

Andy Vermaut: "Many Chinese Belt & Road Initiative projects fall too heavily on the debt of underdeveloped countries"

Andy Vermaut: "Sri Lanka must lease their port of Hambanthota to China for 99 years. This is a China Debt Trap."

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I became persuaded after three months that the myth was not the China Debt Trap, but the myth of the China Debt Trap being a myth.”

Andy Vermaut

Andy Vermaut of the World Council for Public Diplomacy & Community Dialogue & the fundamental rights movement Postversa and Manel Msalmi, head of the European Association for the Defense of Minorities, together with David Vander Maelen, were holding a symposium titled China Debt Trap in the Brussels press club. China Trap for Debt? What's up? Debt Trap Diplomacy" refers to an international financial relationship in which a creditor nation or organization transfers debt to a borrowing nation in order to strengthen the lender's political clout. It is

argued that a creditor nation extends excessive loan to a debtor country in order to coerce economic or political concessions when the debtor country is unable to satisfy its repayment commitments. Frequently, the terms of the loans are not made public. The conference included notable speakers, and it was attended by a large number of people. Monica Andrei (International Programme Manager working for the European Commission), Paulo Casaca - Democratic Forum for South Asia, former EP, Manel Msalmi (EP Mena Affairs and European Association for the Defense of Minorities, President MR Women Brussels), David Vander Maelen - Hiking for Children, Tibet Support Group Belgium, Sid Lukkassen, Author and political philosopher, Eliyar Jan Tursun, Independent Human Rights Activist, and Razvan Hoinaru, policy consultant and former IFRS Permanent Representative.

Correct from the beginning

Andy Vermaut states, "Today, you can read everywhere that the China Debt Trap is a hoax, a fabrication of those who want to portray China in a negative light. Or is it just Western propaganda? First and foremost, I would want to express my love for all individuals who have fallen into the trap of rejecting the China Debt Trap, since this is the falsehood that is now being propagated worldwide under pressure from the Chinese propaganda machine. However, I wish

them all love, but it is intellectually dishonest to deny the existence of anything. I understand everything, though. Oftentimes, many intellectuals and academics are blind, willing to go to any lengths to get the conclusion they want, and have also invented a great number of plausible tales designed to make you question. Nonetheless, with Sri Lanka's bankruptcy, a new consensus has arisen among the very people who are now seeing in reality the chaos that the China Debt Trap has produced on the socio-economic front; this has also affected the Sri Lankan people's basic fundamental and human rights. They need us to reveal the profound truth about the China Debt Trap. Then it turns out that I concur with former U.S. Secretary of State Rex Tillerson, his replacement Mike Pompeo, and Mr. Peter Navarro, the U.S. director of office of trade and manufacturing. They were correct from the beginning, and the effects of the China Debt Trap have been etched repeatedly into our retinas. The whole world is aware that Sri Lanka has declared bankruptcy."

Myth?

Andy Vermaut says, "The situation of Sri Lanka is raising a new global worry as a result of China's global lending to underdeveloped nations. This is a very serious and timely problem. Clearly, the debt that developing nations owe China is a significant issue. Many Belt & Road Initiative projects fall too heavily on the debt of underdeveloped countries, and many of these nations are unable to fulfill their debts. Thus, this is an actual issue. Sri Lanka has awoken the global community to this problem. The notion that China is accumulating debt with weaker nations in order to gain power over them and acquire both private and public assets is a very sophisticated strategy to completely rule the globe. I believe that this narrative has come true. This is also a significant concern in Africa today. There are significant issues in Zambia, Djibouti, and Kenya in a variety of locations. And I believe that part of the difficulty is that many people are unclear about the Chinese government's goals, in part because the Chinese have not spoken up. Therefore, I believed we should attempt to go a little more into this topic of guilt, without ignoring the subject of myth. After diverting and examining every stone in this respect for four months in preparation for this conference, I became persuaded after three months that the myth was not the China



China Debt Trap

08/09/2022 - Pressclub Brussels 11h

The term 'debt-trap diplomacy' refers to an international financial relationship in which a creditor country or organization advances debt to a borrowing nation in order to boost the lender's political influence, in whole or in part.

Debt Trap, but the myth of the China Debt Trap being a myth; consequently, I pretentiously titled this conference "China Debt Trap."

Sri Lanka has shaken the world awake

Andy Vermaut: "Relations between China and Sri Lanka, with an emphasis on economic growth, are at an all-time low. Sri Lanka must now lease the famed port of Hambantota for 99 years in order to utilize it. This is the ultimate evidence of the China Debt Trap, since several generations are getting sucked into it. This is the instance that I intended to investigate more. The transfer of the port of Hambantota to China is an unsustainable Chinese infrastructure transaction, in my opinion. Under pressure from China, the Sri Lankan government signed an agreement to give over the port for 99 years since the debt had grown too costly and the government could not afford to repay it. This is the evidence that many pro-China think groups would prefer not to consider. The Sri Lankan government was unable to pay the approximate 6.3 percent commercial interest rate. There is a certain mode of operation used by Chinese loan providers that is especially tempting to politicians who do not plan beyond their single time in government. For instance, each loan had a grace period of around five years. After 5 years, payments must be paid, but Sri Lanka was unable to do so. As a result, Sri Lanka has lost a crown gem to China and must now lease its own port from China for 99 years. This is evidence that the China Debt Trap exists. Sri Lanka could no longer meet its financial commitments; as a result, it must lease its own port from China for many generations, so forfeiting a portion of its sovereignty. This was a tremendously awful choice for Sri Lanka, but certainly a great one for China. The cooperation approach with China is a worse business choice. There was no way out for a poor nation such as Sri Lanka, whose per capita debt was around €2100 at the time, and where almost all government revenue is spent on debt payment. There were no other choices, so the Chinese tiger seized the opportunity to wage a 99-year battle of attrition against Sri Lanka. It is unacceptable that this agreement was ever formed. Obviously, a large portion of this is also attributable to the country's entire debt portfolio, but the Chinese bankers laughed gleefully and truly got the prize with this agreement, and Sri Lanka is now permanently in the grip of Chinese lenders. Therefore, the notion that the Chinese use debt to obtain strategic assets or influence is not unfounded. Unfortunately, nations in Africa, Asia, and Latin America continue to make similar judgments and are overwhelmed with Chinese debt; governments frequently have limited alternatives, particularly in places where there has been violence. Certainly, there are politicians who like cutting ribbons in advance of elections and make decisions based on short-term benefit, which is terrible decision making. Specifically for this reason, the World Bank and other development and financial organizations have, throughout time, included essential governance checks and procedures. China's project selection procedure is extremely political, but also involves meticulous economic considerations. In several instances of these failed transactions, Chinese players have assumed control. Since 2013, when the Belt Road Initiative was launched, an increasing number of nations have relied on Chinese financing for real estate development and infrastructure projects. "

The Chinese are aware of their actions

"The Chinese are not incompetent," Andy Vermaut continues. "They are well aware of their

actions and their actions. Many of those who assert that the China Debt Trap is a fiction just assert that the Chinese do not know what they are doing or that the Chinese in the largely managed economy do not have a plan, that they are oblivious of the debt trap they are constructing for themselves. Those who believe in fairy tales will undoubtedly find this to be true."

It is not a matter of China's miscalculations

Andy Vermaut: "I think that the Chinese administration understands precisely what it is doing and also implements the Belt & Road Initiative's many initiatives in a well-planned manner. China is completely rational. They examine all cultures, nations, backgrounds, and histories of the nations with whom they do such financial transactions. China's expertise as the world's top lender is extraordinary. As a result, it is not a matter of China's miscalculations, as their ultimate purpose is to increase their strength, not to make mistakes. Many so-called investments are really loans whose repayment is not required until after five years. At this point, the shoe pinches. Sri Lanka is an excellent illustration of this. The nature of Chinese finance, which exacerbates structural and institutional inefficiencies in developing nations, is the true source of the issue. Sri Lanka is a post-conflict middle-income nation, and many aspects of infrastructure funding and development work against it, while China benefits. China is fully aware that, for instance, Sri Lanka lacks an independent technology management body. Currently, Sri Lanka has no framework for establishing infrastructure priorities. And I believe that Chinese sponsorship or China's mistake exacerbates these problems further and adds to Sri Lanka's sovereignty being undermined in particular. The Chinese risk assessment is predicated on a political evaluation and risk analysis, which does not take into consideration the carrying capacity of the nation to whom they are lending."

Economic and military concessions

Sid Lukkassen says: "Complete laissez-faire liberalism cannot resist the aforementioned Chinese strategy. What do we do with our money, once other states decide to feel their people first? The information economy is a high risk in the long run. A wiser Europe should invest in industrial production capacity, and would equip itself to develop new resources by manipulating elementary particles. The US and China are one step ahead of Europe. They understand that currencies are but pieces on a game board of strategy and that money is worthless if it cannot be turned into tangible products. Information by itself cannot bring wealth to a people – access to resources must be secure at all times. China can now spread its centralistic and authoritative model. Chinese authoritarianism isn't just a rebellion against democratization: China acts in accordance with its millennia-old tradition of centralism that united the country around a single center of power. The nation possesses the capabilities of a high-tech totalitarianism. In 2022 it is more simple than ever to influence the thinking and acting of a potentially dissident populace. Through the system of Sesame Credit, the Chinese government is able to award good behavior points to its citizens, for actions such as posting positive messages about the government on social media, or for buying local agricultural products. Aside from modern gadgets, and the rise of Communism in the twentieth century, this new China is thus a continuation of the centralism of the ancient Chinese empire. This is best known through its so-called 'development assistance

program'. Reality demonstrates that China will eventually pick up the bill, but always at the price of strategic economical and military concessions. An example of this is Sri Lanka, where an enormous harbor was built and financed by Chinese loans. The Sri Lankan government could not meet its payment obligations, forcing it to pawn the port to China until 2116. This means that China gained a geopolitical base in the heart of the Indian Ocean. Fitting in with this is the Belt and Road Initiative. China invests seven trillion dollars in building a network of transportation and energy connections across 64 countries. How many of these deals will eventually turn out to be 'Sri Lankan ports'? Also in Europe, China wishes to deploy its geopolitical soft power. China has a long-standing tradition in which enterprise and state power are intertwined. But that is not the most far-reaching consequence for the peoples of Europe. Whoever controls the flow of capital also influences geopolitics. Whoever controls geopolitics, influences culture."

China wriggles its way

"China's authoritarianism surfaces as a legitimate alternative for the free, democratic society that the West promotes as the only justified model for statecraft. Big Western tech firms are willing to share their futuristic technology with China in exchange for access to the enormous Chinese market, where they are then allowed to operate with the privileges of state companies. This can have dire consequences. The West is currently in a philosophical crisis – I mean a crisis of morals, identity and democratic political sovereignty in the face of immigration, tribalism and globalism. This moat can make authoritarianism inspired by China even more attractive. What do we do when even liberal elites turn towards authoritarianism in the name of progressive beliefs? The negative consequences of globalism – such as immigration and the outsourcing of jobs – makes many Europeans and Americans highly critical of the Hosanna-liberalism that seemed unchallengeable in the nineties. The left, meanwhile, relapses into identity politics. Polarization in the West undermines the legitimacy of liberal democracy. China can benefit from this in many ways. We must conclude that China is an impressively successful, but threatening, power to the West. Not only economically – as the EU seems to think – but also geopolitically and culturally. And the only answer that EU-politicians offer to fighting this threat is the tried but worn out call for 'an ever closer Union'. But even if this could unite Europe and strengthen liberal democracy philosophically, which remains to be seen considering the unpopularity of a far-reaching European merger of nations, it remains unclear whether that will be enough. Europeans will have to fight harder for their economic interests on the world stage. Everything depends on this: freedom, stability and the influence Europeans can wield. Where major undemocratic countries as China are concerned, this has to be specifically taken into consideration. It is naive to think that democratic nations can merrily continue as usual, whilst the second largest world economy behaves as a player that hardly follows the rules. For example, when Covid19 broke out, the Chinese government covered it up, then bought up medical equipment on the world market, and only took international accountability once the corona virus had already spread globally. China wriggles its way into the vital parts of the European economy. If one day the havoc in Western Europe is great enough, we will beg the Chinese to clean up our mess – inaugurating them as our new rulers. We may lose all our freedoms. and everything that makes Europe Europe, but by then this will seem like a good deal to us," said Sid Lukassen.

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