axis depends on developed axis for both developments, funds and technology essential for the production of goods to create national revenue. (Markovitz, 1977).

Dependency comes in multiple shades, such as aids, foreign direct investments, loans, technology, final and capital goods, and the introduction of foreign cultures. It explains why African pilgrims take resources to Saudi Arabia, Rome, and Israel; it is an indication of the dependency value chain. African countries that are enjoying the benevolence of BRI risk the possibility of being leashed to China's technology, investments, and conditionality, although China claimed that they have no intention of interfering in host states' domestic affairs. Conversely, an incident that transpired between Kenya and China of recent echoes future possibility of China to threaten OBOR receiving states to succumb to certain conditions. For instance, China threatened to bring an abrupt halt to loan supply to Kenya due to Kenyan's government ban on importation of Chinese tilapia fish, which flooded the Kenyan domestic market (Maruiki, 2018).

China offers loans to Africa in specific public sectors such as railway, highway, electricity, seaports, and production of cash crops simply to enhance exports of primary raw materials. If China truly meant well for Nigeria nay Africa, knowledge in the creation and development of artificial intelligence would have been heavily sponsored and promoted in Africa.

Realist Theory (Realism)

Realism is an international relations theory that emphasizes the competitive and conflictual aspects of international relations. It posits that states act in their own self-interest and seek to maximize their power and security. The realist school of thought, which is considered the most critical in IR, and one of the oldest and widely held theoretical approaches worldwide, will be used to analyze the relations between Nigeria and China. Also, often referred to as the power politics or realpolitik, realism's central focus is the acquisition, maintenance, and exercise of power by states (Pease, 2008). Power often divided into "hard" and "soft" power varies depending on issue at hand. Hard power is usually identified in term of tangible military capabilities and soft power stems from the influence that results from ideas, wealth, or political/economic innovation (Pease, 2008).

Realism further embraces the idea that nations are self-interested and will place their interests in the forefront. Since states are comprised of conflicting interests, the outbreak of war is inevitable and result of uneven power distributions among states. This theory is considered the most practicable tool to analyzing Nigerian–Chinese relations. Based on recent activities, it is undeniable that their relationship is centered on their own economic growth and development. Nigeria looking to China as an alternative for her own economic growth and China looking to Nigeria for its own economic gain.

Any country that sees another country, as its helper to prosperity, is undermining the reality of the logic of international political economy and system where states individually pursue national interest.

The specific factors that appear relevant in the case of "China's foreign policy‟ is the interest in Nigeria's resources, and the underlying assumption of the Nigerian decision makers is that China is helping them in achieving some national objectives.

A key theme of Realism according to Antunes and Camisao (2018) is the unchanging human nature that will always want more powers and economic gains toward maintaining their ego, which tends to make individuals or individual countries quite selfish and states security conscious. In other words, Realism remains a very broad concept and foundation in international politics with its general belief in the interrelationship among countries which is driven by interests, such that every individual country is out to acquire as much power, influence, and wealth as possible, at the expense of others.

States are considered the only actors that matter in international relations, from a Realist perspective. Based on this, states would do anything, including giving loans to subjugate lesser states and to maintain the dominance of their relevance in the community of nations (Goodin, 2010). Similarly, Mearsheimer (2001) argues that powerful states are also known to always be on the lookout for more economic and political opportunities to retain international influence, military dominance, and political preponderance over smaller countries.

Realism as a theory has its origins in the work of Niccolò Machiavelli's The Prince of Realism invariably means that the state gives the highest considerations and priorities to the concept of power-politics in its relations with other states. From a realist perspective, debt trap diplomacy is a strategic tool used by powerful states to enhance their geopolitical influence. Lending countries use debt strategically to gain control over critical assets or to secure political allegiance from borrowing countries. Realism explains debt trap diplomacy as a calculated move to increase a country's power relative to others, often at the expense of the borrowing country's autonomy. The Chinese BRI is only sponsoring projects that will enhance its national interest. However, the BRI will satisfy the short-term needs of its foreign beneficiaries, but in the long run, the receiving countries might become indebted to China. They would become reliant on Chinese products and technology, just how most contemporary African states are reliant on final goods from Western Europe and Japan, which consumes a huge chunk of their national income.

However, Nigeria's indulgence in the exportation of primary goods should not be blamed on BRI because China, as an astute primary actor, is pursuing her foreign policy, while Nigeria as a rational primary actor, is equally pursuing her overriding national interest. The political and economic affairs of Nigeria

is of less importance to China because China is simply fixated on fulfilling her national interest. From this premise, one can suggest that China sees their DTD foreign policy as 'a means to an end.

The above theories were considered in analysing Chinas DBT because it painted an equivocal assumption regarding the motives behind the DBT. From this point of view, it is unethical to confidently regard the initiative as bad or too formidable for criticism because the primary actors involved found common ground, which is beneficial to both parties. But the problem that might arise from the relationship is the possibility of Nigeria's unmeasured reliance on China. The initiator of OBOR conceives it as foreign policy, while Nigeria perceives it as a development policy instead of a foreign policy. Such a misguided or misconstrued view on the side of Nigeria can be a potential threat to Nigeria's economic and political flexibility in the long run. Meaning it can cripple Nigeria politically and economically in the long term by tying Nigeria to irredeemable dependency.

VIII. CONCLUSION AND RECOMMENDATION

It is a mixed picture but worrisome, nevertheless. On one hand, we cannot deny the existence of the propaganda around the 'China Debt Trap Diplomacy', China's means to an end; similarly, it is conceived as a means to an end by Nigeria, which explains the win-win claim of the initiative. But in a fundamental sense, it is not a win-win deal due to the nature of the relationship, which is a strictly asymmetric relationship. While Chinese money has provided much-needed investments to fund local growth, it has come at a heavy price for Nigeria and Africa at large. Alternative and perhaps more affordable financing may have demanded better public governance efficiencies in African countries, but China has continued investing in the region despite the widespread corruption and lack of transparency.

Beyond all of these, developments have become sluggish in Nigeria owing to uninformed and greedy political leadership that has set the pace of the country's start-up at independence as influenced by the British colonial powers. Incidentally, almost all of the 54 African countries have continued to battle the resultant effect of socio-political and economic dimensions of colonialism and neo-colonialism in the aftermath of their independence, which has continued to foster debts in the African setting. Lack of transparency, shady intent of conditionalities, high-interest rates, among other charges have always made the debts to be out of reach, ultimately forcing the African borrowing nations to operate at the dictate of the whims and caprices of the lenders.

Since it has been argued that the debt profiles of a country often lead to wrongful impacts on the economy, with the imposition of economic ill-fated conditionalities, many wonder why Nigeria continues to swell up its debt profiles, which continue to keep the country's monetary system and economy at its lowest. To avoid a repetition of the past, the Nigerian government should urge the Chinese government to consolidate a policy of employing Nigerians and exposing them to their technological skills for the guarantee of transfer of technical know-how. However, China might be reluctant in this regard because it will infringe on her strategic interest. Nigeria, as the most populous African country, should convene a multilateral seminar of African OBOR beneficiaries to discuss with other African states how the unfavourable terms and conditions of the OBOR can be revised.

African states will have to adopt a multilateral approach in this regard to boost their bargaining power. A unilateral bargaining approach might not yield the desired response.

Other measures that should be adopted are;

- Ensuring that loans are used for productive purposes that contribute to sustainable economic growth.
- Diversifying the economy to reduce reliance on resource rents and mitigate the adverse effects of imports
- Managing resource revenues prudently to avoid over-dependence on fluctuating commodity prices.
- Developing strategies to address short-term variations in FDI to ensure a stable and sustainable debt trajectory.

Additionally, understanding the long-term consequences of these financial engagements, both positive and negative, will be critical for policymakers and scholars.

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