The term “debt-trap diplomacy,” coined by Indian pundit Brahma Chellaney, is fast gaining credence. Chellaney speculates that China harbors “neocolonial designs” to ensnare other countries in excessive debt, citing the case of Sri Lanka, which sold a majority stake in the Hambantota port to China, as evidence. “It is even better for China that the projects don’t do well,” he adds.

Conspiracy theories are attractive, particularly those about a communist dictatorship conspiring to dominate the world. Astute readers, however, should rely on facts. Consider two facts to put things in context.

First, while China is steadily extending more loans, it is by far not the largest creditor in many developing countries.

Take the case of Sri Lanka, often touted as a victim of China’s debt diplomacy. In 2015, China was Sri Lanka’s third-largest creditor, behind India (second) and Japan (first). Sri Lanka owes Japan almost four times as much in loans as it owes China. Indeed, Japan has been Sri Lanka’s largest bilateral creditor since 2006.

And yet we’ve never heard complaints about Japan conspiring to entrap Sri Lanka in debt, have we? The reason: China is not trusted.

Second, debt risks depend not only on the amount of loans but also on whether the loans are productively used to generate long-term returns.

Debt risks depend not only on the size of debts, but more importantly, on the quality of projects funded and the ability of debtors to generate sustainable growth and exports.

Again, Sri Lanka is a case in point. Taking loans from China is not by itself a trap. What is dangerous is to borrow funds—from any country—to finance shoddy white elephant projects, and to invest in infrastructure without boosting exports.

The premier of Sri Lanka has acknowledged these problems. In his economic statement to the Parliament in 2017, he identified the need to “diversify our exports” and “integrate into international value chains” in order to tackle the country’s rising debt.

The bottom line: It’s easy to cherry-pick a few failed cases to make sweeping claims about “debt-trap diplomacy.” But don’t be fooled. Evaluate the full picture.

Conspiracy theories have obscured the real policy issue that virtually no media outlet mentions: Facing an unprecedented financing bonanza, both China and other developing countries must learn to exercise fiscal discipline. This is new to Chinese policymakers, as state banks have traditionally dealt with domestic but not foreign loans.

Working with the International Monetary Fund, the Chinese government recently established the China-IMF Capacity Development Center to train officials both from China and countries along the Belt and Road Initiative on debt sustainability analysis. This is a learning process for the entire developing world. Evidently, such news would not make sexy headlines, yet it constitutes real work being done on the ground—rather than speculation.

Beijing’s Belt and Road investment scheme has imported corrupt and opaque deals to a host of countries.

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China’s Belt and Road Initiative is impacting nations across Eurasia in ways that place pressure on transparent, accountable, democratic politics. China’s authoritarian political model and the role of the state in steering Chinese economic engagement abroad for grand strategic purposes underlines the risks to smaller countries from an influx of Chinese investment that pulls them into China’s orbit in ways that undermine political pluralism. No country rejects Chinese investment, but many have an interest in ensuring that it does not suborn their independence or empower authoritarian actors inside their societies at the expense of democrats.

China’s finance-powered foreign influence risks undermining democratic systems and processes, contributing to social divisions and political corruption, and risking state capture in an expanding, illiberal sphere of influence that is corrosive to democracy. China’s influence once