

**POLICY OF CHINA'S DEBT-TRAP DIPLOMACY:
The Influence Of Media In Forming Community Political Opinions**

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ABSTRACT

The term debt-trap or Chinese debt trap originated from the introduction of the Belt and Road Initiative (BRI) policy by Chinese President Xi Jinping in 2013 which aims to connect the Eurasian economy with infrastructure, trade and investment. Debt trap diplomacy is related to the cases that occurred in Sri Lanka and Pakistan. In Indonesia, the policy on cooperation projects in the infrastructure sector existed before the BRI policy was signed and then increasingly under the BRI banner. However, if seen from the SULNI June 2020 data, the value of Indonesia's debt to China is around 1% and the cooperation is mostly in the field of productive infrastructure. If the policy of Indonesia-China cooperation is carried out properly and continues to be introspective both inside and outside, then development funding under the BRI banner can produce good results and can avoid debt bondage. In Indonesia, where most of the people have negative sentiments towards Chinese policies, this often happens and is framed for political consumption which is disposed of to the public through mass media and then used to lead opinions through discussions on social media.

Keywords: *Belt and Road Initiative Policy, China, Policy of debt-trap diplomacy, Pakistan, Sri Lanka, Indonesian.*

A. PRELIMINARY

Policy of China's debt trap diplomacy is a new word in international relations put forward by an Indian academic in early 2017, at a time when China was still the center of global attention. This term refers to 'debt diplomacy' - within the framework of economic diplomacy - through the provision of loans from a lending country to a borrowing country, whether intentional or not, will

plunge the borrowing country into a condition trapped in its own debt. . The term debt-trap diplomacy then came into the spotlight after being followed by the scientific work of two Harvard University graduate students entitled China's 'debt book diplomacy' which was later made headlines by The Guardian and the New York Times as well as several other news portals as evidence of its existence. China's evil intentions in its foreign loan activity.

The term debt-trap or Chinese debt trap originated from the introduction of the Belt and Road Initiative (BRI) by Chinese President Xi Jinping in 2013 which aimed to connect the Eurasian economy with infrastructure, trade and investment. BRI covers two aspects, namely The Silk Road Economic Belt and The 21st Century Maritime Silk Road. The Silk Road Economic Belt as a land route aims to connect the underdeveloped provinces of western China through Central Asia while The 21st Century Maritime Silk Road as a sea route aims to connect China's rich coastal provinces with Southeast Asia to Africa via ports and railways.

This policy is global in nature and is not aimed at specific geographic situations even though it is only alluded to linking the Eurasian economy. Countries in Latin America are deeply involved as are all parts of Africa. The main goal is that China as a lender will channel its money to several developing countries to build infrastructure in the fields of transportation, energy, water supply and other sectors.

When the BRI policy was popular in developing countries, BRI also received various criticisms from countries with advanced industrial economic systems. One fundamental criticism is that the program lacks transparency, making it difficult to know in detail how much China is borrowing for each project, the terms of the loan, how contractor is selected, and what environmental and social risks are involved. BRI has also been criticized as an attempt to instill a Chinese model of power when viewed from the fact that the majority of debt-receiving countries have a track record of a lack of democracy and people's freedom. These countries are Venezuela in Latin America, Cambodia and Laos in Asia, Sudan and Zimbabwe in Africa.

China was later accused of debt-trap diplomacy for providing debt and burdening borrowing countries with high interest rates they could not repay. This provides an advantage for China. These concerns were exacerbated by the case of Hambantota Port in Sri Lanka. Revenue from this poorly designed port was insufficient to pay off the loans used to finance the project so the Sri Lankan government asked China to take over the port.

In a speech in May 2019, the US Secretary of State criticized China for offering corrupt infrastructure deals in exchange for political leverage and using bribery debt-trap diplomacy to undermine a well-functioning government. The United States also argues that the reality is that the BRI is not only about trade but also about China's domination strategy. The strategy states that China wants to use the economic route to its political advantage, China wants to recreate the rules and business practices developed by the West, or even China wants to regulate the world using BRI as one of its weapons.

Based on the facts above, there are several things to discuss in this paper. What is the relationship of China's proposed BRI project to debt-trap diplomacy?

How can debt-trap diplomacy provide economic and political benefits to China? What is the condition of Indonesia's debt to China and how much influence it has on Indonesia's economic and political system? How is the influence of the media in shaping people's political opinion?

To answer these questions, this paper will also raise cases that have occurred in Pakistan and Sri Lanka, which have debts to China, and discuss Indonesia's state debt as a basis for a written point of view.

B. CONCEPT

According to Wening Setyanti & Nanang Pamuji Mugasejati (2018) China's 'debt-trap diplomacy' is a new vocabulary in international relations that was raised by an Indian academic in early 2017, just when China was still the center of world's attention. This term refers to 'debt diplomacy' - under the framework of economic diplomacy - through the provision of loans from the lending country (lender) to the borrower country, which, whether intentional or not, will plunge the borrower country into a condition trapped in its own debt (debt-trap).

According to Curran in Mukrimin, (2013) In the liberal theory, the main function of the media is 'to act as a check on the state' (Curran, 2007: 27). Liberal theorists believe that the „free and independent press can play a vital role in the process of democratization by contributing towards the right offense of expression, thought and conscience, and strengthening the responsiveness of governments to all citizens, and providing a pluralist platform of political expression for multiplicity of groups' (Center for Democracy and Governance, The role of media in democracy: a strategic approach, 1999: 3 in Low, 2003: 23). The mass media in this case play their „watchdog“ role.

The opinion of Sumarto (2020) states that the Formation community is the definition of a concrete community group, in which within the community group there are various modes of production work. And the existing community formation in Indonesia is a capitalist community formation.

Emory S. Bogardus in his book *The Making of Public Opinion* states that public opinion is the result of integrating opinions based on discussions carried out in a democratic society. So, in contrast to Cutlip & Center which says that public opinion is the result of unification, as if the number of individual opinions, Bogardus firmly states that public opinion is the result of integrating opinions. Integration in the sense here means the result of a discussion, debate, discussion or exchange of ideas among people who are in the group. This means for Bogardus, public opinion is as follows. 1. The result of integrating opinions, so it is not the sum of the opinions of individuals gathered. 2. Integration is meant as a result of discussion of exchange of ideas among members of a public group. 3. Takes place in a democratic society.

C. METHOD

This research uses a case study method. This method is one of the research methods in social science. All data from this case study were obtained from the literature using searches of journals, books and information in online mass media. To produce the information needed by this research, a research strategy is used,

literature review that investigates a phenomenon in the background of political life and the relationship between the countries studied.

D. EXPLANATION

1. Linkage of China's BRI policies to debt trap diplomacy

In his 2013 speech, Chinese President Xi Jinping proposed the Belt and Road Initiative (BRI). In Kazakhstan, he proposed reviving trade or overland exchange routes from China to Central Asia and Europe, known in ancient times as the "silk belt". In Indonesia, he introduced the concept of a "maritime silk route", namely trade from the coastal areas of China to the Middle East and Europe through the South China Sea and the Indian Ocean. An agreement was made to make it happen. This cooperation agreement is fairly new because in his 2013 speech Chinese President Xi Jinping proposed the Belt and Road Initiative (BRI). In Kazakhstan, he proposed reviving trade or overland exchange routes from China to Central Asia and Europe, known in ancient times as the "silk roads".

BRI spending in developing countries has raised serious concerns about ongoing debt. A Center for Global Development report recently found that eight countries receiving BRI debt are at high risk of experiencing debt repayment difficulties. These countries are Djibouti, Kyrgyzstan, Laos, Maldives, Mongolia, Montenegro, Pakistan and Tajikistan. These countries will face an increase in their debt-to-GDP ratio (debt-to-GDP ratio) exceeding 50%, with at least 40% of their external debt going to China once BRI loans are completed.

2. China's Economic and Political Benefits of Debt Trap Diplomacy

Sri Lanka has borrowed billions of dollars from China for the development of its domestic infrastructure. For the Hambantota Port project, Sri Lanka borrows US \$ 301 million at an interest rate of 6.3% while the loan interest rate from the World Bank and The Asian Development Bank (ADB) is only around 0.25-3%.

In January 2015, Mahinda Rajapaksa's government as the initiator of the Hambantota Port development lost the general election. At the end of 2016, according to the Central Bank of Sri Lanka and the IMF, Sri Lanka had foreign debt of US \$ 46.4 billion or 57% of GDP, where around 10% of this debt was owed to China.

In order to pay for the maturing international government bonds, the Sri Lankan government decided to privatize most of the shares in Hambantota Port. There are two Chinese companies that have submitted bids for Hambantota Port, namely the CHEC and CM ports. Of the two bidders, Sri Lanka chose CM Port. CM Port owns 70% of the shares and made prepayments of US \$ 1.12 billion.

The diplomatic relations between Pakistan and China are currently known as the China Pakistan Economic Corridor (CPEC). CPEC is a 3,218 kilometer long line that will be built in the next few years. This development consists of roads, railways and pipelines. The agreement was signed on 20 April 2015. The actual project costs are estimated at US \$ 75 billion, of which US \$ 45 billion will be used to support CPEC operations in 2020 and the remaining funds will be invested in energy generation and infrastructure development. CPEC leverages China's potential to diversify its energy trade routes to and from the Middle East

as a transportation network that will link China's development and operations in the ports of Gwadar and Karachi with North Pakistan. Many experts estimate that Pakistan will take nearly 40 years to pay off its debts.

A case study of China's debt trap diplomacy can be seen from Sri Lanka. Sri Lanka has borrowed billions of dollars from China for the development of its domestic infrastructure. For the Hambantota Port project, Sri Lanka borrows US \$ 301 million at an interest rate of 6.3% while the loan interest rate from the World Bank and The Asian Development Bank (ADB) is only around 0.25-3%.

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3. Indonesia's Economic and Political Influence By Debt to China

The Indonesia-China cooperation project in the infrastructure sector existed before BRI was signed and has since grown under the BRI banner. Some of these projects include:

- a. West Java PLTU Project 1; The project, which was built in 2007, is a collaborative project funded by the Consortium of China Construction Bank, a consortium of Indonesian local banks and Agung Podomoro Land (APLN).
- b. Morowali Industrial Estate Development; This development project began in 2013 between PT Indonesia Morowali Industrial Park with Tsingshan Group and Delong Group. In 2017, a carbon steel plant, smelter and power plant will be built in this industrial area under the BRI flag with the signing of an official Memorandum of Understanding agreement with the China-Indonesia Cooperation Forum: Belt and Road Initiative and Global Maritime Fulcrum in Beijing, China, 16 June 2017 witnessed by the Coordinating Minister for Maritime Affairs (Menko Maritim) Luhut Binsar Panjaitan, Head of the Investment Coordinating

Board (BKPM) Thomas Trikasih Lembong, and Indonesian Ambassador to China Sugeng Rahardjo.

c. Construction of the Puruk Cahu - Batanjung - Bangkuang Railroad; This development cooperation agreement was reached in 2015. This project will be financed and undertaken by the China Rail Way consortium with PT Multi Mega Guna Ganda Semesta which is a member of PT Tambun B Sungai Railway and the Trans Sumatra Coal Transport Railway between PT Bukit Asam Transpacific Railways and a banking syndicate. China.

d. The Jakarta-Bandung Fast Train Development Project; This project was signed by PT Kereta Cepat Indonesia China (KCIC) from Indonesia and the High Speed Railway Construction Consortium (HSRCC). Opening of 4 corridors in North Sumatra, North Kalimantan, North Sulawesi and Bali Island Provinces.

In Indonesia, he introduced the concept of a "maritime silk route", which is trade from China's coastal areas to the Middle East and Europe through the South China Sea and Indian Ocean. To achieve this, China's BRI policy was made. The consequence of that is Indonesia's foreign debt to China. The Indonesia-China cooperation project in the infrastructure sector existed before BRI was signed and has since grown under the BRI banner. Some of these projects include: West Java PLTU 1 Project, which was built in 2007 is a joint project funded by the Consortium of China Construction Bank, a consortium of Indonesian local banks and Agung Podomoro Land (APLN); Morowali Industrial Estate Development, this development project started in 2013 between PT Indonesia Morowali Industrial Park with Tsingshan Group and Delong Group. In 2017, a carbon steel plant, smelter and power plant will be built in this industrial area under the BRI flag with the signing of an official MoU agreement with the China-Indonesia Cooperation Forum: Belt and Road Initiative and Global Maritime Fulcrum in Beijing, China, 16 June 2017 witnessed by the Coordinating Minister for Maritime Affairs (Menko Maritim) Luhut Binsar Panjaitan, the Head of the Investment Coordinating Board (BKPM) Thomas Trikasih Lembong, and the Indonesian Ambassador to China Sugeng Rahardjo; Construction of the Puruk Cahu - Batanjung - Bangkuang Railroad, this development cooperation agreement was reached in 2015. This project will be financed and undertaken by the China Rail Way consortium with PT Multi Mega Guna Ganda Semesta which is a member of PT Tambun B Sungai Railway and Trans Sumatra Coal Transport Railway between PT Bukit Asam Transpacific Railways and a Chinese banking syndicate; The Jakarta-Bandung Fast Train Development Project, this project was signed by PT Kereta Cepat Indonesia China (KCIC) from Indonesia and the High Speed Railway Construction Consortium (HSRCC). Opening 4 corridors in North Sumatra, North Kalimantan, North Sulawesi and Bali Island Provinces. This cooperation agreement is fairly new because of China's Economic and Political Excellence.

Judging from the debt cases of Sri Lanka and Pakistan above, there are interesting things that make the two countries similar. The debts of the two countries both involve trade routes, especially China's involvement in port operations. Hambantota Port in Sri Lanka and Gwadar Port in Pakistan.

Although the mechanism of ownership or operating rights for the two ports is slightly different, it cannot be denied that China has benefited greatly from these rights. By mastering the operation of the two ports, it will facilitate China's trade routes around the world. Trade is one of the main pillars of the global economy so that the progress of the Chinese trading system will provide opportunities for greater Chinese economic growth.

Large economic value can be a weapon to exert influence on a country. Like Sri Lanka, at a time when its external debt swelled to 57% of GDP, a way was needed to repay its debts that were due. From the status of a lender to being an aid provider to repay loans, it will be easier to give influence to the debt-ridden country. This also underlies the attention of foreign observers to the CPEC project which requires large funds but is not yet mature in planning and assessment.

The existence of BRI, which aims to increase infrastructure development in developing countries, can provide indirect benefits for expanding trade. It also assesses and motivates China to increase its followers and influence through this project. In fact, this project can be seen as China's strategy to have an alternative trade route to distribute its natural resources so that it is not controlled by the United States and its allies.

An additional focus on this BRI project is the large number of Chinese workers who come to developing countries according to the clauses in the contract terms. This will be burdensome for the country because the entry of Chinese workers will increase the number of jobs that must be provided each year.

This condition of Indonesia's debt affects the economic and political climate. Based on the data described above, it can be seen that the level of Indonesia's debt to China is not as high as that of other countries such as Japan and the United States. SULNI data for June 2020, Indonesia's debt to China is approximately 1% of Indonesia's total foreign debt.

Indonesia is also involved in China's BRI project. Several projects have been agreed for infrastructure development in various regions. In each of these cooperation agreements, it can be ascertained that there is involvement of the Chinese side through its big companies.

In general, Indonesia-China cooperation within the BRI corridor includes cooperation in infrastructure development, development of energy sources, and industrial cooperation (development of industrial estates) to increase trade between the two countries. Apart from overcoming the budget deficit, China's investment in infrastructure also helps build infrastructure, which is the government's development goal.

Regarding debt traps that are of concern, even though the government states that the cooperation scheme is not with the state but with a mechanism between companies and public-private partnerships, it is still necessary to be aware of things that can create debt traps, namely Sri Lanka.

On the scale of foreign policy, Indonesia has the principle of free and active. This principle also applies in the case of Indonesia-China cooperation. This means that in diplomatic affairs, Indonesia tends to cooperate with many developed countries rather than only establishing relations with one large country, both bilaterally and multilaterally.

In the development process, the Government needs large disbursements of funds to realize infrastructure projects for equitable development and build inter-island connectivity. Thus, financial assistance from China is considered a solution because the rules are looser than having to borrow from the World Bank or IMF.

The government states that all BRI projects in Indonesia are based on a business to business and public private partnership scheme so that Indonesia is not like Sri Lanka or the Maldives.

4. The Influence of Media in Forming Political Opinions

Opinions about the Chinese debt trap have been formed to all scientists and technocrats so that they hegemony the world, both developed and developing countries. The formation of political opinion is due to the influence of the media, especially scientific books and journals. As mentioned above, the term debt-trap diplomacy was originally coined by an academic from India which was later adapted by Harvard students in his writing and made headlines in the American media accusing China of deliberately trapping debts to these countries. The lack of infrastructure is what makes this term spread throughout the world. And succeeded in influencing and shaping political opinion, in which the Belt and Road Initiative (BRI) is arguably China's ambitious project. The BRI is also a sign that China actively wants to be part of the international community. It is believed that there are various motives and goals behind this project, so it is better to be alert and study in depth and on an ongoing basis, including Indonesia, where most of the people have negative sentiments towards China. This often happens and is structured to be used as material for political consumption which is thrown to the public through mass media and then used as an opinion through discussions on mass media.

E. CONCLUSION

It is necessary to avoid a deal that rushes into one like the CPEC deal. Likewise with Sri Lanka's debt problem which is an iceberg phenomenon in the country's economy. This is because the phenomenon of Sri Lanka's debt is not only related to loan funds from China which are only 10% of the total debt but cases of default or debt default due to debt management that is not well structured.

Judging from several infrastructure development projects that have been agreed upon in Indonesia, the Indonesia-China cooperation within the BRI framework can be concluded that Indonesia can take advantage of this mega project to achieve Indonesia's national development and equity interests.

A negative political opinion was formed on the BRI policy and China's debt trap policy through the mass media as a result of the formation of community political opinion.

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