CHAPTER 1

INTRODUCTION

1.1 Background

Sri Lanka is a small island state located in southern India. It is encircled by the Gulf of Mannar, Bay of Bengal, and the Indian Ocean. The country, which was once named Ceylon, has around 21,898,000 inhabitants spread across nine provinces and 25 districts. Two main ethnic groups live in Sri Lanka; the Sinhalese, who inhabits 75% of the community, and the Tamils, who are considered the largest ethnic minority with 18% of the total population. The capital city is Sri Jayewardenepura-Kotte, with the largest city in Sri Lanka is Colombo, and Sri Lanka's official currency is the Sri Lankan rupee (SLR) (PricewaterhouseCoopers International Limited, 2020).

Throughout the years, Sri Lanka has demonstrated consistent development in the economic aspects, which categorized Sri Lanka as a developing country. This country has shown the world its ability to transform the economy from a predominantly rural-based economy into a more urbanized economy oriented around manufacturing and services (The World Bank Group, 2019). Some sectors that support the enhancement of Sri Lanka's economy include tourism, tea exports, agriculture, and textiles (Arasaratnam & Peiris, 2021). If calculated from gross national income (GNI) based on World Atlas Bank calculations with a GNI per capita of US$3,840 in 2017, Sri Lanka is classified as lower-middle-income economies (The World Bank Group, 2020). As for the gross domestic product (GDP) itself, Sri Lanka is recorded at US$88.9 billion. It also caused Sri Lanka to become the second most prosperous South Asian country after the Maldives (Kiprop, 2019).

Since escaping from Britain's rule in 1948, Sri Lanka has experienced various ups and downs in its domestic economy. Basically, in the early years of its independence, Sri Lanka had the elements which a country needed to carry out rapid economic development. Some of these elements include:

- Sri Lanka is located at a very strategic location on the Indian Ocean.
- An open economic policy with an active export-import sector.
- The education level was above average.
- Low levels of extreme poverty and inequality.
- Adequate infrastructure.
- A capable and comprehensive government.

Therefore, during the last half-century, Sri Lanka's economic performance could be considered a reasonably strong one. Although it cannot be aligned with countries in the Asian Miracle group, at least Sri Lanka's position in the world economy was above India during the last quarter-century (Athukorala, Ginting, Hill, & Kumar, 2017).

The civil war between militant group the Liberation Tigers of Tamil Eelam (LTTE), a militant organization that wanted to initiate an independent nation in the eastern and northern parts of Sri Lanka, and the government forces which occurred since the 1980s did affect the economy. Especially in terms of investment and tourism in the eastern and northern part of Sri Lanka. This "Asia's Longest War" increased Sri Lanka's military expenditure from 1.6% in 1983 to 3.5% in 2008, with its highest point reached up to 5.9% of the GDP or over 20% of total Sri Lanka's spending (Ganegodage & Rambaldi, 2014). Sri Lanka has been suffering large budget deficits due to the ongoing civil war during the 1990s. Still, the escalation of international oil prices since June 2000 worsened the situation until it all went down far into recession in 2001 (Kelegama, Sri Lankan Economy in Turbulent Times: Budget 2001 and IMF Package, 2001). The economic growth shrank by -1.5%, as the export markets for clothing weakened, as shown in Figure 1. At that time, Sri Lanka faced the threat of bankruptcy due to external debt, which swelled to 101% of its GDP (International Business Publications, 2018).

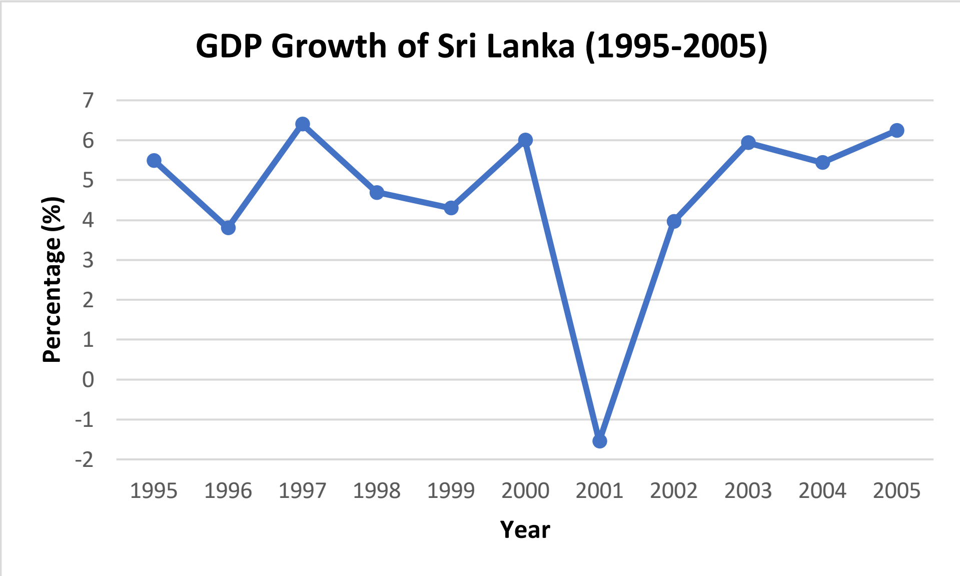

Figure 1. GDP Growth of Sri Lanka (1995-2005). Source: (The World Bank Group, 2021)

To anticipate a further downfall, the president-elected in 2005, Mahinda Rajapaksa, began intense cooperation with the People's Republic of China (PRC). The mutual relationship between Sri Lanka and China has been going on since a long time ago and is classified as a harmonious relation. In the 1950s, Sri Lanka was one of the first non-communist states to recognize Mao Zedong's communist government after the Chinese Revolution (van Meel, 2020). Nevertheless, the collaborative relationship between the two countries became closer when Sri Lanka struggled with the LTTE's ongoing civil war. When Mahinda Rajapaksa was elected as the 6th president of Sri Lanka, he began to change his foreign policies' direction to lean towards China. Relying on economic supports, military equipment, and also political cover at the United Nations when Sri Lanka was accused of human rights abuses during the civil war (Abi-Habib, 2018).

Mahinda Rajapaksa is a Sri Lankan statesman who assumed the function as the 6th President of Sri Lanka from 2005 until 2015. Currently, he is serving as the prime minister of Sri Lanka since November 2019. Rajapaksa was born on November 18, 1945, from a well-known political family in Sri Lanka. He was given a law degree from Colombo Law College in 1974 even though he did not continue his undergraduate study. In 1970 when he turned 24, he became the youngest member of the Sri Lankan Parliament, only five years after his father left the seat. Then, his career escalated to serve as minister of fisheries and aquatic resources from 1997 until 2001 under President Chandrika Kumaratunga's leadership. In 2004, Kumaratunga appointed Rajapaksa as his prime minister, and the following year she announced her endorsement of him as her successor (Encyclopædia Britannica, inc., 2020).

Rajapaksa was elected as the Sri Lanka president from the United People's Freedom Alliance (a Sri Lanka political party) in 2005. In those days, Sri Lanka was also in the thick of negotiations for peace and an armistice agreement with the Tamil Tigers. In the next year of his presidency, Rajapaksa declared his ambition to eliminate the group, which has occupied Sri Lanka for 20 years or so. In 2009, Rajapaksa's ambition became real. His army finally conquered the Tamil Tigers, finishing the long 25 years of civil war in Sri Lanka. Mahinda Rajapaksa was still criticized heavily by the international world over his army's savagery in eliminating the separatist group, which had led to the deaths of many non-combatants (Encyclopædia Britannica, inc., 2020).

The first major economic cooperation between Sri Lanka and China under Rajapaksa's presidency was constructing the Norochcholai Coal Power Plant (Lakvijaya Power Plant), which is located in Puttalam. This US$1.35 billion project was constructed from the Exim (Export-Import) Bank of China's loans to fulfil the rising need for electricity in Sri Lanka. The plant was built by China Machinery Engineering Corporation (CMEC) under the monitoring of the Ceylon Electricity Board (CEB) in three phases. As of 2012, the China merchants group owns 85% of the power plant's stake (Dreher, Fuchs, Strange, & Tierney, 2017). The bilateral relation between the two continues; China has been a significant Sri Lanka partner to stabilize its economic situation. Under Rajapaksa's leadership, Sri Lanka has continued to be a loyal customer of the Chinese foreign direct investment injections (Asirwatham, 2018).

Amid the civil war's peak in 2008, Sri Lanka borrowed a total of US$361 million from China to build one of its flagship projects, Hambantota International Port, in the south. Hambantota Port, also known as Magampura Mahinda Rajapaksa Port, is an international maritime port located in Hambantota, Sri Lanka, near Asia's main shipping route to Europe. After two years of construction, the port, which first opened on November 18, 2010, is considered the second largest port in Sri Lanka after the Colombo Port. The name of the port itself is taken from the former president, now the prime minister of Sri Lanka, Mahinda Rajapaksa, born in Hambantota. Sri Lanka Ports Authority operates the operation of the port. The total cost of the construction of Hambantota Port (the first phase of the construction only) is worth up to US$361 million, borrowed from China, in which 85% of the money came from the China EXIM Bank (Ali, 2015).

Following the six years of operation, due to the lack of commercial activity, Hambantota Port could only make a revenue of up to US$11.81 million, with the expenses of US$10 million, which means there is only US$1.81 million clean for the government (Ranaraja, 2020). With this said, Sri Lanka faced difficulty in repaying the debt to China. In 2016, the Sri Lankan government's solution to this problem was to lease 80% of Hambantota Port in a debt-for-equity exchange to the China Merchants Port Holdings Company (CM Port), which will invest US$1.2 billion to revitalize the port under a public-private partnership. Based on the deal signed in July 2017, CM Port would handle the port on a 99-years rent. Sri Lanka then used the money from CM Port to pay back China's loan. The first plan was actually to give CM Port an 80% stake in 2016, but it was protested by many labor unions and opposition leaders in Sri Lanka. Thus, the government rearranged the deal to limit China's role in Sri Lanka while also giving Colombo more security obligation. In the end, the CM Port held a 70% stake in a joint enterprise with the Sri Lanka Ports Authority (SLPA) to alter the money that Sri Lanka owed to China in a total of US$6 billion into equity (Reuters, 2018). From this event arose the wider community's perception that Sri

Lanka had entered into China’s debt trap plan (Moramudali, Is Sri Lanka Really a Victim of China’s ‘Debt Trap’?, 2019).

1.2 Research Question

Based on the background that has been described above, the researcher then formulated a research question as below:

Why did Sri Lanka fall into China’s debt trap on the Hambantota Port deal?

1.3 Research Purpose

The purposes of this research which the writer would like to achieve here are:

1. To understand how a debt trap between less-developed and developed states works.
2. To understand bilateral relations between Sri Lanka and China.
3. To determine how the investment and lending that Sri Lanka received from China turned into a debt trap.

1.4 Research Scope

In researching this topic, the researcher uses the limit or the scope of research and case studies to be more precise and specific. In this study, the researcher will discuss how Sri Lanka intended to borrow from China to meet the country’s infrastructure needs at first but then trapped in a cycle of debt/debt trap with China itself, what are the factors behind this phenomenon. The author will analyze this issue between 2005 and 2019, starting from when Mahinda Rajapaksa served as the 6th President of Sri Lanka (2005-2015) until the year 2019 when he was appointed as the Prime Minister of Sri Lanka. During Rajapaksa’s presidency, the intensity of Sri Lankan dependencies on China was slowly increasing, and its impacts affected the next government even after his era.

1.5 Framework

In conducting this research, the writer has decided to use a conceptual framework and a theoretical framework: Debt Trap and Dependency.

The development of contemporary issues in the international world is very fluctuating. One of the concepts often heard these past years is the concept of the debt trap. This concept becomes apparent to the surface of discussions because it indirectly concerns the economy of one country to another, not to mention between developed and developing countries. In terms of International Relations, Martin Griffiths explained that the debt trap is a circumstance where a state has to expend its revenue from trade on paying back its external debts rather than utilize it on domestic economic and social development (Griffiths, 2008). In this research, the debt trap which the writer refers to is the ‘China’s Debt Trap’. The term ‘China’s Debt Trap’ was first introduced by an Indian academist Brahma Chellaney in 2017 by his writing titled “China’s Debt Trap Diplomacy” published on Project Syndicate (Chellaney, China's Debt Trap Diplomacy, 2017).

The gap between the rich and emerging countries has captured much attention in international society for years. This issue made the scholars wondered about the causes of the constant underdevelopment in Third World countries and the strategies to overcome them. The diffusion model is used to offer us a way to comprehend the development and underdevelopment matter. The diffusionists think that underdevelopment results from a lack of capabilities of the less-developed countries to manage themselves. Underdevelopment is a period in which all states have experienced at one time. The diffusionists believe that the most suitable approach for emerging countries to escape their underdevelopment phase is to mimic Western values, capital, and technology. In the 1960s, many projects to upgrade the Third World countries have done based on what the diffusionists suggested, but nothing has changed; it even got worse. Thus, dependency theory has emerged as a vital instrument to analyze the development and underdevelopment of the Third World countries in the international political economy (Namkoong, 1999).

Below are the more in-depth explanations of the frameworks that the writer used in this research.

1.5.1 Debt Trap Concept

The concept of debt trap consists of two terms, debt and trap.

Debt, in general, according to the Cambridge Dictionary, is something, especially money, that is owed to someone else or the state. In business terms, it means the amount of money owed by a person, company, country, or any other institution that usually has to pay interest (Cambridge University Press, 2020). Richard D. Wolff explains that debt is an economic activity that occurs when two economic actors (such as individuals, businesses, governments, or any other parties) are brought by circumstances to involve in a particular kind of transaction. This particular kind of transaction includes commodity production and exchange, saving, investment, and others (Wolff, 2013). While trap refers to a trick designed to catch someone or make them do or say something they do not want to, a mistake or problem that you should try to avoid (Macmillan Education Limited, 2020).

When those two terms are put together, the debt trap means a circumstance where the debtor is forced into a debt cycle (keeps borrowing from the creditor or rolling over the debt) as the result of a failed payment. Moreover, most debt traps result from high-lending rates and short payment terms (Opportunity Financial, LLC, 2020).

As we all know, debt works as the debtor obtains value objects (a loan) from the creditor. Debt mostly exists as a loan of money, but sometimes other objects as well. There are two essential points of the loan agreement when a debtor borrows money from a creditor. Those points are the loan principal (how much money the debtor has borrowed) and the interest (how much money the creditor charges on the loan principal). The creditor agrees to the transaction with the debtor under specific conditions based on the two essential points of the loan agreement (Wolff, 2013):

- The debtor must contract to pay the money at an agreed date in the future.
- The debtor must pay the loan principal and the creditor’s interest for this temporary use of the loan.

One substantial point to be noted is that the debtor should pay back the principal because it will show that the debtor makes progress to pay the loan altogether. Most of the loans must be paid regularly in fixed payments, including the principal and the interest (Opportunity Financial, LLC, 2020). A debt trap happens when the debtor cannot afford to pay the loan principal; the debtor can only afford to pay the interest only. It is challenging or even inconceivable for the debtor to repay the money that has been borrowed. The debtor never reached the end of the debt because paying only the interest does not reduce the loan principal’s amount (Opportunity Financial, LLC, 2020).

The debt trap concept among states leads more to debt activity between one country as the creditor and another as the debtor, whereas the debtor is incapable of returning the money to the creditor. The creditor feels that it has more power over the debtor to make policies and regulations under the creditor’s wishes to arrange the debtor as a substitute for the debtor’s inability to pay the debt (Oxford University Press, 2020).

In the international world, a debt trap can be triggered by a crisis of foreign debt payments by the debtor/a country. The crisis of payment of a foreign debt can be seen based on the following three points (Eaton & Taylor, 1986):

- Unable to pay the debt in the long run.
- Illiquid, the country does not have enough money to pay obligations when due.
- No desire to pay.

The first two conditions are closely related to the country's ability as the debtor to fulfill its obligations. The debtor desires to pay but is unable to because the debtor faces a shortage of foreign exchange. While the last problem is more probably caused by the lack of willingness to pay, which could have been due to the economic benefits to be achieved or further political reasons (Zainulbasri, 2000).

In the case between Sri Lanka and China, the debt trap concept illustrates how Sri Lanka, which received the investment assistance and loans from China, was caught in a debt trap because of its inability to repay China's loans. The dispute around Hambantota Port will depict how the concept of the debt trap works. Moreover, as the creditor, China is taking advantage of its position to lead Sri Lanka into the debt trap.

1.5.2 Dependency Theory

A Brazilian economist, Theotonio dos Santos, explained the term dependency as a circumstance where a particular country has its economy controlled the development and expansion of another, which situated the dependent country behind and exploited by the dominant one (Valenzuela & Valenzuela, 1978). The dependency relationship between two or more countries can be seen when the advanced country can continue to develop in various aspects and is self-starting. However, the emergent country can only make these developments due to what is happening in the advanced country, where this can have both good and bad impacts on the emergent country. Theotonio Dos Santos also divided three types of dependency according to historical periods: colonial dependency, financial-industrial dependency, and technological-industrial dependency (Namkoong, 1999).

Dependency theory itself is derived initially from economic structuralism, which is directly or indirectly influenced by Karl Marx's thoughts. Not every economic structuralist is a Marxist, but in terms of analysis methods and particular significant perceptions into the functioning, advancement, and the development of capitalist manufacture, Marx’s has tremendous impacts on them. Economic structuralism is focusing its view on the universal question of why many Third World nations, especially in Latin America, Africa, and Asia, have been incapable of developing. At least three points can be seen of how Marx’s thought and evaluation of capitalism have affected the economic structuralists; his highlight of exploitation, the historical patterns of development and expansion in the capitalist system, and the significance of comprehending a more objective picture in the whole system. Moreover, besides emphasizing exploitation, Marx argued that our world’s whole system and international relations are also mainly influenced by economic power. The developed states are taking more advantages than they should and controlling the less developed states’ economic aspects (Viotti & Kauppi, 2012).

According to Mohtar Mas’oed in his book “*Ilmu Hubungan Internasional: Disiplin dan Metodologi*”, dependency theory is described as the act of foreign penetration and external reliance which causes enormous distortion on the periphery economic structure, which in turn creates severe social conflict, and eventually triggers state oppression of the dependent society (Mas'oed, 1990). Dependency theory first appeared in the late 1950s as a response to the economic disparity between developed and developing states. This disparity was triggered by developed states’ economic growth that did not steer the same growth as developing states. The theory was brought by an Argentine economist, Raul Prebisch, who was also the Director of the United Nations Economic Commission for Latin America and the Caribbean (ECLAC). The studies from Prebisch and his fellow economists in ECLAC expressed their concerns on how often the economic activity in developed states led to significant economic problems in developing states. The Neoclassical Economic Theory did not predict such a circumstance. On the contrary, neoclassical stated that economic growth was advantageous and helpful to all (Pareto efficiency/Pareto optimality), even if the advantages were not always equally mutual (Ferraro, 2008). Moreover, these economists were troubled that Latin America and other developing states were not economically growing as expected, even though there were some economic rise predictions from the North American social science models for the less-developed countries. Prebisch and his colleagues were wondering what had gone adrift. Why the economic boom in America and Western Europe was not being repeated in the less-developed states (Viotti & Kauppi, 2012).

In his theory, Prebisch argued the underdevelopment that Latin American countries suffer is the consequence of Latin America's position among other states in the international economy, especially from the capitalist economic policies. He also divided the world into two sides: a center consisting of prosperous developed countries and a periphery consisting of impoverished, underdeveloped countries. Furthermore, according to him, the periphery states' capitalist system is different in terms of significance than in the center states. The periphery states are very dependent on the centers because most decisions for the periphery are taken in the centers, not only in terms of economy but also in domestic politics and foreign policies. Prebisch's view is neither came from the Liberal perspective nor the Marxist standpoint. His idea is described as an autonomous nationalist development. His solution for less-developed states to control the dependency towards center countries is through government intervention in import substitution industrialization and encourage the economic integration between periphery states to increase their market power and productivity as a whole (Namkoong, 1999).

Another explanation came from a German-American sociologist, Andre Gunder Frank. He achieved much attention from scholars in the 1960s regarding his proposition on "Development of Underdevelopment". He argued that underdevelopment results from historical, economic, and political relationships between the First and Third World countries; capitalism historically. In his article, Frank wrote:

> "Historical research demonstrates that contemporary underdevelopment is in large part the historical product of past and continuing economic and other relations between the satellite underdeveloped and the now developed metropolitan countries." (Frank, 1966)

The partnership between the First and Third World countries is significantly far from mutual interest cooperation, indicating there are dependencies of the Third World countries to the First World countries and exploitation. These developing countries do not experience a lack of capital or other resources and are left far behind from rich countries because they are outside or on the edge of the capitalist world, but it is precisely because they are dragged and structured into the international class structure of a capitalist world (Dougherty & Pfaltzgraff, Jr., 2001). Moreover, he explained that our world's current capitalist system had provoked a stiff international division of labor, which is accountable for the underdevelopment that the Third World countries have suffered. According to him, this division determines not only the economic aspect of dependent countries, but also political, social, and cultural as well to be under the dominant countries. The division is also why the excess of capital from the less-developed countries flows to the developed countries (Agbebi & Virtanen, 2017).

Frank stated the metropolis and satellite (periphery) system as the dependency theory model based on his belief. This monopolistic and extractive relationship between the developed and less-developed countries is destructive. Developed countries, as the metropolis, desperately need developing countries to preserve their wealth. The metropolis has monopolistic controls against the satellite in terms of economic relations and domestic trade activities. This kind of domination gives the satellite no choice but to stay dependence on the metropolis. He proposed some hypotheses regarding the relation between metropolis and satellite (Deliarnov, 2006):

- In the relationship between the developed metropolis countries and the backward satellite countries, the metropolis will develop rapidly while the satellite will remain behind.
- Underdeveloped countries' economies still have the chance to develop. They can develop autonomous industries if they are not linked to the capitalist world's metropolis, or the relationship is fragile (no dominance of the metropolis).

- In the underdeveloped countries today, the situation is pretty similar to the feudal system in the past, where there are areas with strong links to the metropolis of the international capitalist system which will be displaced due to the existence of international trade relations.

Developed states used to have their time in the past when they suffered the same underdevelopment, and they were free from it due to the structuralist constraints experienced by the now less-developed states. It is not practical and wise for a less-developed state to undergo the same development approach as what the developed states habituated. Independence is the only solution to escape dependence. Splitting the dependent relationship between the Third and First World states is the best way for the less-developed to achieve their development (Agbebi & Virtanen, 2017).

Another analysis of dependency theory came from the works of an American economist and sociologist, Immanuel Wallerstein. His works depict the most aspiring ones from an economic structuralist and have been the inspiration to numerous next researches on the topic. The 'World-System Theory' that he proposed helps to understand the roots and progress of the current international economy and the underdevelopment issues. This work by Immanuel Wallerstein was influenced by Marx's imperialism, the dependency theory developed by Andre Gunder Frank, and the work of Fernand Braudel from Annales school (Reus-Smit & Snidal, 2008).

Wallerstein started to analyze capitalist system development by linking it to the European feudal system in the past, divided the world into three parts: a core, a periphery, and a semi-periphery. The core consists of the most modern and advanced technologically economic activities such as production, banking, taxing, and lots more. The periphery is the core's contradictory, providing raw materials for production to fulfill the core's economic necessities. The semi-periphery is engaged in both core and periphery activities (Viotti & Kauppi, 2012). According to Wallerstein, the distribution of World System Theory led to a new division of labor in capitalism, which is why the periphery states are always exploited. A socialist revolution can only diminish the dependency between a periphery state and a core state within a united world system (Agbebi & Virtanen, 2017).

Even though the dependency theorists shared different arguments on the notion, but at least four points commonalities can be seen (Namkoong, 1999):

- The critique of dualism

The dependency theorists disprove the thought of diffusionists that the main reason for underdevelopment in periphery countries is the lack of internal socio-cultural conditions that barely match the modern capitalist world. The dependency theorists claim that the underdevelopment is caused by the economic expansion of the center countries.

- Center-periphery structure

The dependency theorists agreed that our world is divided into two parts; center and periphery. Even though all theorists may not share the terms, but the point is the same. Center-periphery, metropolis-satellite, North-South, First World-Third World, all of them indicate that underdevelopment is not a temporary pre-capitalist situation, but it is permanent.

- Unequal exchange

The dependency theorists settled on the notion that underdevelopment is the effect of unequal trade terms between developed and less-developed states, which mainly disadvantaged the less-developed states. Developed states have the capacity and power to steer the trade activities to get the most of the profits.

- Dependency, not dependence

The dependency of peripheral states towards the center is not merely a result of external reliance from a particular state to another; it is more complicated structural relations that affect the internal policymaking process and socio-cultural aspects.

This dependency theory is closely related to the conditions of Sri Lanka and China. This theory is used to see that there are indications of Sri Lanka's over-dependence on Chinese aid. China's status as a semi-periphery state is still being debated until now. However, this theory can prove what is behind the underdevelopment in Sri Lanka to the point that it could be trapped in a debt trap with China.

1.6 Hypothesis

In this research, the writer proposes a hypothesis where two factors made Sri Lanka caught in China's debt trap. Those factors are:

- Sri Lanka's over-dependence on Chinese economic aids.
- The already increasing external debt of Sri Lanka.

Those two factors made China feels superior, turns the loan into a debt trap so that China can make policies towards Sri Lanka according to its wishes.

1.7 Research Methodology

In this writing, the writer used a qualitative method with descriptive as the nature of the research. Qualitative research is a form of systematic and empirical inquiry into meaning (Shank, 2002). Systematic means that the research is planned, ordered, and public. Any qualitative research is following the standards acknowledged by representatives of the qualitative research community. Empirical means that qualitative research is based on the realm of experience. The "inquiry into meaning" implies that these researchers, who use the qualitative method, try to understand how other researchers make sense of their experiences (Ospina, 2004). Descriptive is chosen as the nature of this research. Using it, the writer can precisely describe a phenomenon within its characteristics, social conditions, or any related topics with the phenomenon (Guyette, 1983).

The approach that is used in this research is the case study approach. The writer decided to choose this approach because of the exploration that this approach does to a phenomenon using various data sources. The issue is not explored by just one perspective, but rather various perspectives to see and understand the whole issue from all sides (Baxter & Jack, 2008). To gather all the data needed, the writer chose the library research technique. Library research technique means data collecting on various materials enclosed in the literature, such as newspapers, books, magazines, manuscripts, documents, and anything relevant to the research topic (Koentjaraningrat, Budhisantoso, Danandjaya, Suparlan, Masinambow, & Sofion, 1984). The data collected in this research is sourced from secondary data such as government publications, official websites, journals, articles, and other sources.

1.8 Research Outline

- Chapter 1 (Introduction)

The author discussed the study's background, research question, research purpose, and research scope in the first chapter. The author has also thoroughly explained the framework for answering the research question; the Debt Trap Concept and Dependency Theory. The author further discussed the hypothesis, the research methodology that will be used, and the overall research outline in the latter section of the chapter.

- Chapter 2 (Sri Lanka Overview)

The author will discuss the overall profile of Sri Lanka in the second chapter in order to have a better understanding of the research's primary subject. This chapter will discuss Sri Lanka's geography and population, as well as its history, government, economy, and the country's civil war.

- Chapter 3 (The Cooperation Between Sri Lanka and China)

The third chapter will discuss and present some data regarding Sri Lanka's cooperation with China, particularly in the economic sector. This chapter will begin by discussing the two countries' economic history, trade relations, and the relationship between Sri Lanka and China under the Asia-Pacific Trade Agreement (APTA). Later in this section, the author will discuss China's financial assistance to Sri Lanka, with an emphasis on investments and loans.

- Chapter 4 (Sri Lanka's Fall Into the Debt Trap of China)

The author will begin the discussion in this chapter by defining the term 'China's Debt Trap', which refers to the debt trap that exists between Sri Lanka and China. The discussion will continue with a more in-depth examination of the Hambantota International Port case study. The author will then address the research question, "Why did Sri Lanka fall into China's debt trap on the Hambantota Port deal?" using two frameworks: the Debt Trap Concept and Dependency Theory.

- Chapter 5 (Conclusion)

The fifth and final chapter of this research will summarize the study from the beginning of Chapter 1 to the research findings of Chapter 4. Additionally, the author will make recommendations for future research on this subject and specifically on this topic.