

Noah A. Crafts

The Role of Chinese State-Owned Enterprises (SOEs) and Recipient Governments in China's Cross-Border Infrastructure Projects

I. Introduction

In 2013, Chinese President Xi Jinping gave two speeches in Kazakhstan and Indonesia that ultimately became the impetus for China's expansive and politically controversial Belt and Road Initiative (BRI). As the brainchild of Xi Jinping, the political saliency of the BRI has rapidly elevated the initiative to a central position in China's current foreign policy (Ye 4); thus, understanding the dynamics of the initiative is tantamount to understanding China's state policy. The BRI has since become the "catch all" umbrella term for all of China's cross-border infrastructure projects.

Despite the importance of China's foreign infrastructure projects, understanding of the internal dynamics of the development and execution of these projects remains superficial. Western attention to China's infrastructure financing has grown into political worry, primarily regarding the potential strategic implications of China's cross-border infrastructure projects (Ye 4-5). A prevailing view has emerged that these projects are a key component of China's geostrategic grand strategy to encircle US allies and build a broad base of support to replace a US-dominated system. This notion has led to an unbalanced focus in the literature on China as a unilateral actor that can impose strategically designed infrastructure projects on recipient governments. The perception of China's role in its cross-border infrastructure projects has spurred the oft-cited "debt-trap diplomacy" argument. This theory asserts that China has intentionally saddled states with risky investments and debt with the purpose of eventually exploiting the states' distress for political gain (Chellaney).

Yet, the current debate around China's infrastructure projects largely ignores two potentially important actors: recipient governments and Chinese state-owned enterprises (SOEs). Therefore, this paper seeks to answer the following question: What is the role of Chinese state-owned enterprises (SOEs) and recipient governments in the development and execution of Chinese cross-border infrastructure projects?

With over 130 participating countries, it would be extremely improbable that China unilaterally forced every infrastructure project on host states without their consent (Nedopil). Hence, the host's state interests, domestic politics, and economic factors must play a role in what financing to seek or accept from China. Secondly, more recent research has focused on issues that the Chinese government experiences in controlling its SOEs. This research has found that SOEs are often independent actors that lobby both host countries and the Chinese government in pursuit of their own goals. Therefore, China's cross-border infrastructure projects are likely best understood as a three-way negotiation between the host country, China, and relevant SOEs. Thus, there is the need to broadly examine the roles played by SOEs and host states in order to better understand the dynamics underpinning China's foreign infrastructure projects.

Accordingly, this paper argues that SOEs and recipient governments are both powerful actors in China's cross-border infrastructure projects that seek to maximize their own interests. To test this claim, I conducted a comparative case study of the Gwadar Port in Pakistan and the Hambantota Port in Sri Lanka. The goal is to understand whether China's cross-border infrastructure projects are part of a consistent top-down strategy or if they are more ad hoc, in which SOEs and recipient governments play an influential role in determining the project's dynamics.

II. Literature Review

The goal of this literature review is to survey the current body of research and political discourse surrounding the roles played by the Chinese government, Chinese SOEs, and recipient governments in China's cross-border infrastructure projects. The first section will focus on China's role and will analyze whether China's commonly prescribed influence in projects should be rebalanced to acknowledge the impact of SOEs and host countries. The second section will focus on China-SOE relations and the extent to which SOEs should be treated as actors that are independent of the Chinese government.

A. Debate #1: China's Role

China as a Unilateral Actor. The most common interpretation of China's cross-border infrastructure projects is that China orchestrates the projects in a top-down manner. In this view, the Chinese government designs projects and financing according to a grand strategy. SOEs are treated as arms of the state, and recipient nations are typically believed to be misled, manipulated, or simply helpless victims of China's projects (Greer). The most common expression of this narrative is the debt-trap diplomacy argument. As mentioned in the introduction, this theory posits that China has intentionally saddled states with risky investments and debt with the purpose of exploiting the states' distress for political gain. This analysis is commonly attributed to a 2017 work by Brahma Chellaney, a strategist based in India. Chellaney asserts that China's primary aim in these investment ventures is to open recipients' domestic markets to Chinese goods, use debt distress to extract political support for China, and to capture valuable assets in exchange for debt relief (Chellaney). The economic component of his argument is still widely held today; as Dalton Lin notes, China suffers from severe overcapacity in infrastructure and manufacturing and thus perceives the BRI as a way to export that capacity

to foreign markets (2). However, this notion of “debt-trap diplomacy,” as Chellaney termed it, is being increasingly challenged in the literature.

China as a Financier. As noted in the introduction, with so many countries receiving Chinese financing for infrastructure projects, it would be highly improbable for China to be unilaterally imposing unsustainable projects on recipient nations. Furthermore, a recent study of debt from China-funded infrastructure projects found that project renegotiations are often in favor of the recipient government who is frequently given debt write-offs and additional moratoriums (Kratz et al.). Jones and Hameiri also argue that recipient governments have significant control over the projects financed by China, framing China’s cross-border infrastructure projects as primarily recipient-led, not China-led (8). These studies imply a much less powerful role than commonly prescribed for China and a more significant role for recipient governments. These observations lead to the argument that China does not unilaterally impose or even propose projects, contending instead that China’s role is to determine which countries can access financing and which projects should be financed (Zhang 23). Regardless, these studies afford space to the potential influence of SOEs and recipient governments by rebalancing the perceived role of China to be that of a financier.

B. Debate #2: China-SOE Relations

SOEs as Arms of the State. The second debate regards the nature of China-SOE relations. The first school of thought, which treats SOEs as arms of the state, is born from the belief that SOE’s state-owned status implies that the Chinese government fully controls SOE behavior. The argument is that SOEs operate within the bounds of China’s national interest with respect to its infrastructure projects. Therefore, any actions of SOEs, including investment failures or malpractices, would be centrally planned and coordinated by the Chinese government.

Indeed, SOEs are regulated by the State-owned Assets Supervision and Administration Commission (SASAC) and the National Development and Reform Commission (NDRC) which by institutional design are tasked with controlling SOEs (Pearson 37). Yet in practice, these agencies often struggle with exerting influence due to the SOEs' often high-profile executives and managers whose personal authority far exceeds the agencies' mandates (Pearson 37-38). Thus, a second school of thought claims that SOEs are mostly independent profit-seekers.

SOEs as Independent Actors. The view of SOEs as arms of the state is increasingly contested. Weiyi Shi, for example, argues that SOE behavior is dictated by a mixture of state preferences and the economic interests of the firm. She finds that, regardless of the political control the government could exert on SOEs to act in line with the national interest, SOEs' decision making is largely dominated by the company (Shi 6). Jones and Hameiri, in their study of China-host-SOE interaction, likewise find little evidence to suggest that the state apparatus exerts any significant pressure on SOEs or directly mandates certain behavior in the context of the BRI (9). Jones and Zou's 2017 research supports this view, finding that SOEs are "quasi-autonomous" and seek profit as their primary interest (744). Jones and Hameiri find that SOEs often independently lobby foreign governments to seek investment projects from China with the assumption that they will inevitably receive the contract (roughly 96% of contracts go to SOEs) (7-8). Furthermore, they find that SOEs in some cases will compete for contracts; this internal competition would logically not exist in a state where the government had full control to assign an SOE, further highlighting SOEs' situational profit-seeking (Jones and Hameiri 15).

SOE-China Relations as a Principal-Agent Relationship. Some authors such as William Norris contextualize the independent actor argument, stating that whether the Chinese government can or will exert control depends on the incentive structure that the state can provide

to SOEs (11-12). This school of thought views SOE-China relations as an example of a principal-agent relationship, in which the principal (the Chinese government) enables the agent (SOEs) to act on their behalf. As Norris notes, this means that SOEs' interests and the Chinese government's interests may conflict, and SOEs may choose to implement their interests over those of the Chinese government (21-22). Zhang and Smith delineate this difference in interests, arguing that the Chinese government is primarily concerned with advancing economic and political interests while SOEs care about their economic self-interest (2340).

III. Hypothesis & Model

In developing my preliminary claim, I make use of arguments from the two areas discussed in the literature review. From the debate regarding China's role in its cross-border infrastructure projects, I draw upon the argument that China operates mostly as a financier, selecting rather than proposing projects to finance. Secondly, I use the argument that China-SOE relations mimic the classic principal-agent relationship. The first of the two arguments provides ample room for SOEs and recipient governments to influence the execution and development of projects while the second allows for SOEs to behave as independent actors. In light of these two claims, I again introduce my central hypothesis as the following:

Chinese state-owned enterprises (SOEs) and recipient governments are both powerful actors and seek to maximize their own interests in China's cross-border infrastructure projects.

If this claim is supported, we should see ample evidence of SOEs acting independently of the Chinese government in ways that maximize the firms' profits, sometimes at the expense of China's national interest. Recipient governments should likewise be seeking to fulfill some

interest, whether it be political, economic, or social. Should this claim not be supported, we should see the Chinese government applying strong control over SOEs or SOEs sometimes acting against their own self-interest. Recipient governments, in this scenario, would have little influence over projects or financing.

IV. Research Design

In order to illustrate the roles played by Chinese SOEs and recipient governments in China's cross-border infrastructure projects, I conducted a qualitative case study of two China-funded port projects: the Gwadar Port in Pakistan and the Hambantota Port in Sri Lanka. Additionally, when appropriate, I discuss other secondary projects from the China-Pakistan Economic Corridor (CPEC), the primary corridor of the BRI, when they present notable SOE and recipient government behavior.

A. Rationale for Case Selection

Two port projects, limited in geographic scope to South Asia, are clearly not representative of the breadth of sectors and countries to which China regularly provides financing for infrastructure. Despite this, these two cases provide the most stringent test for the role of China, SOEs, and recipient governments in China-funded projects. Observers of Chinese foreign policy have long pointed out the importance of ports and a naval military force to China. Some point to China's goal of escaping US naval containment in Asia while others propose the "String of Pearls" theory that China wants to encircle India with China-friendly or China-controlled ports along the India-dominated Indian Ocean (Ali 4; Rafiq 8). Some scholars pivot from security to economics, arguing that China wants port access on the Indian Ocean to provide connectivity to its land-locked Western half (Rafiq 8). Regardless of the argument, outside

observers most often highlight port construction and expansion projects as China's strategic design. If China is in fact acting as a unilateral actor and using these projects in its grand strategy and SOEs and recipient governments play a limited role, this should be most readily apparent in key port projects such as Gwadar and Hambantota. Thus, these cases, while restricted in geographic scope, provide a rigorous test of the central argument of this research.

B. Operationalizing the Term "Interests"

Before discussing the methodology and evidence used in this research, the term "interests," as used in the hypothesis, must be clarified, particularly with respect to SOEs. The potential range of a government's interests, while substantial, is usually well understood, typically encompassing categories such as peace, prosperity, principles, and power (Jentleson 8). SOE interests, on the other hand, are less clearly delineated. As "national champions," SOEs are tasked with executing China's economic policy which includes generating income and providing jobs (Pearson 32). In practice, it is admittedly difficult to separate an SOE's profit-seeking between state-sanctioned directives and the SOE's independent drive for financial gain. Therefore, I will provide sufficient reasoning and evidence if I consider an instance of SOE profit-seeking to be independent of the Chinese government.

C. Methodology and Evidence

The case study was conducted through an extensive information search. Due to the politically controversial nature of China, China's infrastructure projects, and the selected case studies, political bias was a crucial concern. Thus, I relied on primary documents, such as government communications, Chinese policy bank reports, and SOE business statements, whenever possible. Other reputable case studies on Hambantota Port and Gwadar Port were also consulted. For each case, the information collected fit generally around the following questions:

- Who proposed the project and why? China, an SOE, or the recipient?
- Who was involved in the initial development and proposal?
- Why did China finance the project?
- What SOEs were involved and why?
- Who set the terms of project execution?

V. Findings

In this section, I will outline and present my findings from the selected cases. I will first introduce each case with a brief background. I will then explain the development and execution of the particular port with focus given towards highlighting the behaviors of the SOEs and the recipient governments. I will then conclude with a discussion of the trends in behaviors observed between both cases and whether they provide support for this paper's central claim.

A. Hambantota Port

General Background. The Hambantota Port is a commercial shipping harbor located in Hambantota, Sri Lanka, in the south of the island nation. Construction of phase one of the port began in 2008 after Sri Lanka accepted the China Exim Bank's offer of \$307 million in loans (about 85% of the total estimated project cost) with a 15-year maturity and a 4-year moratorium to postpone payment. Phase one was completed in 2010, and in 2012, the Exim Bank offered Sri Lanka \$757 million in loans for phase two of the construction (Rithmire and Li 9).

Development and Execution. The idea for a commercial port at Hambantota was originally proposed in the 1960s but was never implemented. The project idea resurfaced within the Sri Lankan government in 2001, after which a government-commissioned feasibility study found Hambantota to be unsuitable for a port ("Hambantota Harbour Dream"). Despite this, the

Hambantota Port was included in Sri Lanka's official 2002 development plan (Government of Sri Lanka 55), and in 2004, the Sri Lankan government commissioned another feasibility study. Again, the location was deemed economically infeasible, although this conclusion was ignored (Jones and Hameiri 13). Some observers point to the ruling party's desire to boost its reelection efforts by appearing committed to the development of Sri Lanka's southern region (Jones and Hameiri 14). Other analysts note that Sri Lanka's goal was to reduce dependence and congestion at Colombo Port, Sri Lanka's overwhelmingly dominant harbor, as well as develop its impoverished south (Rithmire and Li 7). Regardless of the specific motivation, Sri Lanka's insistence on the project, despite the unfavorable feasibility studies, demonstrates that the government believed that the project would meet some domestic need.

In the aftermath of the 2004 Indian Ocean Tsunami, the China Harbour Engineering Company (CHEC), a Chinese SOE, was commissioned by the Chinese government to repair fisheries in Hambantota as part of an aid project. The SOE used this project as an entryway into Sri Lanka, currying favor with the local government by successfully completing the repairs (Zhu 7-8). CHEC used its position within Sri Lanka to propose a much larger version of the original Hambantota Port plan in order to receive a larger contract, pitching Hambantota as a potential major international port (Zhu 8). The Sri Lanka Port Authority's original plan sought only to provide bunkering services for Indian Ocean shipping traffic (Rithmire and Li 8). CHEC, in this case, acted as a profit-seeker by promoting a "bloated" project that had already faced legitimate concerns regarding its economic feasibility.

In 2006 to 2007, Sri Lanka began searching for international financiers for the expanded port project, first petitioning India and the US, although both declined ("Hambantota Harbour Dream"; Rajapaksa; Zhu 8). Sri Lanka then proposed the project to China who offered the

aforementioned loan. Japan and South Korea also presented bids which had better terms than China's offer. The Exim Bank, however, refused to lower its interest rates to outcompete Japan and South Korea despite CHEC's lobbying for them to do so (Zhu 13-14). This demonstrates that CHEC was acting independent of the Chinese government. Otherwise, China's Exim Bank would have supported CHEC with a better bid. To ensure that Sri Lanka accepted China's offer, CHEC leveraged its reputation and influence gained from repairing Hambantota's fisheries in 2004 to persuade the government to accept China's offer, despite the higher cost (Zhu 8). In 2017, Sri Lanka sold the Hambantota Port lease to the China Merchants Port Holdings Company (CMPort). This was not a "debt relief for asset" swap as outside observers often claim (Jones and Hameiri 18). At the time, less than 10% of Sri Lanka's debt was owed to China. Sri Lanka was suffering from a severe debt crisis caused by excessive borrowing and unprofitable development projects including Hambantota Port (Jones and Hameiri 15-16). Sri Lanka sold the lease to CMPort in order to raise money to pay down its national debt. CMPort purchased the lease, according to its 2017 publications, as a way to leverage opportunities created by the BRI to enlarge its portfolio of overseas ports that it operates (CMPort 22-23).

Summary. In summary, Chinese SOEs and the Sri Lankan government both played powerful roles in the Hambantota Port irrespective of China. Sri Lanka, not China, proposed the project and, most notably, sought support from other nations before China. CHEC acted opportunistically as a profit-seeker, using its local connections to inflate the project and secure Chinese funding. Further, CMPort took advantage of Sri Lanka selling the port lease as a way to improve its business portfolio.

B. Gwadar Port

General Background. The Gwadar Port is a deep-water commercial shipping port located in Gwadar, Pakistan, along the southwestern portion of Pakistan's coast. Phase one construction of the port began in March 2002 (Hartpence 587). The first phase was financed in large part by a mix of grants and credit extended by China through the China Exim Bank (Dreher et al.). China ultimately provided \$198 million of the estimated \$248 million needed for phase one (Hartpence 587). In January 2007, the Port of Singapore Authority (PSA) was awarded the port operations lease from Pakistan (Kardon et al. 14), and Gwadar Port was officially inaugurated on March 23, 2007 (Rafiq 6-7).

Development and Execution. Like Hambantota, the original idea for Gwadar Port long predates China's involvement with the project, originating from a survey conducted by the US Geological Service in 1954 which showed the site's suitability for a port (Kardon et al. 12). After the Pakistani government purchased the Gwadar peninsula from Oman in 1958 (Rafiq 6), it began contacting various foreign countries to support the construction of a port. The government approached the US, USSR, and various Middle Eastern nations but did not receive the desired support (Rafiq 6; Ali 11).

Pakistan's insistence on the port is most readily attributed to economic and security concerns. Prior to Gwadar's construction, Pakistan had only two major ports, Karachi Port and Qasim Port, both of which were often operating at or above capacity. Both ports are located near India, which poses security concerns for Pakistan (Ali 5, 9). Like the Hambantota case, the recipient government was again responsible for proposing the project in response to its domestic needs.

Pakistan requested China's aid in constructing the port at Gwadar (Lu 166), and in 2001, Chinese Premier Zhu Rongji offered financial assistance for the port project (Ali 6). Subsequently, Pakistan was offered the aforementioned funding. CHEC was selected as the contractor for phase one of the construction which was completed in 2007 (Kardon et al. 12). Due to a dispute between PSA and the Pakistani government, PSA's port operation lease was invalidated and transferred to the China Overseas Ports Holding Company (COPHC) in 2013 (Raza; Rafiq 7). However, COPHC, a Chinese SOE, had only recently been founded and had never before owned or operated a port. As Kardon et al. indicate, COPHC was an unusual choice to receive the lease considering that PSA, a successful port operator, had failed to make Gwadar operational (Kardon et al. 15-16). According to COPHC's chairman, the company was specifically created by the Chinese government to further development and operate Gwadar (Zhang). Thus, COPHC is likely an example of an SOE operating as an arm of the state, established so that the Chinese government could keep a "short leash" on Gwadar's development and operation.

Notable SOE and Recipient Government Behaviors in Other CPEC Projects. Less significant China-Pakistan Economic Corridor (CPEC) projects reinforce many of the observations made thus far regarding the roles of SOEs and recipient governments in China's cross-border infrastructure projects. Many of CPEC's projects function as commercial ventures, where the contractor, almost exclusively a Chinese SOE, has significant negotiating power (Rafiq 20). In some instances, the contracting SOE has stalled or walked away from projects that prove to be financially infeasible (i.e. the SOE is acting as a profit-seeker) (Kiani; Rafiq 19). Moreover, Pakistan has repeatedly abandoned negotiations for other projects that they deemed infeasible or if China's funding conditions were unacceptable (Rafiq 20).

Summary. In summary, Pakistan, as a recipient country, played a powerful role in proposing and promoting the Gwadar Port project, once again approaching other countries before China for support. The Pakistani government continues to play this role with respect to CPEC projects. In the execution of Gwadar, COPHC operates as an arm of the state, contrary to my hypothesis. But in other CPEC projects, SOEs act as independent profit-seekers by only accepting project contracts that they deem financially beneficial.

C. Overall Findings Summary

Both recipient governments and SOEs in general operate as powerful actors in China's cross-border infrastructure projects. Most notably, recipient governments are responsible for proposing and initiating infrastructure projects, although SOEs may at times lobby China and the recipient government for projects. Additionally, these projects are usually in response to some perceived domestic need, whether it be economic, political, or security related. Lastly, China in both cases was not the first choice of funding source. SOEs, on the other hand, were shown to be opportunistic, leveraging their connections to support their economic interests. They are primarily profit-seekers, at times promoting and expanding the breadth of proposed projects for the sake of increased earnings (Ex: expanding Hambantota's plan). All in all, they are mostly independent, though at times can operate as an arm of the state. In general, it appears that the central argument of this research, that SOEs and recipient governments are powerful actors that seek their own interests in these infrastructure projects, is generally supported, except with the caveat that SOEs can sometimes act at the behest of the Chinese government.

VI. Implications

The findings of this research give rise to three particularly important implications regarding the nature of China-funded cross-border infrastructure projects and China's Belt and Road Initiative: A.) China is not forcing unsustainable projects, B.) recipients have legitimate development needs, and C.) China's cross-border projects are a mix of strategic and ad hoc arrangements.

A. China is Not Forcing Unsustainable Projects

As discussed previously, the common argument by outside observers is that China intentionally forces unsustainable, unprofitable, bloated projects on recipient nations. The primary case study of this argument is the Hambantota Port. However, as my review of the case has demonstrated, a closer examination of the project with a focus towards SOEs and the recipient government illuminates a different picture. First, the China Exim Bank refused to lower its offered rates in order to outbid other potential financiers for the port project. If the project was China's strategic design for debt-trap diplomacy, then the Exim Bank would likely have made a more competitive bid to secure Sri Lanka's acceptance. Moreover, as noted, the original project idea for Hambantota originated within the Sri Lankan government, not within China. The Sri Lankan government also had non-economic reasons to pursue the project, and the government was aware of the negative reviews given by feasibility studies. Likewise, at the time of the alleged "debt relief for asset" swap between Sri Lanka and China, Sri Lanka was experiencing a serious debt crisis, and contrary to popular belief, less than 10% of Sri Lanka's debt was owed to China (Jones and Hameiri 16). Furthermore, the lobbying SOE profited by expanding and misrepresenting the project proposal and costs to boost their monetary gains. Perverse outcomes, such as failed or unsustainable projects, are therefore more often the result of the recipient

country's domestic conditions (Ex: Sri Lanka's economic woes) and government decisions (Ex: Sri Lanka pursuing the project despite unfavorable feasibility studies) as well as the profiteering of SOEs, rather than the intentional design of the Chinese government.

B. Recipients Have Legitimate Development Needs

In both the Hambantota Port and Gwadar Port cases (along with other CPEC projects), the recipient government had economic, political, and security reasons for seeking the projects. Most notably, in both instances, China was not the first choice of lender; other countries such as India or the US were approached first (Rajapaksa; Zhu 8; Rafiq 6; Ali 11). When they declined, Pakistan and Sri Lanka requested support from China to meet their domestic needs. With such a large demand for infrastructure in developing nations, recipient governments will continue to seek financing, and China will continue to fill the financing gap left by other countries. Japan, for example, has recognized the existence of this financing gap and has since increased its aid to developing Asian countries (Christensen). If other nations are concerned about the Global South's reliance on China, then they must expand their support to these countries.

C. China's Cross-Border Projects Are a Mix of Strategic and Ad Hoc Arrangements

The last implication relates to the stated goal of this research to better understand whether China's cross-border infrastructure projects represent consistent grand strategy or if the projects are largely ad hoc. As demonstrated by the case studies, these projects appear to be a combination of the two, which may explain why outside observers witness a confusing mix of strategic and fragmented intent on the part of the Chinese government. Recipient governments and SOEs largely drive the execution and development of these projects independent of China. Thus, China's cross-border infrastructure financing is heavily recipient- and SOE-driven, even with the most strategic projects such as ports. However, there are times when strategic intent is

apparent, such as with the SOE that was established by China to operate the Gwadar Port. Likewise, if China's role is truly as a financier, the Chinese government still has the power to select which projects or countries it wants to finance according to its strategic interests. China's strategic goals may be realized more through deciding which countries receive financing than through any form of debt-trap diplomacy, which this research shows is very unlikely to be China's strategy. Additional research is needed to examine how China uses the allocation of funds to meet its strategic goals.

VII. Conclusion

The goals of this research were to: 1.) examine the internal dynamics of China's cross-border infrastructure projects, 2.) understand whether these projects represent grand strategy or ad hoc arrangements, and 3.) rebalance the academic study of China's foreign infrastructure projects to include SOEs and recipient nations. Thus, this research sought to answer the question of the role of Chinese SOEs and recipient nations in China's cross-border infrastructure projects. A case study of Gwadar Port and Hambantota Port was conducted in order to evaluate the claim that SOEs and recipient governments are powerful, independent actors in the context of Chinese infrastructure projects. The case study supported this hypothesis, with the caveat that SOEs at times do act as arms of the Chinese state. Further research is needed to examine how China uses the allocation of funds to meet its strategic goals as well as to apply this research to a larger sample of China-funded infrastructure projects.

Given the project findings, this research demonstrates that the likelihood of a consistent strategy between all China-funded projects is low and thus challenges the commonly held belief that China's cross-border infrastructure projects are guided by a consistent grand strategy.

Perverse outcomes such as failed or unsustainable projects are likely best explained by SOE profiteering or the domestic conditions of recipient nations rather than “debt-trap diplomacy” by the Chinese government.

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