

Competing Western and Chinese International Economic Orders: Implications for Unsustainable Debt in African Countries

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Abstract

Many African countries are facing severe debt distress amid growing competition between the Western-dominated economic order and an emerging Chinese-led order shaped by the Belt and Road Initiative (BRI) and China's development banks. The weakening authority of traditional multilateral institutions particularly the International Monetary Fund, World Bank, and World Trade Organisation has complicated debt resolution efforts, especially as China has become a major creditor whose cooperation is increasingly essential. Drawing on existing international datasets, this study examines how these competing economic orders address the debt challenges of highly indebted African states. It finds that BRI-related lending has contributed to unsustainable debt levels in several countries, with four African states unable to meet their repayment obligations, a significant share of which is owed to Chinese lenders. Zambia is examined as a case study, illustrating how limited coordination between China and Bretton Woods institutions prolonged the debt restructuring process. The analysis highlights how tensions between rival international financial frameworks hinder effective debt resolution. The study further considers the potential emergence of alternative or hybrid governance arrangements involving actors such as BRICS, the Association of Southeast Asian Nations (ASEAN), and the European Union (EU), aimed at reinforcing a rule-based international economic order. Such arrangements could improve debt management, support debt-stressed countries, and promote stable trade and capital flows. This research contributes to the literature by linking the interaction between Western and Chinese economic orders to contemporary African debt crises.

Key terms: Belt and Road Initiative, debt stress, G20 framework, rule-based order, Zambia.

INTRODUCTION

Many African countries are heavily indebted, but the global economic and political order that could help them is under attack. Global sustainability can be defined as 'achieving global sustainability goals and advancing the body of knowledge in this field' (Feng & Xu, 2025). A sustainable international economic order aligned with the Sustainable Development Goals (SDGs) is required to address debt problems (Saruchera, 2025). However, the erosion of the current order of the United Nations and the Bretton Woods institutions (the International Monetary Fund, the World Bank, and the World Trade Organisation) leads to instability. Neither a new BRICS (Brazil, Russia, India, China, South Africa; the BRICS now counts 19 member countries) nor a China-dominated international order is yet in place. This leads to trade conflicts and debt problems in African countries, which are difficult to solve.

The loans provided by the Chinese Belt and Road Initiative (BRI) have contributed to unsustainable debt in certain African countries. Four African countries suffer from debt stress (IMF, 2024). Chad, Ethiopia, Ghana, and Zambia are no longer able to serve their debt (World Bank, 2024). A substantial part of the loans was owed to China, a country willing to roll over debt but not to forgive it. China does not participate in the IMF- and World Bank-initiated debt reduction programs.

For Ethiopia and Uganda, one can speak of a debt trap, in the sense that China now manages infrastructure due to failing repayments. In Zambia's case, the debt reduction process took longer to complete due to the lack of cooperation between China and the Bretton Woods institutions. This paper focuses on the economic world order needed to address cross-country issues such as international trade disputes and distorted capital flows.

How existing international economic orders compete is described when the methodology and the theoretical framework have been presented. Theories selected concern the functioning of the international order (its governance) and the conditions necessary for a sustainable international economic and political order. The problem of two competing orders trying to solve the debt problems of African countries has

hardly been studied. The gap will be addressed by using Zambia as a case study of unsustainable debt. The analysis shows that economic problems in the Global South may be aggravated if the old order cannot solve them and a new order has not yet been established. Some alternatives to a new sustainable international economic order will be evaluated to determine the extent to which the conditions for such an order are in place.

LITERATURE REVIEW

After the Second World War, a new international order was established with the United Nations (UN) replacing the League of Nations as the main political forum, and the Bretton Woods institutions, the International Monetary Fund (IMF) and the World Bank, were created to govern economic cooperation and reconstruction (James, 1996). This framework was part of the broader post-war liberal international order, designed to promote economic stability, reduce the risk of national financial crises, and facilitate trade liberalisation under U.S. leadership, with the U.S. dollar as the linchpin of the system (Lake et al., 2021; Kentikelenis, 2020).

The Economist (2024) concludes that the post-war liberal international system is slowly coming apart. The US government contributed to this process by withdrawing from various UN organisations. Moreover, China's Belt and Road Initiative (BRI) and associated institutions, such as the Asian Infrastructure Investment Bank (AIIB) and the New Development Bank (NDB), reflect evolving patterns of global economic governance that diverge from the original Bretton Woods design (Heldt, 2025; Reuters, 2025).

In this context, alternative actors such as the BRICS (Brazil, Russia, India, China, South Africa), the Association of Southeast Asian Nations (ASEAN), and the European Union (EU) are increasingly viewed as potential foundations for a renewed, more multipolar international order that aims to maintain peace, enhance welfare, address environmental constraints, assist debt-stressed countries, facilitate international trade, and support orderly capital flows (Heldt, 2025).

METHODOLOGY

The study examines the financial conditions of four countries with unsustainable debt, drawing on existing data from the World Bank and the International Monetary Fund (IMF). The data are also available in university institutes such as AidData (2023), the China Africa Research Initiative at Johns Hopkins University in Baltimore (CARI, 2025) and the Global Development Policy Centre at Boston University (GDPC, 2025). Using existing data, the functioning of these international orders, in particular when dealing with debt issues of debt-distressed countries, is analysed. Given that the debt reduction process in Zambia is complete and involved the IMF, the World Bank, and China, it is used as a case study.

Finally, the two economic and political orders are studied in terms of Tinbergen (1962) and Fukuyama (2011). Tinbergen's analysis focuses on what is necessary for building a sustainable international political and economic order. He questions the governance of the global economy and proposes international economic policies that benefit the Global South. He proposed to make the UN Security Council the World Government. In economic terms, he argues for a more planned approach to economic development in the Global South, using this 'world government' to formulate investment policies.

Fukuyama (2011) provided three conditions for a stable political order, which will be analysed in relation to the different economic orders discussed. According to him, there must be a process of state-building, the rule of law, and accountable government. Translated into a new international political and economic order, this would mean an agreement among a large group of countries, a regulatory framework, and institutions to enforce the regulations and account for progress. We add that there also needs to be a common idea, philosophy, or agreement on the basic principles, like the UN has a charter of universal rights.

FINDINGS AND DISCUSSION

Different Orders Meet in Africa

China has never committed so much money to African countries as through the Belt and Road Initiative. The country has promised to make approximately \$1 trillion available worldwide (Financial Times, 2020a). BRI loans have led to unsustainable debts in certain African

countries. Four African countries are under debt stress; their debt is unsustainable, and they are no longer able to service it. A substantial portion of loans is owed by China or its banks. China is willing to roll over debt only. In the case of Zambia, the debt reduction process took longer to complete due to the need for cooperation between the Chinese and the Bretton Woods institutions.

After Asia, Africa has emerged as the second-largest destination for Chinese financing under the Belt and Road Initiative. The money is spent on infrastructure to link African countries to China. Carmody et al. (2022) explain that China's export-oriented growth model led to foreign exchange reserves rocketing from US\$200 billion in 2001 to US\$ 576.68 billion at the end of 2024. Therefore, there is a need to reinvest these reserves. Almost all African countries participate in the Belt and Road Initiative, and China has provided billions of dollars, mainly in loans, since the program started in 2013. China has become a major trading partner and important investor in Africa (Van Dijk, 2009). More than one million Chinese people live in Africa (Wikipedia, 2025).

Most of the US\$ 1 trillion spent worldwide on infrastructure comes in the form of loans. Consequently, many countries in the Global South currently suffer from 'debt stress'. According to the IMF (2004), in 2023, 15 low-income developing countries were under debt stress, and another 15 were at risk of becoming debt-stressed. Debt stress "can cause borrowing countries to lose market access and suffer higher borrowing costs, in addition to harming growth and investment." BRI loans, necessary to finance infrastructural investments, have contributed to heavy foreign debt, which most debt-stressed countries find difficult to repay. In Asia, Sri Lanka is in default, while Pakistan is close to it. Many countries along the New Silk Road in Asia and Latin America are seriously indebted, having borrowed heavily from China.

Loans provided under the BRI are like tied aid. It is money provided to allow only Chinese companies to build infrastructure for China's use, to be repaid in foreign exchange by the country concerned. Loans are not provided on favourable terms, and Chinese banks usually do not take into account the country's overall

debt situation. Through the BRI, China boosts demand for its companies, but now faces the challenge of many countries being unable to repay their loans.

Al-Fadhat and Prasetyo (2024) refer to China's approach as 'debt-trap diplomacy,' providing evidence for Zimbabwe, Cameroon, and Djibouti. Djibouti and Angola were the two countries with the highest external debt to China as a percentage of national income in 2021, at 42 and 35 per cent, respectively (World Bank, 2024). Debt-trap diplomacy would mean that China's government can extract concessions, such as the ownership of financed infrastructure, if the recipient countries of BRI lending are no longer able to repay these loans. The situation in Chad, Ethiopia, Ghana, and Zambia, all listed by the World Bank (2024) as 'debt-stressed', will be discussed. The World Bank defines "debt stressed" as unsustainable debt leading to a situation in which a country "is unable to fulfil its financial obligations and debt restructuring is required." Carmody et al. (2022) reject the idea of debt-trap diplomacy and argue that China's share of Africa's debt is often exaggerated (at around 20 per cent). China and the West do not cooperate to reduce emerging-market debt (Financial Times, 2018b), and China's lending to Africa falls amid rising fears over high levels of debt (Financial Times, 2021b). If the situation is not sustainable, we need a debt-reduction

plan in line with the rules of the Bretton Woods system or a different international order (Arugay, 2025). In practice, conflicting international orders have to deal with debt-stressed African countries, which have not always worked well.

China's Financial Presence Abroad: The Institutions

In China, different institutions are involved in lending. A myriad of state-owned and state-controlled banks provide loans. Between 2008 and 2019, the Export-Import Bank of China and the China Development Bank together issued loans totalling US\$462 billion, placing their combined lending just below that of the World Bank, which amounted to US\$467 billion over the same period (Global Development Centre, 2025). The EIBC has funded a quarter of the official BRI projects, with the CDB as the second-largest lender (Financial Times, 2019). The two banks fall under the direct control of China's State Council (cabinet), so they operate as arms of the state.

The EIBC and CDB lend to poor countries at market rates, and China does not consider this state-to-state lending; hence, it does not want to write off these loans under an international debt reduction program. China's total annual lending to Africa under the BRI decreased from commitments of \$29.5 billion in 2016 to disbursements of just \$7.6 billion in 2019 (Table 1).

Table 1: Loans to African Countries Under the Belt and Road Initiative (BRI), by Year (in Billions of U.S. Dollars)

Year	2015	2016	2018	2019	2020	2021	2024	Average per year
Committed	11	29.5		7.6	60*	40*	30*	15***
Total disbursed		28	9.9	4 7.6**		3		12***
Source	GDPC, 2025	FT 2021a	GDPC, 2025	CARI, 2025	FT- 2022a	FT- 2022a	FOCAC, 2024	

*For three years. **Debt reduction included. *** For the years with data

The total loans provided by China to all BRI countries amounted to \$843 billion (NRC, 2021). According to AidData (2023), this is the sum of 20,985 projects in 165 countries, mostly developing countries, over the last 18 years. The total amount spent is higher than expected because Chinese state-owned banks provide direct loans to banks and project developers in receiving countries. The governments of these

countries are usually directly or indirectly responsible for repaying these loans. However, the conditions for different loans are not always clear because China is not always transparent about loan agreements. Only 3 per cent of the total is gifts rather than loans. In the past, China sought guarantees in kind (such as commodities). Currently, they often ask for guarantees based on the project's cash flow. The

generated funds must be placed in an escrow account, which China can also use to pay interest and repay the loan if regular payments do not occur.

A Debt Crisis Aggravated by the BRI?

Countries in the Global South struggle to repay loans to China due to economic stagnation from COVID-19, rising interest rates, and a strong dollar, which increases repayment costs in the local currency. The Financial Times (2018a) warned that the “wheels are coming off China’s BRI initiative.” The newspaper reported that China’s \$1tn Belt and Road Initiative is turning sour amid spiralling bad loans (Financial Times, 2023b). According to the article, worldwide, \$78.5 billion or almost 10 per cent of the total BRI debt, has been at risk of default over the past three years. These loans have been used for roads, railways, ports, airports, and other infrastructure. China seeks to contain fallout from stalled projects and non-performing loans and has substantially reduced expenditures in Africa.

The BRI has now become a ‘financial firefighting operation on a grand scale’ (Financial Times, 2022d). In due course, China is the world’s largest source of development credit. It has eclipsed the World Bank and the IMF. Chinese banks make up approximately one-fifth of their total lending to Africa. The lending is concentrated in six countries, mostly resource-rich: Angola, Cameroon, Djibouti, Ethiopia, Kenya, and Zambia. Ten countries accounted for 60 per cent of the loans. Internationally, Venezuela accounts for more than 12.5 per cent of the total, followed by Pakistan and Russia. Angola was the largest recipient of Chinese loans in Africa.

China’s lending to African countries fell substantially before COVID-19, when Chinese lenders started questioning the sustainability of rising debt levels in Africa (Financial Times, 2021c). Disbursements reached \$28 billion per year in 2016 but diminished to \$3 billion by 2021 (Table 1). Lending decreased to Angola, Cameroon, Djibouti, Ethiopia, and the Republic of Congo, while Egypt, Ghana, the Ivory Coast, Nigeria, and South Africa became the main borrowers. On average, the loan commitments to Africa have declined from \$29.5 billion in 2016 to about \$10 billion per year in 2024; disbursements are generally lower.

Unsustainable Debt?

Since 1992, total public debt in Africa has increased from \$40 billion to \$300 billion (Financial Times, 2023a). By 2023, total debt had reached \$700 billion. “After a 20-year lending spree, Beijing signalled a more cautious approach amid warnings that several African countries have reached the limits of their borrowing capacity and the prospect of default looms” (Financial Times, 2022a). Simons noted major changes in global development finance (Financial Times, 2023a). In the 1990s, sub-Saharan African countries owed approximately 80 per cent of their debt to ‘official creditors’ (developed countries and multilateral financial institutions). Now, they owe more than 70 per cent to domestic private investors, international bondholders, and middle-income countries such as China, India, and Turkey.

China provides more overseas development loans than the 22 members of the Paris Club, a forum created to achieve coordination among official Western creditors. The weaknesses of Chinese lenders include a lack of transparency, insufficient project risk management, and the participation of many of the world’s riskiest debtor nations (in Africa: Angola and Zambia). Environmental and social impact studies have almost always been absent for projects financed by Chinese state-owned ‘commercial’ banks.

The World Bank (2024) uses the term ‘fiscal vulnerability, meaning that as a result of rising debt and interest rates, government interest payments increased substantially in about one-fifth of LICs between 2019 and 2023. Interest payments have absorbed an expanding share of government revenues, exceeding 10 per cent on average by 2023, the highest in the last two decades. The increase in interest payments has increasingly threatened the crowding-out of critical development spending. Some LICs already had to commit more resources to interest payments than domestically financed healthcare spending. Twelve of the 26 LICs were assessed by the World Bank as being in or at high risk of debt distress at the end of April 2024. The IMF and World Bank do not specify how the conclusion of ‘debt distress’ is reached, but the literature indicates that several other indicators are also used. Table 2 presents the different ratios used to score an African country and the sources of information.

Table 2: Debt Indicators, Scores for Selected African Countries, and Sources of Information

Debt indicators	Score for an indebted African country	Source
Total debt related to Gross domestic product (GDP)	Zambia reached 137%, norm for joining the euro 60%	World Bank (2024)
Government budget deficits, which have generally increased	From an average for Sub-Saharan Africa from -3.9% in 2019 to -6.4% in 2020	Berensmann (2022)
Debt services in relation to exports	Increased for Africa from 16% in 2019 to 22% in 2020	Berensmann (2022)
Debt service costs in relation to domestic taxes	In Ghana and Nigeria these costs are approaching 70% of domestic tax revenues	Financial Times (2023a)
Interest payments as share of government revenues	They expanded as share of government revenues > 10% on average in 2023	IMF (2024)
Interest payments compared to domestically financed health	Resources committed to interest payments are higher than to health care spending	World Bank (2024)

Concerning the indicator total debt related to gross domestic product, the World Bank notes that “the rise of 36 percentage points in the average government debt-to-GDP ratio in LICs between 2011 and 2023 reflected persistent and widening primary fiscal deficits” (World Bank, 2024). In the EU, the norm for joining the euro is a total debt-to-GDP ratio below 60 per cent, and the norm for the government budget deficit is below -3 per cent of GDP (first and second indicators in table 2).

Debt services are often expressed in terms of their relationship with other indicators. First, in relation to exports in Table 2 (third indicator). Debt service costs (indicator 4) account for approximately 70 per cent of domestic tax revenues in Ghana and Nigeria (Financial Times, 2022a). Interest payments, as a proportion of government revenue, have risen significantly in these countries. The IMF (2024) uses all these indicators, relates them to each other and to the economy's prospects, and considers the government's policies to determine a country's status.

According to the IMF, many low-income countries are already in debt distress, and almost half are at risk of falling into it. By 2023, nine countries were in distress (including Mozambique and Zambia in Africa), 27 were at high risk, and 26 were on the watch list (Financial Times, 2023b). The World Bank published International Debt Reports and warned that, because of ‘commercial’ lenders in China, the traditional approach to debt reduction has become more complicated.

World Bank (2024) confirms the stress in four countries. Also, Angola, Kenya, Cameroon, and Uganda demonstrate the importance of unsustainable lending. The BRI, COVID-19, Ukrainian war, and the resulting rise in interest rates have all contributed to a critical debt situation, but there may also have been examples of poor governance.

Due to the debt crisis, China has been forced to provide billions of dollars in ‘rescue loans’ to BRI countries to avoid default (AidData, 2023). Despite these measures, Sri Lanka and Zambia defaulted. Argentina, Pakistan, and Sri Lanka are the three largest receiving countries. Together, they received up to \$32.83 billion. The Financial Times (2023b) quotes experts saying that “Beijing’s lending spree to developing countries and refusal to play by Western-established rules represents the single greatest impediment to government debt workouts and threatens to leave some countries in debt limbo for years”.

In 2022, the Financial Times (2022c) observed that “Chinese banks stepped up squeeze on African debtors.” The case of Uganda is mentioned, where the revenues from Entebbe Airport, which the Chinese partially financed, are placed in an escrow account, and the creditor controls the revenues from the debtors’ bank accounts. This opportunity is stipulated in the contract (AidData 2023). It states: “the sales collection account shall be used to collect the revenues of Entebbe international airport, including

but not limited to revenues generated from the project.” This means that Chinese partners can obtain all revenue from underlying public infrastructure assets. Western donors consider this an intrusive condition to be imposed on sovereign borrowers. China is doing the same in Ethiopia with respect to the Addis Ababa rail system (Van Dijk, 2025).

According to AidData (2025), nearly one-third of the Chinese loans examined relied on collateral mechanisms, such as sales collection accounts. Seventy per cent of these require borrowers to deposit all project revenues in an escrow account (Financial Times, 2022c). According to the definition of the debt trap as “extracting concessions as ownership of infrastructure,” Ethiopia and Uganda are examples of debt traps, in addition to the three cases studied by Al-Fadhat and Prasetyo (2024). They explain that such debt traps were caused by a structural imbalance between China, as an investor, and African countries, as recipients of investment. Zhang (2024) concluded that economic benefits have the highest priority in China’s foreign aid. The emphasis is on promoting trade and investment opportunities and guaranteeing access to natural resources necessary for China’s economic development. Amusan and Nel (2023) analysed the example of Nigeria to conclude that China gains considerably more from its engagement with Nigeria than vice versa.

Chinese state-owned banks used escrow or special accounts in 30 per cent of loan contracts to collect revenue from borrowers as repayment security,

compared with only 7 per cent among other bilateral lenders (Amusan and Nel, 2023). In three-quarters of these cases, the borrower is required to deposit all revenue from the associated infrastructure. The Financial Times (2022a) considers this a Draconian requirement. However, such debt service reserve accounts (DSRAs) are common among banks but rare in agreements backed by a sovereign state. Earlier, Chinese banks secured loans to resource-rich countries against oil or mineral shipments, but Kenya and Uganda lacked such resources. Calabrese et al. (2024) reviewed the debate on debt-trap diplomacy and concluded that Singh (2023) debunked this myth. Ensnaring countries is difficult to prove. The Economist (2023) concludes that Chinese banks have been ensnaring themselves by lending without proper risk assessment.

Due to economic challenges following COVID, Chad, Ethiopia, Ghana, and Zambia requested assistance under the G20 framework. Under the DSSI G20, the concerned governments and their policy banks postponed annual repayments during COVID and spread them over four years. Zambia obtained relief from several of its bilateral creditors. In principle, China does not accept write-downs on its loans, which would be seen as a mistake by the Chinese bureaucracy. The Economist (2024) argues that rescheduling repayments does not resolve underlying issues but instead defers them to the future and to others. The following table provides an overview of the population, GDP, debt as a percentage of GDP, and the estimated debt to China for the four countries.

Table 3: Population, GDP, Debt as a Percentage of GDP, and Estimated Share of Debt Owed to China (2023)

Country	Population (millions, 2023)	GDP (current US\$ billions, 2023)	Debt as % of GDP	Percentage of debt to China (%)
Chad	19.2	13.2	44.7	10
Ethiopia	128.7	163.7	59.1	6.8
Ghana	33.8	76.3	63.8	6.1
Zambia	19.6	29.6	91.6	33

Source (World Bank, 2024)

In late 2023, Ethiopia, a Low-Income Country, became the first LIC to default on debt. The cost of fuel subsidies exceeded 3 per cent of the GDP (World Bank, 2024). The restructuring of a \$1 bn bond that had fallen into default failed. Chad, as big as Zambia in population terms, but has only half of its GDP. It had a lower debt-to-GDP ratio, and only 10 per cent of its debt came from China. Ghana successfully restructured \$13 billion in US dollar bonds, paving the way for a return to global capital markets. However, this is a partial agreement that applies only to bonds. Ghana and Zambia are cases in point, where the process of total debt forgiveness takes much longer than anticipated because China initially did not want to collaborate with the Bretton Woods institutions.

Zambia's Debt Problems

Zambia was the first country to go bust in 2020 and the first to finalise a comprehensive debt deal in 2024. In China, Zambia is an important supplier of raw materials, including nickel and copper. However, in 2020, Zambia announced that it was struggling to strike a debt deal with Chinese creditors (Financial Times, 2020b). Zambia stated that it will “resist pressure from Chinese creditors to make paying arrears a condition of pursuing debt relief talks.” The country tried to restructure its external debt to \$11 billion. It took June 2024 to reach a deal.

In October 2020, Zambia announced that it could no longer repay its \$18.6 billion in loans. Between 2019 and 2020, the debt burden increased from 92 to 137 per cent of GDP. In June 2024, a debt deal was reached under the leadership of G20 countries, with China also on board. The newspaper added that the IMF considered that China had not supported Western proposals for many debt deals, including those reached by the IMF and the London and Paris clubs. However, without China, a deal for Zambia was not possible, as China owned one-third of Zambia's total debt.

Three-quarters of the Zambian budget went to debt service in 2020. After debt restructuring, this percentage decreases to 14 per cent by 2025. However, the debt restructuring process in Zambia took a long time to complete because of the lack of cooperation between China and the IMF. China wanted the IMF, the Organisation for Economic

Cooperation and Development (OECD), and the Bank for International Settlements (BIS) to participate in debt restructuring. This means overturning a convention that these organisations are ‘super-senior’ creditors, exempt from debt restructuring, as participating would imperil their ability to lend to other countries at low rates.

The Financial Times (2020b) calls Zambia a “test case for the ability of poor and indebted nations to find debt relief as they grapple with the health and economic consequences of the coronavirus pandemic.” China is a new actor in the debt relief process. The London Club (commercial debt renegotiations), the Paris Club (sovereign debt agreements), and the G20 framework also played their roles.

Zambia struggled to strike a deal with the Chinese creditors. Chinese lenders clarified that they would agree only if their share of approximately \$200 million in arrears was cleared first. Ghana's minister of finance noted in a letter to the Financial Times (2020b) that China's approach was making “western creditors reluctant to offer concessions for fear that released resources will simply be transferred to Beijing.”

In 2022, the new Zambian president negotiated a 1.4-billion-IMF bailout. However, the Financial Times (2022b) notices that hammering out a deal with all its creditors could take much longer. The president of the World Bank noted in the article that “China has to recognise its role in debt restructuring”. IMF funds will be released only when all creditors assured that they will agree to debt relief.

It took two years for the largest Chinese creditor to object to a proposed deal between Lusaka and bondholders to restructure about \$4 billion in US dollar bond claims. China had complained that bondholders were not offering terms comparable to the relief that official creditors had already agreed to for more than \$6 billion of their own loans. The newspaper noted that this failure shows the G20 framework is flawed. Official and private creditors quarrelled over transparency and over who should bear their losses.

The Financial Times (2024) reports that Zambia finally “closes in on default exit after debt deal.” The revised deal concerned nearly \$4 billion in bonds with private investors, moving Zambia closer to exiting default after months of tension between Chinese and other creditors. Bondholders will take a cut to the face value of their claim, from \$700 million under the initial agreement to \$840 million. The NRC (5-6-2024) announced that international creditors have reached an agreement on the restructuring of Zambia’s debt. The government will have more time to pay back under more favourable conditions.

A Sustainable Economic Order

What is necessary for building a sustainable global economic order? As Fukuyama (2011) suggests, a new order requires agreement among a large group of countries, a regulatory framework, institutions, the

ability to enforce regulation, and accountability. Finally, there needs to be a common idea, philosophy, or agreement on basic principles.

What are the options? If the US is no longer interested in leading the Western world, the European Union could step in as its defender. If China does not want to go alone, it may opt to work with other BRICS countries. The following table gives an impression of how these two possible orders would function under Fukuyama’s principles: state-building, the rule of law, and accountability. Agreement on the basic principles (such as the UN Charter) is added to the list of criteria for a new economic order, just as is the role of the UN and its specialised agencies. According to Tinbergen (1962), they should more actively develop economic policies to help countries in the Global South build their economies.

Table 4: The European Union as Defender of the Western Order Compared to a Possible BRICS Plus Order

Criteria	The EU as leader of the Western order	The BRIC plus countries
Role UN and its specialised institutions	Requires reforms to become more effective; different rules for UN security council	Want a more important role in the UN security council & its special organisations
An agreement among a large group of countries	The EU has agreements with over 100 countries	The BRICS plus countries now count 19 members
A regulatory framework	The EU is often considered a rule making machine with labor & environmental trade standards	No agreement yet on rules for capital flows, labor migration and trade in goods & services
Institutions and the ability to enforce the regulation and render account	The EU has the Commission, specialised agencies & High Court in Luxembourg	Currently only the BRICS bank (NDC) is a joint institution, plus the BRICS secretariat
An agreement on the basic principles.	The EU stands for liberal values: free trade, but labor & environmental regulation plus respect for human rights	BRICS countries challenge Western domination, but counts members which have different basic principles

On the G20 platform, or under the aegis of the BRICS countries, the Western-dominated system is often criticised (Nach & Newadi, 2024), and the Brazilian Minister of Foreign Affairs states that the BRICS countries will defend the global order as the US withdraws. In his words: “China and developing nations are today the main defenders of the multilateral system.” (Financial Times, 2025).

The comparison shows that BRICS countries may not yet be ready to develop a comprehensive new

international economic order. In due course, a new order needs to develop, which does not have to be dominated by China, nor does the US want to play a major role in its creation anymore. Arugay (2025) concludes that “Asian states are not passively observing the rule-based international order decay but are actively navigating its transformation”. Asia, in particular the ASEAN countries, and Europe, especially the European Union, could take the lead to assure what he calls a new “rule based international order,

currently under siege from the two dominant world powers.”

CONCLUSION AND RECOMMENDATIONS

Conclusions: China’s approach to infrastructure development in Africa is limited. In many cases, lending is considered unsustainable. Currently, heavy debt stands in the way of investing in further reforms and economic development. One specialist remarked that African countries were running away from western conditionality (linked to their loans), but “Now they are locked in a manner of speaking in a Chinese ‘financing wall’ (Financial Times, 2022 a). The rising African debt may force China’s banks to adjust their lending practices.

The BRI in Africa ran out of steam, and China substantially reduced annual disbursements due to defaults on interest payments and loan repayments. The weaknesses on the Chinese side include lending to LICs with shaky finances, a lack of transparency, and social and environmental impact studies of financed projects. On the receiving side, poor governance standards are often associated with the inability to repay Chinese lending for BRI projects. This has led to a series of scandals and complaints by debtor nations (Financial Times, 2020c).

A new, China-dominated order is emerging through the BRI, the Asian Infrastructure Investment Bank, and the NDB, two banks created as alternatives to the existing Bretton Woods institutions. The new system is still in its early stages, and for the time being, the G20 framework must be used to reduce the debts of some African countries.

The Zambian case began with an attempt to reach an agreement with the IMF. The negotiations failed due to a lack of cooperation between creditors and ended only four years later, when an agreement under the G20, a group of developed and emerging countries, was reached, with China joining.

There are serious challenges to the Western-dominated Bretton Woods International Order.

Neither the Bretton Woods nor the G20- or BRICS-dominated economic order is currently able to solve the often-complex financial situations of debt-ridden countries on its own. Cooperation between the Bretton Woods Institutions and a BRICS approach is necessary, preferably using the G20 framework. This has only worked so far in Zambia, and only after 4 years of negotiation.

The bipolar world, in which African countries had to choose between the United States and the Soviet Union, has been replaced by a multipolar world in which most African countries welcome investments from Chinese, Indian, and Turkish firms. The analysis showed that the old Western-dominated Bretton Woods economic order is struggling to remain relevant to Africa.

Recommendations: Debt sustainability should be explicitly considered going forward. This implies considering countries' ability to repay their loans. It is also necessary to use existing social and environmental impact tools for such projects. The Financial Times (24-4-2025) concluded that China’s rethinking of its BRI lending spree in Africa is a tacit recognition that its overseas lending bonanza has been ill-conceived. Berensmann (2022) concludes that, in the long run, a code of conduct for responsible lending and borrowing is required.

Currently, no economic order encompasses the world. This means that collaboration is necessary to address pressing issues, such as the debt burden in countries of the Global South. The unclear and rapidly changing policies of the USA, and the unsustainable debt of some African countries, require European and Asian countries to cooperate to develop a new rule-based international order that addresses these issues and ensures sustainability across different sectors of the economy. When the Western-dominated order and the emerging Chinese order of AIIB, BRI, and NDB do not cooperate, these debt problems are difficult to solve, as was shown in the case of Zambia.

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