

Comparative Analysis of Debt Trap and Shared Economic Growth Perspectives for Belt Road Initiative

Ms. Afsheen Zeeshan, Lecturer

Dr. Shafei Moiz Hali, Assistant Professor

Dr. Nauman Ali Talib, Assistant Professor

Department of Government and Public Policy National Defence University Islamabad,
Pakistan

Abstract:

BELT ROAD INITIATIVE was launched by China in 2013 to connect Asia, Africa, Europe and Russia as a part of geo-political and geo-economic strategy. Now there are two perspectives regarding this project that prevail in the world; one focuses on the shared economic growth whereas the other highlights that China is working for its national interest only. Infrastructure developments for all the participating countries emphasize upon the win-win situation for all whereas debt trap perspective indicated that China is trying to change the global order by introducing new financial institutions. The objectives of this research article is to have a clear knowledge regarding these both perspectives and to offer a study on the basis of which, researchers can plan their future research for Belt Road Initiative.

Keywords: Belt Road Initiative, Debt, Economic Growth, Infrastructure

Belt Road Initiative:

In 2001, China became the part of World Trade Organization and started to prove that it is the largest trading country of this world in goods market and largest contributor in foreign direct investment. With the China's progress many of the researchers began to highlight the fact that this Asian power is slowly and steadily taking the hegemonic place of United States of America both in economic and political fields. Belt Road Initiative is a very strong international infrastructure development plan to support this perspective. enjoys the status of having greater accumulation of material and capital, so it has started to share these with other countries as an integral part of its foreign policy domain. In this plan, more than 70 countries and international financial organization from all over the world are participating. Railroads, skyscrapers, dams, airports, roads, and ports are important projects that are being implemented under the umbrella of BRI. Chinese President XI JINPING highlights always that this project is the reason behind establishing good ties of China with other states but there are rival groups of the country who say that the motives behind this project are not as simple as are being portrayed. An example can be taken from launch of a new project by the name of Blue Dot Network in 2019 by the collaboration of Australia, Japan and USA. Now BRI is taking

its flight in African and Central Asian countries, the debates are ongoing in different parts of the world about both perspectives that is this a debt trap or shared economic growth.

Research Objective:

A comparative analysis of both perspectives; shared economic growth and debt-trap is need of hour and this research article has aim of doing it. The main research objective is ***to analyze all the risks associated with implementation of BRI as well as to evaluate the win-win situation if exist for all the participating countries.***

Significance of the Study:

Since World War Two, the United States of America is enjoying the hegemonic position in the world's economic and political domain. USA has been the center of launch of different plans that impact the economic and political scenarios of various countries. But now China has come up with a project that has the potential of making China a strong competitor for global leadership. In the developing world, China has been emerged as an economic giant because of it well-articulated and well-executed macro and micro economic policies. The Western countries are of the opinion that China is not clear to the world about its motives behind this project and there is a need to stop it to maintain the status quo. These scenarios call for a comparative analysis of both perspectives because this evaluation is very important for the participating countries as well as the Western world. This research study is providing theoretical foundations for this comparison by taking evidence from literature and offering the basis for future research regarding Belt Road Initiative.

Literature Review:

This segment of the study would explore the current literature on the issues of the debt trap and shared economic growth narratives. Since there are no solid theoretical foundations on the topic yet, this segment would utilize previous research on globalization, economy, and political sciences to analyze the concepts of the debt trap and shared economy growth for the BRI program.

The western globalization model has been experiencing massive overhaul, with the Chinese proposal proving to be a competitive approach. According to Corking, a significant explanation of the constant rise of China has been its soft power policy clear with its foreign relations with developing areas like Africa. China has been rising beyond the vision of the leading advocator, the United States, by creating new opportunities and solutions. Recently, the revolutionary efforts of Chinese leaders enable the Asian giant to shade off its passive approach on international matters and join the U.S. and Europe in becoming a global solution¹. The developmental model of China then became its primary route to ensure successful internationalization. The resultant effect was growth in the competitiveness level of the Asian nation. Developing nations are increasingly getting attracted to China's

¹Kastner, Scott L., Margaret M. Pearson, and Chad Rector. *China's strategic multilateralism: Investing in global governance*. Cambridge University Press, 2018.

globalization model where factors such as inclusiveness, openness and win-win corporations as the primary principle of agreement, features, which were absent in previous globalization regimes.

The popularity of China is also felt in Latin America because of its political development approach. Wise and Ching, in their exploration of the emergence of China in Latin America, noted that the country has been marketing its development policy, where political economy plays a central role. Latin America has had an adverse history with global leaders because of their differing ideologies. The conditions presented by the western nations, such as structural adjustment programs, liberalization, democracy, and respect for human rights have been stifling any collaboration between Latin America and the former². China's aid is largely unconditional. Besides, the central area of contention between Latin America and the rest of western nations has been politics, a situation China is now capitalizing to extend its global power³. The fact that the Asian giant use approaches such as inclusiveness, openness and win-win corporations has been boosting collaborations with Latin America, which has been vocal against the interference of its sovereignty by western nations.

These all characteristics have been attracting cooperation with developing countries, notwithstanding China's treatment of Tibet and Taiwan. The soft power policy by the government means little interference with the governance of its partners. Although the nation has been grappling with democracy issues, its non-interference of global political practices has attracted leaders from Latin America and Africa. Their track record could not draw a western audience.

1. Belt and Road Initiative (BRI):

China's BRI is a plan that aims at connecting Asia, Europe and Africa using land and maritime networks. Ohashi's study on China's opening-up policy reveals that General Secretary Xi Jinping sought to emulate the Silk Road concept initiated before 2000 years by Han Dynasty. The previous route linked China to the Mediterranean through Eurasia. The primary corridors of this initiative include Maritime Silk Road, a marine passage linking coastline of China with south and southeast Asia, Eastern Africa, the Middle East, the South Pacific and Europe⁴. On the other hand, the trans-continental channel connects China with South, Southeast Asia and Central Asia, Europe and Russia. The primary idea of BRI has been to introduce infrastructure

²Sunkel, Osvaldo. "Uneven globalization, economic reform, and democracy: a view from Latin America." In *Whose World Order?*, pp. 43-67. Routledge, 2019.

³Bernal, Richard L. "10. Central America and the Caribbean's Relations with China and the United States." In *China, the United States, and the future of Latin America*, pp. 232-268. New York University Press, 2017.

⁴Koboević, Žarko, Željko Kurtela, and Srđan Vujičić. "The maritime silk road and China's Belt and Road Initiative." *NAŠE MORE: znanstveni časopis za more i pomorstvo* 65, no. 2 (2018): 113-122.

development for maritime ports, roads and highways, railways (diesel and electric) and airports, and power plants and telecommunications networks as part of an extensive program of investment in China in these countries⁵. The project's attractiveness has forced 138 nations to sign a Memorandum of Understanding (MoU) as of March 2020. The program defines China's leadership and Xi Jinping almost eight years since it became a reality.

The magnitude of the ambition of the BRI project raised the question of the ability of China to provide logistics, finance, and advice for running these programs. The seriousness of the aspiration of China was evident with the government pledging US\$113 billion in special funds for investments in BRI. The figure was part of the initial estimation of \$ 6 trillion investments in the world's fastest-growing economies. Since the Chinese government has been central to the ambitious BRI, finances and logistics have been abundant, forcing western nations to take note, with one of the initiatives being the Blue Dot Network in 2019 to rival China's vision.

2. The Debt Issue:

The subject of the "debt trap" has been rising with the issue of BRI; especially with the case of Africa. Anzette Were in the article titled, "Debt trap? Chinese loans and Africa's development options", engrossed on the concern of African infrastructure and the increasing debt. China has been downplaying this notion by arguing its loan has helped develop the continent, which was visibly lagging compared to other continents. On the same note, African leaders have been downplaying the idea that China's loan is a death trap instead of arguing it insults Africa decision-making process. Although China, Africa, Asia, and Latin America continue downplaying the narrative of the debt trap, the spiraling debt of these nations presents a case of corruption, poor governance and lack of proper finance guidance.

On the contrary, critics have argued there is no connection between the debt trap and the BRI initiative. Lee and Hameiri, while debunking the myth of 'debt-trap diplomacy', insisted that the euphoria arose with the failure of Sri Lanka's Hambantota Port, where media and senior policymakers picked the idea and spread the idea that China was attempting to establish control over its debtors. The 2018 report by Mike Pence (US Vice President) that China was using debt-trap diplomacy in the case of Sri Lanka increased attention to the term⁶. However, Carmody concluded that the debt trap situation clear with China's debtors is not a pre-estimated issue but rather an outcome of corruption, poor governance, and poor debt servicing by debtors.

In a 2019 report, Alexandre Dayant, Roland Rajah and Jonathan Pryke analyze the financial configuring of BRI schemes in the Pacific. The analysts determine that "the evidence to date suggests China has not been engaged in deliberate debt trap diplomacy in the Pacific." They highlight, "with nominal GDP growth across the region generally well above the 2 per cent

⁵Dong, Yujie. "Geo-Economics behind BRI." *Academic Journal of Business & Management* 2, no. 6 (2020).

⁶Shaomin, Xu, and Li Jiang. "The Emergence and Fallacy of China's Debt-Trap Diplomacy Narrative." *China Int'l Stud.* 81 (2020): 69.

interest being charged, even slow-growing Pacific economies can potentially grow their way out of Chinese debt.”⁷

Deborah evaluated the concerns regarding debt issues. Using a database on Chinese loans to Africa that provides information on more than 1,000 loans, she concludes that there are no examples to show that “the Chinese deliberately entangled another country in debt, and then used that debt to extract unfair or strategic advantages of some kind in Africa, including asset seizures.”⁸

In a third study that was conducted during 2019, Gailyn Portelance, Scott Morris and John Hurley examined loaning practices in 23 countries related to BRI with comparatively extraordinary intensities of debt as 50-60% debt to GDP ratios and even more. The writers discover, “some countries, that are rather deprived and small and deal with considerably bigger threat of nonpayment of loan,” the Belt Road Initiative is “unlikely to cause a systemic debt problem in the regions of the initiative’s focus.”⁹ The study identifies 23 BRI countries at risk of debt distress today according to standard measures of debt sustainability. For each of these countries the study constructs a BRI lending pipeline based on public available sources. They study **integrate the lending pipeline** into the countries’ overall debt and debt to China as of end-2016. It determines 8 participating countries for which the BRI creates the potential for debt sustainability problems.

A study related to China’s infrastructure plans (2018) in the Caribbean and Latin America indicates about projects funding, their choice, and execution followed the excellent profit making activities. The factors considered are comprised of

- (1) the utilization of market-based and open-bid schemes for task allocation
- (2) performance relative to contract.¹⁰

The study of Brautigam debates about the Sri Lanka’s case of Hambantota Port.¹¹ The Export-Import Bank of China financed the port was financed in 2010. The government of Sri Lanka was incapable for reimbursing the liability that was due on port, and its actual reason was its poor location (the label of white elephant is used for the port), even though incapable administration is accountable too regarding its state. A bidding process has

⁷ Rajah, Roland; Dayant, Alexandre; & Jonathan Pryke. (2019). Ocean of Debt? Belt and Road and Debt Diplomacy in the Pacific. *Lowy Institute*, pp. 4, 12, 14. Retrieved from <https://www.lowyinstitute.org/publications/ocean-debt-belt-and-road-and-debt-diplomacy-pacific>

⁸ Brautigam, Deborah. (2019, December). A Critical Look at Chinese ‘Debt-Trap Diplomacy’: The Rise of a Meme. *Area Development and Policy*, p. 6. Retrieved from <https://www.tandfonline.com/doi/abs/10.1080/23792949.2019.1689828?journalCode=rard20>

⁹ Hurley, John; Morris, Scott; & Portelance, Gailyn. (2019). Examining the Debt Implications of the Belt and Road Initiative from a Policy Perspective. *Journal of Infrastructure, Policy and Development*, 3(1), 143–144. Retrieved from <https://www.cgdev.org/sites/default/files/examining-debt-implications-belt-and-road-initiative-policy-perspective.pdf>

¹⁰ Dussel Peters, Enrique; C. Armony Ariel; & Shoujun Cui. (2018). *Building Development for a New Era: China’s Infrastructure Projects in Latin America and the Caribbean*. (Pittsburgh, Pa.: Asian Studies Center, University of Pittsburgh). Retrieved from <https://www.redalc-china.org/v21/images/Red-ALC-China-y-U-PittsburghBuilding-Development2018.pdf>

¹¹ Brautigam, 2019.

been organized by the government for a long-term lease of 99 years on the port. The bid was won by CM Port that was a state-owned enterprise of China and a port authority that was a state-owned enterprise in Sri Lanka collaboratively in 2017. Approximately \$1.12 billion were paid to get the lease. The Hambantota Port that is usually quoted as an example to support the debt-trap argument, cannot be considered as a case for a debt for equity exchange. The actual dues remain as a dominant commitment of the government of Sri Lanka, and the earnings gained after the deal of the 99-year of port lease to the winning bidder were not utilized for repayment of loan. There was condition that this port is to be utilized for the civilian objectives only but if Sri Lanka needs, it is able to have this port for even military purposes. China seems to have compensated twofold for the port, once as equity and once as debt. First, the Export-Import Bank of China stretched loans and credits to construct the port at as its lending arm in an assessed budget of \$1 billion. This liability remains due and unpaid. China consequently acquired the authority to control the harbor for 99 years for the total amount of \$1.12 billion. Possibly, if Hambantota Port is actually a white elephant as assumed, it cannot be quoted as an example of a debt trap for the debtor and as a substitute has changed to be a debt-cum-equity arrangement for the creditor.¹²

Infrastructural developments are significant indicators for growth in developing economies, then funding is the fuel to run those indicators. The sustainability of BRI funding will be determined by the efficiency of the BRI ventures themselves. The progressive earnings from greater public infrastructure investment more commonly have been stimulated by multilateral development organizations. For instance, a commonly cited ADB study declares that in Asia alone, \$26 trillion in infrastructure investments are necessary over the 2016-2030 period to sustain 3 to 7 percent economic progress, eradicate poverty, and deal with climate change.

The sustainability of a country's debt is not only dependent on macroeconomic indicators, but also on the configuration of its debt portfolio. For low-income countries (LICs), right to have concessional financing is important for attaining the twin objectives of debt sustainability and progress toward reaching development goals. The higher the concessions, or grant element, of the loan, the less risk of default on the part of the borrower. For multilateral bodies such as the World Bank and the AIIB, the financing terms for loans to sovereign governments are widely available. This exercise is also followed by most bilateral development finance organizations. However, CDB and China Exim Bank do not reveal the terms of their loans, making it hard, if not impossible, to correctly evaluate the present value of the debt owed by a country to China. Anecdotal evidence from media and IMF reports show that the terms of CDB and China Exim Bank loans vary extensively, from interest-free loans in the case of some

¹² Dossani, Rafiq; Bouey, Jenifer; & Keren Zhu. (2020, May). Demystifying the Belt and Road Initiative: A Clarification of Its Key Feature, Objectives, and Impacts. *RAND Corporation*, Page 23. Retrieved from https://www.rand.org/pubs/working_papers/WR1338.html

Pakistan projects to a fully commercial rate in the case of the Ethiopia-Djibouti railway.¹³ Borrowers are also vulnerable to exchange rate risks given that most CDB and China Exim loans are denominated in dollars or renminbi.

3. Shared Economic Growth Narrative:

Theories would be critical in the evaluation of the shared economic growth narrative. Hegemonic stability theory would be crucial in explaining political science, economics, and history to explain the persistent rise of China. The fact that the Asian nation aims to be a stable and a single country to achieve the best world environment proves the idea of Hegemonic stability theory. The other theory connected with China is Baldwin's economic diplomacy theory (Baldwin, 1983). This approach insists that a nation can achieve its foreign policy objective through financial means. China, in this scenario, has been trying to influence the behavior of other countries by economic means. Network theory is the different approach that explains the idea of China and BRI. The nation is establishing a group of nations, which can share ideas and ideologies. BRI is a form of networking, with China being at the center of the network. Lastly, the concept of internationalization indicates that China has been adopting a global mindset perspective where it is aware of changes in global processes.

Vice-Minister of Commerce of China, H.E. Qian Keming, in the opening session, reiterated the points made by President Xi Jinping in his speech to the Second BRI Forum that BRI partners should hold the principles of extensive consultation, joint contribution and shared benefits and pursue a high standard of cooperation in order to improve people's lives and promote sustainable development. He reiterated that BRI was proposed by China, but owned by the world, which will not only bring new opportunities to partner countries, but also provide new space for China's development. He highlighted the importance of this conference including the launching of UNCTAD BRI Platform, saying "China's experience could facilitate the development of other developing countries".¹⁴

Zhang Jianping from CAITEC said in his presentation that China would not coach others on development model, but would like to share two key experiences, infrastructure and industrialization. In past 4 decades, China had used its comparative advantage of low-cost labor to promote export-orientated growth and with great success. The essence of BRI, based on connectivity, is to expand Global Value Chains through trade and investment aiming for boosts shared development among all partner countries. Two key learning experiences from

¹³ See IMF, July 2016 for grant elements calculated for selected Djibouti Projects, and Mughal, 2017 for reporting on Pakistan. AidData also calculates grant elements for a variety of projects.

¹⁴ (2019, April, 28). *Report on the International Conference on BRI: Sharing China's Experience with Partner Countries*. International Conference on Belt and Road Initiative: Sharing Policy Experiences by UNCTAD and CAITEC. Beijing, China. Retrieved from https://unctad.org/system/files/official-document/BRIplatform2019d01_Report_en.pdf

China are those of infrastructure and industrialization, which are essential for achieving 2030 Agenda through South-South Cooperation.¹⁵

China seems committed to reorienting and reorganizing the decaying international world order and stands ready to share its development prowess with other countries, particularly BRI partners through a new model of shared development. China is attempting to enhance its friendship and cooperation with all countries based on five principles: (a) coexistence grounded in peace; (b) respect for sovereignty and for territorial integrity that is mutual; (c) noninterference in other countries' internal affairs; (d) nonaggression on all sides; and (e) equality and cooperation for mutual benefit. China acknowledges that successful implementation of BRI will bring shared prosperity, shared development, and win-win outcomes for all participating countries.¹⁶

China has effectively responded to neoliberalism's crises and took effective measures to redefine and reorient globalizing practices by, among other things, providing a new alternative model of shared development for mutual benefits through its Belt and Road Initiative (BRI).

BRI is often labeled as Beijing's strategic effort to boost its soft image as a constructive actor in its neighborhood through a shared model of economic and social success that respects the sovereignty of and the equality among nations. It is embedded in the "Chinese dream" to "leverage China's growing economic power and influence [along its periphery] in order to strengthen and expand cooperative interactions, create an integrated web of mutually beneficial economic, social and political ties, and ultimately lower distrust and enhance a sense of common security".¹⁷

Comparative Analysis of the Debt Trap and Shared Economic Growth Narratives:

This study utilized systematic literature review to collect data on the comparative analysis of debt trap and shared economic growth. After reviewing various studies that meet the above criteria, it was clear that China is rising as an economic and global leader after years of being passive in foreign relations. The primary explanation of the rise of China has been its soft power policy (Corking). The soft power efforts have helped eliminate the stereotypes about

¹⁵(2019, April, 28). *Report on the International Conference on BRI: Sharing China's Experience with Partner Countries*. International Conference on Belt and Road Initiative: Sharing Policy Experiences by UNCTAD and CAITEC. Beijing, China. Retrieved from https://unctad.org/system/files/official-document/BRPlatform2019d01_Report_en.pdf

¹⁶ Khalil Khan, Muhammad et al. (2018). China's Belt and Road Initiative: A Global Model for an Evolving Approach to Sustainable Regional Development. *Sustainability*, 10(11), PP. 4234. Retrieved from https://www.researchgate.net/publication/329008016_China's_Belt_and_Road_Initiative_A_Global_Model_for_an_Evolving_Approach_to_Sustainable_Regional_Development

¹⁷ Swaine, M.D. (2015). Chinese Views and Commentary on the "One Belt, One Road" Initiative. *China Leadership Monitor* No. 47, 1–24. Retrieved from <https://www.hoover.org/sites/default/files/research/docs/clm47ms.pdf>

China and its developmental record. The technique of failing to meddle with foreign administrations continues attracting China to developing nations¹⁸. The nation's globalization technique of inclusiveness, openness and win-win corporations are diverse from the western ideologies of conditions. Latin American nations are some of the developing countries, which are attracted to the soft power policy of China (Wise and Ching). Despite criticism of China's domestic actions on Tibet and Taiwan, it remains one of the most decisive global leader other countries are emulating.

China has been using development projects as a tool to collaborate with global nations. The nation's BRI project has been attracting several countries willing to benefit from its directive and ambitions. The BRI project was a brainchild of General Secretary Xi Jinping, who aimed at borrowing the concept of the Silk Road established during the Han Dynasty 2,000 years ago¹⁹. The project will cover south-east and south Asia, the South Pacific, Middle East, Eastern Africa, and Europe. The support of the Chinese government regarding logistics, finance, and operations makes BRI one of the attractive modern projects worth emulating. For this reason, Western nations selected to introduce the Blue Dot Network in 2019 as the answer to China's dominance. However, there have been questions concerning the purpose and the effects of BRI on nations.

The biggest problem concerns the subject of "debt trap" which is facing nations having difficulties in servicing their loans. Africa is one of the areas that have been facing the risk of failure to service China's development loans because of its massive borrowing appetite (Were). The issue of the debt trap has been prevalent, especially with the knowledge that Sri Lanka's Hambantota Port is now under Chinese administration because of the failure of the nation to service its loan (Lee and Hameiri). Despite studies showing little connection between the debt trap narrative and China, it is now a widespread assumption (Carmody). The idea is that China would continue enslaving more nations with its loans if the international financial institutions and governments do not address the problem.

A proper understanding of China's ambitions is using international global and economic theories. China argues that its policy is part of shared economic growth rather than debt trap. Proper analysis of China's claim could be through internationalization, networking theory, Baldwin's economic diplomacy theory and Hegemonic stability theory. These theories centre on the explanations of China's rise to stardom. Findings indicate that China is rising as a global commerce and foreign affairs leader. Western nations are beginning to take note and introduce counteroffers, which include accusing the motive of the Asian Giant.

¹⁸ Brady, Anne-Marie. *Magic Weapons: China's political influence activities under Xi Jinping*. Vol. 18. Washington, DC: Wilson Center, 2017.

¹⁹ Li, Xiaoxi. "Collaborate to Build Green Civilization with Reconciliation of Pluralistic Civilizations." In *Green Civilization*, pp. 265-296. Springer, Singapore, 2020.

The rise of China's dominance is, without doubt, pronounced and worrying at the same time. Previously, China was famous because of its conservative nature of focusing on its development and rarely engaging in international relations. Years of hard work and accumulation of wealth meant one thing: China had over a surplus of capital and products that required exports if it so wishes to be a dominant force in Asia and the world. Chinese leader Xi Jinping in 2013 understood the challenge and began opening China more for international market and policies. The introduction of BRI remains his ambitious project to match the successes of the western nation in controlling the finances and political policies. So far, the program has been performing well and propelled China as one of the dominant global players.

Nothing has been more fulfilling and a threat like China's Belt and Road Initiative in the contemporary world. This China's program has helped remind the world that the Asian nation is serious to be a dominant force in the world. The ambitious coverage of Asia, Africa and Europe has announced the seriousness of Xi Jinping's project²⁰. The ambitious nature of the program included the amount directed to the program (over \$ 6 million) and the type of infrastructure to constructed (roads, airports, ports and other significant investments). The most considerable factor attracting countries to be part of BRI include lack of political interferences and other strict requirements. Nonetheless, critics insist China's program is over ambitious and with some sense of malice. In retaliation, China insists its project is a shared economic growth narrative.

The mention of BRI elicits the subject of debt trap and failure compared to success. The fact that costs would outweigh benefits is not a secret. Most of the projects constructed by China are expensive compared to the GDP of these nations. For instance, according to Chirico, one of the loans granted by China to an African country was \$ 200 million extended to Nigeria. The vast sum is despite the incapability of the nation to generate the colossal amount from its GDP to repay the loan. On top of the amount, China had a binding agreement for Nigeria to purchase products from Huawei. Another example of China extending loans to a nation that is cash strapped is the case of Greece. An extension of \$ 600 million to turn Athens' port into the largest port in the continent was also questionable as the country was experiencing a rough patch concerning its finances. One of the issues that arose with this extension of loan despite the riskiness is the subject of hegemonic stability.

Like the rest of the ambitious global nations, China has a quest to occupy a leadership position and power. The government identifies different approaches to attain its goal. Extension of loans to nations must be one of the tactics of the business²¹. This claim is because the country has been extending loans to governments that appear as having minimal ability to repay loans. Hegemonic stability focuses on making China a global leader on all fronts,

²⁰ Schrader, Matt. "Domestic criticism may signal shrunken Belt and Road ambitions." *China Brief* 18, no. 14 (2018): 1-4.

²¹ Paradise, James F. "China's quest for global economic governance reform." *Journal of Chinese Political Science* 24, no. 3 (2019): 471-493.

including a financial lender. America has been enjoying the position of global leadership because of its economic and political power. China has been seeking to attain this goal through approaches like Nigeria and Greece, where it extends loans, but there are some underlying agreements, which places China in an advantageous position.

Critics still argue that BRI projects increase the risk of countries failing to benefit from the project and risk losing them to China. Nations have been benefiting from their collaborations with China, which include the financing of major projects. One of the countries that have been benefiting from China's loans is Sri Lanka. The Asian nation received assistance from China, which was helpful in the construction of major infrastructures such as Hambantota Port. However, when the country defaulted on its loan, it had to surrender the property to a Chinese company for 99 years. The idea is for the business to recoup its amount and interest within this period. Typically, critics would argue this was China's initial idea when extending loans to BRI members.

Conversely, the main idea of China has been to develop these nations, where they will generate revenues from their projects and pay their loans. This idea is part of networking theory, which focuses on boosting partners and assist them in attaining their goal. The issue of Sri Lanka is not isolated as it could happen to any partner. Internationalization also centers on globalization growth, where companies and countries should grow and share idea or products indiscriminately.

From the above analysis, BRI is not a debt trap, but rather, some underlining issues affecting a country contribute to the adverse effects of the loan. On the other hand, the shared economic growth narrative encompasses theories that explain the goal of China in BRI. Although research has been focusing on China's and debt trap, the subject of the primary intention of China is still scant.

Conclusion:

Recently, the popularity and position of China have been rising rapidly. The country is now a significant financier and development partner to most developing nations in Africa, Asia, Latin America, and some part of Europe through the BRI initiative. Although the country is attracting admiration from its partners, there have been questions concerning growing debts and whether China is aware of its damages on the partners' performances. Western nations have been critical of China's efforts, even though analysts show its actions are part of nations' global practices. China could argue that its practices are part of international norms, but critics would still insist its BRI project seeks to control its partners using its loans and investments. Additional research on the issue is necessary to analyze whether China's loans are increasing instances of debt trap or shared economic growth narrative is a reality.