

# Young Scholar Forum: Sovereign Debt Restructuring in Zambia: A Chinese Approach

**Topic:** *Sovereign Debt Restructuring in Zambia: A Chinese Approach*

**Date:** March 26, 2026

**Time:** 5:30pm – 6:30pm (Online via Zoom)

**Organizer:** School of Law Research Centre for Chinese and Comparative Law (CCCL), City University of Hong Kong (CityUHK)

The Centre for Chinese and Comparative Law (CCCL) at the School of Law, City University of Hong Kong, successfully held its Young Scholar Forum on **26 March 2026** via Zoom. The Forum entitled "*Sovereign Debt Restructuring in Zambia: A Chinese Approach*" and was hosted by Professor Martin Lai (City University of Hong Kong), with Dr Charles Mak (Lecturer (Assistant Professor) of University of Bristol Law School) as the speaker and Professor Sijuade ANIMASHAUN (City University of Hong Kong) as the discussant.

Dr Mak presented insights from his book chapter *Sovereign Debt Restructuring in Zambia: A Chinese Approach*, published by Cambridge University Press in 2025. He began by clarifying core concepts of sovereign debt and sovereign debt restructuring. He explained that sovereign debt finances state expenditure and infrastructure, and became highly attractive as a low-risk investment in a prolonged low-interest-rate environment. Sovereign debt restructuring refers to renegotiating debt obligations when a state can no longer sustain repayments, covering both pre-emptive and post-default scenarios. Restructuring often involves fiscal adjustments and contract renegotiation. Dr Mak stressed that the global regime lacks a unified multilateral framework, resulting in a fragmented system marked by conflicting creditor interests and overlapping legal orders.

Dr Mak then analysed Zambia's debt crisis, which stemmed from multiple intertwined factors: falling commodity prices, weak economic diversification, inadequate governance, and pandemic-related shocks. A period of expanded borrowing for infrastructure projects, partly supported by external financing, further heightened fiscal vulnerabilities. He noted that the IMF had warned of unsustainable debt levels before the crisis escalated. A notable challenge was inconsistent official debt reporting between international institutions and domestic authorities, which weakened transparency, hindered creditor coordination, and eroded market confidence. In response, the Zambian government suspended certain projects and entered restructuring negotiations. The crisis also affected the country's long-term access to international capital markets and key economic sectors.

The presentation examined China's lending practices in Africa, where China has become a major infrastructure financier, with Zambia as one key recipient. While such financing responded to real development needs, Dr Mak highlighted concerns over transparency, contractual design, and project sustainability. Chinese loan agreements often include confidentiality clauses, limiting public disclosure. Creditors may also adopt security arrangements and provisions that establish preferential positions and complicate collective restructuring. Some clauses raise questions about potential policy influence. Dr Mak clarified

that these structures aim to manage creditor risks rather than constituting improper conduct, though they may impede coordination during crises. He also noted that the “debt trap diplomacy” narrative lacks conclusive supporting evidence and oversimplifies complex financial and political dynamics.

Dr Mak outlined China’s approach to sovereign debt restructuring, which operates within the broader fragmented global system. Some scholars characterise the international process as decentralised and complex, a feature reflected in China’s practice. While China has participated in multilateral initiatives, it often favours a flexible, bilateral approach. China has been developing a more systematic official framework for debt sustainability and restructuring negotiations, though it remains at an early stage. China is not a permanent member of the Paris Club but participates in relevant processes on an ad-hoc basis, preserving operational flexibility while presenting challenges to full multilateral coordination.

Dr Mak used Zambia to illustrate the operation of the G20 Debt Service Suspension Initiative (DSSI) and the Common Framework for Debt Treatment. The DSSI provided temporary liquidity relief during the pandemic, while the Common Framework aimed to promote orderly, inclusive restructuring. China took a leading role in the creditor committee for Zambia. Despite such participation, delays and coordination difficulties persisted, showing the limits of existing mechanisms.

Dr Mak concluded with implications for Zambia and Africa. In the short term, Zambia faced economic slowdown, foreign currency shortages, austerity measures, and social welfare pressures. Long-term recovery depends on restructuring terms and external financing stability. Official data shows substantial Chinese lending to Africa over recent decades, alongside debt relief measures including the cancellation of interest-free loans. In response to debt distress, China has adopted more rigorous loan appraisal processes. Dr Mak observed that this greater caution may reduce sustainability risks but could also constrain infrastructure financing for developing economies.

During the discussion, Professor ANIMASHAUN commended Dr Mak’s balanced analysis and raised questions about the future of the Common Framework and China’s evolving practices. Dr Mak responded that the framework served as a valuable temporary mechanism, while durable reform might follow a model-law approach for greater cross-border consistency.

In closing, Professor Martin Lai praised Dr Mak’s rigorous and evidence-based presentation. The forum attracted dozens of participants and had a heated discussion with the guests after the meeting, which enhanced understanding of sovereign debt restructuring, China’s hybrid role as a major global creditor, and the need for greater transparency, creditor coordination, and domestic governance.

CCCL will continue to support academic exchanges on critical issues in global economic governance and comparative law.



University of  
BRISTOL

## SOVEREIGN DEBT RESTRUCTURING IN ZAMBIA: THE CHINESE APPROACH

Dr Charles Mak  
Lecturer (Assistant Professor) in Law  
University of Bristol Law School

[bristol.ac.uk](http://bristol.ac.uk)



Charles Mak

Dr Charles Mak



Prof Martin Lai



Prof Sijuade ANIMASHAUN