ISLAMIC UNIVERSITY JOURNAL OF SOCIAL SCIENCES VOL 5, NO 1

ISSN: 2709-2429(Print), 2709-2437(Online)-Published 05th January 2026

Foreign Policy Autonomy under Debt: How Chinese Loans Affect Africa's International Bargaining Power

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Abstract

This paper looks at how Chinese loans affect Africa's ability to set its own foreign policy, using dependency theory as the main framework. The study argues that while Chinese funding gives African countries important resources for infrastructure and development, it also creates a dependence that affects their international bargaining power. Three key mechanisms are identified: financial dependence and contractual governance, which allow creditor influence over fiscal and policy decisions and limit independent action; commodity lock-in through resource-backed loans (RBLs), which tie national revenue streams to paying off debt; and strategic reciprocity in diplomacy, where financial support is linked to aligning foreign policy. Notable examples from Angola, the Democratic Republic of Congo, Kenya, Zambia, Ghana, and Ethiopia show how debt obligations affect political decisions, voting patterns in international forums, infrastructure ownership, and access to other funding sources. The paper also acknowledges the agency of African states, noting that they can use competition among creditors, build diverse partnerships, and negotiate better terms. However, their autonomy depends on transparency, coherent creditor coordination, and strong domestic debt management systems. The findings highlight that while Chinese loans can provide a way to advance development, they may also limit foreign policy choices when debt becomes unmanageable. Recommendations include improving transparency in debt contracts, creating stronger frameworks for debt sustainability, reducing reliance on resource-backed loans, enhancing domestic revenue collection, and promoting collective negotiation within regional groups. The study concludes that balancing development needs with sovereignty requires careful financial governance, which makes dependency theory a useful tool for understanding Africa's bargaining position under debt.

Keywords: China- Africa debt, foreign policy autonomy, debt- trap diplomacy, international bargaining power, African sovereignty.

Introduction

Foreign policy autonomy refers to a state's ability to create and carry out foreign policy decisions independently, without excessive influence or pressure from outside actors (Keohane, 1984). In Africa, the history of foreign policy autonomy has closely linked to the continent's economic circumstances, especially the recurring debt crises that have limited many African governments' ability to act independently on the global stage (Ake, 1996). While newly independent African states in the 1960s aimed to assert their sovereignty in foreign affairs, growing debt from the late 1970s onwards often forced them to align their foreign policy choices with the demands of creditors, donor agencies, and international financial institutions (Mkandawire, 2010).

In the early years after independence, many African nations experienced a significant degree of foreign policy autonomy. Leaders like Kwame Nkrumah of Ghana, Julius Nyerere of Tanzania, and Gamal Abdel Nasser of Egypt pursued bold foreign policy agendas, from Pan-Africanism to non-alignment, despite their economic dependence on former colonial powers (Mazrui, 1977). This period occurred during the Cold War, when African states capitalized on the rivalry between superpowers to secure foreign aid without fully committing to either side (Schraeder, 2001).

During this time, debt levels were relatively low because most African countries had limited access to global capital markets. They mostly relied on bilateral aid and concessional loans. Thus, foreign policy choices, while still influenced by external powers, were not heavily constrained by debt obligations. For example, Tanzania could adopt socialist-oriented foreign policies, like the Ujamaa policy, without facing immediate repercussions from creditors (Iliffe, 1995).

The oil shocks of the 1970s and global interest rate increases in the early 1980s pushed many African countries into serious debt trouble (World Bank, 1994). By the mid-1980s, debt servicing took up a large part of export earnings, often surpassing spending on health or education (Mkandawire & Soludo, 1999). This reliance on assistance from the International Monetary Fund (IMF) and World Bank fundamentally changed African foreign policy autonomy. Structural Adjustment Programs (SAPs) came with strict conditions that not only mandated economic reforms but also indirectly shaped foreign policy positions. For example, governments requesting debt rescheduling often faced pressure to adopt pro-Western diplomatic stances and limit connections with countries seen as threats by major creditors (Abrahamsen, 2000). The debt crisis weakened African states' ability to take independent positions on issues like the anti-apartheid movement, Middle East politics, or relations with socialist countries. Zambia’s reduced support for liberation movements in Southern Africa in the late 1980s was partly due to its dependence on Western aid during a fiscal crisis (Phiri, 2006).

The introduction of the Heavily Indebted Poor Countries (HIPC) Initiative in 1996, and its expansion in 1999, provided some financial relief for African governments by canceling significant portions of their debt in exchange for governance and economic reforms (IMF, 2001). Debt relief eased immediate financial pressures, allowing countries like Uganda and Mozambique to boost social spending. However, the conditions tied to this debt forgiveness often continued to reinforce external influence, as donors maintained control over policy agendas through aid dependency and monitoring (Cheru, 2002).

In foreign policy, African states during this period aimed to diversify their partnerships by strengthening relations with emerging powers like China, India, and Brazil. This shift sometimes improved foreign policy autonomy, as states could negotiate better terms for trade, aid, and investment by leveraging competing powers against one another (Taylor, 2006). Still, debt dependence remained in new forms, with some countries taking on large infrastructure loans from China, raising concerns about a new kind of "debt trap diplomacy" (Brautigam, 2020).

The COVID-19 pandemic led to another rise in debt levels in Africa, with public debt-to-GDP ratios increasing sharply (UNECA, 2021). The growing presence of non-traditional lenders, especially China and private bondholders, has created a more complicated debt landscape. Though this has given African states alternative financing sources, it may also introduce new risks.

Foreign policy autonomy in this era is influenced by multipolarity. For example, Ethiopia's ability to resist certain Western diplomatic pressures during the Tigray conflict was partly due to financial and diplomatic support from non-Western allies. Yet, countries heavily indebted to both Western and Eastern creditors often have limited policy choices, needing to balance competing geopolitical interests (Carmody, 2020).

The history of foreign policy autonomy and debt in Africa shows a cyclical pattern: early post-independence assertiveness, strategic leverage during the Cold War, debt-induced dependence in the 1980s and 1990s, partial relief in the 2000s, and renewed complexity in the 2020s. Debt has served both as a sign and a cause of external influence on African foreign policy, with each era presenting different constraints and opportunities. While debt relief and partnership diversification have occasionally increased autonomy, ongoing reliance on external financing continues to restrict independent decision-making in African international relations. Given this context, this study aims to explore how Chinese loan financing has affected the foreign policy autonomy of African states, specifically focusing on how external debt influences their international bargaining power through Dependency Theory.

Literature Review

Empirical research on the relationship between foreign policy independence and sovereign debt in Africa increasingly examines how Chinese loans affect the continent's bargaining power on the international stage. Scholars typically measure foreign policy independence using observable indicators such as voting patterns in the United Nations General Assembly (UNGA), official stances on sensitive issues to Beijing like Taiwan recognition or human rights concerns in Xinjiang and Hong Kong, decisions regarding port or base access, and negotiating power during debt restructuring instances. In this research, the level of exposure to Chinese financing, whether through concessional loans, commercial credits, or resource-backed agreements, often serves as the key explanatory factor (Dreher et al., 2022; Horn, Reinhart, & Trebesch, 2021).

One significant area of research uses extensive cross-national datasets to evaluate the political impacts of Chinese development finance. Studies utilizing AidData's project-level records have found that increased Chinese financing correlates with closer voting alignment in the UNGA with Beijing (Dreher et al., 2018; 2022). This connection goes beyond grant-based or concessional aid to include commercially motivated flows, indicating that even infrastructure loans come with implicit political implications (Raess, Ren, & Wagner, 2017). AidData's 2023 Belt and Road Reboot report shows that low- and middle-income countries aligned with China about 75% of the time, compared to only 23% with the United States. Additionally, a 10-percentage-point rise in voting alignment is linked to a significant increase in subsequent Chinese aid or credit, which aligns with strategic give-and-take dynamics.

However, alignment patterns are not fixed. AidData's 2024 Working Paper No. 130 highlights how, during debt crises, African nations sometimes shift towards the United States and its allies, even when deeply indebted to China. This change suggests that autonomy is conditional and relational, influenced by the competition among various creditors during times of crisis. These findings indicate that the relationship between Chinese loans and bargaining power is not straightforward; periods of financial stress can create chances for adjustments.

Another area of empirical research focuses on the structure, terms, and lack of transparency of Chinese lending. Horn, Reinhart, and Trebesch (2021) document the extent of China's overseas loans, revealing a considerable amount of "hidden debts" that are not reported to the World Bank or Paris Club creditors. This absence of transparency complicates analyses of debt sustainability and can weaken African governments' positions when negotiating with other creditors. Furthermore, the increased use of resource-backed loans (RBLs) in countries like the Democratic Republic of Congo raises concerns about fiscal independence. Reports from the Natural Resource Governance Institute (2020) and the World Bank (2022) note that collateralizing loans with resource revenues can limit future fiscal options, effectively binding governments to repayment obligations that may influence their foreign policy choices.

Nonetheless, some contract-level analyses challenge the oversimplified narratives around “debt-trap diplomacy.” A detailed review of Kenya’s Standard Gauge Railway loan agreements by SAIS-CARI found no evidence that Mombasa Port was used as collateral, dispelling a common misconception and emphasizing the need for careful, evidence-based interpretations of loan agreements (Acker et al., 2021). This highlights that bargaining limitations arise not from Chinese financing itself, but from the specific terms negotiated in individual contracts.

Debt restructuring cases in Africa provide important “stress tests” for evaluating bargaining power. Zambia’s situation as the first Common Framework case involving China revealed Beijing’s substantial role in coordinating creditor agreements. Although Zambia eventually reached an agreement with both official and private creditors, the lengthy process underscored China’s influence on the timelines and terms. Ghana’s debt restructuring followed a similar trend, where China’s role in the Official Creditor Committee was crucial for advancing negotiations. Ethiopia’s 2018 choice to renegotiate the maturity of the Addis Ababa–Djibouti railway loan, extending it to 30 years, demonstrates another aspect of bargaining. African leaders can sometimes use political connections to secure beneficial adjustments, although this flexibility may come at the expense of transparency and cooperation with other creditors.

Several mechanisms connecting Chinese loans to bargaining results appear in these studies. First, selective rewards and signaling are evident in the positive link between political alignment and future financial flows. Second, when China is the largest bilateral lender, creditor concentration can create veto points that limit a debtor's ability to finalize deals without Beijing's approval. Third, the design of contracts is important: clauses related to collateralization or escrow arrangements can restrict revenues, limiting policy independence in ways not captured by debt stock figures alone. Finally, during crises, debtor governments may shift toward whichever creditor group offers better or quicker relief, showing that autonomy is variable and dependent on context.

Overall, the empirical evidence indicates that Chinese loans can both enhance and limit Africa’s international bargaining power. In times of economic growth, access to significant Chinese financing allows African states to diversify their partnerships and reduce reliance on Western donors, potentially increasing their independence. However, during financial difficulties, creditor concentration, unclear liabilities, and strict contractual terms can shrink policy options and slow down debt relief. The strategic rivalry between China and Western powers gives debtor states a chance to leverage both sides against each other, but successfully doing so requires strong debt management skills, transparency, and the ability to build alliances across creditor groups.

Despite these insights, significant gaps remain. There is a lack of systematic, continent-wide analysis that links loan contract terms directly to subsequent foreign policy decisions. Data on restructuring negotiations, including offers, counteroffers, and vetoes, is limited, hindering our understanding of negotiation dynamics in real time. Moreover, the long-term political effects of resource-backed loans on foreign policy alignment need more exploration. Finally, little is known about the role of domestic political coalitions—for example, whether local actors benefiting from Chinese-funded projects influence how national leadership responds to Beijing's preferences. Addressing these gaps would enhance our understanding of the complex relationship between debt, independence, and Africa's role in the global system.

Foreign Policy Autonomy under Debt: How Chinese Loans Affect Africa's International Bargaining Power: A Dependency Theory Perspective

Dependency theory suggests that the global economic system is set up in a hierarchical model where core economies dominate and peripheral economies, such as those in Africa, are systematically limited by this dominance (Frank, 1967; dos Santos, 1970). In this context, peripheral countries act as suppliers of primary goods and are recipients of capital and technology, leading to ongoing structural dependence. Cardoso and Faletto (1979) refined this view, showing that while peripheral countries can achieve economic growth, it often occurs under the control of external forces, which restricts their political and policy independence. Similarly, Samir Amin (1976/2023) pointed out the issues of unequal exchange and power disparities that maintain the dependence of post-colonial nations on stronger global players.

Chinese loans in Africa illustrate this dependency. The China Africa Research Initiative (CARI) reported that from 2000 to 2022, African governments and state-owned companies received over \$170 billion in Chinese loans, with Angola, Ethiopia, Kenya, and Zambia among the largest beneficiaries (Brautigam, 2023). Although these loans funded significant infrastructure projects like Kenya's Standard Gauge Railway and Ethiopia's Addis Ababa–Djibouti Railway, they also increased Africa's external debt. For example, by 2021, Chinese loans made up about 30% of

Zambia's external debt, complicating negotiations with the International Monetary Fund (IMF) and limiting Lusaka's influence in international discussions (Harris & Li, 2022).

From a dependency theory viewpoint, this indebtedness creates a form of "financial tethering," which shapes the policy choices of recipient countries to favor creditor interests. Angola's long-term loans backed by oil to China's Export-Import Bank have linked a large portion of its crude exports to debt repayments, restricting Luanda's ability to seek diverse trade partners or invest oil revenue in independent development (Corkin, 2013). This reinforces Amin's (1976/2023) argument that resource-exporting countries in the periphery are trapped in patterns of "unequal exchange," where they trade valuable commodities under terms beneficial primarily to core states.

The political aspect of this dependency is evident in Africa's voting behaviors in international bodies. Dreher et al. (2021) found that African nations with more Chinese loans were statistically more likely to support Chinese positions in United Nations General Assembly votes. This implies that debt relationships might lead to diplomatic alignment. This corresponds with Cardoso and Faletto's (1979) assertion that dependence is both economic and political, as economic ties can alter the decision-making freedom of peripheral states, reinforcing the power of core states, like China.

Even infrastructure projects funded by Chinese loans, while useful in addressing Africa's infrastructure deficit (estimated by the African Development Bank at $68–$108 billion annually), often depend on Chinese contractors, imported materials, and tied financing agreements (AfDB, 2018). This setup sends a large portion of the loan value back to China, maintaining dependency instead of building independent industrial abilities in African economies.

Dependency theory sheds light on how Chinese loan financing, despite promising development, can further entrench African states in economic and political subordination. The obligations of debt repayment, linked contracts, and diplomatic expectations restrict foreign policy independence, reinforcing the periphery's subordinate role in the global structure. Real-world examples from Zambia, Angola, Kenya, and UN voting practices demonstrate that these structural limitations are not just theoretical; they actively affect Africa's bargaining power on the international stage.

In terms of Chinese loans, dependency theory offers a way to understand how outside financing can impact Africa's foreign policy independence and negotiating strength. Chinese lending to

African nations has surged, with total commitments exceeding $170 billion between 2000 and 2022, mainly for infrastructure, energy, and resource extraction ventures (Brautigam & Acker, 2022). Despite some inflated numbers in public discussions, a realistic estimate from AidData (2023) indicates that Chinese loans and grants worldwide exceed $1.3 trillion, with Africa receiving a significant portion. These financial transactions often come with terms like confidentiality clauses, escrow setups for export revenues, and cross-default arrangements, which can limit budget flexibility (Horn, Reinhart, & Trebesch, 2021).

From a dependency theory lens, these loan conditions mirror the structural constraints identified by Frank (1967) and Amin (1976). Peripheral economies, despite having access to foreign funds, remain tied to the strategic and economic interests of dominant players. For example, Zambia's 2020 default on its external debt brought Chinese creditors into negotiations alongside multilateral organizations, illustrating how debt relationships can influence domestic and foreign policy priorities (IMF, 2022). Likewise, Kenya's Standard Gauge Railway, funded mostly by $4.7 billion in Chinese loans, reportedly involved pledging port revenues as collateral, which critics argue weakens the country's leverage in maritime negotiations (Bwalya, 2021).

Historical examples further demonstrate the ongoing nature of dependency mechanisms. During the 1970s and 1980s, many African nations fell under the structural adjustment programs of the IMF and World Bank, where loan approvals were contingent on policy changes that often weakened domestic industrial capacity and restricted policy independence (Mosley, Harrigan, & Toye, 1995). The current Chinese model presents a different narrative, emphasizing "win-win cooperation" and non-interference, but it still reveals financial dependencies that illustrate dependency theory's observation that core actors can exert indirect political influence through economic means (Cardoso & Faletto, 1979).

Empirical studies show that debt stress aligns with changes in voting habits at the UN General Assembly in ways that reflect creditor desires (Dreher, Fuchs, Parks, Strange, & Tierney, 2018). For instance, African nations that receive high amounts of Chinese funding are statistically more inclined to support China on sensitive matters such as the South China Sea arbitration or human rights issues. This indicates a form of "soft conditionality" consistent with dependency theory's claim that the bargaining power of peripheral states is limited, even when explicit loan conditions are absent.

The growth of Chinese loans in Africa has offered vital financing for infrastructure, but it has also reinforced structural dependencies that can restrict foreign policy independence. Dependency theory clarifies why these trends continue: external financing, even when presented as a partnership, functions within a global hierarchy that favors the lender's strategic interests, limiting the borrower's negotiating position in international matters.

A particularly noteworthy aspect of Chinese financing in Africa is the prevalence of resource-backed loans (RBLs), where future commodity exports are used as repayment. These agreements intensify the structural ties between African economies and global commodity fluctuations, a key point in dependency theory, by linking debt repayment to unstable international prices. When commodity prices drop, the repayment burden increases, straining budgets and constraining domestic priorities (NRGI, 2020).

The Natural Resource Governance Institute (2020) notes that at least 11 African countries, including Angola, Republic of Congo, Chad, Ghana, and the Democratic Republic of Congo (DRC), have entered into RBLs with China. A notable case is the Democratic Republic of Congo's Sicomines agreement from 2008, in which Chinese state-owned companies agreed to provide $3 billion in infrastructure development in exchange for mining rights, with repayments linked to future copper and cobalt exports. This deal enabled the DRC to finance long-overdue infrastructure without significantly increased budget deficits, but it limited fiscal flexibility and tied a large portion of resource income to debt service for years. By 2021, changes in copper prices necessitated new negotiations, highlighting the instability of such agreements amid market fluctuations.

Similarly, Angola's oil-backed loans from China, totaling over $25 billion between 2004 and 2019, have proven to be a double-edged sword. While they assisted in post-war recovery, their repayment was structured around oil shipments. This arrangement reduced Angola's ability to respond to local economic challenges and sometimes influenced its diplomatic stances, as maintaining good relations with Beijing was crucial for favorable loan restructuring (Campos & Vines, 2008; Brautigam & Hwang, 2016).

From a dependency theory viewpoint, RBLs represent a modern version of enclave economy financing, similar to colonial practices where infrastructure development was directly linked to resource extraction for export. This arrangement effectively shifts development goals, placing domestic economic planning under creditor demands and the fluctuations of global commodity markets. Consequently, this can influence foreign policy independence; heavily indebted African nations might be less inclined to act in opposition to Chinese interests in forums like the UN General Assembly (Strange et al., 2017).

Research shows that Chinese loans impact diplomatic alignment, demonstrating dependency theory in practice. Countries more exposed to Chinese financing often align more closely with Beijing in their UN General Assembly voting patterns, and this alignment often leads to increased Chinese financing (AidData, 2023). For instance, Angola and Zimbabwe, two of Africa's largest recipients of Chinese loans, have historically supported China in key UNGA votes on issues like Taiwan and human rights, while also receiving funding for new infrastructure and energy projects (Dreher, Fuchs, Parks, Strange, & Tierney, 2018).

Similarly, Ethiopia and Kenya received significant Chinese loans for major infrastructure projects like the Addis Ababa to Djibouti Railway and the Standard Gauge Railway. Their voting patterns at the UN reflect Beijing's positions, which scholars refer to as "soft political conditionality" (AidData, 2023). These examples show that even when loans appear as developmental aid or partnerships, economic dependence can influence foreign policy behavior, a key insight of dependency theory (Frank, 1967; Cardoso & Faletto, 1979).

However, the impact of Chinese funding on diplomatic alignment depends on the context. During times of debt trouble or financial crises, African countries may turn to Western creditors or organizations like the International Monetary Fund (IMF) for relief. For instance, Zambia's 2020 debt restructuring talks involved both Chinese lenders and the IMF, emphasizing the relational aspect of dependency. Heavily indebted countries still hold some agency, especially when they have alternative financing options (AidData, 2023; Dreher et al., 2018). This illustrates that while debt gives creditors structural leverage, African nations can sometimes maneuver through various channels to lessen restrictions on their foreign policy independence.

Classic examples at the country level clarify these dynamics. Angola's oil-backed loans illustrate commodity-linked dependence, where repayment relies on crude oil exports to China. This setup limits Angola's fiscal flexibility and policy independence (Reuters, 2025a). Originating from mid-2000s credit lines from China Exim Bank, this scenario reveals how the constraints identified in dependency theory appear when a country's main revenue source is closely tied to creditor repayment needs, restricting its ability to diversify foreign policy options.

In Kenya, the funding for the Standard Gauge Railway (SGR) shows how contract details—like escrow accounts for railway revenues and contingent liabilities—can create significant fiscal risk without requiring formal asset collateral (Acker, Brautigam, Bhalaki, Deron, & Wang, 2021). Although Kenyan officials deny asset seizure clauses, the underlying financial structures subtly guide fiscal choices, often aligning domestic infrastructure goals with Chinese financing needs, influencing international negotiation power.

The situations in Zambia and Ghana illustrate how debt issues impact foreign policy leverage. Both countries began debt restructuring talks under the G20 Common Framework, where China's role was crucial for progress. For Zambia, the lengthy restructuring process partly stemmed from disagreements between China and other creditors, effectively giving China a de facto say over the restructuring terms (Reuters, 2025b). Similarly, Ghana's restructuring required agreement with Chinese lenders before any IMF funds could be disbursed, reinforcing dependency theory's claim that close creditor ties can translate into political power.

Ethiopia's Addis Ababa to Djibouti railway loan extension further illustrates the dual nature of bilateral flexibility. While China agreed to extend repayment terms, the renegotiation happened through unclear channels, limiting Ethiopia's ability to seek relief through multilateral means (AidData, 2023). The secretive nature of these agreements strengthens dependency by creating an information imbalance that favors the creditor during future negotiations.

Collectively, these examples show how Chinese loans—whether linked to commodities, infrastructure, or restructuring talks—entrench African countries in unequal partnerships. These dynamics do not entirely erase foreign policy autonomy but shape it within parameters set by creditor interests, aligning with dependency theory's view that the sovereignty of peripheral states is influenced by the global financial system.

From a dependency theory standpoint, Chinese loans impact Africa's international bargaining power through three interconnected mechanisms that reinforce structural dependence and unequal power dynamics. First, financial dependency and contract governance create frameworks in which creditors, rather than governments, hold real control over key fiscal and policy choices (dos Santos, 1970). These control mechanisms manifest in loan agreements through terms like escrow accounts, cross-default clauses, and limitations on refinancing, restricting a borrower's ability to manage its budget and external relations. For example, Kenya's SGR financing included conditions on how revenues are managed and settled disputes, effectively limiting Nairobi's capacity to renegotiate without creditor approval, thus reducing its autonomy in both economic and diplomatic discussions (Acker et al., 2021).

Second, commodity lock-in from resource-backed loans (RBLs) fosters long-term dependence by tying repayments to future earnings from key resources like oil, copper, or cobalt. This arrangement restricts policy options, forcing governments to focus on producing and exporting these resources to meet debt obligations, often at the cost of economic diversification or alternative development strategies (NRGI, 2020). Angola's loans backed by oil demonstrate this lock-in effect, as repayment obligations bind Luanda to a fiscal cycle where oil revenues are committed to servicing debt, leaving little room for domestic investment or independent foreign policy actions (Reuters, 2025a). This structural involvement reflects dependency theory's observation that peripheral economies face constraints due to their integration into global systems reliant on primary commodity exports.

Third, strategic reciprocity in diplomacy shows how financing agreements can weave foreign policy alignment into economic dependence. This expands creditor influence beyond financial matters (AidData, 2023). In practice, this might involve direct or indirect links between loan distributions and diplomatic stances on issues like voting in the UN, recognizing disputed territories, or supporting China's Belt and Road Initiative. Ethiopia's financing for the Addis Ababa to Djibouti railway, for instance, was renegotiated under terms reportedly aligning with Ethiopia's increased political cooperation with Beijing on global infrastructure governance, illustrating the soft power aspects of loan relationships.

These mechanisms often function together, producing an overall impact on bargaining power. In the debt restructuring negotiations of Zambia and Ghana within the G20 Common Framework, China's position as the leading bilateral creditor effectively gave it a veto over the timing and conditions of the agreements (Reuters, 2025b). This concentration of creditors reinforces dependency theory's central idea that within an unequal international framework, peripheral states' policy choices are limited not just by their financial obligations but also by the political and institutional conditions tied to that debt.

Despite the structural limits put forward by dependency theory, the framework acknowledges that African countries retain some agency in managing their debt relationships with China and other creditors. While outside debt—especially under vague contract terms—can severely restrict foreign policy freedom, African governments are not completely passive in this scenario. In some cases, they have leveraged competition between multiple creditors, including multilateral organizations, bilateral partners, and private lenders, to negotiate better deals. This diversification can help minimize dependence on any single funding source and slightly widen the scope for independent decision-making (Cardoso & Faletto, 1979).

However, this form of agency is still conditional and frequently operates within narrow boundaries. The success of such strategies depends on three key factors: transparency of contracts, coordination among creditors, and the ability of domestic institutions to manage external obligations. Transparency is especially important, as undisclosed collateral agreements, escrow account provisions, or contingent liabilities can undermine sovereign authority even when overall debt levels seem manageable. Coordination among creditors also matters, particularly in frameworks like the Common Framework for Debt Treatments, where the dominance of a creditor like China can influence restructuring conditions that restrict debtor flexibility (AidData, 2023).

Enhancing the capacity for domestic debt management is equally vital. Countries with strong legal, technical, and institutional abilities to assess, negotiate, and oversee loan agreements can better resist provisions that limit policy choices. Additionally, implementing debt governance reforms—such as parliamentary oversight of loan contracts and public access to contract details—can strengthen bargaining power by ensuring accountability and preventing the erosion of sovereignty through gradual legal commitments.

In this context, policies aimed at improving transparency, reducing restrictive contract terms, and investing in domestic debt management capabilities could significantly boost African nations' foreign policy independence under debt. While such reforms may not completely erase the structural dependencies outlined by dependency theory, they can shift the power dynamics in creditor-debtor relations. This results not in the end of dependence but in its transformation into a more manageable, negotiated, and strategically leveraged form, allowing African countries to exert greater control in their international dealings.

Applying dependency theory to the examination of Chinese loans in Africa highlights how established structural economic ties influence political actions and affect foreign policy independence. Dependency theory, as presented by scholars like dos Santos (1970) and Cardoso and Faletto (1979), emphasizes that in a global capitalist landscape, peripheral economies—like many African nations—often find themselves in unequal relationships with core economies.

These ties are not just economic; they involve deep political connections that constrain decision-making in ways that maintain dependence.

While access to Chinese financing can help address infrastructure gaps, fund industrial initiatives, and provide alternatives to Western conditional lending, these loans often come with structural conditions that limit policy freedom. For example, Angola’s loans backed by oil from the early 2000s offered swift funding for post-war recovery but tied repayment to future oil revenues, effectively locking the country into a dependency on commodity exports that restricted its flexibility in international negotiations (Corkin, 2013). Similarly, the Democratic Republic of Congo’s Sicomines deal promised investment in mining infrastructure in exchange for copper and cobalt, but the lack of clarity in the contract and Chinese control over resource flows limited Kinshasa’s bargaining power in both economic and political contexts (Global Witness, 2011).

In Kenya, financing for the Standard Gauge Railway (SGR) through Chinese loans imposed debt obligations that affected domestic discussions about sovereignty. There was even speculation about the potential use of key assets, like the Mombasa Port, as collateral. This illustrates how debt can be used for influence, even without direct asset seizures (Olander, 2018). Zambia’s debt crisis, which intensified in 2020, further shows how fiscal vulnerability to Chinese creditors (and others) restricted Lusaka’s ability to set its own policy, particularly during IMF restructuring talks (Hoffman, 2021).

Ghana's cocoa-for-infrastructure agreements with Chinese financiers reveal the more subtle mechanisms of dependency. While these deals promised roads and industrial facilities, they committed large portions of future cocoa export income to debt repayment, limiting fiscal flexibility for other government priorities (NRGI, 2020). In Ethiopia, Chinese loans have played a vital role in funding the Addis Ababa to Djibouti Railway and various industrial zones. However, the repayment terms combined with Ethiopia's reliance on Chinese investment for its main industrialization goals mean that its foreign policy stances—especially on topics like Taiwan and Chinese interests at the UN—tend to align with Beijing’s preferences (Sun, 2014).

Despite these limitations, dependency theory also allows for acknowledgment of African agency. Countries like Nigeria and Tanzania have sometimes sought to balance Chinese loans with other credit sources—like the World Bank, IMF, and private markets—to secure better terms, showing that dependence is not an unbreakable trap but a manageable structural condition. Nevertheless, the ongoing presence of unequal contract terms, vague governance practices, and revenue-linked lending frameworks means that this agency often operates within strict limits.

In conclusion, Africa's experience with Chinese debt reveals a key paradox. While these loans can provide short-term economic empowerment, they also embed structural dependencies that shape long-term political decisions. These dependencies limit foreign policy autonomy, conditioning African nations' bargaining power on the structures of their debt, the nature of creditor relationships, and their capacity to manage external obligations. Prominent cases from Angola, the DRC, Kenya, Zambia, Ghana, and Ethiopia highlight that dependency theory remains a significant framework for understanding how economic ties with external powers can reshape the strategic agency of states in the Global South.

Conclusion

From the previous analysis, the dependency theory framework shows that Chinese loans provide essential funding for infrastructure and short-term negotiation power. However, they often trap African states in uneven relationships that restrict their ability to follow independent foreign policy. The situations in Angola's oil-backed debt diplomacy, Zambia's financial struggles during its debt crisis, Kenya's strategic concessions related to the Belt and Road Initiative, and Ethiopia's infrastructure-for-financing deals demonstrate a common pattern where economic reliance leads to less policy flexibility. Still, these examples indicate that dependence is not total. States can still navigate through varied partnerships, clear contract talks, and better management of domestic debt. In the end, Africa's challenge is not just to secure development funding but to achieve this while maintaining both economic independence and foreign policy freedom in a more multipolar global environment.

Recommendations

African governments should publish complete details of loan agreements, including repayment terms, collateral clauses, and arbitration provisions. This reduces the risk of hidden liabilities and allows civil society and parliamentary oversight, which can discourage overly strict terms that might harm sovereignty. For instance, Sierra Leone canceled a $400 million Chinese-funded airport project in 2018 after a public discussion about its feasibility and repayment risks.

African countries should not rely heavily on a single creditor. Instead, they should seek a balanced mix of bilateral, multilateral, and private financing. This strategy lowers the risk of political pressure from any one lender. Ghana's approach, which includes World Bank concessional financing, Eurobonds, and Chinese project loans, shows how diversifying financing sources can create more room for negotiation, despite facing challenges.

Reducing dependence on external borrowing requires African countries to expand their domestic revenue through tax reform, improved collection systems, and formalizing key economic sectors. Rwanda's success in raising tax-to-GDP ratios since the early 2000s has enabled it to finance a larger portion of its development budget internally, thus decreasing reliance on conditional external debt.

African states can gain from collective bargaining strategies, such as enhancing the African Union's role in debt negotiations or setting up sub-regional creditor coordination groups. This approach can help avoid a "divide-and-rule" situation where creditors exploit individual countries. The Paris Club and G20's Common Framework offer examples of coordinated negotiation that could be adapted for regional use.

African countries should create independent debt management offices tasked with conducting thorough debt sustainability analyses before taking on new loans. These offices need to be shielded from short-term political pressures and should focus on long-term fiscal and foreign policy goals. Botswana's cautious approach to external borrowing has helped maintain its AAA domestic credit rating and policy independence.

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