

**REPORT DOCUMENTATION PAGE**

*Form Approved  
OMB No. 0704-0188*

The public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to Department of Defense, Washington Headquarters Services, Directorate for Information Operations and Reports (0704-0188), 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to any penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.  
**PLEASE DO NOT RETURN YOUR FORM TO THE ABOVE ADDRESS.**

<b>1. REPORT DATE</b> (DD-MM-YYYY) 26-04-2021	<b>2. REPORT TYPE</b> Master of Military Studies (MMS) thesis	<b>3. DATES COVERED</b> (From - To) AY 2020-2021
--	--	---

<b>4. TITLE AND SUBTITLE</b> Maritime Silk Road: China's Rising Influence in the East via Economic Diplomacy	<b>5a. CONTRACT NUMBER</b> N/A
	<b>5b. GRANT NUMBER</b> N/A
	<b>5c. PROGRAM ELEMENT NUMBER</b> N/A

<b>6. AUTHOR(S)</b> Pillai, Trivendhiran (Major)	<b>5d. PROJECT NUMBER</b> N/A
	<b>5e. TASK NUMBER</b> N/A
	<b>5f. WORK UNIT NUMBER</b> N/A

<b>7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES)</b> USMC Command and Staff College Marine Corps University 2076 South Street Quantico, VA 22134-5068	<b>8. PERFORMING ORGANIZATION REPORT NUMBER</b> N/A
--	--

<b>9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)</b> N/A	<b>10. SPONSOR/MONITOR'S ACRONYM(S)</b>
	<b>11. SPONSOR/MONITOR'S REPORT NUMBER(S)</b> N/A

**12. DISTRIBUTION/AVAILABILITY STATEMENT**  
Approved for public release, distribution unlimited.

**13. SUPPLEMENTARY NOTES**

**14. ABSTRACT**

The Chinese government has put its weight behind building a geo-economic maritime route across the Indo-Pacific region under the banner of its Belt and Road (BRI) initiative. China, through the "21st Century Maritime Silk Road" initiative is proposing to build ports in underdeveloped countries by granting them massive loans and so far, commercial ports have been the recipient of majority of Chinese investment funding. Many circumstances drive China's push to acquire transportation hubs. First, the rate of economic growth slowed down in mainland China relative to the boom years of the 2000s that produced a need to find other markets for domestically-produced goods while the construction industry threatened to overheat domestic property values. Second, secure ports and other transportation infrastructure ensure that China has access to goods and services coming and going. Absent this critical infrastructure, China's ability to state its extended territorial claims in the South China Sea would be much weaker. Should conflict escalate, China could be blockaded by its neighbors. Lastly, creating a relationship where the sovereign nation is in debt to China, gives China a political foothold in that nation, forcing an alliance based on Chinese economic influence or coercion.

**15. SUBJECT TERMS**  
Chinese Economic Statecraft, Economic Influence, Economic Coercision, BRI,

<b>16. SECURITY CLASSIFICATION OF:</b>			<b>17. LIMITATION OF ABSTRACT</b>	<b>18. NUMBER OF PAGES</b>	<b>19a. NAME OF RESPONSIBLE PERSON</b>
<b>a. REPORT</b>	<b>b. ABSTRACT</b>	<b>c. THIS PAGE</b>			USMC Command and Staff College
Unclass	Unclass	Unclass	UU	<b>41</b>	<b>19b. TELEPHONE NUMBER</b> (Include area code) (703) 784-3330 (Admin Office)

*United States Marine Corps  
Command and Staff College  
Marine Corps University  
2076 South Street  
Marine Corps Combat Development Command  
Quantico, Virginia 22134-5068*

MASTER OF MILITARY STUDIES

---

---

**TITLE:**

**Maritime Silk Road: China's Rising Influence in the East via Economic Diplomacy**

SUBMITTED IN PARTIAL FULFILLMENT  
OF THE REQUIREMENTS FOR THE DEGREE OF  
MASTER OF MILITARY STUDIES

**AUTHOR:**


**Major Trivendhiran Pillai, USAF**

AY 2020-21


---

---

MMS Mentor Team and Oral Defense Committee Member: Dr. Yuval Weber

Approved:  \_\_\_\_\_  
Date: April 28, 2021

Oral Defense Committee Member: Dr. Audrye Wong

Approved:  \_\_\_\_\_  
Date: April 29, 2021

*United States Marine Corps  
Command and Staff College  
Marine Corps University  
2076 South Street  
Marine Corps Combat Development Command  
Quantico, Virginia 22134-5068*

MASTER OF MILITARY STUDIES

---

---

**TITLE:**

**Maritime Silk Road: China's Rising Influence in the East via Economic Diplomacy**

SUBMITTED IN PARTIAL FULFILLMENT  
OF THE REQUIREMENTS FOR THE DEGREE OF  
MASTER OF MILITARY STUDIES

**AUTHOR:**

**Major Trivendhiran Pillai, USAF**

AY 2020-21

---

---

MMS Mentor Team and Oral Defense Committee Member: Dr. Yuval Weber

Approved: \_\_\_\_\_

Date: \_\_\_\_\_

Oral Defense Committee Member: Dr. Audrye Wong

Approved: \_\_\_\_\_

Date: \_\_\_\_\_

## Executive Summary

**Title:** Maritime Silk Road: China's Rising Influence in the East via Economic Diplomacy

**Author:** Major Trivendhiran Pillai, United States Air Force

**Thesis:** Assessing countries that are susceptible to Chinese economic statecraft due to debt and its impact on United States National and Naval Security.

**Discussion:** China has had a long history of maritime international trade with Southeast Asia, South Asia and the Middle East, dating back to the Han Dynasty over 2200 years ago. In line with China's rapid economic growth, the Chinese government has put its weight behind building a geo-economic maritime route across the Indo-Pacific region under the banner of its Belt and Road (BRI) initiative. China, through the "21<sup>st</sup> Century Maritime Silk Road" initiative is proposing to build ports in underdeveloped countries by granting them massive loans and so far, commercial ports have been the recipient of majority of Chinese investment funding. Many circumstances drive China's push to acquire transportation hubs. First, the rate of economic growth slowed down in mainland China relative to the boom years of the 2000s that produced a need to find other markets for domestically-produced goods while the construction industry threatened to overheat domestic property values. Second, secure ports and other transportation infrastructure ensure that China has access to goods and services coming and going. Absent this critical infrastructure, China's ability to state its extended territorial claims in the South China Sea would be much weaker. Should conflict escalate, China could be blockaded by its neighbors. Lastly, creating a relationship where the sovereign nation is in debt to China, gives China a political foothold in that nation, forcing an alliance based on Chinese economic influence or coercion.

**Conclusion:** China's financial lending habits to poor countries allows them to be in a position where they could utilize Chinese economic statecraft in order to reach their agenda. This will impact US National and Naval security, through intelligence collection when ships dock at Chinese owned ports or when US vessels are denied access to ports during times of heightened US-China tension.

## DISCLAIMER

THE OPINIONS AND CONCLUSIONS EXPRESSED HEREIN ARE THOSE OF THE INDIVIDUAL STUDENT AUTHOR AND DO NOT NECESSARILY REPRESENT THE VIEWS OF EITHER THE MARINE CORPS COMMAND AND STAFF COLLEGE OR ANY OTHER GOVERNMENTAL AGENCY. REFERENCES TO THIS STUDY SHOULD INCLUDE THE FOREGOING STATEMENT.

QUOTATION FROM, ABSTRACTION FROM, OR REPRODUCTION OF ALL OR ANY PART OF THIS DOCUMENT IS PERMITTED PROVIDED PROPER ACKNOWLEDGEMENT IS MADE.

## *Illustrations*

	Page
Figure 1: China's Proposed New Silk Roads .....	2

## *Tables*

	Page
Table 1 : List of Countries and Ports .....	16
Table 2: Sovereign Ratings 2021 .....	19
Table 3: Economic Data.....	20
Table 4: Total Debt to GDP Ratio .....	20
Table 5: External Debt to Total Debt Ratio .....	21
Table 6: China Debt to Total External Debt .....	21

## *Table of Contents*

<b>TITLE:</b> .....	<b>i</b>
<b>Executive Summary</b> .....	<b>ii</b>
<i>Illustrations</i> .....	<b>v</b>
<i>Tables</i> .....	<b>v</b>
<i>Acknowledgement</i> .....	<b>vii</b>
<b>Introduction</b> .....	<b>1</b>
<b>Literature Review</b> .....	<b>5</b>
<i>Economic Concept</i> .....	5
<i>Mechanisms</i> .....	7
<i>Trade</i> .....	7
<i>Capital</i> .....	8
<i>Soft Power</i> .....	9
<i>Countervailing</i> .....	9
<i>Weaponizing Belt and Road Initiative</i> .....	10
<i>Influence Through Infrastructure</i> .....	11
<i>Protection of Assets Overseas</i> .....	12
<i>Chinese Perspective</i> .....	14
<b>Methodology</b> .....	<b>15</b>
<b>Data Analysis</b> .....	<b>19</b>
<b>Discussion</b> .....	<b>22</b>
<i>Intelligence Collection</i> .....	22
<i>Ability to Influence other Countries National Policy</i> .....	23
<i>Restrict Access</i> .....	24
<i>Expansion of PLAN</i> .....	24
<b>Conclusion</b> .....	<b>25</b>
<b>Notes</b> .....	<b>27</b>
<b>Bibliography</b> .....	<b>29</b>

### *Acknowledgement*

I would like to express my sincere gratitude to my thesis committee members, Dr. Yuval Weber and Dr. Audrye Wong, for their advice and support during the course of this research. I extend my gratitude to Lieutenant Colonel Douglas Downey, Dr. Anne-Louise Antonoff, Dr. Paul Gelpi and my fellow classmates from conference group 12 for their patience and support.

Lastly, I would like to thank my spouse Alexis Pillai who held the fort and allowed me time to work on this project, for motivating me to accomplish my goals and always being there when I needed her.

## Introduction

China has had a long history of maritime international trade to Southeast Asia, South Asia, and the Middle East, dating back to the Han Dynasty over 2200 years ago. For more than 2,000 years, this ancient trade route transported goods, ideas and cultures between East and West. When Zheng He, the famous Chinese Muslim voyager made his voyages early in the third century through the Nan Hai, which we know as the South China Sea, he followed routes that had been used by Chinese mariners for many centuries. Port cities developed to accommodate this long-distance trade as merchants generally did not travel the entire distance between Middle East and Europe to China, instead transporting goods in numerous stages before it arrived at its final destination.

Although foreign merchants from places such as India, Persia and the Middle East held a large presence in many of the port cities, the Chinese played a pivotal role in the trade, due to the high global demand for silk. Now, as then, China plays a leading role in developing key ports and hubs along the New Silk Road by financing upgrades of preexisting ports as well as establishing new ports on its route.<sup>1</sup> In line with China's rapid economic growth, the Chinese government has put its weight behind building a geo-economic maritime route across the Indo-Pacific region under the banner of its Belt and Road (BRI) initiative. As demonstrated in Figure 1, this "New Maritime Silk Road" would connect China to South and Southeast Asia then to East Africa and up to the Mediterranean.



Figure 1: China's Proposed New Silk Roads<sup>2</sup>

China's Belt and Road Initiative builds upon the foundation of ancient trade networks between China and Central and Southeast Asia. "This new initiative was first mentioned by China's President Xi Jinping in 2013, but the project was not formally adopted into the party's constitution until 2017."<sup>3</sup> Touted as a resolution to achieve "shared growth through discussion and collaboration", Chinese infrastructure financing practices and connection to military objectives have brought controversy as well. China, through the "21<sup>st</sup> Century Maritime Silk Road" initiative is proposing to build ports in underdeveloped countries by granting them massive loans and so far, commercial ports have been the recipient of majority of Chinese investment funding.<sup>4</sup> This is a major national security concern to the United States (US) since these poor countries could potentially default on the loans, resulting in China garnering ownership over the operations of the port, something that has already happened to the Hambantota Port in Sri Lanka and Djibouti's Doraleh Container Terminal.

Many circumstances drive China's push to acquire transportation hubs. First, the rate of economic growth slowed down in mainland China relative to the boom years of the 2000s that produced a need to find other markets for domestically-produced goods while the construction industry threatened to overheat domestic property values. Second, secure ports and other transportation infrastructure ensure that China has access to goods and services coming and going. Absent this critical infrastructure, China's ability to state its extended territorial claims in the South China Sea would be much weaker. Should conflict escalate, China could be blockaded by its neighbors.<sup>5</sup> Lastly, creating a relationship where the sovereign nation is in debt to China, gives China a political foothold in that nation, forcing an alliance based on Chinese economic influence.

For my thesis, I will assess China's ownership of sovereign debt and the risk of defaulting utilizing the theoretical aspects on the relationship between foreign trade and national power initially developed by Albert Hirschman in his book *National Power and the Structure of Foreign Trade*. The first part of my paper will focus on exploring the relevant literature, beginning with Hirschman and then following up with modern extensions of the theory, including Norris (2018), Lim and Mukherjee (2017), and others who explore the specifically Chinese interpretations of economic statecraft, influence, and coercion. The economical concept of trade interdependence lays the foundations for my research on how a borrower that is heavily dependent on the lender could be coerced into extending certain advantages. Next, I examine the accusation that China is weaponizing The Belt and Road Initiative (BRI), covering both the origin of BRI and Chinese intents for the large-scale program. I then look into the concept of "influence through infrastructure" (Hillman 2019) in which countries are able to utilize overseas infrastructure projects to meet their non-economic agenda. Following this, my focus lies on

China's protection of assets overseas. Here I focus on how China utilizes state-owned enterprises to obtain infrastructure overseas and then demonstrate a need to solicit security from the state to safeguard their assets. This poses a threat to U.S. capabilities when U.S. naval ships dock at ports that are then susceptible to intelligence collection by the Chinese.

The thesis then moves into data analysis. First, I look at regional views of Chinese expansion and how they perceive China's influence over other countries. Then, I focus on assessing the debt distress level of 10 countries that fall in President Xi Jinping's "21<sup>st</sup> Century Maritime Silk Road" project. The data analysis show that these countries are under debt distress and have the possibility of being coerced by China.

The thesis concludes by assessing how the Chinese government views its participation in the expansion of seaports as part of the BRI where they are committed in the development of poor countries. The Chinese government believes that economically this is a "win-win" situation for both countries and as a rising global power, they promote a national image of peace and development. They also emphasize that China has no intention on expanding their military influence and the expansion is purely for economical reason. "The seaport construction serves as the symbol of achievement of the new Chinese leadership where BRI is regarded today as the second stage of China's reform and opening-up, and the banner of the new leadership's official career; the Indian Ocean, African and Mediterranean countries are promising markets with business opportunities for China's redundant industrial capacities."<sup>6</sup> My research from this paper seeks to show how countries that are in debt to China could easily fall under China's economic influence or coercion.

## Literature Review

This section reviews existing academic literature on the expansion of Chinese aid to target countries to build or expand port construction and marine access. In the beginning of this section, we will examine Hirschman's research on how political objectives could be reached or manipulated through international trade systems. Next, we review how Chinese economic statecraft could be applied via different mechanism. We also look at how China relates these massive lending to BRI projects. We then examine how countries could be influenced through infrastructure projects that are funded through Chinese SOEs. Lastly, we examine the rhetoric published by the Chinese state media and their perception on lending to these economically unstable countries.

### *Economic Concept*

My research on Chinese expansion of seaports for commercial and military use achieved through coercion begins with the understanding of Albert Hirschman's theoretical aspects on the relationship between foreign trade and national power. In his book, *National Power and the Structure of Foreign Trade*, he explains the correlation between economic relations and achieving national objectives. He primarily focused on the economic concept "gain from trade", where the country receiving the gain becomes dependent on the country giving it. The assumption of classical theory shows that in this situation both countries stand to gain but emphasized that the gain is largely asymmetrical, where a given volume of trade between country A and B might be more important to B than A. Hirschman emphasizes the use of foreign trade as an instrument of national power where he defines power as the ability and authority of coercion through military or "peace".<sup>7</sup> He writes that the power position of a country is determined by two main effects of foreign trade; supply and influence. The Supply effect can be

described as when a country is providing highly desired goods over less desired goods. Influence effect can be defined as where a country is utilizing direct power based on the dependence of imports and exports. For instance, China is supplying 80 percent of Djibouti's imports, giving them leverage in financial and infrastructure dealings like the construction of ports.

Hirschman explains the Influence effect of foreign trade as “trade conducted between country A and countries B, C and D is worth something to B, C and D, that they would therefore consent to grant A certain advantages-military, political, economical-in order to retain the possibility of trading with A.”<sup>8</sup> He explains that if A wants to increase its hold on B, C and D it will create a situation in which these countries would do anything in order to retain their foreign trade with A.<sup>9</sup> China currently is the main exporter to poor countries like Sri Lanka, Cambodia, Bangladesh and Djibouti. While establishing economically dependent relationships, China is also providing huge loans for seaport constructions while fully understanding that these countries might not be able to repay the debt. In Hirschman's words “Since the power position of a country will be of importance in its commercial negotiations, the inquiry which follows gives incidentally an analysis of what is commonly called bargaining power.”<sup>10</sup> In its dealings with poor nation states, China presses for better port facilities in order to reduce transportation cost. The economical concept of trade interdependence lays the foundation for my research on how a poor country that is heavily dependent on an economically superior country could be coerced into certain advantages.

One of the main extensions of Hirschman's work has been *Chinese Economic Statecraft* by William Norris, who defines it as the “state's intentional manipulation of economic interaction to capitalize on, reinforce, or reduce the associated strategic externalities.”<sup>11</sup> He

emphasizes that economic statecraft depends on principle-agent problems and state control over commercial actors who actually carry out the international economic transactions. Unity among the state is necessary to have control over the commercial actors. Norris also explains that over the years there has been minimal attention paid to the precise correlation between economic relations and how it impacts a state's security policy, even as China's rapid military and economic growth is considered to have the power to influence countries that are in debt through economic statecraft.<sup>12</sup> The supplemental literature to Norris' work on Chinese economic statement has grown in recent years. Chief among these are Lim and Mukherjee (2017), who evaluate how China employs different mechanisms to steer a country's foreign policy, categorizing these along four pathways: Trade, Capital, Soft Power and Countervailing. They argue that these mechanisms work when a lender possessing a strong economy can influence the security and foreign policy decision making of the borrowing country because the borrower has become dependent on the international and economic transactions due to the public pressure for economic growth and prosperity.<sup>13</sup>

### *Mechanisms*

#### *Trade*

Trading of goods and services between a lender and borrower can influence the borrower's policy in two ways. The first one was explained by Albert Hirschman, where the business and firms of the borrower play an influential role in maintaining the trade relations with the lender due to the positive gains received from trading with the lender. The policy making process of the borrower can be influenced by these business and firms due to their vested interest in future trading.<sup>14</sup>

The second explanation of the lender's influence is similar to the first, but instead of influence it utilizes direct coercion. In this situation, the borrower does not have the ability to replace the lender because the benefits from the lender outweighs the cost. This is where the borrower becomes vulnerable to coercion in order to maintain the benefits from trading relationship.

### *Capital*

The capital mechanism operates when the governments of the lender and borrower are involved in the transfer of funds via foreign direct investment (FDI), foreign aid and foreign debt. FDI involves the lender owning income generating businesses or assets in the borrower's country. Grants or concessional loans provided by the government of the lender to the borrower are considered foreign aid. "Governments assume *foreign debt* obligations through issuing sovereign bonds—though these are unlikely to be purchased only by sender state agents—or taking out bank loans on commercial terms."<sup>15</sup>

Lim and Mukherjee explain that there are two ways in which the capital mechanism and its funding routes influence the borrower. For example, the Hirschman Effect, where the local population of the borrower country are empowered via the funds received through FDI and ODA. There is evidence that leaders of the borrower sometimes are involved in corruption in order to receive funds through the lender. The lender can always use future funding flows as a leverage to steer the borrower's security and foreign policy.<sup>16</sup> Another way to influence the borrower is through debt. Borrowers incur debt after accepting massive loans from lenders. Since loans are normally legally binding contracts, lenders have more leverage and the ability to offer debt relief through equity stakes, grants and receiving advantageous terms in other ventures. During repayment negotiations, lenders predict the borrower will default on loan payments,

understanding that the borrower will want to avoid expensive legal proceedings and protect their creditability with other lenders in the global market. This tactic allows the lender to negotiate new terms and conditions that are likely to be only beneficial to the lender.<sup>17</sup>

### *Soft Power*

Lim and Mukherjee describe the relationship between the lender and borrower matures, the borrower tends to look-up to the lender as being more successful, which gives the lender indirect influence. The ability of a lender to have this influence is considered soft power. A borrower with a developing economy might be drawn to the success and willing to adapt to the lender's political and economic ideologies. This could lead the borrower in adapting to policies that are advantageous or of interest to the lender. "However, measuring the impact of soft power founded upon economic success is a challenging task, since it can be difficult to distinguish from the "hard power" benefits the target receives from economic relations with the sender."<sup>18</sup>

### *Countervailing*

Economic benefits can also be achieved through favorable security and foreign policy interest of the lender without imposing specifically economic costs on the borrower. Lim and Mukherjee explain the two ways to view the trade-off between security and economic interest. First, we know that every country's security and foreign policies represents their independence and existence. A government would rather face the political consequence for disrupting the economy over the higher political cost of losing state independence.<sup>19</sup> The borrower that is facing great power competition could have influence over the security interest of the third party. The borrower can continue doing business with the lender while depending on the third party for national security. "A target state's security and foreign policy choices that accommodate the lender's interests will, in many cases, be at the expense of the third party's interests and

potentially undermine the security relationship.”<sup>20</sup> The borrower understands that the third party has the ability to impact the overall security. With this leverage the third party could influence the borrower from not adopting the lenders policies.<sup>21</sup>

### *Weaponizing Belt and Road Initiative*

China’s president Xi Jinping announced The Belt and Road Initiative (BRI) in 2013 involving 140 Countries and 30 international organizations.<sup>22</sup> The BRI is a massive infrastructure program across the world which encompasses the sea-based “21<sup>st</sup> Century Maritime Silk Road” and the land-based “Silk Road Economic Belt” which allows to seek new markets, expand China’s political ideology and allow military access.<sup>23</sup> Chinese leaders present BRI as an economic “win-win” situation that promotes development and world peace. Many of the countries that are under the BRI framework are already struggling due to internal economic issues and normally have a low United Nations Human Development Index (HDI).<sup>24</sup> In 2019, China’s Defense Minister admitted to pursuing partnership with militaries that fall under the BRI framework. According to a report published by the US-China Economic and Security Commission “Beijing is expanding its military presence inside and beyond the Indo-Pacific, including by building a network of overseas ‘strategic strongpoints’ consisting of military bases and commercial ports that can support military operations.”<sup>25</sup>

China’s National Defense Transportation Law states “embed military in civilian” indicating that Chinese military vessels could operate at commercial ports at China’s discretion.<sup>26</sup> This could be easily achieved since a majority of the world’s leading ports are operated by Chinese State-Owned Enterprises (SOEs).<sup>27</sup> A study done by the Center for Strategic and International Studies indicates “Chinese port ownership or operations pose immediate risks to U.S. interests, potentially allowing China to extract intelligence, block the U.S. government

from accessing territory or services (such as critical port access at Djibouti City), and use ports to dock military vessels.”<sup>28</sup> The study also suggests that future research should consider the port authority’s part in regards to operation and contracts with the host nation.

Under a 2017 Chinese law, all overseas BRI projects involving Chinese citizens and companies are required to cooperate with Chinese intelligence.<sup>29</sup> An example of this was when a Chinese SOE sold equipment to the African Union headquarters in Ethiopia that allowed the Chinese backdoor access to internal communications. China’s development of Smart Ports will expand their C4ISR capability. “Through the centralization of data and increased automation, China would be able to obtain real-time information to track the movement of goods and ships along global supply chains.”<sup>30</sup> Since a majority of the ports in the Indo-Pacific are operated by Chinese SOE, Chinese intelligence could easily receive this data. This is a major concern to the US military since China will be able to gain intelligence on US Navy vessels when visiting that port. This was apparent during the negotiations for the Hambantota Port in Sri Lanka when Chinese negotiators asked for intelligence sharing as part of the deal.<sup>31</sup>

### *Influence Through Infrastructure*

Jonathan Hillman, a Senior Fellow at the Center for Strategic and International Studies, published a report on *Influence and Infrastructure: The Strategic Stakes of Foreign Projects*. In his publication he indicated how countries are able utilize overseas infrastructure projects to meet their non-economic agenda. “Traditional foreign policy issues, including diplomacy, intelligence, and military operations are directly impacted by infrastructure projects.”<sup>32</sup> Hillman main focus is to show how another country is able to play all the roles in an infrastructure project such as the investor, constructor, owner or operator. He also indicates how some of these projects could need a deep understanding of the process such as how it is conceived, funded, constructed

and operated. Hillman explains how foreign state influence is explored through three stages; financing, design construction and ownership and operation. He explains how in the financing stage lenders are able “to extract diplomatic concessions, reward supporters, shape project plans, access resources, and gain operational control.”<sup>33</sup> In the design and construction stage lenders are able to set “standards, transferring technology, and collecting intelligence.”<sup>34</sup> In the third and final stage of ownership and operation lender can limit or stop a competitor’s access also leverage for deeper intelligence collection.<sup>35</sup> The China Development Bank (CDB) and Export Import Bank of China (EXIM) are two Chinese policy lenders that have injected \$200 million in loans in the BRI projects. According to CDB the interest rates and loan periods provided to heavily indebted countries are within limits of the International Monetary Fund. While the poor countries understand the debt that are taking on, they indicate that they do not have a choice since Western commercial banks would not lend them money due to the countries bad credit rating.<sup>36</sup>

#### *Protection of Assets Overseas*

In 2018 the RAND Corporation published a paper on China’s Pursuit of Overseas Security authored by Timothy Heath who examines how China can provide security for its overseas economic and strategic interest. He also examines the implications Chinese expansion will have on the Unites States. Heath’s paper discusses China’s unique approach to providing security to it economical interest overseas.<sup>37</sup> China’s lack of allies has made it difficult for them to pursue establishing military bases in allied land, something the United States and Russia favored after World War II. China’s unique approach to providing security relies heavily on SOEs. These SOEs main function is to serve the commercial and military objectives of the

Chinese government. SOEs play a key role in establishing ports and basing infrastructure in other countries providing logistical support to Chinese military forces deployed abroad.<sup>38</sup>

Chinese financial institutions receive huge sums of money which allows China's SOEs to bid lower for projects against other companies.

As of 2019, Chinese SOEs had some sort of control over approximately 70 ports outside of China.<sup>39</sup> Heath's paper utilizes Sri Lanka as an example where China Merchant Holdings International invested in the development of the Colombo International Container Terminal which was supposedly for commercial reasons. However, Chinese naval ships have docked at the port, suggesting that China is utilizing a commercial port facility for military use and strategic advantage. Since China is the current lease holder of the port, they have a justification to allow their naval ships to dock, supply fuel and fresh food as well as offer crew rest.<sup>40</sup> China can also justify the port as an item of national interest for protection by their military. This indirectly allows Chinese military presence at ports that are currently controlled by China without making it look like they are establishing a military base. "Analysts from the U.S.-based Center for Advanced Defense Studies studied Chinese port investments and authoritative Chinese publications discussing the rationales for these investments, finding that they are generating political leverage, increasing Beijing's military presence, and reshaping the strategic operating environment in China's favor—often at the expense of the recipient country."<sup>41</sup>

Heath indicates that China's approach is likely to contrast with the colonial approach and that of the super powers of the Cold War. He believes that the military will play a small part in overseas security when compared to SOE's and host-nation security assets. China's approach is actually following the current approach of Western countries where they have increasingly sought to advance security in distant lands through contractors and host-nation assets while

minimizing the military's role. Heath's paper also indicates how China is able expand and utilize contracted security to eliminate immediate threats since they are disinterested in helping states restructure their societies like what the US tried to do with Iraq and Afghanistan. This approach allows China to safe guard their interest in foreign countries without utilizing their military and costly obligations of reconstruction.

With the growing expansion of Chinese companies and citizens in less stable regions, the Chinese government has decided to safeguard them with Chinese private security companies (PSCs). The Montreux Document describes PSCs as "private business entities that provide military and/or security services, irrespective of how they describe themselves. Military and security services include, in particular, armed guarding and protection of persons and objects, such as convoys, buildings and other places; maintenance and operation of weapons systems; prisoner detention; and advice to or training of local forces and security personnel."<sup>42</sup>

### *Chinese Perspective*

Professor Sun Degang from the Shanghai International Studies University published a noteworthy paper on "Development First: China's Investment in Seaport Construction and Operations along the Maritime Silk Road," supporting the Chinese expansion of seaports, arguing that "As the largest developing country and one of the largest seaport constructors and operators in the world, China insists on the importance of improving people's livelihood by building key seaport infrastructure, airports, power plants, highways, and railways."<sup>43</sup> He also indicates that China is always invited by the host nation in construction and operation of commercial seaports and there is no indication of coercion. Officials from Beijing view seaport construction as supporting host nation economic growth. Degang also emphasizes the downside of the construction projects and how it impacts China. "One can anticipate that when the project

is executed, the threats to China's seaport construction will range from financial burdens, ethnic conflicts, attacks carried out by extremists, and cultural misunderstandings with the host nations to great power rivalries."<sup>44</sup>

Today, China's rapid growth in their economy and thirst for expansion has strained the U.S.-China relationship, and these challenges will continue to grow as China expands its control over Maritime trade routes. Having explained the background in which these poorer nations experience economic dependency, it is easy to show how China has gained such influence in these areas whether one views it as coercion or simple nation building. The Chinese Belt and Road Initiative could theoretically be a way to manipulate these countries in order to achieve China's intent of global expansion. The subsidizing of SOEs to underbid other companies is another way of maintaining control of the ports, which undercuts China's frequent assertion of supporting the economic growth of poor countries. Further research will prove if there are economic similarities between countries that are receiving loans for port constructions financed by China vs financing received from that nation. If there are correlations one could predict the pattern of China's seaport expansion and infer that seaports could be used by Chinese Naval vessels to support military objectives in the future.

### **Methodology**

The methodology for this research paper primarily focuses on quantitative trends of China's involvement in countries that were projected to be part of President Xi Jinping's "21<sup>st</sup> Century Maritime Silk Road" project. China has invested heavily in either constructing or upgrading seaports in these countries. My analysis would indicate the possibility of these countries becoming debt dependent on China. This paper evaluates 10 countries that are part of the Maritime Silk Road project, including Sri Lanka, which already defaulted on their port

construction loan and decided to swap equity for debt. Utilizing Sri Lanka in our analysis might show correlation of what has transpired over the last several years and if others are at risk with similar trends. My selection of countries was in respect to China's BRI initiative "21<sup>st</sup> Century Maritime Silk Road" project which was derived from the "March West" strategy where China realigned its foreign policy to focus on Central Asia and the Middle East. Ports in these countries are either owned, operated or funded by Chinese SOEs, which are also of interest to the U.S. Navy since it falls in their maritime routes. Table 1 below list the countries and ports that were used for my analysis.

**Table 1 : List of Countries and Ports**

<b>Country</b>	<b>Ports Owned/Operated/Funded by China</b>
Bangladesh	Port of Payra
Cambodia	Ream Naval Base
Djibouti	Doraleh
Egypt	Abu Qir
Greece	Port of Piraeus
Indonesia	Kuala Tanjung Port
Iran	Jask
Kenya	Port of Mombasa
Myanmar	Kyaukpyu Deep Sea Tanker Port
Pakistan	Gwadar
Sri Lanka	Hambantota

The intent of the data analysis from this paper is to show if there are trends among these countries that could lead to them defaulting on their loans, which could result in China utilizing economic influence or coercion. For this paper, it is important to note that for the countries being evaluated, the dollar amount used is the total Chinese lending to the country and not specific to the port project. Also, the total Chinese loan amounts may be different due to the definitional challenges and lack of transparency in the Chinese process. Chinese development assistance can be provided through grants or donations, interest-free loans, or concessional loans, but the lack

of transparency makes it difficult to determine which financial flow to consider by recording agencies.<sup>45</sup> All Chinese lending data was retrieved from the World Bank, IMF and other databanks on Chinese loans. The methodology focuses on current level of debt distress faced by these countries and if additional lending from China could add to the debt distress. I start by first identifying the 10 countries in the Maritime Silk Road project. One thing to note is that though the map shows India's Kolkata port for the proposed Maritime Silk Route, in 2019 China invested in Chittagong port development in Bangladesh, making Bangladesh one of the countries being evaluated. I have also included Iran in this study because China is trying to gain access to the Iranian port of Jask and China has become the biggest lender and economic partner of Iran in the wake of U.S.-imposed sanctions in 2018.<sup>46</sup>

Next, we assess the sovereign credit risk ratings provided by the credit rating agencies: Moody's, Standard & Poor's and Fitch Ratings. "A sovereign credit rating is an independent assessment of the creditworthiness of a country or sovereign entity."<sup>47</sup> The sovereign credit rating shows the sovereign credit risk which could determine if a government would have a difficult time meeting their future debt obligations. In order to evaluate the debt distress, data on annual Gross Domestic Product (GDP), total public debt (Total Debt), external public debt (External Debt) and Debt to China were collected from the World Bank, IMF and other data banks.<sup>48</sup> To calculate the Debt to GDP Ratio we take the Total Debt and divide it by the annual GDP. The Debt to GDP Ratio indicates a country's ability to pay back its debts. "A country able to continue paying interest on its debt--without refinancing, and without hampering economic growth, is generally considered to be stable and a country with a high debt-to-GDP ratio typically has trouble paying off external debts (also called "public debts"), which are any balances owed to outside lenders."<sup>49</sup>

There is not a true scale which determines the cutoff for “High” or “Low” score.<sup>50</sup> For this study we will consider any country above a 0.5 (50%) as having a higher default risk. We then divide the External Debt by Total Debt to calculate the External Debt to Total Debt Ratio. This ratio determines a country’s dependency on foreign lenders and investors to support their economic development. For this study we will consider anything above 0.5 (50%) as an indication of higher dependency on foreign support. Once this is established, we take the Debt to China and divide it by External Debt to determine Chinese ownership of a country’s external debt. For this calculation we will consider any country above a 0.33 (33%) to be a higher risk of debt dependency on China which could result in Chinese economic statecraft.

The methodology and data analysis for this study indicates the stages required to determine each country’s ability to pay back their loan, understanding how much foreign support is required and finally recognizing China’s ownership of a sovereign debt. This data will support to identify countries that are showing trends to debt dependency and a possibility of falling prey to Chinese economic statecraft.

## Data Analysis

**Table 2: Sovereign Ratings 2021**

Country	Moody's	S&P	Fitch	TE Credit Score
Bangladesh	Ba3	BB-	BB-	40
Cambodia	B2	B	NR	30
Djibouti	NR	NR	NR	NR
Egypt	B2	B	B+	30
Greece	Ba3	BB-	BB	37
Indonesia	Baa2	BBB	BBB	60
Iran	NR	NR	NR	NR
Kenya	NR	B+	B+	33
Myanmar	NR	NR	NR	NR
Pakistan	B3	B-	B-	25
Sri Lanka	Caa1	CCC+	CCC	21

\*NR = No Rating; TE = Trading Economics

The above table shows the current Sovereign Rating for the identified BRI nations. This table provides credit ratings from the three main credit rating agencies. A lender would utilize the credit worthiness to assess the financial stability and loan repayment ability before determining if the loan should be approved. From this table we can conclude that Indonesia falls under the lower medium grade. Bangladesh, Cambodia, Egypt, Greece, Kenya and Pakistan fall under the Highly Speculative grade and Sri Lanka is considered Substantial risk. Djibouti, Iran and Myanmar do not have a credit rating. The Trading Economics (TE) score indicates the credit worthiness of a country with 0 being mostly likely to default and 100 being riskless.<sup>51</sup> From the scores provided it indicates that all countries have a higher risk of defaulting except Indonesia. Even though these countries currently have a higher risk of debt distress, China is still willing to provide them additional loans. For example, in 2020 China agreed to lend USD 6 billion to Pakistan for a railway project even though Pakistan's Sovereign Rating was considered Highly Speculative and the credit worthiness shows a higher probability of defaulting.<sup>52</sup>

**Table 3: Economic Data**

Country	GDP	Total Debt	External Debt	Debt to China
Bangladesh	302.6	152.3	57.1	3.6
Cambodia	27.1	7.8	7.6	3.6
Djibouti	3.3	3.0	2.6	1.2
Egypt	303.2	302.8	115.1	4.2
Greece	209.9	411.0	503.8	4.1
Indonesia	1119.0	723.8	402.1	1.8
Iran	445.3	258.0	9.3	6.1
Kenya	95.5	63.0	34.2	7.5
Myanmar	76.1	24.2	11.1	3.7
Pakistan	278.2	263.5	100.8	18.1
Sri Lanka	84.0	75.5	56.1	6.1

\*GDP= Gross Domestic Product

\* All Figures are USD Billion

The above table shows the countries that will be evaluated for a higher risk of debt dependency. All data collected is from 2019 and was retrieved from the World Bank.<sup>535455565758</sup>

**Table 4: Total Debt to GDP Ratio**

Country	Total Debt to GDP Ratio (%)
Bangladesh	29
Cambodia	29
Djibouti	91
Egypt	84
Greece	177
Indonesia	30
Iran	45
Kenya	62
Myanmar	38
Pakistan	85
Sri Lanka	87

Above table indicates that Bangladesh, Cambodia Indonesia, Iran and Myanmar Total Debt to GDP Ratio is below 50%. They are highlighted in red to indicate that they are below the threshold.

**Table 5: External Debt to Total Debt Ratio**

Country	External Debt to Total Debt Ratio (%)
Bangladesh	37
Cambodia	97
Djibouti	87
Egypt	38
Greece	123
Indonesia	56
Iran	4
Kenya	54
Myanmar	46
Pakistan	38
Sri Lanka	74

The above table depicts that Bangladesh, Egypt, Iran, Myanmar and Pakistan fall below 50% of the External Debt to Total Debt Ratio. This indicates that they are not so dependent on outside lenders. Since the data only captures loans up till 2019, Bangladesh and Cambodia have increased borrowing from external lenders. Myanmar is still recovering from the years of military rule; therefore, much data was not available and Iran after the 2018 sanctions is not able to borrow as much from external creditors.

**Table 6: China Debt to Total External Debt**

Country	China Debt to External Debt (%)
Bangladesh	6
Cambodia	47
Djibouti	46
Egypt	3
Greece	1
Indonesia	1
Iran	66
Kenya	22
Myanmar	33
Pakistan	18
Sri Lanka	11

The above table indicates China's portion of external debt of a country. Cambodia, Djibouti, Greece, Iran and Myanmar fall above 33%. These countries have a higher risk of debt dependency and falling prey to Chinese economic influence or coercion.

## Discussion

From the data analysis Cambodia, Djibouti, Greece, Iran and Myanmar have a higher risk of debt dependency with China. This poses a threat to the US national and naval security. If these countries default on their loan, China has the leverage to negotiate a deal where they could end up leasing, operating or owning the port, similar to what happened with Hambantota port in Sri Lanka. Chinese run companies have the potential to spy on U.S. and allied vessels when they dock at the port. Chinese companies also have an obligation to collaborate with China's intelligence agency which could result in transferring military communications and operations data. In order to avoid intelligence collection, U.S. navy vessels would have to avoid making port call while crossing the Pacific Ocean. The high debt dependency also provides China leverage to influence desired political outcome for Beijing. My assumption is that countries with lower debt ratios of China would have a smaller repayment amount which would allow them not to default on their loan. This could result in them being less vulnerable to Chinese pressure.

China's ability to gain access to seaports in other countries aligns with the current Chinese objectives of future expansion. The People's Liberation Army Navy (PLAN) expansion across the world is in line with China's commercial maritime strategy. China's concept of dual purpose civ-mil port conversion could be considered an alarming threat to the global maritime arena. The DoD is concerned with China's current trajectory where China has taken actions that are not in concert with the international norms and is undermining the national security of the U.S. and its allies.

### *Intelligence Collection*

Port facilities where U.S. Navy or allied ships dock will have the ability to collect on other militaries operational patterns. Majority of these ports are equipped with information

technology and communication infrastructure that are provided by Chinese SOEs that could interfere with US naval or allied ships. Spying on U.S. and allied assets could increase since Chinese businesses are legally obligated to collaborate with China's intelligence agency. "Chinese port operators could closely monitor the movement of U.S. and NATO warships, gather information about their maintenance operations and have access to sensitive systems and equipment through interception of electromagnetic signals, intelligence-gathering by use of electronic sensors, visual and human intelligence."<sup>59</sup> This could help China with technological information and also to compare their strength and weakness with other navies. Commanders at the U.S base in Djibouti have reported PLA personnel of trying to engage in intelligence collection attempts.<sup>60</sup> Sri Lanka's Hambantota port project cost US\$8 billion that was paid with loans received from China at 6% interest. Sri Lanka defaulted on this loan and in 2017 was able to do a debt-for-equity swap. China received 15,000 acres of land around the port and a 99-year operational lease. This is very similar to 19th century British imperial strategy utilized for Hong Kong with China. Currently there are concerns that China might use this as a naval facility for future patrolling of Indian Ocean shipping lines.<sup>61</sup> Another concern for U.S. Navy is that Hambantota port is operated by Chinese company that is legally obligated to collaborate with Chinese intelligence agency and could spy on U.S. and allied vessels visiting the port.

#### *Ability to Influence other Countries National Policy*

China with their massive loans to smaller countries could lead to coercive diplomacy. China's ability to coerce US allies by gaining veto authority over smaller countries policies could impact US access and posture in the region. "The U.S. National Defense Strategy (NDS) adds that China wants to shape a world consistent with its authoritarian model—gaining veto authority over other nations' economic, diplomatic, and security decisions."<sup>62</sup> This was apparent when EU,

which promotes free speech and abolishing capital punishment failed to make its statement at the United Nations. “A Greek foreign ministry official said Athens blocked the statement, calling it “unconstructive criticism of China” and said separate EU talks with China outside the U.N. were a better avenue for discussions.”<sup>63</sup>

#### *Restrict Access*

Since Chinese SOEs operate or own these port facilities they can deny access to US or allied vessels for port calls if the US-China tensions escalated. “China’s approach includes PLA visits and, in some cases, requests for military access, logistics, or basing agreements, typically in countries where China has provided economic investment in civilian ports, and especially in strategic locations such as key maritime chokepoints.”<sup>64</sup> Pakistan’s Gwadar port is an alternative shipping route for oil transportation into China. The China-Pakistan agreement allows Chinese firm to manage the port on a 43-year lease. The port project cost USD 248 million of which China paid USD 198 million.<sup>65</sup> China sees Gwadar port as a “strategic strongpoint” because the China-Pakistan Economic Corridor allows a direct transportation route and it allows stability for China among Islamic agitation.<sup>66</sup> Recently Chinese military sources announced that the People’s Liberation Army Navy Marine Corps is expanding to defend Chinese interest overseas. Which includes Djibouti and Pakistan. “The food is already on the plate; we’ll eat it whenever we want to.”<sup>67</sup> This was according to a People’s liberation Army officer when asked about using the Gwadar as a base.

#### *Expansion of PLAN*

Due to the expansion of Chinese interest overseas, the PLAN has been assigned more missions to safeguard Chinese investments beyond their borders. This also aligns with China’s eight “strategic task” that was outlined in 2015 for the PLAN to execute: “safeguard the

sovereignty of China's territory; safeguard national unification; safeguard China's Assessment on U.S. Defense Implications of China's Expanding Global Access 3 interests in new domains such as space and cyberspace; maintain strategic deterrence; participate in international security cooperation; maintain China's political security and social stability; and conduct emergency rescue, disaster relief, rights and interest protection missions."<sup>68</sup> With PLAN presence abroad, China will have the ability to expand its power at greater distances from the mainland in less time. Djibouti is the site of China's only overseas military base. China has poured money into building other infrastructure and as projects were coming to completion Djibouti's Finance minister announced that a Naval facility will be built in 2016. After the opening of the port in 2017, Djibouti fell under debt distress but this was after agreeing to a Chinese naval base. China was allowed naval access in exchange for bank credits.<sup>69</sup> There is difficulty in converting economic influence into strategy military access because a country has to show wiliness to allow foreign military on their soil. This was possible in Djibouti and it could also be feasible in Cambodia and Pakistan since they have few economic alternatives.<sup>70</sup>

### **Conclusion**

For thousands of years China has been emersed in the global trade market. Voyagers like, Zheng Ye traversed the waters of the South China sea, seeking to exchange goods from East to West. On the surface, reestablishing the Maritime Silk Road appears to be for the benefit of poor, underdeveloped nations through economic growth. China at the ready to play the role of benefactor, the US is struggling to hold on to its position as benevolent patron to the world's poor. China's financial lending habits to poor countries allows them to be in a position where they could utilize Chinese economic statecraft in order to reach their agenda. Looking at the Debt to China ratios of Sri Lanka, Pakistan and Djibouti it is easy to discern that China garnered far

more than just a sleepy port, they garnered political influence. Chinese economic statecraft ensures China's access to key ports and shipping routes for decades to come. Between the property amassed and the political allies gained from the countries in debt, China is on the trajectory to overtake dominion in the East. This will impact U.S. National and Naval security, through intelligence collection when ships dock at Chinese owned ports or when U.S. vessels are denied access to ports during times of heightened US-China tension. The U.S. sees this spread of influence as a threat, especially the opening of military bases outside of China, such as in Djibouti. However, China argues that imperialism is only deemed acceptable when the West is exploiting the resources of the East. The Imperialistic doctrines of the early 20<sup>th</sup> century supported the exploitation of the poor's resources. The U.S. government manipulated and guided into power governments that would support U.S. interest. How is what China is doing any worse? As the West comes to terms with its fading control over the East, it turns out what was good for the goose was not equally as good for the gander.

## Notes

<sup>1</sup> Pete Nolan, “The Silk Road by Land and Sea – A Historical Perspective”, *Center for international relations and Sustainable Development*, (2015), <https://www.cirsd.org/en/horizons/horizons-summer-2015--issue-no4/the-silk-road-by-land-and-sea---a-historical-perspective->

<sup>2</sup> James McBride, “Building the New Silk Road” Council on Foreign Relations, (2016). <https://www.cfr.org/backgrounder/building-new-silk-road>

<sup>3</sup> John Hurley, et. al, “Examining the Debt Implications of the Belt and Road Initiative from a Policy Perspective,” *Center for Global Development*, Policy Paper 121 (March 2018), p. 3. <https://www.cgdev.org/sites/default/files/examining-debt-implications-belt-and-road-initiative-policy-perspective.pdf>

<sup>4</sup> Economist, “China Is Making Substantial Investment in Ports and Pipelines Worldwide.” 2020. *The Economist*, (2020). <https://www.economist.com/special-report/2020/02/06/china-is-making-substantial-investment-in-ports-and-pipelines-worldwide>.

<sup>5</sup> Economist, “China Wants to Put Itself Back at the Centre of the World.” *The Economist*. (2020). <https://www.economist.com/special-report/2020/02/06/china-wants-to-put-itself-back-at-the-centre-of-the-world>.

<sup>6</sup> Degang Sun and Yahia Zoubir, ““Development First”: China’s Investment in Seaport Constructions and Operations along the Maritime Silk Road” Middle East Studies Institute, Shanghai International Studies University, China; KEDGE Business School, France, (2018) <https://www.tandfonline.com/doi/pdf/10.1080/25765949.2017.12023308>

<sup>7</sup> Albert O. Hirschman, *National Power and the Structure of Foreign Trade*, University of California Press (1945), p. 14-15.

<sup>8</sup> Ibid

<sup>9</sup> Ibid

<sup>10</sup> Ibid

<sup>11</sup> William Norris, “Chinese Economic Statecraft: Commercial Actors, Grand Staretygy and State Control” *Cornell University Press*. (2016) <http://ebookcentral.proquest.com/lib/usmceu-ebooks/detail.action?docID=4517907>.

Created from usmceu-ebooks on 2021-01-25 07:35:58.

<sup>12</sup> Ibid

<sup>13</sup> Darren Lim and Rohan Mukherjee, “What Money Can’t Buy: The Security Externalities of Chinese Economic Statecraft in Post-War Sri Lanka”, *Asian Security*, (2019), 15:2, 73-92

<sup>14</sup> Ibid

<sup>15</sup> Ibid

<sup>16</sup> Ibid

<sup>17</sup> Ibid

<sup>18</sup> Ibid

<sup>19</sup> Ibid

<sup>20</sup> Ibid

<sup>21</sup> Ibid

<sup>22</sup> Daniel Russel and Daniel Berger, “Weaponizing the Belt and Road initiative” *Asia Society Policy Institute*, (2020), [https://asiasociety.org/sites/default/files/2020-09/Weaponizing%20the%20Belt%20and%20Road%20Initiative\\_0.pdf](https://asiasociety.org/sites/default/files/2020-09/Weaponizing%20the%20Belt%20and%20Road%20Initiative_0.pdf)

- 
- <sup>23</sup> China Power Team, "How Will the Belt and Road Initiative Advance China's Interests?" *China Power, Center for Strategic and International Studies*, (2017). <https://chinapower.csis.org/china-belt-and-road-initiative/>
- <sup>24</sup> Ibid
- <sup>25</sup> Annual Report to Congress, "Chapter 4 China's Global Ambitions Section 1- Beijing's 'World-Class) Military Goal", *U.S.-China Economic and Security Review Commission*, (2019) 283 <https://www.uscc.gov/sites/default/files/2019-11/Chapter%204%20Section%201%20-%20Beijing%E2%80%99s%20%E2%80%9CWorld-Class%E2%80%9D%20Military%20Goal.pdf>
- <sup>26</sup> Annual Report to Congress, "Chapter 4 China's Global Ambitions Section 1- Beijing's 'World-Class) Military Goal", *U.S.-China Economic and Security Review Commission*, (2019) 299 <https://www.uscc.gov/sites/default/files/2019-11/Chapter%204%20Section%201%20-%20Beijing%E2%80%99s%20%E2%80%9CWorld-Class%E2%80%9D%20Military%20Goal.pdf>
- <sup>27</sup> Isaac Kardon, "Hearing on A 'WorldClass' Military: Assessing China's Global Military Ambitions" *U.S.-China Economic and Security Review Commission*, (2019) 131
- <sup>28</sup> Judd Devermont, "Assessing the Risks of Chinese Investments in Sub-Saharan African Ports" *Center for Strategic and International Studies* (2019), <https://www.csis.org/analysis/assessing-risks-chinese-investments-sub-saharan-african-ports>
- <sup>29</sup> Daniel Russel and Daniel Berger, "Weaponizing the Belt and Road initiative" *Asia Society Policy Institute*, (2020), [https://asiasociety.org/sites/default/files/2020-09/Weaponizing%20the%20Belt%20and%20Road%20Initiative\\_0.pdf](https://asiasociety.org/sites/default/files/2020-09/Weaponizing%20the%20Belt%20and%20Road%20Initiative_0.pdf)
- <sup>30</sup> Ibid
- <sup>31</sup> Ibid
- <sup>32</sup> Jonathan Hillman, "Influence and Infrastructure: The Strategic Stakes of Foreign Projects" *Center for Strategic and International Studies*, (2019) [https://csis-website-prod.s3.amazonaws.com/s3fs-public/publication/190123\\_Hillman\\_InfluenceandInfrastructure\\_WEB\\_v3.pdf](https://csis-website-prod.s3.amazonaws.com/s3fs-public/publication/190123_Hillman_InfluenceandInfrastructure_WEB_v3.pdf)
- <sup>33</sup> Ibid
- <sup>34</sup> Ibid
- <sup>35</sup> Ibid
- <sup>36</sup> Shu Zhang and Matthew Miller, "Behind China's Silk Road Vision: Cheap Funds, Heavy Debt, Growing Risk" *Reuters*, (2017) <https://www.reuters.com/article/us-china-silkroad-finance-idUSKCN18B0YS>
- <sup>37</sup> Timothy Heath, "China's Pursuit of Overseas Security" *RAND Corporation*, (2018) [https://www.rand.org/content/dam/rand/pubs/research\\_reports/RR2200/RR2271/RAND\\_RR2271.pdf](https://www.rand.org/content/dam/rand/pubs/research_reports/RR2200/RR2271/RAND_RR2271.pdf)
- <sup>38</sup> Ibid
- <sup>39</sup> Isaac Kardon, "Hearing on A 'WorldClass' Military: Assessing China's Global Military Ambitions" *U.S.-China Economic and Security Review Commission*, (2019) 5 <https://www.uscc.gov/hearings/world-class-military-assessing-chinas-global-military-ambitions>
- <sup>40</sup> Timothy Heath, "China's Pursuit of Overseas Security" *RAND Corporation*, (2018) [https://www.rand.org/content/dam/rand/pubs/research\\_reports/RR2200/RR2271/RAND\\_RR2271.pdf](https://www.rand.org/content/dam/rand/pubs/research_reports/RR2200/RR2271/RAND_RR2271.pdf)

- <sup>41</sup> Annual Report to Congress, “Chapter 4 China’s Global Ambitions Section 1- Beijing’s “World-Class) Military Goal”, *U.S.-China Economic and Security Review Commission*, (2019) <https://www.uscc.gov/sites/default/files/2019-11/Chapter%204%20Section%201%20-%20Beijing%E2%80%99s%20%E2%80%9CWorld-Class%E2%80%9D%20Military%20Goal.pdf>
- <sup>42</sup> Niva Yau and Van Der Kley, “The Growth, Adaptation and Limitations of Chinese Private Security Companies in Central Asia” *The Oxus Society for Central Asian Affairs*, (2020) <https://oxussociety.org/wp-content/uploads/2020/10/the-growth-adaptation-and-limitations-of-chinese-private-security-companies-in-central-asia.pdf>
- <sup>43</sup> Degang Sun and Yahia Zoubir, ““Development First”: China’s Investment in Seaport Constructions and Operations along the Maritime Silk Road” Middle East Studies Institute, Shanghai International Studies University, China; KEDGE Business School, France, (2018) <https://www.tandfonline.com/doi/pdf/10.1080/25765949.2017.12023308>
- <sup>44</sup> Ibid
- <sup>45</sup> Leah Lynch, “China’s Foreign Aid: A Primer for Recipient Countries, Donors, and Aid Providers”. *Center for Global Development*, (2020). <https://www.cgdev.org/publication/chinas-foreign-aid-primer-recipient-countries-donors-and-aid-providers>
- <sup>46</sup> Anthony Cordesman, “China in the Gulf: A New Partnership with Iran?”, *Center for Strategic and International Studies*, (2020) <https://www.csis.org/analysis/china-gulf-new-partnership-iran>
- <sup>47</sup> Trading Economics, “Credit Rating”, *Trading Economics*, (2021) <https://tradingeconomics.com/country-list/rating>
- <sup>48</sup> John Hurley, et. al, “Examining the Debt Implications of the Belt and Road Initiative from a Policy Perspective,” *Center for Global Development*, Policy Paper 121 (March 2018), p. 3. <https://www.cgdev.org/sites/default/files/examining-debt-implications-belt-and-road-initiative-policy-perspective.pdf>
- <sup>49</sup> James Chen, “Sovereign Credit Rating”, *Investopedia*, (2020), <https://www.investopedia.com/terms/s/sovereign-credit-rating.asp>
- <sup>50</sup> Marcus Lu, “Chart: Debt to GDP Continues to Rise Around the World”, *Visual Capitalist*, (2020). <https://www.visualcapitalist.com/debt-to-gdp-continues-to-rise-around-world/>
- <sup>51</sup> Trading Economics, “Credit Rating”, *Trading Economics*, (2021) <https://tradingeconomics.com/country-list/rating>
- <sup>52</sup> The Economic Times, “China seeks additional guarantees before sanctioning \$6 billion loan for rail project in Pakistan” *The Economic Times*, (2020) [https://economictimes.indiatimes.com//news/international/world-news/china-asks-pakistan-for-additional-guarantees-for-6-bn-loan/articleshow/79917001.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](https://economictimes.indiatimes.com//news/international/world-news/china-asks-pakistan-for-additional-guarantees-for-6-bn-loan/articleshow/79917001.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)
- <sup>53</sup> World Bank, “Data Bank” *The World Bank*, (2021). <https://databank.worldbank.org/source/world-development-indicators/preview/on>
- <sup>54</sup> World Bank, “Gross Domestic Product 2019” *The World Bank*, (2021). <https://databank.worldbank.org/data/download/GDP.pdf>
- <sup>55</sup> CEIC, “Indicators” *CEIC*, (2021). <https://www.ceicdata.com/en/indicators>
- <sup>56</sup> OECD, “Countries”, *OECD*, (2021). <https://www.oecd.org/>
- <sup>57</sup> Global Economy, “Countries” *The Global Economy*, (2021). <https://www.theglobaleconomy.com/>

---

<sup>58</sup> IMF, “IMF Country Information”, *International Monetary Fund*, (2021), <https://www.imf.org/en/countries#B>

<sup>59</sup> Emanuele Scimia, “China-Operated Ports Raise Security Fears for US, NATO,” *Asian Times* (June 2019), <https://www.asiatimes.com/2019/06/article/are-chinese-operated-ports-a-securityrisk-for-us-nato/>

<sup>60</sup> Zack Vertin, “Great Power Rivalry in the Red Sea: China’s Experiment in Djibouti and Implications for the United States”, *Global China, Brookings Institute*, (2020). [https://www.brookings.edu/wp-content/uploads/2020/06/FP\\_20200615\\_china\\_djibouti\\_vertin.pdf](https://www.brookings.edu/wp-content/uploads/2020/06/FP_20200615_china_djibouti_vertin.pdf)

<sup>61</sup> John Hurley, et. al, “Examining the Debt Implications of the Belt and Road Initiative from a Policy Perspective”, *Center for Global Development*, Policy Paper 121 (March 2018), p. 3. <https://www.cgdev.org/sites/default/files/examining-debt-implications-belt-and-road-initiative-policy-perspective.pdf>

<sup>62</sup> Department of Defense, “Assessment on U.S. Defense Implications of China’s Expanding Global Access” *Defense Media*, (2019). <https://media.defense.gov/2019/Jan/14/2002079292/-1/-1/1/EXPANDING-GLOBAL-ACCESS-REPORT-FINAL.PDF>

<sup>63</sup> Robin Emmott and Angeliki Koutantou, “Greece Blocks EU Statement on China Human Rights at U.N,” *Reuters*, June 18, 2017, <https://www.reuters.com/article/us-eu-un-rights/greeceblocks-eu-statement-on-china-human-rights-at-u-n-idUSKBN1990FP>.

<sup>64</sup> Department of Defense, “Assessment on U.S. Defense Implications of China’s Expanding Global Access” *Defense Media*, (2019). <https://media.defense.gov/2019/Jan/14/2002079292/-1/-1/1/EXPANDING-GLOBAL-ACCESS-REPORT-FINAL.PDF>

<sup>65</sup> Mint, “What Is China’s Military Aspiration for Pakistan’s Gwadar port?” *Mint*, (2020). <https://www.livemint.com/news/world/what-is-china-s-military-aspiration-for-pakistan-s-gwadar-port-11597725691366.html>

<sup>66</sup> Mint, “What Is China’s Military Aspiration for Pakistan’s Gwadar port?” *Mint*, (2020). <https://www.livemint.com/news/world/what-is-china-s-military-aspiration-for-pakistan-s-gwadar-port-11597725691366.html>

<sup>67</sup> Maritime Executive, “China May Deploy Marines to Gwadar Port”, *The Maritime Executive*, (2021) <https://www.maritime-executive.com/article/china-may-deploy-marines-to-gwadar-port>

<sup>68</sup> Department of Defense, “Assessment on U.S. Defense Implications of China’s Expanding Global Access” *Defense Media*, (2019). <https://media.defense.gov/2019/Jan/14/2002079292/-1/-1/1/EXPANDING-GLOBAL-ACCESS-REPORT-FINAL.PDF>

<sup>69</sup> Scott Wingo, “Mind the Trap: What Basing Rights in Djibouti and Sri Lanka Reveal About the Limitations of Debt as a Tool of Chinese Military Expansion” *China Brief*, Volume 20 Issue 7 (2020). <https://jamestown.org/program/mind-the-trap-what-basing-rights-in-djibouti-and-sri-lanka-reveal-about-the-limitations-of-debt-as-a-tool-of-chinese-military-expansion/>

<sup>70</sup> Scott Wingo, “Mind the Trap: What Basing Rights in Djibouti and Sri Lanka Reveal About the Limitations of Debt as a Tool of Chinese Military Expansion” *China Brief*, Volume 20 Issue 7 (2020). <https://jamestown.org/program/mind-the-trap-what-basing-rights-in-djibouti-and-sri-lanka-reveal-about-the-limitations-of-debt-as-a-tool-of-chinese-military-expansion>

## Bibliography

- Annual Report to Congress, “ Chapter 4 China’s Global Ambitions Section 1- Beijing’s “World-Class) Military Goal”, *U.S.-China Economic and Security Review Commission*, (2019) <https://www.uscc.gov/sites/default/files/2019-11/Chapter%204%20Section%201%20-%20Beijing%E2%80%99s%20%E2%80%9CWorld-Class%E2%80%9D%20Military%20Goal.pdf>
- CEIC, “Indicators” *CEIC*, (2021). <https://www.ceicdata.com/en/indicators>
- Chen James, “Sovereign Credit Rating”, *Investopedia*, (2020), <https://www.investopedia.com/terms/s/sovereign-credit-rating.asp>
- China Power Team, "How Will the Belt and Road Initiative Advance China’s Interests?" *China Power, Center for Strategic and International Studies*, (2017). <https://chinapower.csis.org/china-belt-and-road-initiative/>
- Cordesman Anthony, “China in the Gulf: A New Partnership with Iran?”, *Center for Strategic and International Studies*, (2020) <https://www.csis.org/analysis/china-gulf-new-partnership-iran>
- Degang Sun and Yahia Zoubir, ““Development First”: China’s Investment in Seaport Constructions and Operations along the Maritime Silk Road” *Middle East Studies Institute, Shanghai International Studies University, China; KEDGE Business School, France*, (2018) <https://www.tandfonline.com/doi/pdf/10.1080/25765949.2017.12023308>
- Department of Defense, “Assessment on U.S. Defense Implications of China’s Expanding Global Access” *Defense Media*, (2019). <https://media.defense.gov/2019/Jan/14/2002079292/-1/-1/1/EXPANDING-GLOBAL-ACCESS-REPORT-FINAL.PDF>
- Devermont Judd, “Assessing the Risks of Chinese Investments in Sub-Saharan African Ports” *Center for Strategic and International Studies* (2019), <https://www.csis.org/analysis/assessing-risks-chinese-investments-sub-saharan-african-ports>
- Economist, “China Is Making Substantial Investment in Ports and Pipelines Worldwide.” 2020. *The Economist*, (2020). <https://www.economist.com/special-report/2020/02/06/china-is-making-substantial-investment-in-ports-and-pipelines-worldwide>.
- Economist, “China Wants to Put Itself Back at the Centre of the World.” *The Economist*. (2020). <https://www.economist.com/special-report/2020/02/06/china-wants-to-put-itself-back-at-the-centre-of-the-world>.
- Emmott Robin and Angeliki Koutantou, “Greece Bocks EU Statement on China Human Rights at U.N,” *Reuters*, June 18, 2017, <https://www.reuters.com/article/us-eu-un->

- rights/greeceblocks-eu-statement-on-china-human-rights-at-u-n-idUSKBN1990FP.
- Global Economy, “Countries” *The Global Economy*, (2021).  
<https://www.theglobaleconomy.com/>
- Heath Timothy, “China’s Pursuit of Overseas Security” *RAND Corporation*, (2018)  
[https://www.rand.org/content/dam/rand/pubs/research\\_reports/RR2200/RR2271/RAND\\_RR2271.pdf](https://www.rand.org/content/dam/rand/pubs/research_reports/RR2200/RR2271/RAND_RR2271.pdf)
- Hillman Jonathan, “Influence and Infrastructure: The Strategic Stakes of Foreign Projects” *Center for Strategic and International Studies*, (2019) [https://csis-website-prod.s3.amazonaws.com/s3fs-public/publication/190123\\_Hillman\\_InfluenceandInfrastructure\\_WEB\\_v3.pdf](https://csis-website-prod.s3.amazonaws.com/s3fs-public/publication/190123_Hillman_InfluenceandInfrastructure_WEB_v3.pdf)
- Hirschman, Albert O., “National Power and the Structure of Foreign Trade”, *University of California Press* (1945), p. 14-15.
- Hurley John, et. al, “Examining the Debt Implications of the Belt and Road Initiative from a Policy Perspective,” *Center for Global Development*, Policy Paper 121 (2018), p. 3.  
<https://www.cgdev.org/sites/default/files/examining-debt-implications-belt-and-road-initiative-policy-perspective.pdf>
- IMF, “IMF Country Information”, *International Monetary Fund*, (2021),  
<https://www.imf.org/en/countries#B>
- Kardon Isaac, “Hearing on A ‘WorldClass’ Military: Assessing China’s Global Military Ambitions” *U.S.-China Economic and Security Review Commission*, (2019) 5  
<https://www.uscc.gov/hearings/world-class-military-assessing-chinas-global-military-ambitions>
- Lim Darren and Rohan Mukherjee, “What Money Can’t Buy: The Security Externalities of Chinese Economic Statecraft in Post-War Sri Lanka”, *Asian Security*, (2019), 15:2, 73-92
- Lu Marcus, “Chart: Debt to GDP Continues to Rise Around the World”, *Visual Capitalist*, (2020). <https://www.visualcapitalist.com/debt-to-gdp-continues-to-rise-around-world/>
- Lynch Leah, “China’s Foreign Aid: A Primer for Recipient Countries, Donors, and Aid Providers”. *Center for Global Development*, (2020).  
<https://www.cgdev.org/publication/chinas-foreign-aid-primer-recipient-countries-donors-and-aid-providers>
- McBride James, “Building the New Silk Road” *Council on Foreign Relations*, (2016).  
<https://www.cfr.org/backgrounder/building-new-silk-road>
- Maritime Executive, “China May Deploy Marines to Gwadar Port”, *The Maritime Executive*, (2021) <https://www.maritime-executive.com/article/china-may-deploy-marines-to->

gwadar-port

- Mint, “What Is China’s Military Aspiration for Pakistan’s Gwadar port?” *Mint*, (2020).  
<https://www.livemint.com/news/world/what-is-china-s-military-aspiration-for-pakistan-s-gwadar-port-11597725691366.html>
- Nolan Pete, “The Silk Road by Land and Sea – A Historical Perspective”, *Center for international relations and Sustainable Development*, (2015),  
<https://www.cirsd.org/en/horizons/horizons-summer-2015--issue-no4/the-silk-road-by-land-and-sea---a-historical-perspective->
- Norris William, “Chinese Economic Statecraft: Commercial Actors, Grand Strategy and State Control” Cornell University Press. (2016) <http://ebookcentral.proquest.com/lib/usmcu-ebooks/detail.action?docID=4517907>. Created from usmcu-ebooks on 2021-01-25 07:35:58.
- OECD, “Countries”, *OECD*, (2021). <https://www.oecd.org/>
- Russel Daniel and Daniel Berger, “Weaponizing the Belt and Road initiative” *Asia Society Policy Institute*, (2020), [https://asiasociety.org/sites/default/files/2020-09/Weaponizing%20the%20Belt%20and%20Road%20Initiative\\_0.pdf](https://asiasociety.org/sites/default/files/2020-09/Weaponizing%20the%20Belt%20and%20Road%20Initiative_0.pdf)
- Scimia Emanuele, “China-Operated Ports Raise Security Fears for US, NATO,” *Asian Times* (June 2019), <https://www.asiatimes.com/2019/06/article/are-chinese-operated-ports-a-securityrisk-for-us-nato/>
- The Economic Times, “China seeks additional guarantees before sanctioning \$6 billion loan for rail project in Pakistan” *The Economic Times*, (2020)  
[https://economictimes.indiatimes.com//news/international/world-news/china-asks-pakistan-for-additional-guarantees-for-6-bn-loan/articleshow/79917001.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](https://economictimes.indiatimes.com//news/international/world-news/china-asks-pakistan-for-additional-guarantees-for-6-bn-loan/articleshow/79917001.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)
- Trading Economics, “Credit Rating”, *Trading Economics*, (2021)  
<https://tradingeconomics.com/country-list/rating>
- Wingo Scott, “Mind the Trap: What Basing Rights in Djibouti and Sri Lanka Reveal About the Limitations of Debt as a Tool of Chinese Military Expansion” *China Brief*, Volume 20 Issue 7 (2020). <https://jamestown.org/program/mind-the-trap-what-basing-rights-in-djibouti-and-sri-lanka-reveal-about-the-limitations-of-debt-as-a-tool-of-chinese-military-expansion/>
- World Bank, “Data Bank” *The World Bank*, (2021).  
<https://databank.worldbank.org/source/world-development-indicators/preview/on>

World Bank, “Gross Domestic Product 2019” *The World Bank*, (2021).  
<https://databank.worldbank.org/data/download/GDP.pdf>

Yau Niva and Van Der Kley, “The Growth, Adaptation and Limitations of Chinese Private Security Companies in Central Asia” *The Oxus Society for Central Asian Affairs*, (2020)  
<https://oxussociety.org/wp-content/uploads/2020/10/the-growth-adaptation-and-limitations-of-chinese-private-security-companies-in-central-asia.pdf>

Zhang Shu and Matthew Miller, “Behind China's Silk Road Vision: Cheap Funds, Heavy Debt, Growing Risk” *Reuters*, (2017) <https://www.reuters.com/article/us-china-silkroad-finance-idUSKCN18B0YS>