Blowing the Whistle on Legal implications of Unfair Chinese International Finance Export and Investment Activities in Developing Countries: Fact or Fiction?

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Abstract

This research was prompted by the recent boom in international finance export and trading activities as practised by China in the light of the wide criticism it has been attracting from several quarters bordering on allegation of unethical lending practices. The doctrinal methodology was employed in this study. Our findings revealed that the Chinese export credit financing has continued to skyrocket remarkably over the last decades. This 'going-global' strategy by leveraging on export finance instruments has helped to consolidate its economic ties with several developing countries, mostly in Africa. This vantage position has given China significant access to natural resources and new markets, while enhancing its sphere of influence to become a global superpower. This 'inordinate' ambition as amplified by China's debt-trap diplomacy raises suspicion about the Asian Tiger's plot to recolonize its trade partners, contrary to the rules of engagement under international economic law. The suspicion and accusation are informed by the fact that the export credit facilities advanced to these poor countries are exploitative and constitute a threat to the borrowers, the international community, as well as the fact that China is unwilling to comply with global standards. This article, therefore, recommended inter alia, for China to review its modus operandi by ensuring strict adherence with global standard and transparency in its international finance export and investment dealings with developing countries. On their part, the developing countries were advised to adopt stronger bargaining approach by insisting on mutually beneficial dealings based on equal terms.

Keywords: belt and road initiative, development finance, hidden debts, export finance, sovereign risks.

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Introduction

Lending and borrowing constitutes an important part of international commercial relations. Virtually every country is a borrower, one way or the other, and at some point in time. This business interaction is as old as trade itself. Export credits in the form of loans are necessary since they serve as financial instruments supporting domestic companies in carrying out business overseas by mitigating certain risks. The risk could be default or insolvency on the part of buyers, non-payment by buyers due to currency issues, political unrest, among other economic factors[1].

States make available official export credits through Export Credit Agencies (ECAs) directly to foreign buyers of national exports, or indirectly through private financial institutions. One of the most prominent examples, in recent times is China. Chinese export finance activities have skyrocketed remarkably over the past decades, exceeding those of exporters from the OECD bloc[2]. It is interesting to note that as of 2011, Chinese lending surpassed the World Bank itself[3]. The trend has continued till today with vigor. China's policy banks[4] have continued to advance more export credit financing in different forms including preferential export buyers' credits, export sellers' credits, mixed credits, concessional loans, natural resource-backed loans or lines of credit and export, and special economic zones[5]. Undoubtedly, these Chinese export finance activities have played an important role for China's 'going-global' strategy, by consolidating her economic relationships and providing significant access to natural resources. It has also enhanced China's sphere of influence as a global superpower[6].

At the same time, Chinese export credits have become a competitive threat to exporters from the OECD countries. These

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1 Isabella, Massa. Export Finance Activities by the Chinese Government. European Parliament Briefing Paper EXPO/B/INTA/FWC/2009-01/Lot7/15 September 2011

2 Ibid

3 Steven, Duke. China's Global Reach: Lending More than the World Bank. BBC. <https://www.bbc.com/news/business> Accessed 12/02/2020.

4 Namely, China Eximbank, Sinosure, China Development Bank, and China Agricultural Development Bank

5 Isabella, Massa. Export Finance Activities by the Chinese Government. European Parliament Briefing Paper. Op cit.

6 Ibid

countries have criticized Chinese export credits as being characterized by unfair trade practices since the credits are allegedly not granted on a cost recovery basis. By enticing and entrapping developing nations with dubious loans for infrastructure project, the motive is to seize their assets in the likely event of default in loan repayment. As such, the Chinese economic activities such as the Belt Road Initiative (BRI) and 'going global strategy' have been purely exploitative, particularly in Africa and other developing countries.

This is a dicey situation since China is not a member of the OECD and is not obliged to comply with the OECD guidelines. The guidelines provide for limit to tied aid, regulated credit practices, maximum repayment terms, minimum interest rates, exchange of information and standards on social, environmental and financing activities. The fact that China is not bound by these regulations creates an unfair advantage for Chinese exporters. It equally gives the Asian Tiger the latitude to exert undue influence over the recipient poor countries as asserted. Other implications arising from this engagement include debt sustainability issues, slower reform processes[7], drain of local natural resources, as well as constituting imminent threat for local products and workers.

This article seeks to thoroughly and critically analyze the impact of Chinese export finance activities in the light of allegations bordering on unfair lending and trade agreements. To be examined are the potential implications for China's partner developing countries as it relates to the looming debt crisis and question of their sovereignty. Finally, the Chinese banking policy is reviewed in juxtaposition with Western international banking policy in a comparative manner with a view to determining whether there is any substantial difference between the two systems with reference to the exploitation of developing and underdeveloped countries. It concludes by providing some useful policy recommendations.

[7] Particularly in countries with weak governance systems

Chinese Lending and Investment Profile in Developing and Underdeveloped Countries

China's dominant position in global trade is evidenced by her expanding role in export finance around the world. It has exported humungous amounts of capital on a global scale for the past couple of decades. An in-depth analysis by Kiel Institute for the World Economy documented the history and volume of lending activities of the Asian Tiger in 2019. The study gathered from a variety of sources[8] covers a total of 1,974 Chinese loans and 2,947 Chinese international finance exportation to 152 emerging or developing countries from 1949 to 2017[9].

In total, the data reveals over 1,947 loans and 2,947 grants extended by the Chinese government and state-owned creditor agencies since 1949, to more than 150 countries worldwide, with total commitments of US$530 billion[10] in 2017. As of 2018, China holds over US$5 trillion of debt towards the rest of the world, representing 6 percent of world GDP. This is an astronomical leap from less than US$500 billion in the early 2000s, representing 1 percent of world GDP. China's total financial claims abroad amount to more than 8 percent of world GDP in 2017[11].

Of course, Chinese overseas lending has fluctuated from time to time in terms of volume. According to the OECB, it declined in the 1980s and 1990s, and rose again in the early 2000s in the wake of China's "going-out" policy. This coincides with China's economic boom and its increasing share of world GDP. Now that China represents more than 15 percent of global GDP on a purchasing power parity basis, the financial spectrum of its foreign loan is the highest so far[12].

This dramatic increase in Chinese official lending and investment is almost unprecedented in peacetime history, being only

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8 Including international treaties, debt contracts, policy reports, etcetera

9 Horn, Sebastian and Reinhart, M Carmen and Trebesch, Christoph. China's Overseas Lending, Kiel Working Paper, No. 2132, (Kiel Institute for the World Economy, Kiel, 2019) <http://hdl.handle.net/10419/200198> Accessed 07/02/2020

10 Horn, Sebastian and Reinhart, M Carmen and Trebesch, Christoph (n, 9).

11 K Davies, China Investment Policy: An Update. *OECD Working Papers on International Investment*, (OECD Publishing, 2013) <http://dx.doi.org/10.1787/5k469l1hmvbt-en> Accessed 19/03/201

12 Ibid

comparable to the rise of US lending in the wake of the First and Second World Wars. Indeed, the rapid growth of claims have transformed the Chinese government into the world's largest *official* creditor[13]. The drastic increase of its Gross Domestic Product (GDP) coupled with "Going Global Strategy" to foster its foreign investment abroad[14] account for China's vantage position as a dominant global creditor in the recent 20 years. Her international lending strategy can be described as being geostatic, geo-economic and geopolitical in nature.

Chinese loans are targeted at financing large-scale investments in infrastructure, energy and mining in more than 100 developing and emerging market countries. This investment holds the prospect for large scale development if rightly tailored. However, this huge lending flows resulted in the build-up of high debt servicing burdens[15]. Finding has revealed that the average stock of debt owed to China has increased from less than 1 percent of GDP in 2005 to more than 15 percent of debtor country GDP in 2017 for the 50 main recipients of Chinese direct lending. For these countries, Chinese debts now account for more than 40 percent of total external debt, on average[16]. The avalanche of countries receiving Chinese official grants or loans has increased to almost 80 percent as of 2017[17].

With reference to the geopolitical strategy, it is quite remarkable that the former poverty stricken and isolated Asian country for over a century now delivers gargantuan investments to developing countries around the world. In its bid to shape emerging markets, China is itself rising as a masterstroke of geopolitical strategy[18]. It has remained an active but strategic international creditor. For instance, this can be seen even in the 1950s and 1960s, when it lent substantial amounts to other communist allies. It is

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13 Ibid
14 Initiated in 1999
15 Horn, Sebastian; Reinhart, Carmen M.; Trebesch, Christoph (n, 10)
16 Ibid
17 K Davies (n, 11).
18 Daniel, Araya. China's Grand Strategy. <https://www.forbes.com/sites/danielaraya/2019/01/14/chinas-grand-strategy/#32e8cdb71f18> Accessed 17/03/2020.

important to note that this sizeable bilateral loans and grants were extended despite the fact that the country was itself experiencing severe hardship and famines.

Chinese conglomerates are well positioned in Africa to capitalize on the continent's need for technology, trade, transportation, and manufacturing. These investments drive covers strategic sectors of the economy including agriculture, roads, port construction, and telecommunications[19]. China is equally the single largest international creditor in Latin America which is the second largest recipient of Foreign Direct Investments (FDI). Chinese corporations are constructing social amenities and infrastructure such as dams and hydroelectric power plant in the Amazon and Patagonia, as well as thousands of miles of rail in Peru, Brazil and Venezuela. Its development banks are financing world class nuclear power plants in Argentina, and Chinese venture capital is driving Latin America's tech boom. Similarly, Chinese investments in Asia is the highest so far, standing at 66 percent of its total lending abroad[20].

Chinese economic adventure has been subjected to heavy criticism as being neocolonial in Africa, Latin America and elsewhere. However, this condemnation does not negate the fact that Chinese infrastructure ensures significant opportunities for knowledge-based goods and services. China has been banking on this development. As the manufacturing hub of the global economy, China has a vested interest in promoting unfettered trade in manufactured goods, as well as trade-related infrastructure development. [21]. Beyond infrastructure, the future of Chinese goods in Asia, Africa and Latin America embraces healthcare technologies, robotics, industrial parks, manufacturing technologies, autonomous vehicles and clean energy. China's investments in emerging economies is providing a vast platform for new markets in financial services, insurance, legal services, education, human resources, venture capital and entertainment, among other business interests[22].

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19 Ibid
20 Ibid
21 Ibid
22 Ibid

The Dichotomy between Chinese Expanding International Finance Export/ Investments Practices and Global International Lending Rules

China has transformed phenomenally from a pauperized, hunger stricken third world nation into a global development finance giant. To consolidate its international finance export quest as discussed in the previous section, she has taken a titanic step further to converge the major emerging national economies of Brazil, Russia, India, China, and South Africa (BRICS) in 2014 to form the New Development Bank (NDB). The NDB is an international lending institution targeted to provide at least $50 billion in development funding to emerging markets[23].

A year after the establishment of NDB, China again led a group of over 50 countries to launch the Asia Infrastructure Investment Bank (AIIB). The AIB is another China-led development bank that plans to invest at least $100 billion to build new infrastructure projects across Asia. The inauguration of AIIB strategically positions China to play a leading role among both emerging and developed economies[24]. Furthermore, China has been reeling out two new unilateral lending programs in addition to the above two multilateral initiatives. These are China's South-South Cooperation Fund, expected to provide $20 million annually to support climate work in developing nations, and the $40 billion China Silk Road Fund that to finance projects associated with China's Belt and Road Initiative (BRI)[25].

Based on dollar amounts alone the NDB, AIIB, and Silk Road Fund stand to operate on par with existing financial institutions, such as the World Bank Group and the Asian Development Bank, which operate on capital bases—money both paid in and pledged by member nations – of $223 billion and just more than $160 billion, respectively[26].

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23 Molly, Elgin-Cossart and Melanie, Hart. China's New International Financing Institutions: Challenges and Opportunities for Sustainable Investment Standards. <https://www.americanprogress.org/issues/security/reports/2015/09/22/121668 /chinas-new-international-financing-institutions/> Accessed 19/03/2020

24 Ibid

25 ibid

26 Ibid

As soon as these new organizations become fully operative, borrowing nations will have a much larger menu of lending options to choose from. As such, the western-dominated World Bank and the Asian Development Bank will no longer be the biggest lending organizations in the world. In other words, China is breaking the monopoly and by extension escalating the trade tension between it and the United States of America.

With the world of development finance fast becoming more diverse and fragmented, investment needs are becoming more demanding to leave potential lending nations on the sidelines. Standardization is also becoming more critical for shaping the types of projects development banks fund around the world even as more lending options appear on the horizon. This is where the role of international finance regulatory bodies such as the World Trade Organisation (WTO) and Organisation for Economic Cooperation and Development (OECD) among others becomes relevant.

The OECD for instance, is one of the most important international finance organizations responsible for formulating lending policies. It carries out this critical function pursuant to Article 1 of the OECD Convention of 1960[27], which provides that the OECD shall promote policies designed[28]:

(i) To achieve the highest sustainable economic growth and employment and a rising standard of living in member countries, while maintaining financial stability, and thus to contribute to the development of the world economy;
(ii) To contribute to sound economic expansion in member as well as non-member countries in the process of economic development; and
(iii) To contribute to the expansion of world trade on a multilateral, non-discriminatory basis in accordance with international obligations.

Similarly, the Development Assistance Committee (DAC) of the OECD adopted the concept of Official Development Assistance

[27] It came into force on 30th September 1961

[28] Article 1 Organisation for Economic Cooperation and Development Convention 1960.

(ODA) in 1969 to standardize the measurement of the resource flows from DAC member states to developing countries. ODA represents flows of concessional financing with a grant element of at least 25 percent, and are provided by official sectors. The main aim is to promote the aid recipients' economic development as well as public welfare[29].

It is interesting to note that China happens to be a DAC-list ODA recipient and beneficiary. However, she is not a DAC state, nor an OECB member. Despite embarking on wide-ranging development assistance programs relating to other developing countries since 1950, the Chinese state has never reported official ODA statistics to the public. This is owing to the gap between the ODA standard and Chinese perception of development assistance[30]. China's foreign policy differs from the Western idea because it is premised on certain Principles of Economic Assistance to Other Countries and the framework of South-South Cooperation[31].

In spite of the lack of transparency in its international finance export activities, the Asian giant denies attaching any political string to its foreign aid. Instead, she claims that her aid is purely for the pursuit of mutual cooperation and benefit[32]. Following it comprehensive foreign affairs policies and decades of global aid practice, China has incorporated substantial ODA elements in the

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[29] M Sigli. Mumuni and Shelly Ann Murphy. China's Going Global Policy in Africa: An Exploratory Overview of an Evolving Policy Framework. [2018] (2)(1)*Journal of Asian Research* p.11 <www.scholink.org/ojs/index.php/jar> Accessed 14/11/2019.

[30] Ibid

[31] Chinese most recent principles of foreign aid policy includes:

(i) Aid is to be provided under South-South Cooperation and on the footing of equality, mutual benefit, and common development, to fit with both China's actual conditions and the needs of the recipient countries.

(ii) Aid should be undertaken with the aim of helping develop aided countries' self-development capacity.

(iii) No political conditions to be attached to aid, no interference with others' internal affairs, and no political privileges sought.

(iv) Aid should not exceed the government's capability. China provides foreign aid in line with its national conditions and applicable comparative advantages, to meet the needs of the aided countries.

(v) Aid reflects adjustable policy making, meaning that there should be an innovative approach to the form of aid and reform of administrative mechanisms in order to keep pace with the development of domestic and international situations. Ibid

[32] Sigli and Murphy. (n, 29)

provisions of its legal framework. This is with particular reference to purposes and instruments which aims to promote the economic growth and social progress of the recipient states and through the instruments of grants and concessions. Generally, China regulates international assistance on a more flexible and broader basis than standard ODA approaches. For instance, the Chinese Constitution proclaims that China carries out an independent foreign affairs policy underpinned essentially by noninterference and equality. The policy Guidelines for China's aid is a fundamental legal framework which is given:

(i) for the purpose of self-reliance and independent economic growth of the recipient countries, such as increased income and capital accumulation;
(ii) with no attached conditions and no requests for privileges; and
(iii) based upon mutual development rather than unilateral aid.

The Principles also address the modalities and standards applicable to foreign aid, which includes[33]:

(i) Economic aid with a deferrable repayment date;
(ii) Chinese equipment and materials of the best quality at negotiable prices, based upon international market prices;
(iii) Assistance to local construction projects of the recipient countries;
(iv) Technical assistance with the guarantee of ensuring that local staff fully master the techniques; and
(v) The deployment of experts without special demands.

As observed earlier, the bulk of Chinese aid in terms of grant and loans flows to African countries. Moreover, the dimension of economic engagement between China and the so-called Dark Continent has skyrocketed exponentially in recent years, fueled mostly by escalating trade and investment links. This growing Sino-African interaction has been bolstered by China's "Going Global" policy, culminating in large and diverse Chinese multinational

33 China Foreign Aid. <https://www.loc.gov./law/help/foreign-aid/china.php> Accessed 10/03/2020

corporation on the African continent[34]. The proliferation of Chinese businesses in Africa has resulted in new opportunities and prospects for all stakeholders, but not without creating several challenges. Undoubtedly, this development negatively impacts both Chinese foreign policy in Africa, and subsequently Sino-African relations in general[35]. Of course, the emergence of China as an export finance giant without subscribing to the OECD membership also poses an important challenge to Western exporters.

Due to the foregoing reasons, it becomes imperative to examine China's economic relationship and activities in the light of OECB rules on export credit. The rules basically seek inter alia, to:

(i) Limit tied aid and credits practices in OECD countries;
(ii) Impose maximum repayment terms, country risk classification and minimum interest rates;
(iii) Require the exchange of information on export finance activities; and
(iv) Impose social, environmental and governance standards on financing activities.

These items are examined briefly under the subsections below.

Limitations on Finance Export Terms and Conditions

The need to promote a level playing field for official support propelled some OECD countries[36] to formulate the *Arrangement on Officially Supported Export Credits of* 1978. This agreement places limitations on the terms and conditions of officially supported export credit financing. The aim of this restriction is to ensure that competition among exporters is based on the quality and price of goods and services exported, rather than on the most favourable officially supported financial terms and conditions[37]. It also limits the

34 Sigli and Murphy. (n, 29)
35 Ibid
36 Namely Australia, Canada, the European Community, Japan, Korea, New Zealand, Norway, Switzerland, and the United States of America.
37 D Brautigam, *The Dragon's Gift: the Real Story of China in Africa*. (The Oxford University Press, 2009); D Brautigam, China, Africa and the International Aid Architecture. (African Development Bank Group Working Paper Series No. 107, 2010).

ability of governments to tie their concessional export credits to procurement of goods and services from their own countries[38].

Specifically, the OECD Arrangement stipulates the following rules[39]:

(i) All forms of officially supported export credits are subject to repayment requirements within specific time limits;

(ii) ECAs have to use the relevant Commercial Interest Reference Rate (CIRR) as the minimum interest rate;

(iii) ECAs that provide guarantees or insurance need to charge a Minimum Premium Rate (MPR) to cover the credit risk, which shall be risk-based and adequate to cover long-term operating costs and losses;

(iv) No concessional export credits shall be offered to countries whose income level, according to the World Bank data, is above the upper limit for lower middle income countries.

(v) No concessional export credits should be extended to commercially viable projects, for which CIRR should be used. (Only commercially non-viable projects in lower income countries are eligible for concessional export credits);

(vi) When allowed, concessional export credits should be given a concessional level of at least 35 percent, or 50 percent if the beneficiary country is a least developed country.

(vii) Terms and conditions for concessional export credits should not be fixed for more than two years.

China is not an non-OECD member, which implies that she is under no legal obligation to comply by the OECD rules. This leads to alleged unfair advantages for Chinese exporters and investors. Cases abound in which China was able to circumvent major OECD ECAs by virtue of its more favourable financing terms. The

38 Ibid

39 OECD. Arrangement on Officially Supported Export Credits, TAD/PG(2010)2, Trade and Agriculture Directorate Participants to the Arrangement on Officially Supported Export Credits. Paris: Organisation for Economic Co-Operation and Development. January 2010 Revision.

following are but a few instances of Chinese projects that won over their Western competitors by contravening OECD rules:

(i) Brazil's largest land-line company (Tele Norte) while seeking to purchase network equipment in 2010, opted for the offer made by Huawei because of unbeatable terms compared to bids by some OECD member countries[40];

(ii) A USD$240 million project for a bridge construction in Serbia, which was 85 percent funded by China Eximbank at less than half the market rate; a highway project in Poland that was secured with a tender one-third lower than the next lowest bid[41].

(iii) China adopted a financing strategy by offering to finance USD 437 million of the total with a 12-year loan, at a fee of 8 percent in order to win a USD 477 million contract with the Pakistan government for the supply of 150 locomotives[42].

Transparency

Part of the agreement reached by OECD members is the stipulation that export finance activities be transparent. This is necessary to maintain level playing field for official support. Hence, the OECD Arrangement stipulates as follows[43]:

(i) member who commits the official support is required to inform all other members;

(ii) the credit terms and conditions of which should be notified to all other members.

China is not constrained by these rules since she is not party to the OECD. Therefore, Chinese Exim bank usually does not report the terms of its own export finance activities which thus often constitute unfair trade practices. Concerns have been raised by foreign investors at various fora indicting China for not living up to its 2001 WTO accession commitments. In other words, the Chinese

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40 GC Hufbauer, M Fickling, and W F Wong. Revitalizing the Export-Import Bank. (Peterson Institute for International Economics Policy Brief No. PB11-6, 2011).

41 EIU. China industry: Credit Backing. (London: Economist Intelligence Unit, 2011).

42 Ibid

43 OECD. Arrangement on Officially Supported Export Credits. Op cit.

government is considered not to be implementing changes in the spirit of the WTO agreement as promised.

A main challenge to explore China's large-scale official lending boom is its opacity. Unlike OECD members, the Chinese government does not release data on its lending activities abroad or those of its government entities. No data is, therefore, available from the creditor side, and the data coverage on the debtor's side is equally highly inchoate. The IMF 2018 report suggests that less than one in ten low-income countries report debts of public corporations that are outside the general government. As a consequence, the debtor countries themselves have an incomplete picture on the amount and conditions under which they have borrowed from China[44].

This lack of transparency is also compounded by the fact that private financial industry does not monitor China's state-driven cross-border lending flows. Rating agencies such as S&P or Moody's track debt and credit events (defaults) on private-to-private or private-to-official flows, but they miss official lending, such as the loans by state-owned Chinese policy banks[45]. Similarly, major data providers such as Bloomberg or Dealogic have failed to identify the international Chinese lending boom. They carefully track publicly traded debt instruments such as sovereign bonds or private syndicated loans, but miss China's official loans, which are not priced in international markets. The data provided by the BIS locational banking statistics is also of no significance, since the Chinese government refuses to publicly release the bilateral (country-by-country) claims data, as many other BIS reporting countries do[46].

One reason for this perceived failure is that in order to mitigate lending risks of default on its loans, the Chinese adopts a circular lending strategy. By this method, China's state-owned policy banks often do not transfer any money to accounts controlled by the recipient government. Instead, the loans are disbursed directly to the Chinese contractor firm that implements the construction project

44 Davies, K. China Investment Policy: An Update. (n, 11).
45 Ibid
46 Ibid

abroad[47]. The loans, thus, remain within the Chinese financial system, making it a herculean task for recipient countries to misuse the money. The fact that this type of overseas loan is not actually transferred abroad means there is nothing to report to the BIS. This partly accounts for China's large reporting gaps[48].

The lack of transparency due to dearth of records also makes risk pricing difficult from the perspective of private investors. The fact that a substantial proportion of total external debts of a country is unknown makes it almost impossible to properly price sovereign bonds and the associated default risk factor involved. Similarly, opacity could be a major challenge when it comes to crisis resolution. This is because where default arises, the stock and composition of a country's debt is crucial information to assure fair burden sharing and an orderly process of managing and surmounting the crisis[49].

Again, as alluded to earlier, China is not a member of the OECD, nor the WTO Government Procurement Agreement (GPA). As such, it does not have to open its government procurement to companies outside China, though there was a move to join the GPA. One of the reasons for inviting foreign investors to come to China and for China's accession to the WTO was to introduce a fresh breeze of competition to stimulate domestic enterprises to modernise and improve their operation[50].

Environmental, Social and Governance Standards

The OECD members conform to an agreed set of environmental, social and governance standards in their export finance activities. China on the other hand has funded several projects under controversial social and environmental circumstances. A few examples include the China Eximbank-backed Ramu nickel mine in Papua New Guinea which employs the destructive practice of submarine tailings disposal (discharge of mining waste into the ocean). Another instance is the financing provided by Exim bank to

47 Ibid
48 Ibid
49 Ibid
50 Ibid

construct the Nam Mang dam in Laos which is accused of destroying the habitat of elephants and many other rare species[51]. Although China has not made significant attempt at promoting environmental and social standards, its Development Bank and Eximbank now has a public disclosure environmental policy, according to which environmental impact assessment reports before loan applications are considered[52].

On the governance side, China does not impose conditions on governance and human rights before financing projects in other countries. This is in accordance with its policy of non-interference and contrasts with OECD members policies. OECD members agreed to the *OECD Recommendations on Bribery and Officially Supported Export Credits*, which aim to deter and sanction bribery of foreign public officials in international business transactions supported by official export credits, but these measures have not been adopted by China, even though it has ratified the UN Convention against Corruption[53].

Debt Trap Diplomacy and Neo-Colonisation Conspiracy Theory

China recently rose from its past underdog position to overtake the British Empire dominated global trade which was booming just a century ago. Today, the Asian Giant is acclaimed the world superpower nation second only to the United States of America. However, beyond the conventional military force investments, it is apparently adopting infrastructural development[54] as a takeover strategy. Its Belt and Road Initiative (BRI) is already approaching $1 trillion in projects planned or underway in the form of roads, ports, rail, pipelines, and power generation, with another $1 trillion planned for the coming decade, spanning over sixty countries

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51 Chan-Fishel, Time to Go Green: Environmental Responsibility in the Chinese Banking Sector. (Friends of the Earth – US. 2007). Available at: http://www.foe.org/pdf/Chinese_Bank_Report_5-9-07.pdf

52 Ibid

53 United Nations Convention against Corruption (General Assembly resolution 58/4 of 31 October 2003).

54 Will China's New Trade/Debt Diplomacy Strategy Reshape the World? : A Symposium of Views. (2018) *International Economic Policy Magazine*. <https://www.international-economy.com> Accessed 11/09/2019.

across Asia, Latin America, Europe and Africa[55]. Unlike the conventional lending contracts which comes in the form of aid, China's financing generally comes in the form of loans. Therefore, the term 'debt-trap diplomacy' was coined to describe the relationship which allows China gain favorable access to the projects it finances as a form of loan repayment, thereby expanding its influence and advantage[56].

Thus 'debt-trap diplomacy' is a derogatory phraseology used to criticise Chinese foreign policy, particularly in direct reference to its international finance export activities around the world[57]. Critics assert that China deliberately extends excessive credit to debtor countries in order to extract economic or political concessions from the debtor countries when it becomes unable to honor its debt obligations. The loan which is usually circular, is often tied to infrastructural development for contracts awarded to Chinese companies. The terms and conditions of the loans are often shrouded in mystery, and not made public since the loaned money is typically used to pay contractors from the creditor country.

In order to fully grasp the nature of this transaction, it is important to assess the instruments and modalities of Chinese international finance export. China offers a wide range of instruments to promote its exports, guarantee preferential access to natural resources and new markets, as well as improve import terms with the developing world[58]. These instruments include:

(i) Preferential export buyers' credits[59];

(ii) Export sellers' credits[60];

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55 Ibid

56 Ibid

57 Chellaney, Brahma. Project Syndicate (2017). < https://www.project-syndicate.org/commentary/china-one-belt-one-road-debt-by-brahma-chellaney> Accessed 22/02/2020.

58 Isabella, Massa. Export Finance Activities by the Chinese Government. (n, 1)

59 Preferential export buyers' credits means {subsidized] credit provided to foreign borrowers to finance their imports of Chinese goods. Preferential export buyers' credits can be offered at modest concessional rates in order to support particular deals of interest to China, and usually have a grace period and always denominated in foreign currency. Ibid; D Brautigam, China, Africa and the International Aid Architecture. op cit.

60 Export sellers' credits refers to preferential loans for Chinese companies operating abroad. They are provided by the China Exim bank from capital directly sourced from a fiscal allocation by the Chinese government with the purpose of supporting Chinese exports, improving their competitiveness in the international market and for earning foreign exchange currency. Ibid

(iii) Mixed credits[61];
(iv) Natural resource-backed loans and lines of credit[62];
(v) Concessional loans[63]; and
(vi) others such as direct government subsidies or export economic zones[64].

Although some of these instruments appear to be official aid from China, they are in fact lines of credit as far as Chinese practices are concerned. Besides, public information on the instruments used by the Chinese government to support the country's export is not readily available.

As the global leader in infrastructure development, China has undergone rapid economic growth due to its infrastructure-driven strategy. This policy is considered debt-trap diplomacy because once the indebted economies fail to service their loans, they are said to be pressured to support China's geostrategic interests[65]. Consequently, some commentators accuse China of strengthening repressive regimes in a manner they describe as neocolonialist, but with a recolonization intention through high-rate loans[66]. In other words, the debt-trap diplomacy is viewed as being pregnant with

61 This is a package financing mode which combines lines of export buyers' credit granted to a borrowing country together with export sellers' credit (short-term credit). It is granted to a Chinese company, and concessional loans (in the form of foreign aid) often offered for a specific project. These types of credits are similar to the mixed credits used by most OECD member countries. Ibid

62 Natural resource-backed loans and lines of credit (Angola Mode). In these Angola mode types of credit; countries use their natural resources to guarantee a loan provided by China (usually to build infrastructure) with better terms and conditions than those available from traditional commercial banks. In most cases, the loan is contingent on a Chinese company obtaining preferential access to the natural resources to be developed.

63 *Concessional loans* are loans offered to developing countries at subsidised interest rates, and are usually tied to Chinese exports. The loan can be used to buy goods such as equipment, technology, materials and/or services and is denominated in Chinese currency. Ibid

64 Ibid

65 Garnaut, Ross and Song, Ligang and Fang, Cai. China's 40 Years of Reform and Development: 1978–2018 (Acton: Australian National University Press, 2018, p. 639).

66 Beech, Hannah. China. (2018) *New York Times* <https://www.nytimes/magazine /world/asia/china-malaysia> Accessed 09/11/2019; Larmer, Brook. A Malaysian Insta-City Becomes a Flash Point for Chinese Colonialism — and Capital Flight (2018) *New York Times*. https://www.nytimes/magazine/a-malayian-city-becomes-a-flash-point-for-chinese-colonialism-and-capital-flight.

hegemonic intentions and challenges to states' sovereignty[67]. Cash-strapped countries, especially in Africa are being enticed by China's imposed unfair trade and financial deals, thereby mortgaging the future of generations unborn. This grand conspiracy of double jeopardy foisted on the continent and the rest of the underdeveloped world is facilitated by misrule and corrupt regimes. This way, China is said to be turning bad loan into strategic investments[68].

Finally, Critics of the Western, Indian and African origin have lent their voices to the popular outcry and condemnation of the secretive conditions and very high interest rates attached to Chinese loans which are gradually plunging entire countries into unprecedented debt crisis. This looming debt crisis with particular reference to its implications for Africa's sovereignty are the focus of discussion in the next section.

Implications for Impending Sovereign Debt Crisis: Perspectives on Africa

Having attained political independence, African countries continue to grapple with economic challenges owing to low domestic savings and investments. In a bid to escape this quagmire, they resorted to desperate measures towards attaining economic growth and development. In particular, the leadership opted for fiscal policy alternative of borrowing from both international financial institutions and buoyant economies[69]. Subsequently, virtually every African country had piled up an unserviceable external debt which

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67 China's Era of Debt-Trap Diplomacy May Pave the Way for Something Sinister. <https://www.nationalinterest.org/feature/chinas-era-debt-trap-diplomacy-may-pave-way-something-sinister> Accessed 02/01/2020.

68 Pomfret, John. China's Debt Traps Around the World are a Trademark of its Imperialist Ambitions (2018) <https://www.washingtonpost.com/news/global-opinions/chinas-debt-traps-around-the-world-are-a-trademark-of-its-imperialist-ambitions> Accessed 03/012/2019; Chinese Diplomacy, BRI and 'Debt-Trap' in Africa" <https://www.newdelhitimes.com/chinese-diplomacy-bri-and-debt-trap-in-africa> Accessed 03/012/2019; Sam, Parker and Gabrielle, Chefitz. China's Debtbook Diplomacy: How China is Turning Bad Loans into Strategic Investments. (2018) *The Diplomat.* <https://www.thediplomat.com/chinas-debtbook-diplomacy-how-china-turning-bad-loans-into-strategic-investments>

69 Ogunnoiki, Adeleke Olumide. The Sovereign Debt Crisis in Africa and Its Impact on African States Economic Growth and Development: A Case Study of Nigeria. [2016] (2) (3) *Ideal Journal of Art and Humanities*, 103-114. <https://www.researchgate.net/publication> Accessed 21/12/2019

consequently has landed them into a sovereign debt crisis[70]. This embarrassing liability is informed by the fact that African states had been borrowing into the 1980s, which led to an increasing pile of debt that became unsustainable[71].

Apprehensions about a new impending sovereign debt crisis across Africa has assumed a cataclysmic proportion considering the volume and extent of indebtedness. This concern is reminiscent of the previous debt crisis alluded to above, when 15 years ago, major Western creditor countries including the Paris Club[72] and multilaterals adopted the ambitious Multilateral Debt Relief Initiative (MDRI)[73] for complete forgiveness of debt owed by a group of 36 low-income poor countries, 29 of which were African states[74]. The World Bank/IMF recently approved debt forgiveness to 25 debtor countries in March 2020 as palliative gesture against the huge economic loses occasioned by the Corona Virus Disease (COVID19) pandemic currently ravishing the world with millions of infections and hundreds of thousands of fatalities in about 200 countries[75]. Despite this seemingly kind gesture, the IMF is not exonerated from the conspiracy of exploitation as it has deployed the 'weapons' of privatization to give Western corporations free access to raw

70 Ibid

71 Ibid

72 The Paris Club is a group of 22 permanent members representing bilateral creditors who coordinate on debt resolution problems for developing countries. <http://www.clubdeparis.org/> Accessed 17/10/2019

73 The MDRI was an advancement of various initiatives for debt relief, the most prominent of which was the Heavily Indebted Poor Countries (HIPC) initiative instituted by the International Monetary Fund (IMF) and World Bank in 1996 to address debt overhang in the poorest countries of the world. Brahima, S. Coulibaly. *et al.* Is sub-Saharan Africa Facing Another Systemic Sovereign Debt Crisis? Policy Brief. African Growth Initiative at Brookings April 2019. Adobe Reader, PDF.

74 Ogunnoiki, Adeleke Olumide. The Sovereign Debt Crisis in Africa and Its Impact on African States Economic Growth and Development: A Case Study of Nigeria. (n, 69)

75 Wafa, Amr. IMF Executive Board Approves Immediate Debt Relief for 25 Countries. <https://www.imf.org/en/News/Articles/2020/04/13/pr20151-imf-executive-board-approves-immediate-debt-relief-for-25-countries> Accessed 18/05/2020.

materials[76]. Thus, while China continues to entrap developing countries with debt trap, the IMF adopts the policy of poverty trap in furtherance of the overall goal of exploitation.

Although debt is a global issue, the fact remains that Africa's past debt crises have been devastating. This ugly history of liability makes it imperative to cautiously monitor this recent debt upsurge. A cursory examination of recent Africa's rising debt profile shows close similarities with the previous Heavily Indebted Poor Countries (HIPC) initiative period that proffer solutions to prevent another crisis[77]. According to credit analysts at Moody's, Chinese lending to African countries jumped to more than US$10 billion a year from 2012 to 2017, up from less than $1 billion in 2001[78]. Similarly, African states owed China US$10 billion in 2010 increasing to over $30 billion by 2016[79]. Currently, the figure has more than quadrupled with Angola (US$25 billion), Ethiopia (US$13.5 billion), Kenya (US$7.9 billion), the Republic of Congo (US$7.3 billion), and North Sudan (US$6.4 billion) representing the top five countries in Africa indebted to China[80]. Others like Nigeria, Zambia etcetera are currently dangerously piling up their debt profile.

The main global apprehension about this escalating debt liability goes beyond just the loan amount; it also encapsulates the rate at which this loan has accumulated. Of equal concern is the shift towards non-concessional debt, especially commercial debt, which is costlier and more vulnerable to changes in financing conditions[81].

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76 How the IMF and World Bank Destroy Africa. Tesfa News. <https://www.tesfanews.net/how-the-world-bank-and-the-imf-destroy-africa/> Accessed 17/03/2019.

77 Chukwu, Onyekwa and Mma Amara Ekeruche. Is a Debt Crisis Looming in Africa? (2019) <https://www.brookings.edu/blog/africa-in-focus/2019/04/10/is-a-debt-crisis-looming-in-africa/>Accessed 18/01/2020

78 Abdi, Latif Dahir. Chinese Lending to African Countries Jumped Tenfold in the Last Five Years. https://www.q.com/on/because/china Accessed 11/12/2019; Larry, Madowo. Should Africa be Wary of Chinese Debt? BBC. <https://www.bbc.com/news/world-africa-45368092> Accessed 20/10/2019

79 Africa's Growing Debt Crisis: Who is the Debt Owed to? (PDF). (2018) *Jubilee Debt Campaign*.

80 Chiwanza, Takudzwa Hillary. The Top Ten African Countries With the Largest Chinese Debt. *The African Exponent*. <https://www.africanexponent.com/post/here-are-the top-ten-countries-in-africa-bearing-the-largest -Chinese-debt> Accessed 19/01/2020

81 Chukwu, Onyekwa and Mma Amara Ekeruche. (n, 77)

The IMFs *Regional Economic Outlook for Sub-Saharan Africa* for April 2018 indicates that the median level of public debt in Africa as at end of 2017 exceeded 50 percent of GDP. Similarly, 19 African countries have exceeded the 60 percent debt-to-GDP threshold set by the African Monetary Co-operation Program (AMCP) for developing economies, even as 24 countries have exceeded the 55 percent debt-to-GDP ratio suggested by the IMF as of 2017[82].

The implication for surpassing this threshold is that these countries are highly vulnerable to economic changes and their governments have a reduced ability to provide support to the economy in the event of a recession such as the current looming global economic recession triggered by the COVID19 pandemic. Still in the year under review, almost 40 percent of low-income developing countries on the Continent slid into debt distress or are at high risk of debt distress[83]. These include Chad, Mozambique, South Sudan, and Republic of Congo. Finally, the debt sustainability analysis of the IMF and World Bank indicates that the number of African countries either in or at high risk of debt distress rose from 6 in 2013 to 15 in 2019[84].

Finally, it is not enough to blow the whistle or raise alarm on the deteriorating African debt crisis without examining some of the factors responsible for the accumulation of these humungous public debts. In her article titled '*The Looming Debt Crisis'*, Maureen highlighted some of these circumstances to include the following[85]:

(i) Infrastructure gaps, which necessitates borrowing to finance infrastructure projects.
(ii) Weak domestic debt markets coupled with lack of long-term financing options.
(iii) Increased access to international financial markets, especially due to recent global financial crisis or economic recession.

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82 Maureen, Were. The Looming Debt Crisis. (2019) <https://www.wider.unu.edu/publication/africa-rising-rising-debt-africa> Accessed 11/10/2019

83 Ibid

84 S Brahima, SCoulibaly. *et al.* Is sub-Saharan Africa Facing Another Systemic Sovereign Debt Crisis?.

85 Maureen, Were. (n, 82).

(iv) Fiscal sustainability challenges due to the fact that revenue mobilization has not matched the increase in expenditures, leading to increased fiscal deficits and limited fiscal space.
(v) Fall in commodity prices disproportionately affected countries dependent on oil exports, such as Nigeria and Angola.
(vi) Exchange rate depreciation (Zambia)
(vii) Poor debt management, including cases of undisclosed debt (Mozambique, Republic of Congo).
(viii) Negative growth (Chad, Equatorial Guinea, Republic of Congo).

Determining the Extent of China's Obligation Under International Economic Law

The conventional view as supported by investment legal experts is that transnational trade and investment goes *parri passu* with the right to sustainable development[86]. The UN's Agenda 21 stipulates that foreign direct investment (FDI) in developing countries is vital for their economic growth and hence vital for their sustainable development[87]. It therefore encourages greater foreign direct investment and technology transfer but with substantive obligations of the investor [88]. In view of the foregoing, the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (ICSID Convention) was codified to bring international investment in conformity with global standards.

Similarly, the Pan-African Investment Code (PAIC) is based on the principle that only investment that contributes to sustainable development of the host country should be promoted, facilitated, and eventually protected[89]. Thus, the draft PAIC states that in order to qualify as such, an investment must have commitment of capital or other resources, the expectation of gain or profit, the assumption of

86 Anna, Aseeva. (Un)Sustainable Development(s) in International Economic Law: A Quest for Sustainability. [2018] (10) (4022) *Sustainability Journal*. <https"// www.mdpi.com/journal/sustainability> Accessed 12/01/2020.

87 General Assembly Resolution. Transforming Our World: The 2030 Agenda for Sustainable Development; UN Doc.
A/RES/70/, Oct. 21, 2015; United Nations: New York, NY, USA, 2015.

88 Ibid.

89 Article 2 of the Draft Pan-African Investment Code. < https://repository.uneca.org/handle/> Accessed 10/03/2020.

risk, and a significant contribution to the host State's economic development as its characteristics[90]. It resonates with the letter and spirit of the United Nations Sustainable Development Goals, as well as the Investment Policy Framework for Sustainable Development of the United Nations Conference on Trade and Development (UNCTAD).

Cognizant of the foregoing ideal, developing states canvassed for the establishment of the New International Economic Order (NIEO) as a guarantee of sovereignty over their natural and non-natural resources[91]. The NIEO for the development of the "third-world" countries were adopted by the United Nations General Assembly under the auspices of international economic law. Accordingly, this "new" order emphasized the permanent sovereignty of states over natural resources.

The instrument outlined the economic rights and duties of states in a more concrete manner, thus guaranteeing that every State has an inalienable right to[92]:

(i) Permanent sovereignty over its natural resources;
(ii) Sovereignty over the non-natural resources or economic activities within its territorial jurisdiction; including its human resources;
(iii) Inalienable right to choose and conduct its own economic self-determination and governance; and
(iv) Rights of non-interference in its economic affairs through the threat or use of force.

Although the Charter was not a "hard law" instrument having binding legal effect, many of the principles embodied in it have been regarded as representing the basis for the development of International Economic Law. Indeed, the Charter reiterates some of the principles that were already widely accepted as representing customary rules of international law, such as permanent sovereignty

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90 Article 4.4. (Para.1) Draft Pan-African Investment Code.

91 S Dudley, The Meaning of Development (Eleventh World Conference of the Society for International Development: New Delhi, 1969).

92 See Articles 1, 2, 4 and 5 of the

of states over their natural resources. Under this resolution, the Charter of Economic Rights and Duties of States (CERDs) brought its central theme to bear. Furthermore, Article 1 of the U.N. resolution 1986, provides that the right to development is an inalienable human right which every human being and all people are entitled to participate in, contribute to, and enjoy economic, social, cultural and political development. It also recognizes the right and duty of the states to formulate appropriate national development policies that aim at the constant improvement of the well-being of the entire population and of all individuals, on the basis of their active free and meaningful participation in development that is also sustainable.

Again, the 1985 report of the World Commission on Environment and Development (WCED)[93] embodies states' right to economic development in relation to exploitation of natural resources in accordance with their developmental policies. The Rio Conference Declaration on Environment and Development declared that human beings were at the centre of concerns for sustainable development. It recognized the right of states under international economic law to exploit their own resources pursuant to their own environmental policies[94]. The Rio Declaration widened the scope of the principle of sustainable development to include not only conservation of natural resources, and a host of other elements. By virtue of this, it gave this principle a credible international standing.

Based on the foregoing legal instruments, it can be concluded that international economic law prohibits states from involving themselves in a development strategy that will satisfy the

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93 Popularly known as the 'Brundtland Commission'

94 Principle 1 Declaration on Environment and Development 1992. This conference is considered the largest ever in the history of international relations, it was held in 1992 at Rio De Janeiro in Brazil.

needs for today and jeopardize the expectations of the future generation[95]. In other words, the law recognizes the need for the preservation of the environment and the sustainable use of natural resources. This obligation is incumbent on every state and there is a further obligation on the state not to damage the environment of other states or constitute environmental nuisance thereof.

By contrast, international investment[96] through foreign loans as characterised by the Chinese model is tied to natural and non-natural resources. These resources constitute the basis for China's business relationship with the developing world. Accordingly, its loan terms and conditions typically include guarantee of preferential access to natural resources, as expressed in the principal legal instrument – namely Bilateral Investment Treaties (BITs). The BITs is the principal means by which China 'protects' its foreign investment with over 30 African States[97]. Thus, apart from the soft law[98] commitments enshrined in the FOCAC Declarations and Action Plans the most important sources of law in China-Africa investment relations are the existing thirty-five BITs[99].

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95 Ibid; International economic law regulates the international economic relations of states enhancing their sovereign equality, promoting reciprocity and ensuring economic sovereignty. It encompasses activities in areas of trade, commerce, investment, and development.

96 LYves Fortier, The Canadian Approach to Investment Protection: How Far We Have Come!. *In* International Investment Law for the 21st Century: Essays In Honour Of Christoph Schreuer 525, 528 (Christina Bender et al. eds., 2009)

97 Won, Kidane and Weidong, Zhu. China-Africa Investment Treaties: Old Rules, New Challenges [2014] (37) (4) *Fordham International Law Journal*

98 Black's Law Dictionary defines "soft law" as "[c]ollectively, rules that are neither strictly binding nor completely lacking in legal significance." Black's Law Dictionary 1193 (9th ed. 2009).

99 Available at http://www.focac.org/eng; All the China-Africa BITs and their statuses are listed on the official website of the Chinese Ministry of Foreign Commerce at http:// english.mofcom.gov.cn/article/ bilateralchanges/201309/ 20130900300306.shtml.

The structure of investment treaties allows investors to initiate claims for violation of their rights, to the exclusion of the host states[100]. This posture is a case of double jeopardy for the developing states as investment tribunals usually establish their competence to rule on the applicable law solely from the will of the parties based precisely on the arbitration clause, and their jurisdiction is consequently both based on and limited to that agreement[101]. Hence, in case of disputes, the legitimacy of domestic regulation and reform seeking sustainable development when such policies affect foreign investments would also be challenging to justify in front of arbitral tribunals. In this case, the hands of the tribunal become tight to salvage the desperate (and sometimes) greedy debtor who is also entrapped by the schemes of the creditor through the inimical agreement. In this case, both the right of the present generation to sustainable development as well as the right of future generation to survival is being threatened.

A foreign investor that robs its host of sustainable development by robbing the latter of its natural resources would amount to fragrant violation of these codes. It is trite that political sovereignty without economic sovereignty is tantamount to a mockery of independence. In fact, the notion of equality of states and the power to enter into treaty obligations with other states draws from the status of economic sovereignty, as enshrined in the Statute

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[100] M Sornarajah, Developing Countries in the Investment Treaty System: A Law for Need or a Law for Greed?
In International Investment Law and Development. Bridging the Gap; Schill, SW *et al* Eds. (Edward Elgar: Cheltenham, UK, 2015; p. 43).

[101] LE Peterson, and KR Gray, International Human Rights in Bilateral Investment Treaties and Investment Treaty Arbitration; IISD Research Paper for the Swiss Department of Foreign Affairs, International Institute for Sustainable Development: Winnipeg, MB, Canada, 2005; p. 10.

of the International Court of Justice[102]. Sovereignty in the international economic arena primarily deals with a state's permanent resources, its economic system and to the rules of engagement in international economic relations[103].

Thus, the only remedy in law would be to compel China to adhere strictly to international norms and conventions on international finance exports and investments. This can only happen at the insistence of the developing states with the help of the international community (through sanctions). This is more so as China's compliance with international law has always been perceived in most quarters as a contentious issue[104].

Conclusion and Policy Recommendations

The rising debt burden across the continent is clearly a concern for borrowers, lenders, and the international community as a whole. The affected countries do not seem to have a better alternative as both China and the Western controlled IMF and World Bank are conspiring to exploit them in the system of debt trap and poverty trap respectively. As such, any policy recommendation must be directed at all stakeholders involved in the transaction towards curbing the looming debt crisis as follows:

(i) China should consider adjusting its lending/investment policies and *modus operandi* to bring it at par with global standard in

102 See Articles 38(I) of the Statute of the International Court of Justice

103 AH Qureshi. *International Economic Law* (London: Sweet and Maxwell, 2007, p. 35).

104 Tim Rühlig, How China approaches international law: Implications for Europe European Institute for Asian Studies. May 2018 <http://www.eias.org/wpcontent /uploads/2016/03/EU_Asia_at_a_Glance_Ruhlig_2018_China_International_Law. pdf> Accessed 07/03/2020

international finance export and investment as defined and delineated by the relevant international legal instruments[105].

(ii) On their part, developing countries should ensure more benefit from Chinese financed deals without mortgaging the destiny of future generations through unfavourable loan terms and conditions that target natural and non-natural resources.

The IMF/World bank should adopt a more humane loan policy towards the developing world, rather than the exploitative and austere economic strategy which only fosters and perpetuates poverty in these areas.

105 Maureen, Were. The Looming Debt Crisis. (n, 82)