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Envy drives debt trap accusations

'Creditor imperialism' fallacy is an attempt to denigrate the Belt and Road Initiative

By LU WEI

At the end of 2017, Brahma Chellaney, a professor with the New Delhi-based Centre for Policy Research, wrote an article titled "China's Creditor Imperialism" in which he accused China of creating a "debt trap" from Argentina, to Namibia and Laos, mentioning its acquisition of, or investment in the construction of several port hubs, including Hambantota in Sri Lanka, Piraeus in Greece, Djibouti, and Mombasa in Kenya in recent years.

These countries are forced to avoid default by painfully choosing to let China control their resources and thus have forfeited their sovereignty, he wrote. The article described China as a "new imperial giant" with a velvet glove hiding iron fists with which it was pressing small countries. The Belt and Road Initiative, he concluded, is essentially an ambitious plan to realize "Chinese imperialism". The article was later widely quoted by newspapers, websites and think tanks around the world.

When then United States Secretary of State Rex Tillerson visited Africa in March, he also said that although Chinese investment may help improve Africa's infrastructure, it would lead to increased debt on the continent, without creating many jobs.

It is no accident that this "China's creditor imperialism" theory originates from India. New Delhi has openly opposed China's Belt and Road Initiative, especially the China-Pakistan Economic Corridor as it runs through Pakistan-administered Kashmir, which India regards as an integral part of its territory. India is also worried that the construction of China's Maritime Silk Road will challenge its dominance in South Asia and the Indian Ocean. Based on such a judgment, the Indian government has worked out its own regional cooperation initiatives, and taken moves, such as the declaration of cooperation with Vietnam in oil exploration in the South China Sea and its investment in the renovation of Chabahar port in Iran, as countermeasures against the Chinese initiative.

Since January, India, the US, Japan and Australia have actively built a "quasi-alliance system" for a "free and open Indo-Pacific order" as an alternative to the Belt and Road Initiative. In April, a senior Indian official attending the fifth China-India Strategic Economic Dialogue reiterated the Indian government's refusal to participate in the initiative.

The "creditor imperialism" fallacy is in essence a deliberate attempt by India and Western countries to denigrate the Belt and Road Initiative, which exhibits their envy of the initial fruits the initiative has produced. Such an argument stems from their own experiences of colonialism and imperialism. It is exactly the US-led Western countries that attached their political and strategic interests to the debt relationship with debtor countries and forced them to sign unequal treaties. China's Belt and Road Initiative is proposed and implemented in the context of national equality, globalization and deepening international interdependence, and based on voluntary participation from relevant countries, which is totally different from the mandatory debt relationship of the West's colonialism.

By making use of foreign borrowing, China once built thousands of large and medium-sized projects, greatly easing the transportation and energy "bottlenecks" that long restrained its social and economic development. This important "Chinese experience" is of significance for other developing countries in their initial stage of industrialization and urbanization along the Belt and Road routes.

In the early stage of China's reform and opening-up, US dollar-denominated foreign debt accounted for nearly 50 percent of China's total foreign debts, and Japanese yen close to 30 percent. Why didn't Western countries think the US and Japan were pushing their "creditor imperialism" on China?

Some foreign media have repeatedly mentioned that Sri Lanka is in a "debt trap" due to its excessive borrowing from China. But the fact is that there are multiple reasons for Sri Lanka's heavy foreign debt, and its debt predicament should not be attributed to China. For most of the years since 1985, foreign debt has remained above 70 percent of its GDP due to its continuous fiscal deficits caused by low tax revenues and massive welfare spending. As of 2017, Sri Lanka owed China $2.87 billion, accounting for only 10 percent of its total foreign debt, compared with $3.44 billion it owed to Japan, 12 percent of its total foreign debt. Japan has been Sri Lanka's largest creditor since 2006, but why does no foreign media disseminate the idea of "Japan's creditor imperialism"?

In response to the accusation made by India and some Western countries that China is pursuing creditor imperialism, even former Sri Lankan president Mahinda Rajapaksa wrote an article in July using data to refute it.

Most of the time, the overseas large-scale infrastructure construction projects related to the Belt and Road Initiative are the ones operated by the Chinese government and Chinese enterprises under the request of the governments of involved countries along the Belt and Road routes, or the ones undertaken by Chinese enterprises through bidding.

It is expected that with the construction of large-scale infrastructure projects and industrial parks under the Chinese initiative, which will cause the host country's self-development and debt repayment ability to constantly increase, the "China's creditor imperialism" nonsense will collapse.

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Bridge will invigorate Greater Bay Area

By boosting cross-boundary passenger traffic and service trade, this mega project is set to enhance regional integration

By PAUL YEUNG

The potential of the Hong Kong-Zhuhai-Macao Bridge, which was officially opened on Oct 23, has been underestimated by some experts due to their low expectations with regard to its logistic functions. But on the contrary, the bridge will play a crucial role in promoting the Guangdong-Hong Kong-Macao Greater Bay Area.

According to research conducted by the One Country Two Systems Research Institute, the mega bridge connecting Hong Kong, Macao and Zhuhai will have limited effects on freightage but it will have a significant impact on passenger traffic.

Under the economic environment of the Bay Area, particularly the western part, the bridge's transport function will focus on passenger traffic. In recent years, thanks to the close relations between the western Pearl River Delta, and the Macao and Hong Kong special administrative regions in areas such as tourism, cross-boundary consumption and service trade, passenger traffic among these three regions has been on the rise.

The bridge will give a big boost to cross-boundary passenger traffic as using it will not only be less time-consuming than the currently used circuitous land routes, it will also be more economical, flexible and stable than travel by sea. Demand for cross-boundary passenger transport is expected to increase significantly.

And prospects for the bridge's traffic volumes have received a boost from two policies. The first is that the bridge tolls for vehicles will be driver-friendly — between 60 yuan ($8.65) and 300 yuan per trip.

Frankie Yick Chi-ming, the lawmaker representing the transport sector, believes his constituents will find the tolls acceptable. This is because there can be significant savings in fuel costs if drivers use the bridge to get to the cities on the west bank of the Pearl River, instead of traveling all the way to Shenzhen and then taking Humen Bridge, which connects the Nansha district of Guangzhou to the Humen town of Dongguan.

The second policy concerns private car drivers. As unveiled by Ip Kwok-him, a Hong Kong deputy to the National People's Congress, the authorities are considering issuing one-off permits which will allow Hong Kong residents to drive into Guangdong province for short trips. The idea is to let Hong Kong drivers without a mainland license apply for a permit online and drive around Guangdong for a short period after entering the province through designated ports.

Along with other favorable policies, which have already been implemented, the operation of the bridge is likely to enhance regional integration.

Greater cooperation and collaboration between Hong Kong and the western Pearl River Delta, as part of the Bay Area initiative, is a major value of the bridge.

The western Pearl River Delta is currently focusing on the development of modern service industries, with emphasis on development through closer cooperation and collaboration with Hong Kong, and using a professional service industry zone as a platform for industrial development. Hong Kong's service industries will find it easier and more convenient to expand into the mainland market.

Hong Kong should proactively seek stronger cooperation with the western Pearl River Delta in the construction of service industrial zones, as this would help lay solid groundwork for industrial development in western Pearl River Delta.

The bridge is also likely to boost tourism. Guangdong, Hong Kong and Macao, all blessed with rich tourism resources, have positioned recreational tourism as a key industry. The bridge will make multi-stop journeys within the region much more convenient and attractive. To seize these development opportunities, the three regions should further coordinate tourism resources and adopt convenient exit-entry practices for tourists. This would help create a Guangdong-Hong Kong-Macao tourism cluster.

The bridge has the potential to help invigorate the Bay Area, particularly the western part of the region. However, just as Muhammad Yunus, a notable economist and Nobel Peace Prize laureate, once said: "Our challenge is to translate this extraordinary potential into meaningful change."

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