

Financing Infrastructure or Sovereignty Erosion: Realist Dynamics in Chinese Lending to Africa

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Abstract

This study examines whether China's growing financial engagement in Africa constitutes "debt trap diplomacy" aimed at undermining African sovereignty. Within the Belt and Road Initiative framework, Chinese lending has expanded over the past two decades, funding infrastructure in transportation, energy, and telecommunications. Critics highlight non-transparent loan terms, collateral clauses, and rising debt distress as potential instruments of strategic leverage, while proponents argue that Chinese financing addresses urgent infrastructure gaps without the strict policy conditionalities of the IMF or World Bank. Using a comparative case study approach, the paper analyses selected African countries with significant Chinese credit exposure, focusing on loan structures, debt sustainability, restructuring experiences, and diplomatic alignment. Findings suggest that while elevated debt can constrain fiscal flexibility, evidence of systematic asset seizure or overt sovereignty erosion is limited. Outcomes are shaped by domestic political economy, African elites' negotiating leverage, and the global debt architecture. China-Africa debt relations are best understood as multidimensional interactions involving strategic economic statecraft, developmental pragmatism, and African agency, rather than a uniform neo-imperial strategy. The study concludes that while Chinese loans contribute to rising debt burdens and occasionally constrain fiscal flexibility, there is limited evidence of systematic asset seizure, direct policy imposition, or overt sovereignty erosion.

Keywords: *African agency, Belt and Road Initiative, China-Africa relations, Debt Sustainability, Debt trap diplomacy, Sovereignty,*

Introduction

The intensification of financial relations between China and African states over the past two decades has generated significant debate within the global political economy, particularly regarding whether Chinese lending under the Belt and Road Initiative (BRI) constitutes "debt trap diplomacy" capable of eroding African sovereignty. This study situates the debate along four trajectories: the historical evolution of China-Africa economic engagement; the expansion of Chinese concessional and commercial lending; the emergence of the debt trap diplomacy thesis; and the strategic logic of infrastructure financing under the BRI. China-Africa relations have roots in Cold War solidarity and anti-colonial diplomacy, but were institutionalised after China's economic reforms. The establishment of the Forum on China-Africa Cooperation

(FOCAC) in 2000 marked a turning point, facilitating political dialogue and economic coordination. Trade between China and Africa rose from approximately US\$10 billion in 2000 to over US\$200 billion by the late 2010s (Brautigam, 2009; Johns Hopkins SAIS CARI, 2023). China emphasised infrastructure development, resource-backed financing, and state-to-state cooperation, framing engagement as South-South cooperation with a non-interference principle (Brautigam, 2009). African governments, facing chronic infrastructure deficits estimated at tens of billions of dollars annually (African Development Bank, 2018), increasingly turned to Chinese finance as an alternative to Western multilateral institutions, reshaping patterns of external dependency and sovereign debt exposure.

From the early 2000s, Chinese policy banks, including China Exim Bank and China Development Bank, emerged as major lenders. Between 2000 and 2022, Chinese loans to African countries exceeded US\$170 billion, funding railways, ports, highways, hydropower, and telecommunications infrastructure (Johns Hopkins SAIS CARI, 2023). Instruments range from concessional loans to commercial loans, often including resource-backed repayment mechanisms. While contracts contain confidentiality and stabilisation clauses, systematic evidence of asset-seizure provisions remains limited (Gelpern *et al.*, 2021). Although rising debt coincided with growing fiscal vulnerabilities in Sub-Saharan Africa (IMF, 2023), diversified debt portfolios, including multilateral and private creditors, complicate claims that Chinese lending alone drives debt distress (World Bank, 2023).

The "debt trap diplomacy" concept gained prominence after the 2017 Hambantota Port lease in Sri Lanka, suggesting China deliberately extends unsustainable loans to secure strategic assets (Brautigam, 2020). In Africa, concerns have been raised about port and railway projects, opaque contract terms, and collateral clauses potentially affecting sovereignty, including policy autonomy and fiscal discretion (Gelpern *et al.*, 2021). Yet empirical research challenges deterministic interpretations: debt restructuring, rather than asset seizure, is more typical, and China participates in multilateral relief initiatives such as the G20 Debt Service Suspension Initiative (IMF, 2023). Private bondholders and multilateral institutions often represent a larger share of debt obligations than China alone, emphasising the need for a nuanced analysis of bargaining asymmetries and domestic governance factors. The 2013 BRI formalised China's global infrastructure strategy, integrating previous overseas lending into a broader geoeconomic vision. Africa quickly became a

major recipient, with infrastructure corridors, port modernisation, and power generation linked to BRI objectives (Johns Hopkins SAIS CARI, 2023). Strategically, BRI financing serves to secure commodity supply chains, expand markets for Chinese firms, internationalise the renminbi, and enhance diplomatic influence. For African governments, these projects promise connectivity, industrialisation, and economic diversification, yet entail long-term repayment obligations that may constrain fiscal space. Sovereignty implications depend on debt sustainability, institutional capacity, and domestic elite bargaining power (Gelpern *et al.*, 2021; World Bank, 2023). Evidence suggests heterogeneous outcomes rather than uniform patterns of strategic asset capture, reflecting domestic political economy and the broader international debt architecture.

While political narratives frame China–Africa lending as either predatory or benevolent, scholarly evidence points to a more complex reality. Systematic, comparative evaluation of loan structures, debt sustainability, restructuring practices, and diplomatic behavior is needed to determine whether sovereignty erosion is empirically substantiated. This study addresses this gap by situating Chinese lending within patterns of global sovereign debt governance and African agency, advancing a nuanced analysis of debt, power, and sovereignty in contemporary South–South cooperation.

Statement of the Problem

The expansion of Chinese development finance across Africa has generated polarised interpretations within the global political economy. Supporters frame Chinese engagement as a pragmatic development partnership addressing Africa’s chronic infrastructure deficits with rapid project execution and fewer overt policy conditionalities than Bretton Woods institutions (Brautigam, 2009; African Development Bank, 2018). Critics, however, argue that the scale, opacity, and contractual structure of Chinese lending constitute strategic economic statecraft—commonly labelled “debt trap diplomacy” potentially enhancing geopolitical influence and constraining borrower sovereignty (Brautigam, 2020; Gelpern *et al.*, 2021). This debate is complicated by rising sovereign debt vulnerabilities in Sub-Saharan Africa, driven by pandemic shocks, commodity volatility, currency depreciation, and tighter global financial conditions (IMF, 2023; World Bank, 2023). While China is a major bilateral creditor, African debt portfolios remain diversified, including multilateral institutions and private bondholders, making it analytically difficult to isolate Chinese lending as the primary driver of debt distress. Chinese policy banks, the Export–Import Bank of China and China Development Bank finance large-scale infrastructure projects with concessional, semi-commercial, and resource-backed loans (Johns Hopkins SAIS CARI, 2023). Contracts often include confidentiality, stabilisation, and cross-default clauses, which critics argue could limit policy flexibility, yet systematic evidence of asset seizure remains limited (Brautigam, 2020; Gelpern *et al.*, 2021).

Debt restructuring adds another layer of complexity. African states seeking relief under frameworks such as the G20 Common Framework must coordinate among diverse creditors, including China, resulting in protracted

negotiations that affect fiscal stability and social spending (IMF, 2023). Sovereignty concerns centre on three claims: the risk of strategic asset transfer, implicit policy conditionalities, and reduced macroeconomic autonomy. Comparative evidence suggests Chinese loans generally emphasise project-based financing with fewer formal governance conditions, contrasting with the policy-driven mandates of multilateral lenders (Brautigam, 2009). Despite growing scholarship, systematic comparative evaluation remains limited. Public discourse oscillates between deterministic narratives of neo-imperial entrapment and uncritical portrayals of South–South cooperation. What is missing is an integrated analysis of loan architecture, debt sustainability, restructuring experiences, and diplomatic alignment to determine whether Chinese lending measurably constrains sovereignty. This study addresses that gap, aiming to clarify the empirical relationship between Chinese sovereign lending and African sovereignty, providing insights for both theoretical debate and evidence-based policy in a complex and evolving financial landscape.

Research Questions

1. To what extent does existing empirical evidence support or refute the “debt trap diplomacy” thesis in China-Africa debt relations?
2. How does Chinese sovereign lending to African states compare with Bretton Woods institutions in terms of loan architecture, conditionalities, and debt governance mechanisms?
3. What does secondary evidence reveal about the relationship between Chinese debt exposure and indicators of sovereignty erosion in African states, including the role of African political agency?

Research Objectives

1. To critically evaluate the theoretical and empirical foundations of the debt trap diplomacy thesis through a systematic review of existing literature and datasets.
2. To comparatively analyse Chinese loan structures and governance practices vis-à-vis Bretton Woods institutions using documented loan contracts, policy reports, and scholarly analyses.
3. To assess, through secondary data and case-based evidence, whether Chinese debt exposure is empirically associated with measurable dimensions of sovereignty erosion while accounting for domestic political agency.

Conceptual Review

Sovereignty: Legal, Economic, Policy, and Territorial Dimensions

The concept of sovereignty is foundational in international relations and international law. Krasner (1999) distinguishes among multiple dimensions of sovereignty, including international legal sovereignty (mutual recognition among states), Westphalian sovereignty (exclusion of external actors from domestic authority

structures), and domestic sovereignty (effective internal authority). These distinctions underscore that sovereignty is neither monolithic nor absolute. In the context of sovereign debt relations, sovereignty may be analytically disaggregated into at least four operational dimensions:

1. **Legal Sovereignty:** The formal juridical authority of a state recognized under international law, including the capacity to enter binding agreements and exercise supreme authority within its territory (Krasner, 1999).
2. **Economic Sovereignty:** The capacity of a state to exercise autonomous control over fiscal, monetary, and developmental policy without externally imposed constraints arising from excessive indebtedness or creditor leverage. High external debt exposure can constrain macroeconomic discretion through debt servicing obligations and restructuring conditions (World Bank, 2023).
3. **Policy Sovereignty:** The degree to which domestic policy decisions remain insulated from external conditionalities. Multilateral institutions such as the International Monetary Fund are known to attach formal policy conditionalities to lending arrangements (International Monetary Fund [IMF], 2023), whereas Chinese loans are often characterised as project-based with fewer explicit governance conditions (Brautigam, 2009). The empirical question is whether informal or contractual mechanisms nevertheless influence policy space.
4. **Territorial Sovereignty:** The integrity of territorial control and ownership of strategic assets. Allegations of debt trap diplomacy frequently hinge on fears of asset seizure (e.g., ports or infrastructure). However, systematic evidence of territorial appropriation in African cases remains limited (Brautigam, 2020).

This broad conceptualising of sovereignty helps this study avoid minimalist, reductive interpretations and allows for empirical differentiation between fiscal vulnerability and actual sovereignty compromise.

Economic Statecraft

Economic statecraft refers to the use of economic instruments such as trade, aid, investment, or financial flows to achieve strategic foreign policy objectives. Baldwin (1985) defines economic statecraft as the deliberate manipulation of economic relationships to influence the behaviour of other states. Under this framework, sovereign lending can function as a tool of influence if structured to generate political compliance or strategic alignment. China's overseas infrastructure financing, particularly under the Belt and Road Initiative, has been interpreted by some analysts as a form of economic statecraft. However, economic statecraft does not inherently imply coercion. It may also encompass mutually beneficial arrangements where economic interdependence aligns with developmental objectives. The analytical task is therefore to determine whether Chinese lending demonstrates coercive leverage consistent with strategic manipulation, or whether it

reflects conventional development finance within a competitive geopolitical environment Baldwin (1985).

Dependency and Structural Power

The concept of dependency originates in dependency theory, which posits that the global capitalist system structurally positions peripheral economies in subordinate relationships with core economies, thereby constraining autonomous development (Frank, 1967). Debt dependency, within this tradition, is viewed as a mechanism through which structural inequalities are reproduced. Closely related is the notion of structural power, which Susan Strange (1994) defines as the capacity to shape the frameworks within which states operate, including financial systems, production structures, and knowledge regimes. Structural power differs from direct coercion; it operates by configuring systemic rules and incentives. In sovereign debt relations, structural power may manifest through creditor dominance in restructuring negotiations, agenda-setting authority in international financial institutions, or control over liquidity channels. Historically, Bretton Woods institutions such as the World Bank and the International Monetary Fund have exercised such influence through conditional lending frameworks (IMF, 2023). The contemporary debate concerns whether China's rise as a major bilateral creditor represents a transformation of structural power dynamics or a reconfiguration within existing global financial hierarchies. Taken together, these conceptual clarifications provide the analytical scaffolding for the study. "Debt trap diplomacy" is framed as a contested explanatory claim; sovereignty is disaggregated into measurable dimensions; economic statecraft provides the strategic lens; and dependency and structural power situate the debate within broader systemic inequalities. This conceptual architecture enables a rigorous evaluation of whether China–Africa debt relations constitute an instance of coercive financial leverage, conventional development finance, or a hybrid form shaped by domestic political agency and global structural constraints

Theoretical Framework

Several theoretical perspectives inform the China–Africa "debt trap" debate, including Dependency Theory, the Neo-Colonialism Thesis, Liberal Institutionalism, and the South–South Cooperation paradigm. However, for this study, the Realist Geopolitical Strategy was adopted because it situates sovereign lending within the logic of power competition, strategic calculation, and national interest, avoiding the economic determinism of dependency perspectives and the normative optimism of liberal approaches. Realism assumes that states operate in an anarchic international system where survival, security, and relative power remain paramount. Hans Morgenthau (1948) argued that states pursue power to safeguard national interests and that economic instruments form part of this power repertoire. Kenneth Waltz (1979) later emphasised the structural constraints of the international system, contending that states adopt self-help strategies in the absence of central authority. Mearsheimer (2001) extended this argument by suggesting that great powers seek to maximise relative

influence whenever opportunities arise. Realist geopolitical strategy theory, often termed political realism in international relations, frames global politics as an unrelenting struggle for power among self-interested states navigating an anarchic system without overarching authority.

This perspective prioritises state survival and power maximization over moral ideals or utopian cooperation, influencing foreign policy analysis from ancient times to today. Its major proponents include E.H. Carr and Hans Morgenthau (1948) as well as neorealists like Kenneth Waltz (1979) and John Mearsheimer (2001) refined it, emphasizing structural anarchy and offensive power pursuits. At its core, realism assumes an anarchic world where states must practice self-help for security, acting rationally to amass military, economic, and diplomatic power amid perpetual competition and security dilemmas. Human nature, viewed as inherently selfish and power-driven, renders cooperative ideals naive, making conflict inevitable as states prioritize relative gains over absolute ones. Within this framework, overseas lending and infrastructure finance become instruments of geopolitical positioning rather than purely developmental initiatives.

As applied to China's global expansion, particularly under the Belt and Road Initiative, realist logic interprets infrastructure projects such as ports, railways, and energy corridors as mechanisms for securing supply chains, access to resources, and diplomatic influence. Chinese lending to African states can therefore be understood as part of a broader strategy to consolidate influence within a competitive international order. The "debt trap diplomacy" thesis argues that China deliberately extends unsustainable loans to obtain strategic concessions when borrowers experience distress. Empirical scholarship complicates this claim. Brautigam (2020) finds limited evidence of systematic asset seizure in Africa, while Gelpert *et al.* (2021) show that although Chinese loan contracts contain clauses such as confidentiality and cross-default provisions, they do not consistently mandate asset appropriation. A realist framework does not require proof of intentional entrapment; instead, it examines whether lending practices advance strategic interests consistent with power-maximizing behaviour.

Cases such as Angola illustrate this dynamic. Resource-backed loans tied to oil exports align financial engagement with China's long-term energy security while providing Angola with infrastructure financing outside the policy conditionalities associated with the International Monetary Fund and the World Bank (Brautigam, 2009). Similarly, Zambia's debt restructuring negotiations demonstrate the complexities of creditor competition within a fragmented global debt regime rather than a straightforward "trap" (IMF, 2023). Importantly, realism also accommodates African agency. Unlike dependency frameworks that portray peripheral states as structurally subordinate, realism assumes that all states pursue advantage within their constraints. African governments have diversified partnerships and leveraged Chinese financing to expand policy options and negotiate alternatives to Western conditional lending (Brautigam,

2009). Debt relations thus become arenas of strategic bargaining rather than predetermined subordination.

Realism also helps explain the geopolitical context in which the debt trap narrative has gained prominence. Rising powers often provoke counter-narratives from established powers concerned about shifts in relative influence, suggesting that the China-Africa debt debate forms part of a broader contest over global economic leadership. Overall, Realist Geopolitical Strategy offers a theoretically grounded framework for analysing China-Africa debt relations by framing sovereign lending as a strategic instrument within a competitive international system while recognising African bargaining agency and treating sovereignty erosion as an empirical question rather than an ideological presumption. The evolving economic relationship between China and African states has consequently become one of the most significant developments in contemporary global political economy. Scholars document rapid trade expansion, growing infrastructure financing, and institutional consolidation of cooperation through the Forum on China-Africa Cooperation (FOCAC). At the same time, the literature remains divided over the developmental benefits and sovereignty implications of this deepening engagement.

Empirical Review China-Africa Trade

China-Africa trade has grown exponentially since the early 2000s, transforming both the scale and composition of cross-continental economic exchanges. In 2000, total merchandise trade between China and Africa was estimated at approximately US\$10 billion; by the late 2010s, this figure had climbed to over US\$200 billion (Brautigam, 2009; CARI, 2023). This growth has been characterised by African exports of commodities, including oil, minerals, and agricultural products, to China, and Chinese exports of manufactured goods, machinery, and consumer products to African markets. Several scholars emphasise that trade patterns reflect China's comparative advantages and Africa's resource endowments, rather than simple mercantilist extraction. Chinese demand for raw materials has provided critical market access for African exporters, particularly in resource-rich economies such as Angola, Nigeria, and the Democratic Republic of Congo (Alden, 2007). Yet, critics note that African economies remain heavily dependent on commodity exports, with limited diversification into value-added production - a structural pattern that complicates development trajectories (Kaplinsky, McCormick, & Morris, 2007).

Empirical studies also document the asymmetric nature of the trade relationship: trade balances often favour China, particularly as Chinese manufactured goods displace local industry in certain sectors (Mohan & Tan-Mullins, 2009). However, some scholars argue that the simplistic characterisation of China as a cause of deindustrialisation in Africa overlooks the multifaceted determinants of industrial decline, including domestic policy choices and global competitive pressures (Brautigam & Xiaoyang, 2011). Overall, the literature on trade expansion underscores both the quantitative significance of China-Africa commerce and the need to interpret trade outcomes within broader structural and policy contexts.

Infrastructure Financing

Chinese infrastructure finance represents one of the most visible dimensions of China-Africa economic engagement. Policy banks such as the Export-Import Bank of China and the China Development Bank have extended large loans for transport networks, energy projects, ports, and telecommunications (Brautigam, 2009; CARI, 2023). These investments address Africa's long-standing infrastructure deficit, estimated by the African Development Bank at tens of billions of dollars annually, which constrains productivity and growth (African Development Bank, 2018). Brautigam (2009) notes that Chinese financing is often faster, project-based, and less encumbered by policy conditionalities than traditional Western development finance, making it attractive to African governments seeking to implement national infrastructure priorities. Major projects such as the Addis Ababa-Djibouti railway and port expansions across East Africa illustrate the scale of this engagement. At the same time, the rapid expansion of Chinese lending has generated concerns about debt sustainability. Studies of Chinese loan contracts identify confidentiality clauses, cross-default provisions, and complex collateral arrangements that differ from multilateral lending practices (Gelpern, *et al.*, 2021). Although systematic evidence of asset seizure remains limited (Brautigam, 2020), rising borrowing has contributed to sovereign debt vulnerabilities in several African economies (IMF, 2023). Infrastructure finance therefore, occupies an ambivalent position in the literature, simultaneously a source of development opportunity and fiscal risk.

Institutionally, China-Africa relations have been consolidated through the Forum on China-Africa Cooperation (FOCAC), established in 2000 as the primary platform for political and economic coordination. Through periodic summits and action plans, FOCAC structures cooperation in trade, investment, aid, and infrastructure development (Alden & Alves, 2009). For example, the 2018 Beijing Summit produced a ten-year cooperation framework supported by approximately US\$60 billion in financing commitments (FOCAC Secretariat, 2018). Scholars argue that FOCAC enhances the strategic coherence of China-Africa engagement by aligning Chinese policy instruments with African development priorities (Sun, 2014). However, the literature also highlights persistent asymmetries: despite the discourse of mutual benefit, China's financial and market dominance shapes negotiation outcomes (Alden & Davies, 2006). Nonetheless, scholarship depicts China-Africa economic relations as a complex interaction of expanding trade, large-scale infrastructure financing, and institutionalized cooperation through FOCAC. While these dynamics have deepened economic integration and delivered critical infrastructure, they also raise questions about debt sustainability, contractual transparency, and power asymmetries. These tensions form the empirical foundation for the broader debate over sovereignty implications and the contested "debt trap diplomacy" narrative.

The Debt Trap Diplomacy Debate

The concept of "debt trap diplomacy" has become a central and contested narrative in debates on China-Africa

economic relations. The literature interrogates whether Chinese sovereign lending deliberately creates unsustainable debt to secure strategic concessions or whether such claims are exaggerated and empirically unsupported. Scholarship generally examines three dimensions: the origins of the debt trap narrative, claims of strategic asset acquisition, and counter-arguments emphasizing African agency and voluntary borrowing. The term gained prominence in international policy discourse in the mid-2010s, particularly in discussions surrounding China's Belt and Road Initiative (BRI) and the Sri Lankan Hambantota Port case. Western policy analysts argued that Chinese loans were structured to create repayment difficulties, enabling Beijing to obtain control of strategic assets after default (Buckley *et al.*, 2018; Coonan, 2017). This interpretation quickly spread to African contexts despite limited empirical evidence (Ghiassy & Zhou, 2018). Scholars such as Brautigam (2020) argue that the concept has functioned more as a geopolitical narrative than a rigorously tested theory, noting that isolated cases have been generalized to characterize China's broader lending practices.

A key pillar of the debt trap thesis is the idea of strategic asset acquisition, sometimes described as "port diplomacy." Within this perspective, infrastructure projects such as ports, railways, and logistics hubs are viewed as potential leverage points for creditor states. The Hambantota Port lease is frequently cited as the archetypal example (Paik, 2017). Similar concerns have been raised in African discussions regarding Chinese-financed ports and transport corridors (Alden & Alves, 2009). These interpretations draw on realist assumptions that states may use economic instruments to expand geopolitical influence (Mearsheimer, 2001). However, empirical studies show that direct transfer of strategic infrastructure to Chinese control following debt default in Africa remains rare and contested. Most Chinese loan agreements are negotiated at the sovereign level and do not contain explicit asset-seizure provisions (Gelpern *et al.*, 2021).

A growing body of research challenges the debt trap diplomacy narrative on both empirical and theoretical grounds. First, scholars emphasize African agency, noting that African governments actively pursue Chinese finance as part of broader strategies to diversify development partnerships. Chinese loans are often attractive because they are project-focused and involve fewer policy conditionalities than financing from institutions such as the IMF or World Bank (Brautigam, 2009). Second, empirical analyses of Chinese lending portfolios find limited evidence that debt distress leads to strategic asset takeover (Brautigam, 2020; Gelpern *et al.*, 2021). Debt restructuring episodes, including those involving Zambia, typically involve complex creditor landscapes that include multilateral institutions, bilateral lenders, and private bondholders. Third, critics argue that focusing exclusively on China obscures the broader structural dynamics of the global sovereign debt system. African borrowing from international markets and Western financial institutions carries similar risks, and debt distress often reflects macroeconomic vulnerabilities rather than creditor strategy (Carmody, 2018). From this perspective, the prominence of Chinese finance may reflect the scale and visibility of infrastructure projects rather than a deliberate strategy of coercion (Carmody, 2018).

On the whole, the literature portrays the debt trap diplomacy debate as polarized but evolving. While strategic asset narratives emphasize the geopolitical implications of infrastructure finance, empirical scholarship increasingly highlights borrower agency and the complexity of global debt governance. Consequently, contemporary research treats debt trap diplomacy less as a settled explanation and more as an empirical question requiring careful case-by-case analysis. Beyond the debt trap debate, scholars also examine the broader relationship between sovereign debt and state autonomy. Concerns about transparency, debt restructuring mechanisms, and political alignment have intensified as Chinese lending to African states has expanded. Comparative analyses contrast the policy conditionality traditionally associated with IMF lending with China's infrastructure-focused financing model. Empirical studies therefore explore how Chinese loans affect fiscal sustainability, governance transparency, and diplomatic behaviour in multilateral institutions, contributing to ongoing debates about the implications of external finance for sovereignty and development in Africa (Brautigam, 2020).

Sovereignty and External Debt

Classic works on international finance and state autonomy illustrate how external debt can impinge on sovereignty when creditor conditions compel policy changes. In Latin America during the 1980s debt crisis, for example, sovereign borrowers faced stringent conditions tied to structural adjustment programs (SAPs) imposed by the International Monetary Fund and the World Bank. These conditions often required fiscal austerity, trade liberalization, and privatization, which critics argue diminished domestic policy autonomy and democratic accountability (Williamson, 1990; Stiglitz, 2002). Such historical precedents inform contemporary concerns about sovereignty erosion in other regions. In Africa, episodes of debt distress in the 1990s and early 2000s also demonstrated how external financing could shape domestic policy priorities. Structural adjustment programs became associated with reductions in social spending and deregulation, reinforcing critiques that multilateral lending compromised economic sovereignty (Mkandawire & Soludo, 1999). These historical cases underline that sovereignty compromise is not unique to any single creditor, but may arise whenever external financing carries explicit policy conditions that affect the domestic political economy.

IMF vs. Chinese Lending

A central comparison in the literature is the contrast between IMF structural adjustment conditionalities and the often-asserted non-conditional Chinese loans. IMF and World Bank programs typically require comprehensive policy reforms as a precondition for disbursements, a pattern linked to the neoliberal turn in global economic governance (Babb & Buirra, 2005). These reforms, while intended to stabilise economies, have been criticised for limiting borrower autonomy, especially in fiscal and monetary policy domains. In contrast, China's sovereign lending is frequently described as *project-based* and lacking formal governance conditionalities. Brautigam's foundational work demonstrates that Chinese loans often focus on infrastructure delivery with fewer

overt policy strings attached, a feature that can be attractive to African governments seeking alternatives to IMF-style adjustment (Brautigam, 2009). This distinction is widely cited in the literature as a key difference between Chinese and Western multilateral finance, with implications for perceptions of sovereignty and autonomy. However, scholars also caution that the absence of formal conditions does not necessarily equate to unrestricted sovereignty. Gelpern *et al.* (2021), in their in-depth analysis of Chinese sovereign loan contracts, identify confidentiality clauses and cross-default provisions that may have indirect implications for policy space. The literature thus emphasizes that contractual architecture, rather than stated policy conditionality alone, must be examined to understand sovereignty outcomes.

Debt Transparency Issues

A recurring issue in empirical scholarship on Chinese lending to Africa is debt transparency. Unlike multilateral institutions that disclose loan conditions publicly, Chinese bilateral loan agreements have historically been less transparent. To address this gap, the China Africa Research Initiative (CARI) at Johns Hopkins University has compiled datasets from official records, media reports, and government disclosures to provide more systematic evidence on Chinese loans to African states (CARI, 2023). Scholars note that limited transparency complicates assessments of debt sustainability and sovereignty implications because key details such as repayment schedules, interest rates, and collateral arrangements are often not publicly available. This opacity can both fuel speculative claims about strategic leverage and hinder coordinated debt management among African governments and their diverse creditor groups.

Empirical studies of debt restructuring in African countries with significant Chinese exposure also reveal the complexity of sovereign creditor landscapes. Zambia's 2020–2023 debt restructuring negotiations, for instance, involved Chinese bilateral lenders alongside private bondholders and multilateral institutions, highlighting the fragmented nature of creditor coordination (IMF, 2023). Research shows that China typically participates in restructuring rather than outright cancellation and often operates within multilateral frameworks such as the G20 Common Framework for Debt Treatment. These patterns challenge simplistic portrayals of Chinese lending as uniformly predatory, suggesting instead that restructuring outcomes are shaped by creditor diversity, domestic political economy conditions, and evolving global debt governance mechanisms. Another strand of the literature examines whether Chinese lending influences political alignment in international institutions, particularly voting behavior in the United Nations General Assembly. Some analysts hypothesize that countries with substantial Chinese debt exposure may align diplomatically with Beijing on issues such as Taiwan, sanctions, or human rights. However, empirical evidence remains mixed. Dreher *et al.* (2021) find little systematic proof that Chinese financing alone drives voting alignment once broader political and economic variables are considered. This indicates that economic ties may facilitate diplomatic cooperation but do not automatically translate into consistent political compliance.

The literature on sovereignty and external debt in the context of Chinese lending to Africa presents nuanced and context-dependent findings. Historical experiences of debt-related sovereignty constraints, particularly under IMF structural adjustment programmes, demonstrate how external finance can shape domestic policy autonomy. Chinese lending differs in that it is generally presented as non-conditional, although contractual features and transparency gaps complicate definitive assessments of its implications for sovereignty. Empirical studies therefore emphasize the diversity of restructuring outcomes and caution against monocausal explanations of political alignment. Sovereignty outcomes in China–Africa debt relations appear contingent on institutional arrangements, contractual terms, domestic political economy, and broader global financial dynamics rather than solely on the identity of the creditor (Dreher *et al.* 2021).

Sovereignty Implications

The sovereignty debate in China-Africa debt relations pivots on whether Chinese lending constitutes formal policy conditionality or a subtler form of policy leverage. Unlike programs of the International Monetary Fund and the World Bank, which typically require macroeconomic reforms as disbursement conditions (Williamson, 1990; Stiglitz, 2002), Chinese sovereign loans are generally project-based and lack overt governance conditionalities (Brautigam, 2009). This distinction has fueled arguments that Chinese finance preserves borrower autonomy. However, sovereignty concerns re-emerge through contractual design and strategic positioning. Gelpert *et al.* (2021) demonstrate that Chinese loan contracts often contain confidentiality clauses and cross-default provisions that may indirectly affect fiscal maneuverability. The issue is therefore less about explicit reform conditions and more about *policy leverage embedded in contract architecture*.

The narrative of strategic infrastructure control further intensifies sovereignty anxieties. While cases outside Africa, such as the Hambantota Port in Sri Lanka, are frequently cited as evidence of asset-based leverage, systematic empirical evidence of asset seizure in Africa remains limited (Brautigam, 2020). Nonetheless, the financing of ports, railways, and energy infrastructure under the Belt and Road Initiative sustains concerns about long-term strategic influence. From a realist geopolitical perspective, infrastructure embedded in transnational logistics networks may generate structural influence even absent outright ownership transfer. Another dimension concerns diplomatic alignment and geopolitical influence. Some studies investigate whether Chinese development finance correlates with voting alignment at the United Nations. Dreher *et al.* (2021) find that while aid and finance can affect political behavior at the margins, alignment is not uniformly determined by debt exposure alone. Broader political, economic, and regional variables significantly mediate outcomes. This complicates deterministic claims that Chinese lending automatically translates into geopolitical compliance.

African Agency

A significant strand of scholarship highlights African agency in China-Africa debt relations. Rather than passive recipients of external influence, African governments make borrowing decisions within domestic political economy constraints shaped by infrastructure deficits, development priorities, and electoral incentives (Brautigam, 2009). Chinese finance thus functions as one instrument within a broader strategy of economic diplomacy. Domestic political elites often negotiate loans to secure developmental legitimacy, sustain governing coalitions, or reinforce patronage networks through infrastructure distribution. Consequently, sovereignty outcomes depend not only on creditor behavior but also on borrower strategies and internal governance dynamics. African states have also pursued creditor diversification to reduce dependence on any single financing source. The expansion of Eurobond issuance since the 2000s illustrates how governments balance Chinese bilateral lending with access to international capital markets. While diversification can mitigate reliance on particular creditors, it also exposes states to global financial volatility. Sovereignty therefore operates within a complex creditor ecosystem rather than a simple bilateral dependency relationship (Brautigam, 2009).

Comparatively, Chinese lending differs from Bretton Woods institutions primarily in its limited policy conditionality. Historically, International Monetary Fund and World Bank programmes required macroeconomic reforms under structural adjustment frameworks (Williamson, 1990). Chinese loans, in contrast, focus on infrastructure development and commercial viability, often collateralized through project revenues rather than tied to macroeconomic restructuring (Gelpert *et al.*, 2021). Compared with Eurobond borrowing, which subjects states to market discipline, credit rating assessments, and investor sentiment, Chinese bilateral loans may offer longer maturities and renegotiation flexibility but remain less transparent. These differing financing modalities therefore carry distinct sovereignty implications: market discipline in bond markets versus contractual opacity in bilateral lending. Normatively, Chinese engagement is frequently framed within the discourse of South–South cooperation, emphasizing partnership and non-interference in domestic affairs. However, scholars caution that such rhetoric does not eliminate structural asymmetries inherent in creditor–debtor relationships (Carmody, 2018).

The cumulative empirical evidence does not support a generalized “debt trap diplomacy” thesis in Africa. Although several countries face rising debt distress, restructuring processes typically involve multiple creditors rather than unilateral Chinese leverage, and documented cases of deliberate entrapment or systematic asset seizure remain limited (Brautigam, 2020). Where sovereignty constraints occur, they tend to be structural rather than coercive, manifesting in reduced fiscal space, higher debt-service obligations, and constrained development policy flexibility. Explanations for these outcomes span structural factors, such as global financial integration and commodity dependence, and political factors related to strategic statecraft. A balanced interpretation therefore, recognises that

sovereignty outcomes emerge from the interaction of global financial structures, domestic governance dynamics, and international geopolitical competition. Normatively, this underscores the importance of institutional capacity and strategic economic diplomacy in safeguarding African policy autonomy within an increasingly complex global debt (Carmody, 2018; Brautigam, 2020).

Summary of Findings

1. **Sovereignty Implications:** Chinese lending is generally project-based and lacks formal policy conditionalities characteristic of IMF or World Bank structural adjustment programs. Contractual clauses, such as confidentiality and cross-default provisions, create potential indirect leverage. Strategic infrastructure projects, while raising concerns about long-term influence, rarely result in actual asset appropriation.
2. **African Agency:** African states exercise agency by negotiating terms, diversifying creditors, and leveraging Chinese finance to circumvent restrictive Western conditionalities. Domestic political economy factors and elite bargaining power significantly influence borrowing decisions and project implementation, underscoring that African states are not passive actors.
3. **Comparative Insights:** Compared with Bretton Woods institutions, Chinese lending emphasizes infrastructure and commercial viability over macroeconomic reform conditionality. Relative to private Eurobond financing, Chinese loans offer longer maturities and renegotiation flexibility but lower transparency. South–South cooperation frameworks lend discursive legitimacy, though structural power asymmetries persist.
4. **Empirical Validation of Debt Trap Thesis:** The literature provides limited support for claims that Chinese loans systematically create dependency or coercive leverage. Debt restructuring episodes, such as Zambia's, are better explained by creditor fragmentation, domestic fiscal constraints, and multilateral coordination.
5. **Policy and Structural Implications:** Sovereignty erosion, when it occurs, is structural—reflected in fiscal constraints and limited policy space rather than direct political imposition. The interplay of strategic interests and African agency emphasizes the need for institutionalized debt management and negotiation capacities.

Conclusion

This study critically examined China-Africa debt relations, situating the discussion within sovereignty, African agency, and global financial governance. The evidence suggests that the “Debt Trap Diplomacy” narrative is largely overstated. While Chinese loans contribute to rising debt burdens and occasionally constrain fiscal flexibility, there is limited evidence of

systematic asset seizure, direct policy imposition, or overt sovereignty erosion. Instead, debt relations reflect a dynamic negotiation, where African states exercise strategic choice in selecting lenders, structuring projects, and leveraging creditor competition. Sovereignty outcomes are therefore contingent, shaped by domestic political economy, multilateral coordination, and institutional capacity rather than unilateral creditor intent.

Policy Implications

This study highlights several policy implications for African governments and external creditors. First, greater debt transparency is essential. Public disclosure of loan terms, repayment schedules, and key contractual clauses would improve debt sustainability assessments, strengthen domestic accountability, and facilitate coordinated creditor engagement during restructuring.

Second, African states can enhance their negotiating power through collective bargaining within regional institutions such as the African Union and subregional economic blocs. Coordinated negotiation frameworks can reduce asymmetries between individual borrower states and large bilateral or private creditors. Third, governments should pursue strategic diversification of financing sources. While Chinese lending has helped address infrastructure gaps, excessive dependence on any single creditor increases vulnerability. Balanced borrowing across bilateral partners, multilateral institutions, and carefully managed private capital markets can enhance fiscal resilience. Fourth, strengthening domestic debt management institutions is crucial. Professional debt management offices, improved fiscal analytics, and stronger parliamentary oversight can support informed borrowing decisions and protect national economic sovereignty.

Finally, policy debates on China-Africa debt relations should be evidence-based rather than narrative-driven. Empirical research indicates that sovereignty outcomes depend on creditor practices, domestic governance, and global debt structures rather than a uniform “debt trap” dynamic. A pragmatic approach will better enable African states to leverage external finance for development while safeguarding long-term fiscal autonomy.

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