Paris Club Restructuring and the Rise of China

Cameron Ballard-Rosa* Layna Mosley†

B. Peter Rosendorff‡

November 2025

Abstract

The arrival of new creditors can disrupt established processes of lending to sovereign borrowers and to resolving debt crises. We posit that lending by China and its state-connected policy banks disrupts established international processes of debt renegotiation, especially those led by the Paris Club of traditional official creditors. China's presence reduces borrowing countries' demand for Paris Club relief, while also reducing western governments' willingness to offer such relief. These effects are especially pronounced when borrowing countries are geopolitically distant from the United States and geopolitically proximate to China. We find support for these expectations using data for 2000-2017, including in instrumental variables regressions accounting for concerns of endogeneity in Chinese lending. We find no evidence of similar effects on Paris Club debt relief of the presence of other new creditors, such as Brazil and Saudi Arabia. We also find no effect of China's presence on private sector versus official sector restructurings.

*University of North Carolina at Chapel Hill. cambr@email.unc.edu
†Princeton University. layna.mosley@princeton.edu
‡New York University. peter.rosendorff@nyu.edu

Sovereign debt crises are a recurring feature of the global economic landscape. Debtor governments often deal separately with multiple creditors (including private bondholders, multilateral financial institutions, and bilateral official creditors) when seeking relief. For many low- and middle-income countries, the Paris Club is central to this process. The Paris Club represents a set of official bilateral creditors that make government-to-government loans. Its member state creditors coordinate their actions for debt countries seeking to reduce their debt obligations to official creditors.

The Paris Club's permanent members now include twenty-two nations, including the longest-running official creditor countries, such as France, the United Kingdom, and the United States. The Paris Club has historically worked closely with the International Monetary Fund, providing assurances related to debt relief and information sharing (Ferry and Zeitz 2024). The IMF's Highly Indebted Poor Countries (HIPC) initiative, providing relief to low-income countries beginning in the early 2000s, involved the direct participation of the Paris Club.

Recent cases of debt defaults and near-defaults suggest, however, that the Paris Club restructuring process and the global debt architecture more broadly may not function as effectively as it once did. Current difficulties in debt restructuring can be attributed to a variety of causes, including the absence of a comprehensive international restructuring mechanism (see, e.g. Brooks and Helleiner (2017)); uneven burden-sharing between official and private sector creditors (Schlegl, Trebesch and Wright 2019); and governments' concerns with imposing harms on various domestic constituencies (Mosley and Rosendorff 2023*b*). Others suggest that shifts in the global distribution of political and economic power also play a key role.

One key challenge relates to the emergence of new bilateral creditors, especially China. If China's government and state-connected policy banks are less willing to participate in

existing processes or conform to existing norms regarding debt restructuring, debt crises will be more difficult to address. In fact, China's presence has changed the functioning and effectiveness of multilateral financial institutions (Lee et al. 2024, Qian, Vreeland and Zhao 2023), advanced the provision of emergency financing, including swap lines (Broz, Zhang and Wang 2020), and somewhat altered the role of global currencies (McDowell 2019).

We theorize that access to Chinese finance has two primary effects on the Paris Club process. First, access to Chinese finance is likely to reduce a debtor state's need to appeal to the Paris Club for a restructuring deal in the first place, by improving its fiscal capacity. Second, Paris Club creditors could be concerned that Chinese creditors will "free-ride" on any Paris Club debt forgiveness; the relief provided by the Paris Club could be used to service obligations to Chinese creditors. This concern with free-riding will be especially pronounced when debtor governments are geopolitically aligned with China.

Using the most comprehensive data on Chinese lending to low- and middle-income countries available[1]—focused especially on 2000-2017, when China emerged as a major source of bilateral lending (Horn, Reinhart and Trebesch 2021)—we find support for these core claims. Another implication of this theory is that, when China concludes its own restructuring deals to governments (usually achieved by extending the maturity or reducing interest rates), Paris Club creditors' concerns with free riding appear to attenuate. Consistent with this logic, we also find that after Chinese debt rescheduling, the "penalty" associated with Chinese obligations (lower likelihood of a Paris Club deal) diminishes. We also address the possibility that it is creditor diversity more generally, rather than China's presence specifically, that disrupts Paris Club processes. For instance, it may be that Paris Club members dislike bailing out all

[1]Given the variety of agencies associated with Chinese official lending (Bräutigam 2011, 2022), as well as a lack of transparency around some debt reporting (Brown 2023, Cormier 2023), measuring debt to China is difficult. We use Horn, Reinhart and Trebesch (2021)'s measure based on loan-level data. This measure includes loans from China's central government, government ministries, China's state-owned policy banks (especially China Export-Import Bank and China Development Bank) and China's state-owned commercial banks (Bank of China, Industrial and Commercial Bank of China).

other creditors, be they non-Paris Club sovereigns or private investors. And other non-Paris Club official lenders have emerged, including Saudi Arabia, India, and Brazil. We find little evidence, however, that these various forms of creditor heterogeneity significantly reduce the likelihood of Paris Club agreements. Ultimately, our core finding is that China's presence as a creditor diminishes the effectiveness of the Paris Club process. This has implications not only for the effectiveness of development finance, but also for understanding how geopolitical shifts may affect the capacity for international economic cooperation more broadly.

We begin by summarizing contemporary patterns of sovereign finance for low- and middle-income countries, with a focus on shifts that have occurred during the last two decades. We then describe the process of Paris Club debt restructuring. Next, we develop several theoretical claims about how Chinese finance affects Paris Club debt restructurings. We test these claims statistically, including using instrumental variables regressions to account for endogeneity in Chinese outward lending, as well as a range of robustness checks. We conclude with a discussion of how future research could better improve our understanding of the implications of creditor diversity – and especially the practices of new and emerging official creditors – for sovereign finance.

The Contemporary Landscape of Sovereign Finance

Beginning in the 1990s, the range of sovereign financing options for low- and middle-income countries expanded. Following structural adjustment programs and capital account liberalization, many middle-income borrowers began to issue bonds in private markets. In the early 2000s, debt relief for many highly-indebted low-income (HIPC) countries generated additional borrowing capacity. Periods of high global liquidity facilitated further expansion of private market access, as low returns in mature markets prompted a search for yield

among investors (Ballard-Rosa, Mosley and Wellhausen 2021). Some governments also expanded their borrowing via resource-backed loans from commodity firms such as Glencore and Trafigura. Moreover, China launched its "Going Global Strategy" in the late 1990s as a means of facilitating overseas investment (Chen 2023, Dreher, Fuchs, Parks, Strange and Tierney 2022, Lee et al. 2024). After the Global Financial Crisis, and eager to earn higher returns on its foreign currency holdings while addressing excess domestic capacity, China and its policy banks increased their overseas lending activity, later branded as the "Belt and Road Initiative" (Kaplan 2021, Parks et al. 2023).

Developing countries' reliance on a more diverse set of creditors reflected this more varied supply of capital, as well as many borrowing governments' domestic political incentives to avoid multilateral official creditors (Bunte 2019, Mosley and Rosendorff 2023*a*, Zeitz 2021, 2024). Loans from Chinese creditors also facilitated political survival for some types of leaders (Shea, Reinsberg and Kern 2024). At the same time, the shift in creditor composition made sovereign finance more expensive for many countries: commercial credit and loans from non-traditional bilateral creditors tend to be more expensive than those from multilateral financial institutions and OECD governments (Mihalyi and Trebesch 2023). IDA-eligible countries' debt service burdens rose from 0.7 percent of gross national income in 2010 to 1.8 percent in 2021, partly due to an expansion of the amount of debt, and partly the result of greater reliance on more expensive commercial and Chinese credit. By 2022, these payments had reached an all-time high.

China's role as a bilateral creditor may be the most important element of the trend toward creditor heterogeneity (Bräutigam 2022). The country's share of low-income country government debt grew from 18 percent in 2010 to 49 percent in 2021. China now remains the developing world's largest bilateral creditor (World Bank 2022, 2023), despite a recent withdrawal from offering new credit (Horn, Reinhart and Trebesch 2025). Its loans have been

especially appealing to leaders who want to avoid disclosing their borrowing activity (Brown 2023, Cormier 2023). Yet China is not a member of the Paris Club; its state-connected loans are made by a variety of Chinese entities (Chen 2024, Lee et al. 2024); and Paris Club members may have concerns about free-riding on the debt relief they provide.

Cooperation over Debt Restructuring

Sovereign debt crises are a recurring feature of the global financial landscape. They are especially common when global capital cycles ebb and when commodity prices collapse (Reinhart, Reinhart and Trebesch 2016). Governments always face a choice about whether to service and repay their obligations, or whether to default. Interest payments and principal repayments substitute for other budgetary outlays, such as domestic social programs or subsidies to industries and consumers (Ballard-Rosa 2016). At the same time, suspending debt service and repayment also generates losses, not only for foreign (and perhaps domestic) creditors, but also for domestic actors who rely on access to foreign markets (Connell 2019, Curtis, Jupille and Leblang 2014). These trade-offs become starker as debt servicing burdens increase.

Given these contending distributional pressures—suggesting losses for recipients of government spending (with debt servicing), or losses for firms and households seeking access to credit (with default)—governments instead may attempt to restructure their debts to some or all creditors (domestic or foreign, official or private). In some cases, such as the recent case of Zambia, debt restructuring occurs after a default; in other cases, governments preemptively negotiate debt restructuring, hoping to avoid the specter of default while also reducing their debt service (Asonuma and Trebesch 2016). Creditors usually insist that borrowing governments seek advice and funding from the International Monetary Fund. The

IMF's required reform packages affect domestic audiences unevenly (Rickard and Caraway 2014, Saiegh 2009, Walter 2016), and ultimately they also matter for governments' survival in office (DiGiuseppe and Shea 2016, Ballard-Rosa 2020).

The restructuring process involves not only domestic distributional concerns, but also coordination among creditors. In the pre-World War I era of financial globalization, the London-based Corporation of Foreign Bondholders negotiated many restructurings. Although it did not always strike a deal with defaulting governments, its representation of a large share of private bondholders facilitated its success (Tomz 2007). The 1980s revealed some of the functional challenges of resolving crises, even though developing countries owed much of their debt to commercial banks organized into loan syndicates. The rise of bond-based borrowing in the 1990s generated additional challenges of creditor coordination. To take an extreme example, Argentina's 2001 default took nearly 15 years to resolve, with protracted litigation and negotiation with private creditors.

Yet efforts to create a comprehensive global mechanism for addressing restructurings and defaults—bringing together debtor governments, various private creditors and multilateral financial institutions—have had limited success. Powerful governments (especially the United States) and private creditors often have registered opposition to such proposals (Brooks and Helleiner 2017). The G-20's Common Framework for Debt Treatments, formulated in 2020 and aimed at low-income countries, represents the most recent such attempt; thus far, only four countries (Chad, Ethiopia, Ghana and Zambia) have sought treatment under the scheme.

The Paris Club

Efforts to coordinate *within* rather than *across* creditor groups have been more successful. The expanded use of collective action clauses in sovereign bonds during the last two decades has facilitated the restructuring of debts to private creditors (Fang, Schumacher and Trebesch

2021). In the official sector, the Paris Club has long allowed bilateral official lenders to address debt crises collectively. The Paris Club, which represents official bilateral leaders, began in 1956, as part of efforts to coordinate across bilateral creditors to address Argentina's debt troubles. At the time, low- and middle-income countries had little access to private (versus official) sources of finance.

The Paris Club initially included eleven creditor countries; its membership has expanded over time, as has the number of bilateral official lenders. The Paris Club now counts twenty-two countries as permanent members, with another fourteen countries sometimes participating in an ad hoc fashion (depending on a country's debt profile). The Paris Club has no international legal foundation; its members commit to a set of six principles related to debt resolution. It remains "informal" in its operations, even as it has developed an institutionalized set of practices, including those used to provide debt relief to HIPCs and other categories of borrowers.

The Paris Club offers a single point of negotiation, a clearing house for relevant data, and a commitment among its members to follow any collectively-agreed restructuring deal. For debtor governments, the Paris Club reduces the transaction costs of renegotiation. For creditors, the Paris Club eliminates the possibility that debtor governments will play lending governments off against one another. During the sixty-eight years of its existence—and especially from the 1980s—the Paris Club has reached 479 agreements, with 102 different debtor countries.

China and the Paris Club

The 75 low-income countries the World Bank currently deems IDA-eligible (that is, eligible for the most concessional lending) owed 58 percent of their external bilateral debt to Paris Club creditors in 2010. By 2022, Paris Club creditors represented only 27 percent of IDA-

eligible countries' external debt, due in significant part to the increased role of China. In terms of loans outstanding, China now surpasses all other individual Paris Club creditors (Horn, Reinhart and Trebesch 2021). Although China is a member of the G-20, and therefore played a role in the creation of the Common Framework for Debt Treatments, it has often opted for a bilateral approach to debt resolution (Bräutigam, Acker and Huang 2020, Hameiri and Jones 2024). China is an ad hoc participant in Paris Club negotiations, repeatedly declining invitations to join as a full member.

Indeed, China has taken a different approach to sovereign lending than many Paris Club members. China's official aid agency, China International Development Cooperation Agency, largely offers development finance (official development assistance), funded from central government budgets. Much of China's overseas lending comes via its state-owned policy banks, including Export-Import Bank of China and China Development Bank. They raise funds (mainly) from issuing bonds and taking deposits. China's government sometimes has asserted that loans from its policy banks are commercial, rather than official (Chen 2023); at other times, however, it has argued for treating policy bank loans as official sector credit, consistent with the OECD's approach to such loans (Horn, Reinhart and Trebesch 2021).

China's approach to debt relief arguably has slowed the negotiation of comprehensive relief packages. While Paris Club creditors often have offered principal reductions, China has been reluctant to do so. China has been more willing to provide emergency loans as well as swap lines to governments facing debt difficulties (Bräutigam, Acker and Huang 2020, Horn et al. 2023*a*, Horn, Reinhart and Trebesch 2025). China also has sometimes insisted, as a condition of participation in broader restructuring efforts, that multilateral financial institutions also accept losses on their sovereign loans. These multilateral development banks have noted that their preferred creditor status precludes the modification of their loans. While China's government may be softening in its attitude toward coordinated approaches,

there remain significant concerns that China has slowed the process of crisis resolution. For example, in May 2024 the Financial Times observed, referencing Zambia's debt negotiations, that "[t]he Common Framework was meant to improve cooperation between Chinese creditors and western official lenders, but has struggled to do so." In the words of one investment professional, "[t]he issue with the Common Framework was that getting everybody into the room meant getting China into the room, which backfired when China did not participate as planned."[2]

We first hypothesize that China's presence as a bilateral official creditor reduces the likelihood of an agreement with the Paris Club to restructure sovereign obligations. We offer two reasons. First, Paris Club members are less willing to offer relief, fearing that Chinese creditors will free-ride off any restructuring. Second, more Chinese debt may reduce the likelihood of debt distress, reducing the need for Paris Club relief.

In the absence of an effective international mechanism for bankruptcy-style proceedings, bilateral official creditors worry about the losses they may face relative to other creditors in the instances of restructurings. In an earlier era, when Paris Club countries accounted for the vast majority of bilateral lending, coordinated debt relief quelled worries about comparable treatment, by offering the same terms to participating governments. With the growth of Chinese (and other non-Paris Club) lending, however, bilateral creditors find themselves competing for repayment. They may worry that any debt relief they provide could be used to fund repayment of (typically higher-priced) obligations to China (Horn, Reinhart and Trebesch 2022). In June 2023, for instance, the New York Times noted that "as strapped governments negotiate with creditors to diminish their debt burdens, the IMF and the Biden administration have balked at providing relief until Chinese financial institutions participate. Otherwise, they assert, Chinese lenders are free-riding on debt forgiveness extended by oth-

[2]https://www.ft.com/content/bfa3c2f7-c3d5-4f4e-aca9-12a8c7594fcd.

ers."[3]

Interestingly, Hameiri and Jones (2024) describe China's government as worried that debtor governments would use relief from Chinese obligations to service obligations to other creditors – also a concern about comparability of treatment. To the extent that (some) Chinese loan contracts contain explicit "no Paris Club treatment" clauses, meant to reduce exposure to negotiated debt write-downs, burden-sharing between Paris Club and Chinese lenders is particularly difficult to achieve (Dielmann 2021). Moreover, many (but not all) of China's loans to sovereigns fund specific projects and are collateralized by revenues from those projects (Gelpern et al. 2025); this could reduce the capacity of debtor governments to service other, non-collateralized obligations (Kaplan 2021). Paris Club creditors are, we suggest, less willing to negotiate new terms in the presence of significant debt to China.

Debt restructuring outcomes also reflect demands from debtor countries: countries with high levels of debt to China may be less likely to approach the Paris Club. Chinese lenders have, in many instances, replaced traditional creditors – or reduced their leverage – in several ways. Tapping newly-available swap lines (Broz, Zhang and Wang 2020, Kern and Reinsberg 2022, McDowell 2019) and accessing project financing (Lipscy 2015, Clark 2023) can increase governments' fiscal space. Credit from China also can be politically appealing: the presence of China as a creditor is associated empirically with fewer World Bank loan conditions (Hernandez 2017). And the creation of the Asia Infrastructure and Investment Bank (AIIB) has similarly reduced the use (and influence) of the World Bank as a source of project finance (Qian, Vreeland and Zhao 2023).[4]

Similarly, when governments face debt distress, China may be an attractive outside option (Alfaro and Kanczuk 2019). Governments may perceive a Chinese-financed bailout as less

[3]https://www.nytimes.com/2023/06/26/business/suriname-china-imf.html

[4]There is a similar literature on the differential consequences and conditionalities of Chinese – versus Western – foreign aid. For a recent summary of this literature, see Dreher, Fuchs, Parks, Strange and Tierney (2022).

disruptive domestically than a restructuring that involves an IMF-sponsored conditional loan (as Paris Club deals typically do). China has been active in emergency lending, as well as in the provision of swap lines (Horn et al. 2023*a*). When debtor governments find themselves in distress (especially due to commodity price crashes and rising interest rates), China has been quite willing to extend rescue lending and offer grace periods to avoid default, especially for middle income countries with large loans (Horn et al. 2023*b*). For instance, in 2020—and already facing substantial debt servicing challenges—Sri Lanka received emergency bilateral loans from China. These loans allowed the Rajapaksa government to avoid seeking IMF assistance (at least for a while). For countries seeking relief from existing debts, the Paris Club is no longer the only game in town.

On the debtor-government side, Chinese funding therefore can delay or forestall the need to restructure. China's willingness to offer new credit and bailout funding can ease the pressures of debt to traditional Paris Club lenders. The opacity of the Paris Club process renders it impossible to observe demand (versus a successful restructuring), and these debtor side dynamics are consistent with creditor side motivations. Together these suggest our first (unconditional) hypothesis:

Hypothesis 1. *Countries with more Chinese debt are, all else equal, less likely to restructure their debts with the Paris Club.*

To explore the salience of the debtor side account, we examine whether debt to China (versus to other creditors) forestalls debt distress. While more Chinese debt may raise concerns about overall creditworthiness, the additional liquidity (at least to some degree) may reduce concerns about repayment, especially in the short run. In the medium term, China's willingness to reschedule may give countries additional space to service other debts. We find limited support for this corollary to Hypothesis 1:

Corollary 1. *Countries with more Chinese debt are less likely, all else equal, to experience*

a debt crisis.

One implication of the creditor side account – the Paris Club's unwillingness to restructure of fear of free-riding – is that free-riding fears are reduced if Chinese lenders have already taken losses. That is, if a debtor government's obligations to China have been restructured already, Paris Club creditors should worry less that their negotiated relief would be used to bai out Chinese lenders. Hence, we expect that (and we find strong support for) the negative effect of Chinese debt on Paris Club restructurings is attenuated if a country's debts to China have already been restructured.

Corollary 2. *If a country's debt to China has been restructured already, Paris Club agreements are more likely when existing debt to China is greater.*

Geopolitics

We also hypothesize that geopolitical considerations affect Paris Club restructuring outcomes. The influence of powerful countries on IMF and World Bank lending is well documented: allies and commercial partners of the US or the G5 receive more and larger loans, loan packages with fewer conditions, and more positive debt sustainability analyses (Copelovitch 2010, Stone 2011, Vreeland 2003, Vreeland and Dreher 2014, Clark and Dolan 2021, Lang and Presbitero 2018). Alliance and commercial relationships also affect flows of bilateral foreign aid (for instance, see Dreher, Lang, Rosendorff and Vreeland (2022)).

We expect the effects of Chinese debt exposure on Paris Club outcomes to be especially pronounced when debtor governments are geopolitically close to China and distant from Paris Club countries. Countries that joined the China-initiated Asian Infrastructure Investment Bank in 2016, for instance, subsequently concluded fewer World Bank-financed infrastructure projects (Qian, Vreeland and Zhao 2023). This reduces the influence of the US and

other major shareholders, via conditionality or otherwise. Similarly, China's Belt and Road Initiative appears to buy diplomatic support for China's human rights record and its stance on Taiwan, at least in cases where the pressures to export excess industrial capacity are less important (Chan 2024), although claims of "debt-trap diplomacy" may be somewhat exaggerated (Bräutigam 2020, Lippolis and Verhoeven 2022).[5] China's presence as a creditor also slows negotiations with the IMF over loan packages, perhaps in part because the sharing of information between bilateral creditors and the IMF breaks down in such situations (Ferry and Zeitz 2024).

When debtor countries are geopolitically distant from Paris Club members, we also expect those creditors to worry more about burden-sharing and equitable treatment. In the current moment, we might expect tensions between the US and China to be particularly relevant to debt restructuring outcomes. Many of these current tensions – trade-based conflicts, security concerns in the South China Sea, alliance considerations and worries about the security implications of investment – have long histories. We therefore expect these dynamics also to be present in the empirical analyses, which primarily cover the 2000 to 2017 time frame.

Paris Club countries – the most powerful of which are also aligned with the United States – will therefore be less likely to agree to relief for countries that are indebted to China and also more geopolitically aligned with China. On the other hand, countries with Chinese debt exposure that are closer to the United States may well be viewed as "at risk" of moving closer to China – and therefore worthy recipients of Paris Club debt restructuring. This leads to the second, conditional, hypothesis:

Hypothesis 2. *States geopolitically distant from Paris Club members, with larger Chinese debts, are less likely to conclude a Paris Club restructuring agreement.*

To the degree that geopolitical alliance reduces the concerns about free-riding (and those

[5]For a summary of varying perspectives on and evidence related to China's role in the Bretton Woods system, see (Lee et al. 2024).

debtors more aligned with China will experience fewer Paris Club restructurings) suggests that expectations about China free-riding on Paris Club relief may be stronger than the fiscal space mechanism of Corollary 1. The effect of Chinese debt on limiting Paris Club restructuring is largely a free-rider concern about creditor comparability of treatment.

Empirical Analyses

Our analysis focuses on debt restructuring in non-OECD countries. OECD countries typically are considered low-risk and receive the vast majority of their credit from private, rather than official, sources. As such, they act as creditors at the Paris Club, rather than as potential recipients of restructuring. Debt restructuring data come from Horn, Reinhart and Trebesch (2022). They code restructuring with Paris Club creditors, private creditors, and Chinese creditors. We use their dichotomous measure of restructuring, coded as a one in country-years where a restructuring with the corresponding creditor group occurs.

To construct a measure of a state's exposure to Chinese lending, we begin with data on each country's amount of outstanding Chinese debt from Horn, Reinhart and Trebesch (2021). They use loan-level lending data to estimate outstanding debt stocks owed to China for more than 100 developing and emerging economies between 2000 and 2017. To capture the importance of Chinese debts relative to other sources of external financing, we divide this measure of outstanding Chinese debt by a measure of the total amount of external debts (Abbas et al. 2010), yielding the primary independent variable *Chinese debt (as % total external debt)*.[6] The cross-sample average amount of Chinese debt over the panel is reported in Figure 1, which captures the dramatic rise in Chinese lending beginning in the

[6]Visual inspection of the data indicated that they are clearly log-normally distributed, and so we follow standard practice in employing the log of Chinese debts (as % total external debt) in the analyses below. In order to avoid dropping observations with zero Chinese lending in a year, we add the minimum value of this measure (0.005) to all observations before applying the logarithmic transformation.

early 2000s, as has been identified elsewhere (e.g., Dreher et al. 2018, Dreher, Fuchs, Parks, Strange and Tierney 2022, Horn, Reinhart and Trebesch 2021).

Figure 1: Outstanding Debt to Chinese Official Creditors and Paris Club Restructuring, 2000-2017.

Source: Horn, Reinhart and Trebesch (2021, 2022), Abbas et al. (2010)

We estimate (initially) the effect of outstanding Chinese debt in a country i in year $t-1$ on the likelihood of a Paris Club restructuring in that country in year t, along with a vector of potential control variables X_{it-1} and country fixed effects μ_i and controls for temporal effects $f(t)$.[7] Standard errors are clustered by country to account for potential within-country correlations including serial autocorrelation in the data:

$$Restructuring_{it} = \beta ChineseDebt(\%totaldebt)_{it-1} + \gamma X_{it-1} + \mu_i + f(t) + \epsilon_{it} \qquad (1)$$

Chinese debts, however, are unlikely to have been assigned at random to countries, and so any correlation between Chinese debt and restructurings may potentially be endogenous to some alternative process. For instance, Chinese lenders may be relatively more likely to

[7]Given recent discussion on the potential for bias in the traditional two-way fixed effects framework with time-varying treatment (Imai and Kim 2021, Liu, Wang and Xu 2022), we employ cubic polynomials in time to account for the possibility of temporal effects (Carter and Signorino 2010); the primary results remain robust to the inclusion of year fixed effects.

lend to countries at risk of default than are traditional Paris Club members, or countries with higher default risk may go to China relatively more frequently. While this concern is plausible, we first note that there is not actually much consistent evidence that this is true; for instance, Dielmann (2021) and Gelpern et al. (2021) find little evidence that countries with greater debt exposure to China are more likely to face debt distress.

To attempt to address concerns over endogenous Chinese lending more directly, we follow recent work on determinants of Chinese foreign financial support that identifies a plausible source of exogenous variation in such financing. More precisely, Dreher et al. (2021) (following Bluhm et al. (2025)) note that Chinese foreign finance is often, in part, a function of economic conditions in the Chinese economy; they demonstrate that Chinese foreign aid to countries tends to increase in years when Chinese foreign exchange reserves are higher, and in years of domestic overproduction of key construction materials. When reserves are higher, loans denominated in foreign currencies reduce the inflationary pressures that would be associated with injecting foreign exchange into the domestic Chinese economy. Similarly, domestic excess supply of construction materials encourages the Chinese government to offer overseas development loans to absorb this excess capacity (Zeitz 2019).

Dreher et al. (2021) construct two (shift-share style) instrumental variables predicting levels of Chinese foreign aid. The first takes six industrial major construction inputs (aluminum, cement, glass, steel, iron, and timber), and finds the detrended first factor (using factor analysis) of the logged volume of these to create a time series for the years 2000-2016, labeled $Material_t$. Similarly, they separately construct $Reserves_t$ as the detrended time series of the changes in net foreign exchange reserves held by the Chinese government (measured in trillions of 2010 US dollars).

These shift terms are interacted with p_{CHNi}, the share of years in the 2000–2014 period in which country i received positive amounts of Chinese development finance. Although

Dreher et al. (2021) note that p_{CHNi} may violate the exclusion restriction by being correlated with the likelihood that a state receives Chinese aid, the inclusion of unit fixed effects (μ_i) absorbs this (time-invariant) source of potential omitted variable bias. Thus, the key intuition behind the instrumental variables are that they should identify variation in Chinese foreign financing primarily due to domestic Chinese economic conditions, not political or economic factors in the recipient country. The central identifying assumption is that Chinese foreign exchange holdings, and domestic overproduction of construction materials, should not affect the likelihood a state restructures its Paris Club debts except insofar as this influences the amount of debt held by the state from China.

The first stage in the 2SLS approach takes the following form:

$$\begin{aligned}\widehat{ChineseDebt(\%totaldebt)}_{it} =& \gamma_1 Material_{t-1} \times p_{CHNi} + \gamma_2 Reserves_{t-1} \times p_{CHNi} \\ &+ \gamma_3 X_{it-1} + \mu_i + \epsilon_{it} \end{aligned} \tag{2}$$

where X_{it-1} captures a set of additional covariates detailed below. In our 2SLS regressions, we therefore subsequently replace the observed measure of Chinese lending in the second stage regression (in Equation 1) with this amount of Chinese lending predicted by plausibly exogenous sources of variation in domestic Chinese conditions.

Chinese Debt and Sovereign Restructurings

We first report a bivariate (uninstrumented) OLS regression of Paris Club restructuring on outstanding Chinese debt. As can be seen in column 1 of Table 1, countries that owe more debt to China are significantly less likely to restructure their Paris Club debts. Of course, these bivariate associations may be driven by a host of potential omitted variables; to ac-

count for this, we employ two distinct empirical strategies.[8] First, we employ a conditioning strategy, and re-estimate the regression of Paris Club restructuring on Chinese debt after including an increasingly large set of controls meant to capture factors that might jointly determine whether states borrow from China and their likelihood of restructuring other bilateral debts. Column 2 in Table 1 adds a sparse set of macroeconomic covariates that maximizes the sample size; more precisely, we introduce measures of *GDP per capita*, *GDP growth*, *trade*, *oil rents*, *inflows of foreign direct investment*, and *government military spending* (DiGiuseppe 2015).[9] Outside of the Chinese context, a major source of debt reduction was the Heavily Indebted Poor Countries (HIPC) initiative spearheaded by the World Bank and IMF in the wake of waves of debt crises in the developing world. While we do not have strong reason to suspect that this initiative should necessarily moderate the consequences of Chinese debts for restructuring at the Paris Club, to assess this possibility we collected original data on the dates of *HIPC completion*, by country-year, and add this as well to the baseline analysis.[10]

Column 3 introduces a fuller set of economic and political covariates that, while potentially important, result in significant attrition in the sample. We include additional controls for *foreign reserves*, *interest payments on external debt*, whether the country is currently under an *IMF program*, and the size of a country's *population*. In addition, we introduce a set of domestic political controls that might influence debt negotiation processes, including the extent to which a country is an *electoral democracy* and a dummy for years in which an *election* was held for president.

As an alternative approach to dealing with concerns over endogeneity in the primary independent variable, columns 4, 5 and 6 of Table 1 make use of the instrumental variable

[8] Appendix B.1.3 provides a third empirical strategy that addresses issues of selection bias.

[9] See Appendix Table 6 for data sources and summary statistics.

[10] Cordella, Cufre and Presbitero (2026) investigate whether China and other new bilateral creditors systematically increased lending after HIPC debt relief; they find instead that it was multilateral creditors who expanded their lending to HIPC countries.

approach described above in a two-stage least squares estimation, with the same sets of control variables.[11] As documented by the consistently negative and statistically significant coefficient on *Chinese debt (% total external debt)* across all approaches in Table 1, the negative association between Chinese debt and Paris Club restructuring remains remarkably stable and robust. Not only do the IV estimates remain statistically significant, but the substantive magnitude increases by approximately a factor of three, suggesting that the direction of potential bias in the OLS estimates may be towards zero.

In addition, in each 2SLS specification we find that the excluded instruments do not suffer from the weak instruments problem (as indicated by the high "Weak ID F statistic"), and we can also easily reject the null that the set of instruments are underidentified (per the low "Hansen J statistic"). Thus, in accordance with Dreher et al. (2021), we continue to find that domestic Chinese conditions serve as an important predictor of Chinese foreign finance; under the assumption that these domestic Chinese conditions are orthogonal to decisions by the Paris Club to restructure a country's debts, then these estimates may be taken as causal evidence that states that have borrowed more money from China are less likely to have debt restructured by their more traditional bilateral lenders.

In terms of substantive magnitude, the implied effect size of these results is also quite pronounced: the (more conservative) OLS estimates suggest a one-standard deviation increase in the percentage of debt owed to China decreases the likelihood of observing a Paris Club restructuring by approximately 3.7 percentage points; given that we only observe Paris Club restructuring in approximately 7.7% of cases, this represents an increased likelihood of restructuring (against the baseline) of approximately 48%. For comparison, note that one factor that ought to have a strong impact on a country's need to restructure its debts is the amount of money spent servicing interest; clearly, as the interest burden rises, countries should be more prone to need help restructuring their existing debts. Indeed, as reported

[11] Appendix Table 25 reports full results from 2SLS regression, including first stage results.

Table 1: Chinese Debt and Paris Club (PC) Restructuring

VARIABLES	(1) PC (OLS)	(2) PC (OLS)	(3) PC (OLS)	(4) PC (IV)	(5) PC (IV)	(6) PC (IV)
Chinese debt (% total external debt)	-0.012***	-0.008**	-0.009**	-0.020***	-0.029***	-0.038***
	(0.002)	(0.003)	(0.003)	(0.006)	(0.010)	(0.014)
GDP per capita (current US$)		0.015***	0.020***		0.017**	0.026***
		(0.004)	(0.005)		(0.008)	(0.010)
GDP growth (annual %)		-0.003*	-0.002		-0.003	-0.002
		(0.002)	(0.002)		(0.002)	(0.003)
Trade (% of GDP)		0.000	-0.000		-0.000	-0.000
		(0.000)	(0.001)		(0.001)	(0.001)
Oil rents (% of GDP)		-0.002	-0.001		-0.005**	-0.005
		(0.002)	(0.002)		(0.002)	(0.004)
Foreign direct investment (% of GDP)		-0.002**	-0.001		-0.002	-0.000
		(0.001)	(0.001)		(0.001)	(0.001)
Military expenditure (% of GDP)		-0.006	0.002		-0.001	-0.004
		(0.009)	(0.014)		(0.009)	(0.020)
HIPC Completion		-0.135***	-0.145***		-0.161***	-0.177***
		(0.015)	(0.025)		(0.024)	(0.042)
Foreign reserves (months of imports)			-0.001			0.000
			(0.003)			(0.004)
Interest payments (% of GNI)			0.015***			0.014***
			(0.004)			(0.004)
IMF program			0.004			-0.003
			(0.014)			(0.021)
Population, total			0.000			0.000
			(0.000)			(0.000)
Electoral democracy index			-0.037			-0.077
			(0.137)			(0.207)
Presidential Election Held			-0.028*			-0.030
			(0.016)			(0.021)
Observations	1,664	1,303	1,005	1,346	1,055	814
R-squared	0.026	0.073	0.094	0.009	0.045	0.034
Number of countries	99	87	68	99	85	67
Weak ID F stat				147	52.2	29.7
Hansen J stat				.812	.133	.498

Columns 1, 2 and 3 present OLS regressions of Paris Club restructuring on Chinese debt, as well as additional controls; Columns 4, 5 and 6 present results from 2SLS regressions of Paris Club restructuring on Chinese debt, instrumented via Chinese foreign reserves and domestic production volumes of construction materials, both weighted by the share of years in which the country received Chinese development finance. Country fixed effects are suppressed for presentation, as are temporal cubic polynomials. Robust standard errors clustered by country in parentheses. *** p<0.01, ** p<0.05, * p<0.1

in Table 1, we find that states with higher interest burdens (as a fraction of GNI) are significantly more likely to receive a Paris Club restructuring. However, a standard-deviation increase in the interest burden is expected to increase the likelihood of restructuring by 3.3

percentage points; in other words, the substantive effect of debt to China is of slightly larger magnitude than the most significant macroeconomic correlate in any model presented here, suggesting that the effect size is indeed of substantive importance.

Chinese Lending and Demand for Restructuring

Having documented robust evidence for Hypothesis 1, the negative effect of Chinese debt on a country's likelihood of restructuring its debts with Paris Club creditors, we turn now to investigation of Corollary 1. Our expectation is that the additional financial leeway provided by China's presence as an outside lending option may allow countries to avoid debt crises, reducing their need to turn to traditional Western creditors when facing fiscal challenges.

We re-estimate our model of the effect of Chinese debts described above, but replace our Paris Club restructuring outcome variable with a measure of whether a state was facing a debt crisis.[12] As above, we estimate these regressions using both OLS and 2SLS, first with only our baseline set of covariates followed by our full covariate list. As reported in Table 2, we find somewhat mixed results from this analysis.[13] When considering the OLS results in columns 1 and 2, while we do recover a negative coefficient on the relationship between Chinese debt and debt crisis, this is not estimated with precision, suggesting no systematic association such that states which owe more to China are more or less likely to enter into debt crisis. However, when we instead consider the 2SLS results in columns 3 and 4, we now recover statistically significant evidence that states that have borrowed money from China do indeed appear somewhat less likely to enter into debt crisis to begin with. While the lack of statistical significance in the OLS results is consistent with prior work that has found no association between Chinese lending and debt crises (Dielmann 2021, Gelpern et al. 2021), the 2SLS findings do lend some credence to the notion that, at least in part, states may

[12]Data on debt crises from Nguyen, Castro and Wood (2022).
[13]Complete output provided in Appendix Table 22.

be less likely to restructure debts with traditional creditors when China provides them with additional fiscal space.

Table 2: Chinese Credit and Debt Crises

VARIABLES	(1) Debt crisis (OLS)	(2) Debt crisis (OLS)	(3) Debt crisis (IV)	(4) Debt crisis (IV)
Chinese debt (% total external debt)	-0.009	-0.017	-0.092***	-0.118***
	(0.009)	(0.011)	(0.018)	(0.026)
Baseline controls	✓	✓	✓	✓
Full controls		✓		✓
Observations	1,372	1,005	1,092	814
R-squared	0.207	0.260	0.001	-0.062
Number of countries	91	68	89	67
Weak ID F stat			56.1	29.7
Hansen J stat			1.559	2.077

Columns 1 and 2 present OLS regressions of debt crisis on Chinese debt, as well as additional controls; Columns 3 and 4 present results from 2SLS regressions of debt crisis on Chinese debt, instrumented via Chinese foreign reserves and domestic production volumes of construction materials, both weighted by the share of years in which the country received Chinese development finance. Country fixed effects are suppressed for presentation, as are temporal cubic polynomials. Robust standard errors clustered by country in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Concerns over Free-riding

Corollary 2 recognizes that debtor countries in distress may receive relief from China lenders; when this occurs, it should diminish Paris Club creditors' concerns about potential Chinese "free-riding" on any Paris Club debt forgiveness. To assess this possibility, we interact our measure of Chinese debt with an indicator for whether a *Chinese restructuring* took place (in the year prior) from Horn, Reinhart and Trebesch (2022). As elsewhere, we estimate these effects using both OLS and 2SLS; as can be seen in Table 3, while states with more Chinese debt that have secured a Chinese restructuring continue to see a significant reduction in the likelihood of restructuring their Paris Club obligations, this effect disappears for states where Chinese restructuring has already taken place.[14] Given that a major source of contention in the wrangling over debt bailouts tends to focus on concerns about using additional fiscal

[14]Full output provided in Appendix Table 19.

space granted by Western write-downs to instead finance existing debt obligations to Beijing, the reversal of the association between Chinese debts and Paris Club restructuring is again suggestive of Chinese debt in such cases being treated as simply another source of bilateral loans, consistent with the claims of Corollary 2.

Table 3: Concerns over Free-Riding

VARIABLES	(1) PC (OLS)	(2) PC (IV)
Chinese debt (% total external debt)	-0.009**	-0.012**
	(0.004)	(0.006)
Chinese restructuring	0.005	0.029
	(0.022)	(0.035)
Chinese debt * Chinese restr.	0.017***	0.015**
	(0.006)	(0.006)
Full controls	✓	✓
Observations	1,005	815
R-squared	0.096	0.054
Weak ID F stat		26.7
Hansen J stat		3.071

Columns 1 presents OLS regression of Paris Club restructuring on Chinese debt and its interaction with a Chinese restructuring in the year prior, as well as additional controls; Column 2 presents results from 2SLS regressions of Paris Club restructuring on Chinese debt, and its interaction with Chinese restructuring in the year prior, instrumented via Chinese foreign reserves and domestic production volumes of construction materials, both weighted by the share of years in which the country received Chinese development finance. Country fixed effects are suppressed for presentation, as are temporal cubic polynomials. Robust standard errors clustered by country in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Geopolitics

Geopolitical rivalry may heighten the concerns about free-riding; we are most likely to observe the relationship between Chinese debt and delays in Paris Club restructuring when geopolitical tensions between Paris Club creditors and China are greater. We rely on a state's voting record at the United Nations to identify the proximity of one state to another in terms of geopolitical preferences (Bailey, Strezhnev and Voeten 2017*a*, Stone 2011, Vree-

land 2003, Vreeland and Dreher 2014). We expect that, for states that are closely aligned with US priorities, the presence of Chinese debt may be less of an impediment to Paris Club restructuring; however, as states move away from the US's position (and, potentially, closer to China's position) in global affairs, we expect such states to face greater friction in establishing Paris Club restructuring (Hypothesis 2).

To assess this possibility, we construct a measure of the distance between a country's ideal point in UN voting and that of either China or the United States.[15] Intuitively, as the distance between two countries' ideal points grows, this can be seen as capturing greater divergence between the geopolitical aims of the two states. In Table 4, we report results from inclusion of this interaction using both OLS and 2SLS; regardless of estimation approach, we recover strong evidence that the "penalty" for Chinese debt on the likelihood of Paris Club restructuring is larger for states that are more geopolitically distant (on the basis of UN voting outcomes) from the US.[16]

To visualize these conditional marginal effects, Figure 2 plots the effect of additional Chinese debt as a function of distance between a country's ideal point at the UN and that of the United States. As can be seen, for states most closely allied with the US in global affairs, we find that if anything a greater amount of Chinese debts is associated with an increased likelihood of Paris Club restructuring, as might be expected if concerns about Chinese influence are muted and so the process of debt restructuring can occur unimpeded. On the other hand, for states that are more geopolitically distant from the US, we observe an increasingly negative (and statistically significant) relationship between outstanding Chinese debts and the likelihood of Paris Club restructuring. Columns 2 and 4 of Table 4 document that the

[15]The complete table with all control variable coefficients is reported in Appendix Table 24.

[16]Note that, for the 2SLS results, we do not surpass the standard rule of thumb test statistic for the weak instruments problem: while our identification strategy described above does well in predicting the Chinese debt component of our endogenous variables, it does not do well in predicting UN voting alignment, and hence may suffer from weak instrument concerns. As such, we report marginal effects results using OLS models here.

inverse effect holds if we instead consider a state's alignment with Chinese international priorities: for those state closely aligned with China, there exists a significant negative correlation between the presence of Chinese debts and Paris Club restructuring, but this effect is attenuated as a state's geopolitical distance from China increases.[17]

Table 4: Geopolitics, Chinese Debts, and Paris Club Restructuring

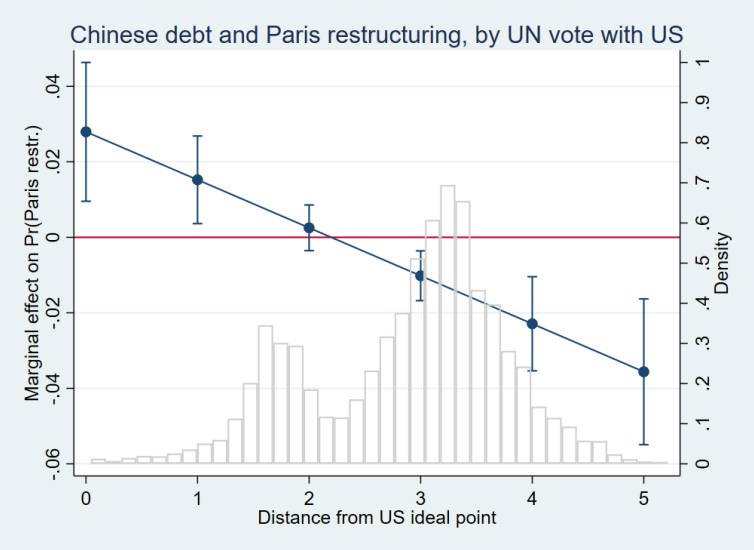
VARIABLES	(1) PC (OLS)	(2) PC (OLS)	(3) PC (IV)	(4) PC (IV)
Chinese debt (% total external debt)	0.024**	-0.013**	0.109***	-0.039**
	(0.011)	(0.005)	(0.032)	(0.017)
UN vote distance from US	0.002		-0.181***	-0.014
	(0.029)		(0.062)	(0.038)
Chinese debt * UN vote distance from US	-0.011**		-0.038***	
	(0.004)		(0.010)	
UN vote distance from China		0.005		0.261*
		(0.024)		(0.134)
Chinese debt * UN vote distance from China		0.007*		0.058**
		(0.004)		(0.029)
Full controls	✓	✓	✓	✓
Observations	1,004	1,004	814	814
R-squared	0.099	0.093	0.030	-0.032
Weak ID F stat			3.9	3.1
Hansen J stat			3.194	.445

Columns 1 and 2 report OLS regressions of Paris Club restructuring on Chinese debt and its interaction with the distance between a country's own UN voting profile and UN votes by the US (Column 1) or UN votes by China (Column 2), along with a full battery of controls. Columns 3 and 4 replicate this analysis using a 2SLS framework. Robust standard errors clustered by country in parentheses. *** p<0.01, ** p<0.05, * p<0.1

While the effects of geopolitics are evident when it comes to Paris Club restructurings, we see no systematic effect of geopolitical distance on the relationship between Chinese debt and private market restructuring, nor does China itself appear to respond to geopolitical concerns when it concerns restructuring its own debt, as reported in the Appendix in Table 23. This again suggests that, to the extent that the rise of China has disrupted international financial markets, this effect is most pronounced in those markets that are most prone to geopolitical friction; in the case of debt markets, this is clearly the realm of bilateral (that

[17] In Appendix B.2, we document the robustness of our key results considering voting distance at the UN from a broader set of major economies.

Figure 2: Geopolitics, Chinese Debt, and Paris Club Restructuring.



The marginal effect of Chinese debt on probability of Paris Club restructuring, conditional on the distance between a country's ideal point at the UNGA and that of the US. 95% confidence intervals reported. Grey bars correspond to the empirical distribution of the distance from US ideal point measure.

is, state-to-state) lending.

Placebo Test: Creditor Diversity by Lender

Perhaps these findings are less about the presence of China specifically, and more about the increase over time in the number of sovereign bilateral creditors (World Bank 2022). Perhaps the more creditors there are, the greater the difficulty of finding a deal that is satisfactory to all parties, irrespective of the political orientation of these creditors? To assess this alternative account, we would ideally be able to replicate the regressions of Paris Club restructuring on bilateral debts from other prominent creditor countries. We are not aware, however, of a systematic source of data on cross-national coverage of total outstanding debt *stocks* owed to other individual (and especially non-OECD) creditor countries. The detailed data on Chinese debt stocks compiled by Horn, Reinhart and Trebesch (2021) are somewhat

unique in this regard. However, the World Bank's International Debt Statistics (IDS) has recently made available information on annual dyadic bilateral debt *flows* for virtually all countries. While the IDS data do not allow us to generate a debt stock measure, as provided by Horn, Reinhart and Trebesch (2021), we are able to capture annual *flows* of debt by country pairs.

We take advantage of these data to gain some traction on the question of the uniqueness of Chinese debts in complicating official debt restructuring efforts. We generate, by country, a measure of bilateral debt (in dollars) borrowed from every other lender country in the IDS dataset in a given year. We scale this amount to the borrowing country's gross domestic product (GDP). We then construct, by country-year, a measure of *bilateral debt*$_{ijt}$ for each non-Paris Club member country that has provided lending; that is, we measure the amount of bilateral lending to borrower country i from lender country j in year t.

To start, we focus on the effects of such bilateral lending to countries from China specifically. In order to smooth out annual variation in such debt flows, we compute a measure of the average amount of recorded borrowing from China over the past 5 years (*Chinese bilateral debt (last 5 years)*) as an alternative construction of the main treatment variable. When we replace the original measure of Chinese debt stocks with this new measure, we continue to find (in Column 1 of Table 5) a robust negative association between debts owed to China and Paris Club restructurings using this alternative measurement approach.[18]

Having replicated our core finding using an alternative data source, we next perform a series of placebo tests to assess whether debt from other potentially relevant non-Paris Club lender countries (over the past 5 years) also leads to a reduction in Paris Club restructuring. This allows us to assess whether the effects we report are specific to China, versus driven by the emergence of new bilateral creditors more broadly (Morgan 2022). Russia is an

[18]In order to preserve comparability with other lenders, for which we do not have good instruments, we present uninstrumented, OLS results in column 1 of Table 5. Full output presented in Appendix Table 15.

alternative country that is widely considered to be antagonistic to the Western geopolitical project; while the coefficient on Russian bilateral debts (in Column 2) is indeed negative, this relationship is far from being statistically significant. Alternately, perhaps it is China's position as an emerging market source of lending that drives the relationship we document; if true, India should serve as a reasonable point of comparison as an alternative developing country with increasingly ambitious international economic activity. However, column 3 shows that there appears no significant relationship between bilateral Indian debts and Paris Club restructuring. Saudi Arabia has also recently emerged as a potential alternative source of borrowing for many countries (particularly in the Middle East); while Saudi foreign policy may align with that of the US at times, it clearly also has experienced antagonistic relations with the US, and so might additionally elicit concerns from Paris Club lenders. However, as reported in column 4, there is no systematic relationship between borrowing from Saudi Arabia and Paris Club restructuring. We similarly document little association between Brazilian bilateral lending and restructuring at the Paris Club in column 5.

Finally, in Column 6 we consider the association between these non-Paris Club lenders and restructuring jointly; when we do so, the only country whose bilateral debts are found to be significantly associated with Paris Club restructurings is China. Given the continued strong negative relationship between Chinese bilateral lending and Paris Club restructuring, in contrast to little evidence of a systematic effect of other countries' bilateral debts, we take this alternative exercise as providing additional support to the main findings being evidence of the unique political consequences of the rise of China as a prominent international lender, rather than one of creditor diversity more generally. We explore this possibility further by interacting the geopolitical distances of the debtors from these alternative lenders to explore the conditional effect of of these debts on potential geopolitical rivalry in Appendix Table 16. Once again we do not detect evidence that geopolitical alignment, captured with the UN voting-based measure, conditions the effect of these bilateral debts.

Table 5: Dyadic bilateral debt flows and Paris Club restructuring

VARIABLES	(1) Paris	(2) Paris	(3) Paris	(4) Paris	(5) Paris	(6) Paris
Chinese bilateral debt (last 5 yrs)	-70.734***					-70.966***
	(20.545)					(21.606)
Russian bilateral debt (last 5 yrs)		5.546				7.307
		(6.296)				(7.905)
Indian bilateral debt (last 5 yrs)			-73.300			-25.293
			(160.436)			(172.769)
Saudi bilateral debt (last 5 yrs)				-113.336		-119.614
				(109.753)		(106.909)
Brazilian bilateral debt (last 5 yrs)					38.716	51.413
					(85.582)	(88.451)
Full controls	✓	✓	✓	✓	✓	✓
Observations	1,648	1,648	1,648	1,648	1,648	1,648
R-squared	0.050	0.045	0.045	0.046	0.045	0.051
Number of countries	85	85	85	85	85	85

OLS regressions of Paris Club restructuring on a measure of 5-year average debt flows to multiple countries, along with a full battery of controls. Country fixed effects are suppressed for presentation. Robust standard errors clustered by country in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Additional Results

We separately estimate the uniqueness of Chinese lending vis-a-vis multiple alternative credit sources; due to space constraints, we discuss these results here and relegate explicit presentation of results to the Appendix. While we demonstrate the uniqueness of Chinese bilateral debt relative to other specific bilateral creditors above, we also construct a measure of total non-Paris club bilateral debts (using IDS data) to assess whether it is the combined effect of all alternative lenders that may matter. However, as Column 1 of Appendix Table 13 shows, while the coefficient on total non-Paris Club lending is negative, it is not significant at conventional levels, nor does its inclusion remove the significance of greater amounts of Chinese bilateral debt.[19] We similarly create a measure of the share of bilateral debt flows in a given year that comes from Paris Club (versus non-Paris Club) countries. As the results

[19]If we remove the measure of Chinese debt from the regression, we continue to find no significant relationship between total non-Paris Club bilateral debt flows and Paris Club restructuring, suggesting this non-finding is not merely the result of multicollinearity.

in Column 2 demonstrate, inclusion of this measure does not affect the primary estimate of interest.[20]

Alternatively, the concentration or dispersion of debt among bilateral creditors (whether new or old) is important to restructuring outcomes. Specifically, bargaining over creditor losses is presumably easier with greater creditor concentration. We construct a concentration index of bilateral debt at three distinct levels: across all lenders, only across Paris Club lenders, and only among non-Paris Club lenders.[21] As reported in Columns 3-5 of Appendix Table 13, we find little evidence that greater concentration of all bilateral debt flows or greater concentration of non-Paris Club debt flows are systematically related to Paris Club restructuring. We do find some evidence that countries with more concentrated Paris Club debt flows are somewhat less likely to secure a Paris Club restructuring. This could be consistent with a notion that restructuring is easier to accomplish when more Paris Club creditors have a stake in resolving a debt crisis; it is difficult, however, to firmly support this interpretation. Importantly, in no case does the inclusion of these measures of bilateral debt concentration alter the primary effect of interest (of Chinese debts).[22]

Of course, we have argued that the relationship between outstanding Chinese debts and Paris Club restructuring is likely to arise due to western bilateral creditors' concerns over geopolitical differences with China. Yet, what if the effect we have picked up is perhaps simply an artefact of Chinese debts making debt obligations more difficult to reschedule, regardless of source? To assess this possibility, we replace our outcome of Paris Club re-

[20] In Appendix Table 14, we document a similar lack of evidence that the effect of Chinese loans on Paris Club restructuring appears conditional on amounts of other forms of sovereign credit, such as total bilateral debt, multilateral debt, commercial bank debt, or bond market debt.

[21] That is, we calculate $\Sigma_{j \in G}(\textit{bilateral debt}_{ijt}/\textit{total bilateral debt}_{iGt})^2$, where $\textit{bilateral debt}_{ijt}$ is all bilateral debt flows to country i from a country j in some relevant group G in year t, and $\textit{total bilateral debt}_{iGt}$ is the total bilateral debt to country i from all countries in G in year t. At the extreme, if a country received all of its debt from a single lender in a given year, this measure would simply equal 1; as the number of creditor sources increases, this measure decreases in magnitude towards zero.

[22] Appendix Table 26 documents that our core results are also robust to attempts to account for global capital liquidity.

structuring with alternative measures of whether a private market debt restructuring took place, or a Chinese restructuring. However, as detailed in Appendix Table 17, unlike the strongly negative and significant relationship between Chinese debts and Paris Club restructuring, we find no systematic evidence that states that owe more to China are either more or less likely to restructure their private market debts or, perhaps surprisingly, their Chinese debts, suggesting that the geopolitical concerns of bilateral creditors may indeed be driving the effects we document.

Alternative Mechanisms

These results may be an artifact of alternative strategies that the Chinese government can use to affect foreign finance. Two such strategies could involve strategic provision of Chinese emergency lending, or instead official finance through Chinese foreign aid in grants. While plausible, we find little evidence that these alternative channels of Chinese foreign finance affect the main results. First, as documented in Appendix Table 18, we find no evidence that countries that have received Chinese bailout lending (as identified in Horn et al. (2023*a*)) are systematically more or less likely to restructure their Paris Club obligations, nor does this seem to condition the relationship between existing Chinese debts and Paris Club restructuring. While it might seem reasonable to assume that the same regimes would receive both Chinese emergency loans as well as restructured Chinese debts, we find that these two outcomes are actually almost perfectly uncorrelated with one another, with a pairwise correlation coefficient of 0.046. This accords with the discussion in Horn et al. (2023*a*) who also suggest that China's approach to emergency lending is quite distinct from its approach to loan renegotiation. In addition, as reported in Appendix Table 21, we find no evidence that Chinese ODA seems to affect Paris Club restructurings in any systematic manner, suggesting that it is the presence of Chinese debts in particular that impede restructuring efforts with

traditional Western bilateral creditors.

Estimation Robustness

Finally, while we have presented results above drawing from both OLS and 2SLS estimation approaches, we have also pursued three additional sets of alternative estimation strategies (with fuller discussion in the Appendix). First, while we document above that Chinese debts appear systematically associated with Paris Club restructuring but not with private market or Chinese restructuring, in reality states may engage in these restructuring efforts simultaneously and so our treatment of these three outcomes as independent may be incorrect. We document the consistency of our findings in a seemingly unrelated regression (SUR) framework in Appendix B.1.1, which allows for the error terms of models for Paris Club, private market, and Chinese restructuring to be correlated with one another.

In addition, while we note above that we detect somewhat mixed evidence for the argument that states with more Chinese debt are less likely to end up in crisis to begin, it is clearly the case that states not facing fiscal trouble would not need to seek Paris Club restructuring, and so our approach may mask a prior selection stage of what sorts of states end up in crisis to begin with. To address this concern, in Appendix B.1.3 we re-estimate our primary results in a Heckman selection framework, and continue to find that states with greater Chinese debts are less likely to restructure obligations owed to the Paris Club, even after taking into account a selection stage for which states are facing debt crisis.

Finally, given several econometric advantages of linear models, we have reported OLS results for many of our specifications; however, in Appendix B.1.2 we separately document robustness of our primary findings to the use of maximum likelihood models (like probit or conditional logit) which might be better suited to a binary dependent variable like our own. All told, we continue to find strong evidence for a negative and statistically significant effect

of Chinese debts on Paris Club restructuring across this battery of alternative estimation approaches.

Conclusion

Chinese lending constitutes the largest official bilateral debt category today, yet China is not a permanent member of the primary international institution designed to facilitate governmental cooperation in debt restructuring: the Paris Club. This has important consequences for debt restructuring processes and outcomes among non-OECD states in debt distress. China is currently actively engaged in some debt renegotiation efforts (for instance, it co-chaired Zambia's bilateral creditor committee under the G-20's Common Framework process). Yet China also has taken issue with the way in which sovereign debts to multilateral financial institutions are typically treated, and many Chinese loan contracts make it difficult for other creditors, intergovernmental organizations and domestic groups to know the true extent of a government's debts to Chinese lenders.

The potentially disruptive effects of China's presence as a creditor likely have existed for some time, prior to the current round of difficult debt restructurings. Indeed, drawing on data from 2000-2017, we find that higher levels of outstanding debt to China are associated with fewer Paris Club restructurings. Debtors may appeal to non-Chinese bilateral creditors for relief less frequently if they have access to Chinese (and other non-traditional) sources of debt finance and debt relief (Alfaro and Kanczuk 2019). China's presence as a lender providing swap lines, loans with fewer conditions, and access to alternative pools of resources, reduce the need for a Paris Club agreements. Conversely, both the Chinese entities, and Western lenders, may resist cooperating with each other and other official lenders out of a similar concern for bailing out rival sovereigns.

In addition, these effects are most pronounced for countries whose geopolitical affinity (as measured by similarity in UNGA voting patterns) with the US is low. These findings offer evidence that contemporary efforts to address debt crises are complicated not only by general concerns about inter-creditor equity, but also by the specific role of China as a creditor. In an international environment in which economic cooperation is increasingly challenged due to geopolitical concerns, this research speaks to the continued need to understand international financial relations not only through economic lens, but also one attentive to political considerations. Sovereign debt restructurings and resolutions are not merely matters of a debtor's ability or willingness to repay; contentious international politics plays a crucial role.

References

Abbas, SM, Nazim Belhocine, Asmaa A ElGanainy and Mark Horton. 2010. "A historical public debt database.".

Alfaro, Laura and Fabio Kanczuk. 2019. Undisclosed debt sustainability. Technical report National Bureau of Economic Research.

Asonuma, Tamon and Christoph Trebesch. 2016. "Sovereign Debt Restructurings: Preemptive or Post-Default." *Journal of the European Economic Association* 14(1):175–214.

Bailey, M., A. Strezhnev and E. Voeten. 2017*a*. "Estimating dynamic state preferences from United Nations voting data." *Journal of Conflict Resolution* 61(2):430–456.

Bailey, Michael, Anton Strezhnev and Erik Voeten. 2017*b*. "Estimating dynamic state preferences from united nations voting data." *Journal of Conflict Resolution* 61(2):430–456.

Ballard-Rosa, Cameron. 2016. "Hungry for change: Urban bias and autocratic sovereign default." *International Organization* 70(2):313–346.

Ballard-Rosa, Cameron. 2020. *Democracy, Dictatorship, and Default: Urban-Rural Bias and Economic Crises Across Regimes*. Cambridge University Press.

Ballard-Rosa, Cameron, Layna Mosley and Rachel Wellhausen. 2021. "Contingent Advantage: Sovereign Borrowing, Democratic Institutions and Global Capital Cycles." *British Journal of Political Science* 51:353–373.

Bluhm, Richard, Axel Dreher, Andreas Fuchs, Bradley C Parks, Austin M Strange and Michael J Tierney. 2025. "Connective financing: Chinese infrastructure projects and the diffusion of economic activity in developing countries." *Journal of Urban Economics* 145:103730.

Bräutigam, Deborah. 2011. "Aid 'with Chinese characteristics': Chinese foreign aid and development finance meet the OECD-DAC aid regime." *Journal of international development* 23(5):752–764.

Bräutigam, Deborah. 2020. "A critical look at Chinese 'debt-trap diplomacy': the rise of a meme." *Area Development and Policy* 5(1):1–14.

Bräutigam, Deborah. 2022. "China and Zambia: Creating a Sovereign Debt Crisis." *International Affairs* 98(4):1347–1365.

Bräutigam, Deborah, Kevin Acker and Yufan Huang. 2020. Debt Relief with Chinese Characteristics. Technical report SAIS-CARI Working Paper No. 39/2020.

Brooks, Sarah M, Raphael Cunha and Layna Mosley. 2015. "Categories, creditworthiness, and contagion: How investors' shortcuts affect sovereign debt markets." *International studies quarterly* 59(3):587–601.

Brooks, Skylar and Eric Helleiner. 2017. "Debt politics as usual? Reforming the sovereign debt restructuring regime after 2008." *International Affairs* 93(5):1085–1105.

Brown, Kathleen J. 2023. "Why hide? Africa's unreported debt to China." *The Review of International Organizations* .

Broz, J. Lawrence, Zhiwen Zhang and Gaoyang Wang. 2020. "Explaining Foreign Support for China's Global Economic Leadership." *International Organization* 74(3):417–452.

Bunte, Jonas B. 2019. *Raise the debt: How developing countries choose their creditors.* Oxford University Press.

Carter, David B and Curtis S Signorino. 2010. "Back to the future: Modeling time dependence in binary data." *Political Analysis* 18(3):271–292.

Chan, Zenobia. 2024. "Affluence without Influence: The Inducement Dilemma in Economic Statecraft." *Available at SSRN: https://ssrn.com/abstract=4789560* .

Chen, Muyang. 2023. "China's rise and the reshaping of sovereign debt relief." *International Affairs* 98(4):1755–1775.

Chen, Muyang. 2024. *The Latecomer's Rise: Policy Banks and the Globalization of China's Development Finance*. Cornell University Press.

Clark, Richard. 2023. *Navigating the Nexus: The Complex Politics of Global Economic Governance*. Cambridge University Press.

Clark, Richard and Lindsay R. Dolan. 2021. "Pleasing the Principal: U.S. Influence in World Bank Policymaking." *American Journal of Political Science* 65(1):36–51.

Connell, Brendan J. 2019. "Electoral Rules, Interest Group Pressures, and the Price of Democratic Default." *International Studies Quarterly* 63(4):987–1000.

Copelovitch, Mark. 2010. *The International Monetary Fund in the Global Economy Banks, Bonds, and Bailouts*. Cambridge University Press.

Cordella, Tito, Maia Cufre and Andrea F. Presbitero. 2026. "The HIPC initiative and China's emergence as a lender: post hoc or propter hoc?" *Journal of Development Economics* 179:103632.
URL: *https://www.sciencedirect.com/science/article/pii/S030438782500183X*

Cormier, Ben. 2023. "Chinese or western finance? Transparency, official credit flows, and the international political economy of development." *The Review of International Organizations* 18(2):297–328.

Curtis, A., J. Jupille and D. Leblang. 2014. "Iceland on the Rocks: The Mass Political Economy of Sovereign Debt Resettlement." *International Organization* 68:721–740.

Dielmann, Christopher. 2021. On Free-Riders and Sovereign Default: The Rise of Non-Traditional Bilateral Lenders and the Resulting Challenges to International Debt Renegotiations PhD thesis Johns Hopkins University.

DiGiuseppe, Matthew. 2015. "Guns, butter, and debt: Sovereign creditworthiness and military expenditure." *Journal of Peace Research* 52(5):680–693.

DiGiuseppe, Matthew and Patrick E Shea. 2016. "Borrowed time: Sovereign finance, regime type, and leader survival." *Economics & Politics* 28(3):342–367.

Dreher, Axel, Andreas Fuchs, Bradley Parks, Austin M. Strange and Michael J. Tierney. 2018. "Apples and dragon fruits: The determinants of aid and other forms of state financing from China to Africa." *International Studies Quarterly* 62(1):182–194.

Dreher, Axel, Andreas Fuchs, Bradley Parks, Austin Strange and Michael J Tierney. 2021. "Aid, China, and growth: Evidence from a new global development finance dataset." *American Economic Journal: Economic Policy* 13(2):135–174.

Dreher, Axel, Andreas Fuchs, Bradley Parks, Austin Strange and Michael J Tierney. 2022. *Banking on Beijing: The aims and impacts of China's overseas development program*. Cambridge University Press.

Dreher, Axel, Valentin Lang, B. Peter Rosendorff and James Raymond Vreeland. 2022. "Bilateral or Multilateral? International Financial Flows and the Dirty-Work Hypothesis." *Journal of Politics* 84(4):1932–1946.

Fang, C., J Schumacher and Christoph Trebesch. 2021. "Restructuring Sovereign Bonds: Holdouts, Haircuts and the Effectiveness of CACs." *IMF Economic Review* 69:155–196.

Ferry, Lauren and Alexandra O. Zeitz. 2024. "China, the IMF, and Sovereign Debt Crises." *International Studies Quarterly* .

Gelpern, Anna, O. Haddad, Sebastian Horn, P. Kintzinger, Bradley C. Parks and Christoph Trebesch. 2025. How China Collateralizes. Technical report AidData at William & Mary.

Gelpern, Anna, Sebastian Horn, Scott Morris, Brad Parks and Christoph Trebesch. 2021. "How China Lends: A Rare Look into 100 Debt Contracts with Foreign Governments." Peterson Institute for International Economics, Kiel Institute for the World Economy, Center for Global Development, and AidData at William & Mary.

Hameiri, Shahar and Lee Jones. 2024. "China, international competition and the stalemate in sovereign debt restructuring: beyond geopolitics." *International Affairs* 100(2):691–710.

Hernandez, Diego. 2017. "Are "New" Donors Challenging World Bank Conditionality?" *World Development* 96:529–549.

Hollyer, James R, B Peter Rosendorff and James Raymond Vreeland. 2011. "Democracy and Transparency." *The Journal of Politics* 73(4):1191–1205.

Horn, Sebastian, Bradley C Parks, Carmen M Reinhart and Christoph Trebesch. 2023*a*. China as an international lender of last resort. Technical report National Bureau of Economic Research.

Horn, Sebastian, Bradley C. Parks, Carmen M. Reinhart and Christoph Trebesch. 2023*b*. "Debt Distress on China's Belt and Road." *AEA Papers and Proceedings* 113:131–34.

Horn, Sebastian, Carmen M Reinhart and Christoph Trebesch. 2021. "China's overseas lending." *Journal of International Economics* 133:103539.

Horn, Sebastian, Carmen M Reinhart and Christoph Trebesch. 2022. "Hidden defaults.".

Horn, Sebastian, Carmen M. Reinhart and Christoph Trebesch. 2025. "China's Lending to Developing Countries: From Boom to Bust." *Journal of Economic Perspectives* 39(4):75–100.

Imai, Kosuke and In Song Kim. 2021. "On the use of two-way fixed effects regression models for causal inference with panel data." *Political Analysis* 29(3):405–415.

Kaplan, Stephen B. 2021. *Globalizing Patient Capital: The Political Economy of Chinese Finance in the Americas*. Cambridge University Press.

Kern, Andreas and Bernhard Reinsberg. 2022. "The political economy of Chinese debt and International Monetary Fund conditionality." *Global Studies Quarterly* 2(4):ksac062.

Lang, V. and A. Presbitero. 2018. "Room for discretion? Biased decision-making in international financial institutions." *Journal of Development Economics* pp. 1–16.

Lee, Yaechan, Willian Kring, Greg Chin and Kevin P. Gallagher. 2024. A Survey of China within and beyond the Bretton Woods System. Technical report Global Development Policy Center GCI Working Paper 033.

Lippolis, Nicolas and Harry Verhoeven. 2022. "Politics by Default: China and the Global Governance of African Debt." *Survival* 64(3):153–178.

Lipscy, P. 2015. "Explaining Institutional Change: Policy Areas, Outside Options, and the Bretton Woods Institutions." *American Journal of Political Science* 59(2):341–356.

Liu, L., Y. Wang and Y. Xu. 2022. "A practical guide to counterfactual estimators for causal inference with time-series cross-sectional data." *American Journal of Political Science* .

McDowell, Daniel. 2019. "The (Ineffective) Financial Statecraft of China's Bilateral Swap Agreements." *Development and Change* 50(1):122–143.

Mihalyi, David and Christoph Trebesch. 2023. Who Lends to Africa and How? Introducing the Africa Debt Database. Technical report Kiel Working Papers 2217.

Morgan, Pippa. 2022. "The Political Economy of Bilateral Lending from Emerging Creditors." *Journal of Globalization and Development* 13(2):305–338.

Mosley, Layna and B. Peter Rosendorff. 2023*a*. "Government Choices of Debt Instruments." *International Studies Quarterly* 67.

Mosley, Layna and B. Peter Rosendorff. 2023*b*. "The Unfolding Sovereign Debt Crisis." *Current History* 122(840):9–14.

Nguyen, T., V. Castro and J. Wood. 2022. "A new comprehensive database of financial crises: Identification, frequency, and duration." *Economic Modelling* .

Parks, Bradley C., Ammar A. Malik, Brooke Escobar, Sheng Zhang, Rory Fedorochko, Kyra Solomon, Fei Wang, Lydia Vlasto, Katherine Walsh and Seth Goodman. 2023. *Belt and Road Reboot: Beijing's Bid to De-Risk Its Global Infrastructure Initiative*. Williamsburg, VA: AidData at William & Mary. Date Published: Nov 6, 2023.

Qian, Jing, James Raymond Vreeland and Jianzhi Zhao. 2023. "The Impact of China's AIIB on the World Bank." *International Organization* 77(1):217–237.

Reinhart, Carmen, Vincent Reinhart and Christoph Trebesch. 2016. "Global Cycles: Capital Flows, Commodities, and Sovereign Defaults, 1815-2015." *American Economic Review: Papers & Proceedings* 106(5):574–580.

Rickard, Stephanie J. and Teri L. Caraway. 2014. "International Negotiations in the Shadow of National Elections." *International Organization* 68(3):701–720.

Saiegh, Sebastian M. 2009. "Coalition governments and sovereign debt crises." *Economics & Politics* 21(2):232–254.

Schlegl, Matthias, Christoph Trebesch and Mark L. J. Wright. 2019. "The Seniority Structure of Sovereign Debt." NBER Working Paper 25793.

Shea, Patrick E., Bernhard Reinsberg and Andreas Kern. 2024. "China Lending and the Political Economy of Leader Survival." *Journal of Conflict Resolution* .

Stone, Randall. 2011. *Controlling Institutions: International Organizations and the Global Economy*. Cambridge University Press.

Tomz, Michael. 2007. *Reputation and International Cooperation: Sovereign Debt Across Three Centuries*. Princeton University Press.

Vreeland, J. 2003. *The IMF and economic development*. Cambridge University Press.

Vreeland, James and Axel Dreher. 2014. *The Political Economy of the United Nations Security Council. Money and Influence*. Cambridge University Press.

Walter, Stefanie. 2016. "Crisis Politics in Europe: Why Austerity Is Easier to Implement in Some Countries Than in Others." *Comparative Political Studies* 49(7):841–873.

World Bank. 2022. International Debt Report 2022. Technical report World Bank.

World Bank. 2023. International Debt Report 2023. Technical report World Bank.

Zeitz, Alexandra. 2019. "Emulation or Differentiation? China's development finance and traditional donor aid in developing countries." Working Paper.

Zeitz, Alexandra O. 2021. "Global Capital Cycles and Market Discipline: Perceptions of Developing-Country Borrowers." *British Journal of Political Science* p. 1–10.

Zeitz, Alexandra O. 2024. *The Financial Statecraft of Borrowers: African Governments and External Finance*. Cambridge University Press.

Appendices

A Data Summary

Table 6: Summary Statistics and Data Sources

	Obs	Mean	Std Dev	Min	Max	Source
Chinese debt (% total external), logged	1771	-5.48	3.39	-9.90	2.18	Horn, Reinhart and Trebesch (2021)
GDP per capita (log)	6996	8.00	1.61	3.13	12.16	World Development Indicators (WDI)
GDP growth (annual %)	6872	3.31	6.24	-64.05	149.97	WDI
Trade (% of GDP)	6233	81.89	49.88	0.02	437.33	WDI
Oil rents (% of GDP)	6622	3.67	9.33	0.00	71.49	WDI
Foreign direct investment, net inflows (% of GDP)	6544	5.20	38.95	-1275.19	1282.63	WDI
Military expenditure (% of GDP)	5549	2.52	3.09	0.00	117.35	WDI
Foreign reserves (months of imports)	5664	4.32	4.45	0.00	79.24	WDI
Interest payments on external debt (% of GNI)	4314	1.69	2.08	0.00	41.62	International Debt Statistics (IDS)
IMF program	6758	0.31	0.46	0.00	1.00	Vreeland (2003)
Population, total	7396	3.27e+07	1.25e+08	7631.00	1.40e+09	WDI
Electoral democracy index	6626	0.48	0.28	0.01	0.92	Varieties of Democracy (VDem)
Debt Crises	7023	0.31	0.46	0.00	1.00	Nguyen, Castro and Wood (2022)
Distance from US ideal point (UN votes)	7358	2.88	0.87	0.04	5.22	Bailey, Strezhnev and Voeten (2017*b*)
Distance from Chinese ideal point (UN votes)	7358	0.82	0.75	0.00	4.66	Bailey, Strezhnev and Voeten (2017*b*)
Economic transparency (HRV)	5305	1.47	2.24	-11.00	9.25	Hollyer, Rosendorff and Vreeland (2011)
Bilateral debt from China, past 5 yrs. (% GDP)	2956	0.00	0.00	0.00	0.01	IDS
Bilateral debt from US, past 5 yrs. (% GDP)	2956	0.00	0.00	0.00	0.00	IDS
Bilateral debt from Japan, past 5 yrs. (% GDP)	2956	0.00	0.00	0.00	0.00	IDS
Bilateral debt from Russia, past 5 yrs. (% GDP)	2956	0.00	0.00	0.00	0.01	IDS
Bilateral debt from India, past 5 yrs. (% GDP)	2956	0.00	0.00	0.00	0.01	IDS
Bilateral debt from UK, past 5 yrs. (% GDP)	2956	0.00	0.00	0.00	0.00	IDS
Bilateral debt from France, past 5 yrs. (% GDP)	2956	0.00	0.00	0.00	0.01	IDS
Bilateral debt from Germany, past 5 yrs. (% GDP)	2956	0.00	0.00	0.00	0.00	IDS
Bilateral debt from Saudi, past 5 yrs. (% GDP)	2956	0.00	0.00	0.00	0.00	IDS
Bilateral debt from Brazil, past 5 yrs. (% GDP)	2956	0.00	0.00	0.00	0.00	IDS
External debt (% GDP)	5904	59.41	57.10	0.00	2092.90	Abbas et al. (2010)
Bilateral debt (% GDP)	4131	0.01	0.01	0.00	0.17	IDS
Multilateral debt (% GDP)	4209	0.01	0.01	0.00	0.21	IDS
Commercial bank debt (% GDP)	2866	0.00	0.01	0.00	0.24	IDS
Bond market debt (% GDP)	1223	0.01	0.02	0.00	0.39	IDS

B Additional Results

B.1 Alternative Estimating Models

B.1.1 Seemingly Unrelated Regressions

So far we have argued that Chinese debt is a significant impediment to the restructuring of other bilateral debts with Paris Club members and there appears to be no systematic association between greater Chinese debts and other forms of debt restructuring. This negative association between Chinese debts and Paris Club restructuring is conditioned on whether a state has secured debt concessions from Chinese lenders previously.

States may, however attempt restructurings with different creditors *simultaneously*. Re-estimating the primary finding in a seemingly unrelated regression (SUR) framework to take account of this potential simultaneity allows estimation of a series of regressions with differing dependent variables (Paris Club debt, private market debt, and Chinese debt), under the assumption that the error term of each equation is (potentially) correlated.

As reported in Appendix Table 7, estimation under the SUR framework does not change the primary results, finding that states with more Chinese debts are less likely to restructure the Paris Club debts, but are no more or less likely to observe private market or Chinese restructuring.

B.1.2 Maximum likelihood estimation

While interpretation of OLS regressions with binary dependent variables is common, Tables 8 and 9 document that the primary results are unchanged if instead estimated using maximum-likelihood estimation to account for the binary outcome measure of Paris Club restructuring.

B.1.3 Heckman Selection Model

We have documented a consistent negative association between outstanding Chinese debts and restructuring with Paris Club creditors. Of course, lacking an explicit measure of countries that have approached the Paris Club, we cannot directly assess using these data whether this negative correlation is a result of countries with greater Chinese debts being less likely to *seek* renegotiation in the first place, or instead a result of countries that owe more to China

Table 7: Seemingly Unrelated Regression

VARIABLES	(1) PC restr.	(2) Private restr.	(3) Chinese restr.
Chinese debt (% total external debt)	-0.008**	0.000	0.003
	(0.003)	(0.002)	(0.002)
GDP per capita (log)	0.018	0.005	0.003
	(0.028)	(0.015)	(0.016)
GDP growth (annual %)	-0.002	-0.000	0.001
	(0.002)	(0.001)	(0.001)
Trade (% of GDP)	-0.000	-0.000**	-0.000**
	(0.000)	(0.000)	(0.000)
Oil rents (% of GDP)	-0.001	0.004***	-0.003**
	(0.002)	(0.001)	(0.001)
Foreign direct investment, net inflows (% of GDP)	-0.001	-0.001**	-0.000
	(0.001)	(0.001)	(0.001)
Military expenditure (% of GDP)	-0.001	0.004	-0.007
	(0.011)	(0.006)	(0.007)
Foreign reserves (months of imports)	-0.000	-0.002	-0.000
	(0.003)	(0.002)	(0.002)
Interest payments on external debt (% of GNI)	0.016***	0.016***	0.000
	(0.004)	(0.002)	(0.002)
IMF program	0.000	0.015*	-0.006
	(0.015)	(0.008)	(0.009)
Population, total	0.000	-0.000	-0.000
	(0.000)	(0.000)	(0.000)
Electoral democracy index	-0.074	-0.040	0.041
	(0.093)	(0.051)	(0.055)
Observations	1,027	1,027	1,027
R-squared	0.162	0.161	0.111

SUR regression of whether a country has restructured its PC debts (column 1), private market debts (column 2), or Chinese debts (column 3) on Chinese outstanding debts, as well as a set of controls. Country fixed effects are suppressed for presentation, as are temporal cubic splines. Robust standard errors clustered by country in parentheses. *** p<0.01, ** p<0.05, * p<0.1

being less likely to successfully *negotiate* restructuring once requested. In other words, there exists a selection stage of country initiation of Paris Club discussion that clearly precedes any successful renegotiation being completed; the current results cannot disentangle where the negative association of Chinese debts on Paris restructuring arises.

Using a two-stage Heckman selection model, we separate out the effect of Chinese loans on the likelihood a state would need to seek restructuring, from the subsequent effect of Chinese lending on successful Paris renegotiation. More precisely, we begin by estimating a selection-stage equation identifying whether a given country was facing a *debt crisis* in a particular

Table 8: Fixed-effects Probit.

VARIABLES	(1) Paris	(2) Paris	(3) Paris
Chinese debt (% total external debt)	-0.154***	-0.103**	-0.170***
	(0.022)	(0.043)	(0.066)
GDP per capita (log)		-0.645**	-0.316
		(0.323)	(0.374)
GDP growth (annual %)		-0.027*	-0.027
		(0.015)	(0.022)
Trade (% of GDP)		-0.002	-0.005
		(0.005)	(0.005)
Oil rents (% of GDP)		-0.006	-0.007
		(0.020)	(0.031)
Foreign direct investment, net inflows (% of GDP)		-0.032	-0.020
		(0.023)	(0.025)
Military expenditure (% of GDP)		0.012	-0.066
		(0.111)	(0.184)
Foreign reserves (months of imports)			0.005
			(0.080)
Interest payments on external debt (% of GNI)			0.049
			(0.035)
IMF program			-0.241
			(0.290)
Population, total			-0.000*
			(0.000)
Electoral democracy index			2.223
			(1.757)
Observations	714	562	358

Probit regression of whether a country has restructured with the Paris Club on Chinese outstanding debts, as well as a set of controls. Country fixed effects are included but suppressed here for presentational purposes. Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table 9: Conditional Logit

VARIABLES	(1) Paris	(2) Paris	(3) Paris
Chinese debt (% total external debt)	-0.259***	-0.158*	-0.291**
	(0.046)	(0.089)	(0.143)
GDP per capita (log)		-1.285**	-0.712
		(0.580)	(0.719)
GDP growth (annual %)		-0.042	-0.044
		(0.032)	(0.046)
Trade (% of GDP)		-0.005	-0.007
		(0.008)	(0.010)
Oil rents (% of GDP)		-0.003	-0.016
		(0.041)	(0.064)
Foreign direct investment, net inflows (% of GDP)		-0.053	-0.027
		(0.042)	(0.046)
Military expenditure (% of GDP)		-0.013	-0.145
		(0.245)	(0.359)
Foreign reserves (months of imports)			0.047
			(0.157)
Interest payments on external debt (% of GNI)			0.065
			(0.054)
IMF program			-0.342
			(0.615)
Population, total			-0.000
			(0.000)
Electoral democracy index			3.758
			(3.549)
Observations	714	562	358
Number of countries	42	37	24

Conditional logit regression of whether a country has restructured with the Paris Club on Chinese outstanding debts, as well as a set of controls. Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

year,[23] and subsequently estimate a second-stage regression of Paris Club restructuring on Chinese debt (and other covariates) after adjusting for the potential effects of Chinese debt at the selection stage. In order to achieve identification, we require a first stage "instrument" that helps explain the selection stage but otherwise is orthogonal to the error of the outcome model; that is, we need some factor that should help predict whether a country is likely to face a debt crisis but that is otherwise unrelated to Paris Club restructuring. Here, the weighted average number of other countries in the region that were in a debt crisis serves as an instrument. Although the regional spillover effects are likely to affect market perceptions of a country's debt profile (Brooks, Cunha and Mosley 2015), we do not expect them to have a similar effect on a country's effort to achieve debt restructuring at the Paris Club.

Appendix Table 10 reports results from both stages of the Heckman estimation. Countries in regions experiencing greater debt distress are themselves also more likely to enter into debt crisis (bottom panel), which could arise either from sharing similar macro-economic conditions with neighboring economies, or from investor flight from regions in which debt distress grows.

After adjusting for the selection stage of which countries are currently in debt distress, we continue to find a robust and statistically significant negative association between greater outstanding Chinese debt burdens and Paris Club restructuring in the top panel of Appendix Table 10. While not definitive, we believe that this result provides additional evidence consistent with the argument that it is at the negotiation stage—rather than at the stage of seeking debt relief in the first place—that the effect of Chinese debt on Paris Club restructuring is most apparent.

[23] Data on debt crises drawn from Nguyen, Castro and Wood (2022).

Table 10: Heckman Selection Model

EQUATION	VARIABLES	(1) Paris
PC restructuring	Chinese debt (% total external debt)	-0.012**
		(0.005)
	GDP per capita (log)	-0.035
		(0.028)
	GDP growth (annual %)	-0.005
		(0.003)
	Trade (% of GDP)	0.000
		(0.000)
	Oil rents (% of GDP)	0.003
		(0.002)
	Foreign direct investment, net inflows (% of GDP)	-0.003**
		(0.001)
	Military expenditure (% of GDP)	-0.009*
		(0.005)
Debt crisis	Chinese debt (% total external debt)	-0.007
		(0.028)
	Electoral democracy index	-0.502
		(0.603)
	Regional debt crises	2.104***
		(0.485)
	GDP per capita (log)	-0.493***
		(0.150)
	GDP growth (annual %)	-0.033**
		(0.013)
	Trade (% of GDP)	0.003
		(0.004)
	Oil rents (% of GDP)	-0.004
		(0.012)
	Foreign direct investment, net inflows (% of GDP)	0.038**
		(0.016)
	Military expenditure (% of GDP)	-0.033
		(0.035)
	ρ	-0.096
		(0.170)
	Observations	1,369

Results from a two-stage Heckman selection model. The first stage (bottom half) estimates the likelihood a country is facing debt distress; the second stage (top half) then subsequently estimates the likelihood a country restructures with the Paris Club, after accounting for potential effects at the selection stage. Robust standard errors clustered by country in parentheses. *** p<0.01, ** p<0.05, * p<0.1.

B.2 Alternative geopolitical alignment measure

In the main paper, we present results testing our geopolitical hypotheses based on vote distance at the UNGA between a given country and either the US or China. Of course, while the United States is often presented as the dominant power in the global economy, it is clearly not the only country represented at the Paris Club that might also experience geopolitical tensions with China. To assess the robustness of our results on the conditioning effects of geopolitics on the relationship between Chinese debts and Paris Club restructuring, we performed principal component analysis on UN vote distance for the following 10 major countries: United States, Canada, United Kingdom, France, Spain, Italy, Japan, Russia, Saudi Arabia, and China. This exercise generated two factors with eigenvalues greater than one, the standard rule of thumb for signifying significant discriminating variance.

Table 11: Factor Loadings and Uniqueness

Variable	Factor 1	Factor 2	Uniqueness
Vote distance from US	0.9636	-0.0691	0.0667
Vote distance from Canada	0.9389	-0.0114	0.1183
Vote distance from UK	0.9782	0.0590	0.0396
Vote distance from France	0.9863	0.0562	0.0240
Vote distance from Spain	0.9444	0.1163	0.0946
Vote distance from Italy	0.9677	0.1695	0.0349
Vote distance from Japan	0.9182	0.2900	0.0727
Vote distance from Russia	0.0802	0.7838	0.3793
Vote distance from Saudi Arabia	-0.7969	0.3881	0.2143
Vote distance from China	-0.6559	0.5025	0.3173

Consideration of the factor loadings for these two factors demonstrates that these represent two clear camps of geopolitical priorities. The first factor clearly captures greater voting distance from "the West," loading strongly on distance from the US, Canada, UK, France, Spain, Italy and Japan. The second factor instead appears driven by vote distance from "non-Western" powers, loading on distance from Russia and China in particular, with some additional loading from vote distance from Saudi Arabia.

We then replicate our analysis interacting outstanding Chinese debt with vote distance either from "Western" or "non-Western" geopolitical alignment. As demonstrated in Table 12, we continue to find strongly significant evidence that states with larger Chinese debts that are more geopolitically distant from "Western" countries continue to see a significantly greater decline in Paris Club restructuring, echoing our findings in the main paper focused

solely on vote distance from the US. Interestingly, there is less significant evidence that distance from multiple non-Western countries (as captured in Columns 2 and 4) moderates the relationship between Chinese debts and Paris Club restructuring, further demonstrating that focus on China in particular seems the relevant comparison.

Table 12: Western vs non-Western geopolitical alignment

VARIABLES	(1) PC (OLS)	(2) PC (OLS)	(3) PC (IV)	(4) PC (IV)
Chinese debt (% total external debt)	-0.011**	-0.009**	-0.012**	-0.046*
	(0.004)	(0.004)	(0.006)	(0.027)
Vote distance from West	-0.008		-0.108***	
	(0.023)		(0.040)	
Chinese debt * Distance from west	-0.008**		-0.024***	
	(0.003)		(0.007)	
Vote distance from non-West		0.007		-0.262
		(0.019)		(0.174)
Chinese debt * Distance from non-west		-0.002		-0.048
		(0.004)		(0.032)
GDP per capita (current US$)	0.016**	0.022***	-0.008**	-0.009**
	(0.006)	(0.006)	(0.004)	(0.004)
GDP growth (annual %)	-0.001	-0.002	-0.002	-0.002
	(0.002)	(0.002)	(0.003)	(0.003)
Trade (% of GDP)	0.000	0.000	-0.000	-0.000
	(0.001)	(0.001)	(0.000)	(0.000)
Oil rents (% of GDP)	-0.001	-0.001	0.002	0.002
	(0.002)	(0.002)	(0.002)	(0.002)
Foreign direct investment, net inflows (% of GDP)	-0.000	-0.000	-0.001*	-0.001*
	(0.001)	(0.001)	(0.001)	(0.001)
Military expenditure (% of GDP)	0.004	0.003	-0.003	-0.005
	(0.015)	(0.015)	(0.004)	(0.005)
HIPC Completion	-0.146***	-0.145***	-0.070***	-0.051**
	(0.026)	(0.025)	(0.024)	(0.024)
Foreign reserves (months of imports)	-0.002	-0.001	-0.008***	-0.008**
	(0.003)	(0.003)	(0.002)	(0.003)
Interest payments on external debt (% of GNI)	0.015***	0.015***	0.007	0.007
	(0.003)	(0.004)	(0.005)	(0.006)
IMF program	0.005	0.007	0.025	0.009
	(0.014)	(0.014)	(0.016)	(0.021)
Population, total	0.000	0.000	-0.000**	-0.000
	(0.000)	(0.000)	(0.000)	(0.000)
Electoral democracy index	0.019	-0.014	0.052	0.029
	(0.140)	(0.138)	(0.052)	(0.061)
Presidential Election Held	-0.027*	-0.026	-0.021	-0.022
	(0.016)	(0.016)	(0.020)	(0.022)
Observations	987	987	802	802
R-squared	0.098	0.091	0.047	-0.094
Weak ID F stat			5.60	2.8
Hansen J stat			4.792	4.312

Columns 1 and 2 present OLS regressions of Paris Club restructuring on Chinese debt, and its interaction with vote distance from "western" or non-western countries at the UN, plus additional controls; Columns 3 and 4 present results from 2SLS regressions of Paris Club restructuring on Chinese debt, instrumented via Chinese foreign reserves and domestic production volumes of construction materials, both weighted by the share of years in which the country received Chinese development finance, and its interaction with vote distance from "western" or non-western countries at the UN. Country fixed effects are suppressed for presentation, as are temporal cubic polynomials. Robust standard errors clustered by country in parentheses. *** p<0.01, ** p<0.05, * p<0.1

B.3 Results by Credit Concentration

B.4 Results by Creditor Type

As reported in Table 14, there is no evidence that the effect of Chinese debt on restructuring is systematically different for debtor states that owe more either to *bilateral creditors* in column 1, *multilateral creditors* in column 2, to *commercial banks* in Column 3, or to *bond markets* in Column 4.[24] Finally, in Column 5, the explicit inclusion of total external debt (and its interaction with Chinese debts) does not affect the main results, although the interpretation of this effect is complicated by the fact that the main independent variable *Chinese debt (% total external debt)* is calculated by dividing Chinese external debts by total external debts.

[24]Due to high missingness in the IDS on bond market debts, this last result should be taken with caution.

Table 13: Creditor Diversity and Concentration

VARIABLES	(1) PC restr.	(2) PC restr.	(3) PC restr.	(4) PC restr.	(5) PC restr.
Chinese debt (% total external debt)	-0.038***	-0.036***	-0.038***	-0.037***	-0.048***
	(0.013)	(0.014)	(0.014)	(0.014)	(0.017)
Non-Paris Club debt (% GDP)	9.417				
	(19.635)				
% Paris Club debt (of all bilateral)		0.066			
		(0.064)			
Concentration of bilateral debt (IDS)			-0.006		
			(0.047)		
Concentration of Paris Club debt (IDS)				-0.054	
				(0.050)	
Concentration of non-Paris Club bilateral debt (IDS)					-0.014
					(0.044)
GDP per capita (current US$)	0.026***	0.028***	0.026***	0.028***	0.029**
	(0.010)	(0.009)	(0.010)	(0.010)	(0.012)
GDP growth (annual %)	-0.002	-0.002	-0.002	-0.002	-0.003
	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)
Trade (% of GDP)	-0.000	0.000	-0.000	0.000	0.001
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Oil rents (% of GDP)	-0.005	-0.006*	-0.005	-0.007*	-0.007
	(0.004)	(0.004)	(0.004)	(0.004)	(0.005)
Foreign direct investment, net inflows (% of GDP)	-0.000	0.000	-0.000	0.000	0.001
	(0.001)	(0.002)	(0.001)	(0.002)	(0.002)
Military expenditure (% of GDP)	-0.005	-0.004	-0.004	-0.009	-0.026
	(0.020)	(0.020)	(0.020)	(0.020)	(0.022)
HIPC_Completion	-0.176***	-0.186***	-0.178***	-0.201***	-0.170***
	(0.042)	(0.048)	(0.042)	(0.045)	(0.061)
Foreign reserves (months of imports)	0.000	0.001	0.001	0.002	-0.000
	(0.004)	(0.004)	(0.004)	(0.004)	(0.005)
Interest payments on external debt (% of GNI)	0.014***	0.029**	0.014***	0.026*	0.015
	(0.004)	(0.014)	(0.004)	(0.014)	(0.018)
IMF program	-0.002	-0.006	-0.002	-0.003	-0.006
	(0.020)	(0.019)	(0.021)	(0.020)	(0.022)
Population, total	0.000	0.000	0.000	0.000	0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Electoral democracy index	-0.075	-0.165	-0.078	-0.167	-0.016
	(0.208)	(0.195)	(0.207)	(0.206)	(0.212)
Presidential Election Held	-0.030	-0.027	-0.030	-0.025	-0.009
	(0.021)	(0.021)	(0.021)	(0.022)	(0.026)
Observations	814	794	814	773	667
R-squared	0.035	0.051	0.034	0.038	-0.006
Number of countries	67	67	67	67	63
Weak ID F stat	29.3	22	28.8	24.9	19.3
Hansen J stat	.52	.628	.488	.137	.122

2SLS regressions of Paris Club restructuring on outstanding Chinese debt, with a measure of the amount of annual bilateral debt flows from non-Paris Club countries (Column 1), the percentage of annual bilateral debt flows from the Paris Club countries (Column 2), and measures of the concentration of annual bilateral debt flows from all countries (Column 3), Paris Club countries (Column 4), and non-Paris Club countries (Column 5). Country fixed effects are suppressed for presentation. Robust standard errors clustered by country in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table 14: Debt Composition

VARIABLES	(1) Paris	(2) Paris	(3) Paris	(4) Paris	(5) Paris
Chinese debt (% total external debt)	-0.011***	-0.013***	-0.011**	-0.005	-0.011**
	(0.003)	(0.005)	(0.005)	(0.003)	(0.005)
Bilateral debt (% GDP)	-0.398				
	(1.674)				
Chinese debt x Bilateral debt	-0.038				
	(0.188)				
Multilateral debt (% GDP)		8.360**			
		(4.148)			
Chinese debt x Multilateral debt		0.424			
		(0.566)			
Commercial bank debt (% GDP)			0.111		
			(1.244)		
Chinese debt x Commercial debt			0.125		
			(0.139)		
Bond market debt				0.071	
				(0.383)	
Chinese debt x Bond debt				0.094	
				(0.110)	
Total external debt (% GDP)					0.001
					(0.001)
Chinese debt x Total debt					0.000
					(0.000)
GDP per capita (log)	-0.008	-0.009	-0.008	0.010	-0.000
	(0.022)	(0.023)	(0.030)	(0.026)	(0.024)
GDP growth (annual %)	-0.001	-0.002	-0.004*	0.001	-0.001
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Trade (% of GDP)	-0.000	-0.001	0.001	0.000	-0.001
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Oil rents (% of GDP)	-0.001	-0.000	-0.001	-0.006	0.000
	(0.002)	(0.002)	(0.003)	(0.006)	(0.002)
Foreign direct investment, net inflows (% of GDP)	-0.001	-0.001	-0.001	-0.003	-0.000
	(0.001)	(0.001)	(0.002)	(0.004)	(0.001)
Military expenditure (% of GDP)	0.004	0.000	-0.007	-0.023	0.003
	(0.015)	(0.014)	(0.010)	(0.025)	(0.014)
Foreign reserves (months of imports)	-0.000	-0.001	-0.001	-0.001	0.000
	(0.003)	(0.003)	(0.003)	(0.004)	(0.003)
Interest payments on external debt (% of GNI)	0.031***	0.001	0.014*	0.033**	0.013***
	(0.009)	(0.006)	(0.008)	(0.016)	(0.003)
IMF program	-0.004	0.000	0.012	-0.010	-0.003
	(0.014)	(0.014)	(0.015)	(0.018)	(0.014)
Population, total	-0.000	0.000	-0.000	-0.000	-0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Electoral democracy index	-0.114	-0.088	-0.018	-0.069	-0.011
	(0.143)	(0.136)	(0.152)	(0.131)	(0.133)
Observations	1,006	1,027	758	387	1,027
R-squared	0.067	0.097	0.051	0.076	0.077
Number of countries	69	70	60	42	70

OLS regression of Paris Club restructuring on Chinese debt and its interaction with bilateral debts (Column 1), multilateral debts (Column 2), commercial bank debts (Column 3), bond market debts (Column 4), or total external debt (Column 5), as well as additional controls. Country fixed effects are suppressed for presentation, as are temporal cubic polynomials. Robust standard errors clustered by country in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table 15: Dyadic bilateral debt flows and Paris Club restructuring

VARIABLES	(1) Paris	(2) Paris	(3) Paris	(4) Paris	(5) Paris	(6) Paris
Chinese bilateral debt (last 5 yrs)	-70.734***					-70.966***
	(20.545)					(21.606)
Russian bilateral debt (last 5 yrs)		5.546				7.307
		(6.296)				(7.905)
Indian bilateral debt (last 5 yrs)			-73.300			-25.293
			(160.436)			(172.769)
Saudi bilateral debt (last 5 yrs)				-113.336		-119.614
				(109.753)		(106.909)
Brazilian bilateral debt (last 5 yrs)					38.716	51.413
					(85.582)	(88.451)
GDP per capita (current US$)	-0.004	-0.005	-0.005	-0.006*	-0.006*	-0.005
	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)
GDP growth (annual %)	-0.003*	-0.003*	-0.003*	-0.003*	-0.003*	-0.003**
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Trade (% of GDP)	-0.001*	-0.001	-0.001	-0.001*	-0.001	-0.001*
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Oil rents (% of GDP)	-0.001	0.001	0.001	0.001	0.001	-0.000
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Foreign direct investment, net inflows (% of GDP)	-0.002**	-0.002**	-0.002**	-0.002**	-0.002**	-0.002**
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Military expenditure (% of GDP)	-0.003	-0.004	-0.004	-0.004	-0.003	-0.002
	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)
HIPC_Completion	-0.140***	-0.133***	-0.133***	-0.133***	-0.133***	-0.140***
	(0.022)	(0.021)	(0.021)	(0.021)	(0.021)	(0.023)
Foreign reserves (months of imports)	-0.008***	-0.008***	-0.008***	-0.008***	-0.008***	-0.008***
	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)
Interest payments on external debt (% of GNI)	0.018***	0.018***	0.018***	0.019***	0.018***	0.019***
	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)
IMF program	0.017	0.019	0.019	0.018	0.018	0.016
	(0.016)	(0.016)	(0.016)	(0.016)	(0.016)	(0.017)
Population, total	-0.000	-0.000	-0.000	-0.000	-0.000	-0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Electoral democracy index	-0.045	-0.043	-0.045	-0.057	-0.045	-0.055
	(0.082)	(0.082)	(0.081)	(0.081)	(0.081)	(0.082)
Presidential Election Held	-0.003	-0.004	-0.004	-0.004	-0.004	-0.002
	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)
Observations	1,648	1,648	1,648	1,648	1,648	1,648
R-squared	0.050	0.045	0.045	0.046	0.045	0.051
Number of countries	85	85	85	85	85	85

OLS regressions of Paris Club restructuring on a measure of 5-year average debt flows to multiple countries, along with a full battery of controls. Country fixed effects are suppressed for presentation. Robust standard errors clustered by country in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table 16: Dyadic debts, UN Voting and Paris Club Restructuring

VARIABLES	(1) Paris	(2) Paris	(3) Paris	(4) Paris	(5) Paris	(6) Paris	(7) Paris	(8) Paris	(9) Paris	(10) Paris
Chinese bilateral debt (last 5 yrs)	-70.734***	-348.362**								
	(20.545)	(163.759)								
UN vote distance from US		0.017		0.020		0.018		0.024		0.029
		(0.036)		(0.036)		(0.036)		(0.038)		(0.035)
Chinese debt * UN vote distance		82.345								
		(49.862)								
Russian bilateral debt (last 5 yrs)			5.546	-60.066						
			(6.296)	(64.601)						
Russian debt * UN vote distance				20.544						
				(21.278)						
Indian bilateral debt (last 5 yrs)					-73.300	-2,284.221				
					(160.436)	(1,961.469)				
Indian debt * UN vote distance						647.164				
						(594.537)				
Saudi bilateral debt (last 5 yrs)							-113.336	-330.532		
							(109.753)	(750.122)		
Saudi debt * UN vote distance								57.352		
								(206.568)		
Brazilian bilateral debt (last 5 yrs)									38.716	1,168.496
									(85.582)	(1,069.213)
Brazilian debt * UN vote distance										-338.589
										(302.234)
GDP per capita (current US$)	-0.004	-0.004	-0.005	-0.005	-0.005	-0.005	-0.006*	-0.006	-0.006*	-0.005
	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.004)	(0.003)	(0.003)
GDP growth (annual %)	-0.003*	-0.004**	-0.003*	-0.003*	-0.003*	-0.003*	-0.003*	-0.003*	-0.003*	-0.003*
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Trade (% of GDP)	-0.001*	-0.001	-0.001	-0.001	-0.001	-0.001	-0.001*	-0.001	-0.001	-0.001
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Oil rents (% of GDP)	-0.001	-0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.000
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Foreign direct investment, net inflows (% of GDP)	-0.002**	-0.001*	-0.002**	-0.001*	-0.002**	-0.001*	-0.002**	-0.002**	-0.002**	-0.001*
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Military expenditure (% of GDP)	-0.003	-0.002	-0.004	-0.004	-0.004	-0.003	-0.004	-0.003	-0.003	-0.003
	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.007)	(0.006)	(0.006)
HIPC_Completion	-0.140***	-0.141***	-0.133***	-0.132***	-0.133***	-0.134***	-0.133***	-0.132***	-0.133***	-0.131***
	(0.022)	(0.022)	(0.021)	(0.020)	(0.021)	(0.021)	(0.021)	(0.020)	(0.021)	(0.020)
Foreign reserves (months of imports)	-0.008***	-0.008***	-0.008***	-0.008***	-0.008***	-0.008***	-0.008***	-0.008***	-0.008***	-0.008***
	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)
Interest payments on external debt (% of GNI)	0.018***	0.018***	0.018***	0.018***	0.018***	0.018***	0.019***	0.018***	0.018***	0.017***
	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)
IMF program	0.017	0.018	0.019	0.019	0.019	0.019	0.018	0.019	0.018	0.018
	(0.016)	(0.017)	(0.016)	(0.017)	(0.016)	(0.017)	(0.016)	(0.017)	(0.016)	(0.017)
Population, total	-0.000	-0.000	-0.000	0.000	-0.000	-0.000	-0.000	0.000	-0.000	0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Electoral democracy index	-0.045	-0.021	-0.043	-0.024	-0.045	-0.024	-0.057	-0.035	-0.045	-0.025
	(0.082)	(0.079)	(0.082)	(0.078)	(0.081)	(0.078)	(0.081)	(0.077)	(0.081)	(0.078)
Presidential Election Held	-0.003	-0.001	-0.004	-0.003	-0.004	-0.003	-0.004	-0.003	-0.004	-0.004
	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)
Observations	1,648	1,640	1,648	1,640	1,648	1,640	1,648	1,640	1,648	1,640
R-squared	0.050	0.051	0.045	0.045	0.045	0.045	0.046	0.046	0.045	0.046
Number of countries	85	84	85	84	85	84	85	84	85	84

OLS regressions of Paris Club restructuring on a measure of 5-year average debt flows to multiple countries, interacted with UN vote distance for those countries from the US, along with a full battery of controls. Country fixed effects are suppressed for presentation. Robust standard errors clustered by country in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table 17: Chinese Debts and Restructuring by Paris Club, Private Markets, or Chinese Creditors

VARIABLES	(1) PC (OLS)	(2) Private (OLS)	(3) Chinese (OLS)	(4) PC (IV)	(5) Private (IV)	(6) Chinese (IV)
Chinese debt (% total external debt)	-0.009**	0.000	0.003	-0.038***	0.000	0.004
	(0.003)	(0.003)	(0.002)	(0.014)	(0.004)	(0.004)
GDP per capita (current US$)	0.020***	-0.002	0.002	0.026***	0.000	0.002
	(0.005)	(0.004)	(0.004)	(0.010)	(0.003)	(0.005)
GDP growth (annual %)	-0.002	-0.000	0.001	-0.002	0.002**	0.000
	(0.002)	(0.002)	(0.001)	(0.003)	(0.001)	(0.001)
Trade (% of GDP)	-0.000	-0.001*	-0.000	-0.000	-0.001*	-0.001*
	(0.001)	(0.000)	(0.000)	(0.001)	(0.000)	(0.000)
Oil rents (% of GDP)	-0.001	0.004*	-0.003	-0.005	0.004	-0.001
	(0.002)	(0.002)	(0.002)	(0.004)	(0.003)	(0.001)
FDI, net inflows (% of GDP)	-0.001	-0.001	-0.000	-0.000	-0.000	-0.001*
	(0.001)	(0.001)	(0.000)	(0.001)	(0.001)	(0.000)
Military expenditure (% of GDP)	0.002	0.005	-0.007	-0.004	-0.001	-0.001
	(0.014)	(0.006)	(0.007)	(0.020)	(0.007)	(0.005)
HIPC Completion	-0.145***	-0.020	0.003	-0.177***	-0.039*	0.006
	(0.025)	(0.022)	(0.007)	(0.042)	(0.023)	(0.006)
Foreign reserves (months of imports)	-0.001	-0.001	-0.000	0.000	0.001	-0.003*
	(0.003)	(0.002)	(0.002)	(0.004)	(0.002)	(0.002)
Interest payments (% of GNI)	0.015***	0.016***	0.000	0.014***	0.013***	-0.000
	(0.004)	(0.002)	(0.001)	(0.004)	(0.003)	(0.001)
IMF program	0.004	0.014	-0.005	-0.003	0.011*	-0.000
	(0.014)	(0.009)	(0.005)	(0.021)	(0.005)	(0.008)
Population, total	0.000	-0.000	-0.000	0.000	0.000	-0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Electoral democracy index	-0.037	-0.046	0.046	-0.077	-0.001	-0.045
	(0.137)	(0.045)	(0.076)	(0.207)	(0.027)	(0.043)
Presidential Election Held	-0.028*	-0.008	-0.005	-0.030	-0.012**	-0.017**
	(0.016)	(0.008)	(0.009)	(0.021)	(0.005)	(0.008)
Observations	1,005	1,005	1,005	814	814	814
R-squared	0.094	0.088	0.022	0.034	0.083	0.022
Number of countries	68	68	68	67	67	67
Weak ID F stat				29.7	29.7	29.7
Hansen J stat				.498	.51	2.131

OLS and 2SLS regressions of Paris Club restructuring (Columns 1 and 4), private market restructuring (Columns 2 and 5), or Chinese restructuring (Columns 3 and 6) on Chinese debt, along with a full battery of controls. Country fixed effects are suppressed for presentation. Robust standard errors clustered by country in parentheses. *** p<0.01, ** p<0.05, * p<0.1

B.5 Additional Findings

Table 18: Chinese Bailouts

VARIABLES	(1) Paris restr.	(2) Chinese restr.
Chinese debt (% total external debt)	-0.011***	0.003
	(0.003)	(0.002)
Received Chinese emergency lending	0.023	-0.024
	(0.026)	(0.020)
GDP per capita (log)	-0.015	0.000
	(0.024)	(0.007)
GDP growth (annual %)	-0.002	0.001
	(0.002)	(0.001)
Trade (% of GDP)	-0.000	-0.001*
	(0.001)	(0.000)
Oil rents (% of GDP)	-0.000	-0.003
	(0.002)	(0.002)
Foreign direct investment, net inflows (% of GDP)	-0.001*	-0.000
	(0.001)	(0.000)
Military expenditure (% of GDP)	0.002	-0.007
	(0.015)	(0.007)
Foreign reserves (months of imports)	-0.000	-0.000
	(0.003)	(0.001)
Interest payments on external debt (% of GNI)	0.016***	0.000
	(0.004)	(0.001)
IMF program	-0.002	-0.005
	(0.014)	(0.005)
Population, total	-0.000	-0.000
	(0.000)	(0.000)
Electoral democracy index	-0.073	0.037
	(0.140)	(0.073)
Observations	1,027	1,027
R-squared	0.068	0.021
Number of countries	70	70

OLS regression of whether a country has restructured its PC debts (Column 1) or Chinese debts (Column 2) on Chinese outstanding debts, along with a measure of whether the country has received emergency Chinese bailout lending, as well as a set of controls. Country fixed effects are suppressed for presentation, as are temporal cubic splines. Robust standard errors clustered by country in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table 19: Concerns over Free-Riding

VARIABLES	(1) PC (OLS)	(2) PC (IV)
Chinese debt (% total external debt)	-0.009**	-0.012**
	(0.004)	(0.006)
Chinese restructuring	0.005	0.029
	(0.022)	(0.035)
Chinese debt * Chinese restr.	0.017***	0.015**
	(0.006)	(0.006)
GDP per capita (current US$)	0.020***	-0.009**
	(0.005)	(0.004)
GDP growth (annual %)	-0.001	-0.003
	(0.002)	(0.002)
Trade (% of GDP)	-0.000	-0.000
	(0.001)	(0.000)
Oil rents (% of GDP)	-0.001	0.002
	(0.002)	(0.002)
Foreign direct investment, net inflows (% of GDP)	-0.001	-0.001*
	(0.001)	(0.001)
Military expenditure (% of GDP)	0.002	-0.005
	(0.014)	(0.005)
HIPC_Completion	-0.145***	-0.054**
	(0.026)	(0.024)
Foreign reserves (months of imports)	-0.001	-0.003**
	(0.003)	(0.001)
Interest payments on external debt (% of GNI)	0.015***	0.010***
	(0.004)	(0.003)
IMF program	0.004	0.018
	(0.014)	(0.014)
Population, total	0.000	-0.000*
	(0.000)	(0.000)
Electoral democracy index	-0.041	-0.029
	(0.138)	(0.045)
Presidential Election Held	-0.028*	-0.026
	(0.016)	(0.018)
Full controls	✓	✓
Observations	1,005	815
R-squared	0.096	0.054
Weak ID F stat		26.7
Hansen J stat		3.071

Columns 1 presents OLS regression of Paris Club restructuring on Chinese debt and its interaction with a Chinese restructuring in the year prior, as well as additional controls; Column 2 presents results from 2SLS regressions of Paris Club restructuring on Chinese debt, and its interaction with Chinese restructuring in the year prior, instrumented via Chinese foreign reserves and domestic production volumes of construction materials, both weighted by the share of years in which the country received Chinese development finance. Country fixed effects are suppressed for presentation, as are temporal cubic polynomials. Robust standard errors clustered by country in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table 20: Prior Restructuring

VARIABLES	(1) Paris	(2) Paris
Chinese debt (% total external debt)	-0.008***	-0.008***
	(0.003)	(0.003)
Chinese restructuring	0.030	
	(0.025)	
Chinese debt * Chinese restr.	0.020***	
	(0.005)	
Private restructuring		0.224
		(0.150)
Chinese debt * Private restr.		0.024
		(0.018)
GDP per capita (log)	0.001	0.004
	(0.034)	(0.034)
GDP growth (annual %)	-0.003*	-0.002
	(0.002)	(0.002)
Trade (% of GDP)	-0.000	-0.000
	(0.000)	(0.000)
Oil rents (% of GDP)	-0.002	-0.002
	(0.002)	(0.002)
Foreign direct investment, net inflows (% of GDP)	-0.003***	-0.003***
	(0.001)	(0.001)
Military expenditure (% of GDP)	-0.007	-0.007
	(0.009)	(0.009)
Observations	1,303	1,303
R-squared	0.060	0.061
Number of countries	87	87

OLS regressions of Paris Club restructuring on Chinese debt and its interaction with a dummy for restructuring of Chinese debts (Column 1) or private debts (Column 2) in the prior year, as well as additional controls. Country fixed effects are suppressed for presentation, as are temporal cubic splines. Robust standard errors clustered by country in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table 21: Chinese grants not associated with Paris Club restructuring

VARIABLES	(1) Paris	(2) Paris	(3) Paris
Chinese ODA (% GDP)	-0.333	-0.957	-2.951
	(1.190)	(3.365)	(4.839)
GDP per capita (current US$)		0.010***	0.016***
		(0.003)	(0.005)
GDP growth (annual %)		-0.003	-0.002
		(0.002)	(0.002)
Trade (% of GDP)		0.001	0.000
		(0.000)	(0.001)
Oil rents (% of GDP)		-0.002	-0.001
		(0.002)	(0.002)
Foreign direct investment, net inflows (% of GDP)		-0.002**	-0.001
		(0.001)	(0.001)
Military expenditure (% of GDP)		-0.009	-0.007
		(0.010)	(0.014)
HIPC Completion		-0.122***	-0.124***
		(0.015)	(0.023)
Foreign reserves (months of imports)			0.000
			(0.003)
Interest payments on external debt (% of GNI)			0.014***
			(0.003)
IMF program			-0.006
			(0.017)
Population, total			0.000
			(0.000)
Electoral democracy index			-0.029
			(0.097)
Presidential Election Held			-0.011
			(0.017)
Observations	2,008	1,490	1,030
R-squared	0.039	0.050	0.089
Number of countries	118	100	78

OLS regressions of Paris Club restructuring on a measure of Chinese ODA, as well as additional controls. Country fixed effects are suppressed for presentation, as are temporal cubic polynomials. Robust standard errors clustered by country in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table 22: Chinese Credit and Debt Crises

VARIABLES	(1) Debt crisis (OLS)	(2) Debt crisis (OLS)	(3) Debt crisis (IV)	(4) Debt crisis (IV)
Chinese debt (% total external debt)	-0.009	-0.017	-0.092***	-0.118***
	(0.009)	(0.011)	(0.018)	(0.026)
GDP per capita (current US$)	0.023**	0.022	0.033**	0.049***
	(0.011)	(0.018)	(0.014)	(0.017)
GDP growth (annual %)	-0.002	-0.002	0.001	0.000
	(0.003)	(0.003)	(0.003)	(0.004)
Trade (% of GDP)	0.002	0.001	0.001	0.001
	(0.001)	(0.001)	(0.001)	(0.001)
Oil rents (% of GDP)	-0.003	0.003	-0.008*	-0.006
	(0.004)	(0.003)	(0.004)	(0.004)
Foreign direct investment, net inflows (% of GDP)	0.002*	0.002	0.004***	0.006***
	(0.001)	(0.001)	(0.002)	(0.002)
Military expenditure (% of GDP)	-0.001	0.045	-0.016	-0.024
	(0.023)	(0.027)	(0.032)	(0.044)
HIPC Completion	0.100	0.028	0.082	-0.008
	(0.070)	(0.092)	(0.083)	(0.116)
Foreign reserves (months of imports)		-0.008		-0.000
		(0.008)		(0.011)
Interest payments on external debt (% of GNI)		0.009		0.008
		(0.008)		(0.008)
IMF program		0.017		0.027
		(0.035)		(0.047)
Population, total		0.000		0.000
		(0.000)		(0.000)
Electoral democracy index		-0.396		-0.654
		(0.249)		(0.426)
Presidential Election Held		-0.034**		-0.046*
		(0.015)		(0.024)
Observations	1,372	1,005	1,092	814
R-squared	0.207	0.260	0.001	-0.062
Number of countries	91	68	89	67
Weak ID F stat			56.1	29.7
Hansen J stat			1.559	2.077

Columns 1 and 2 present OLS regressions of debt crisis on Chinese debt, as well as additional controls; Columns 3 and 4 present results from 2SLS regressions of debt crisis on Chinese debt, instrumented via Chinese foreign reserves and domestic production volumes of construction materials, both weighted by the share of years in which the country received Chinese development finance. Country fixed effects are suppressed for presentation, as are temporal cubic polynomials. Robust standard errors clustered by country in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table 23: Geopolitics and restructuring, by creditor type

VARIABLES	(1) Paris restr.	(2) Private restr.	(3) China restr.
Chinese debt (% total external debt)	0.028***	0.006	0.005
	(0.009)	(0.010)	(0.013)
UN vote distance from US	-0.001	-0.006	-0.007
	(0.032)	(0.025)	(0.037)
Chinese debt x UN vote distance from US	-0.013***	-0.002	-0.001
	(0.004)	(0.003)	(0.004)
GDP per capita (log)	0.007	0.003	0.002
	(0.039)	(0.014)	(0.012)
GDP growth (annual %)	-0.002	-0.000	0.001
	(0.002)	(0.001)	(0.001)
Trade (% of GDP)	-0.000	-0.000	-0.001*
	(0.000)	(0.000)	(0.000)
Oil rents (% of GDP)	-0.001	0.004*	-0.003
	(0.002)	(0.002)	(0.002)
Foreign direct investment, net inflows (% of GDP)	-0.001	-0.001	-0.000
	(0.001)	(0.001)	(0.000)
Military expenditure (% of GDP)	0.002	0.005	-0.008
	(0.015)	(0.007)	(0.006)
Foreign reserves (months of imports)	-0.001	-0.002	-0.000
	(0.003)	(0.002)	(0.002)
Interest payments on external debt (% of GNI)	0.015***	0.016***	0.000
	(0.003)	(0.002)	(0.001)
IMF program	0.002	0.015*	-0.006
	(0.014)	(0.008)	(0.005)
Population, total	0.000	-0.000	-0.000
	(0.000)	(0.000)	(0.000)
Electoral democracy index	0.012	-0.032	0.040
	(0.140)	(0.033)	(0.069)
Controls	✓	✓	✓
Observations	1,026	1,026	1,026
R-squared	0.081	0.086	0.022
Number of countries	70	70	70

OLS regressions of Paris Club restructuring (Column 1), restructuring of privately held debt (Column 2) or restructuring of Chinese-held debt (Column 3) on debts owed to Chinese and its interaction with the distance between a country's own UN voting profile and UN votes by the US, along with a full battery of controls. Country fixed effects are suppressed for presentation, as are temporal cubic splines. Robust standard errors clustered by country in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table 24: Geopolitics, Chinese Debts, and Paris Club Restructuring

VARIABLES	(1) PC (OLS)	(2) PC (OLS)	(3) PC (IV)	(4) PC (IV)
Chinese debt (% total external debt)	0.024**	-0.013**	0.109***	-0.039**
	(0.011)	(0.005)	(0.032)	(0.017)
UN vote distance from US	0.002		-0.181***	-0.014
	(0.029)		(0.062)	(0.038)
Chinese debt * UN vote distance from US	-0.011**		-0.038***	
	(0.004)		(0.010)	
UN vote distance from China		0.005		0.261*
		(0.024)		(0.134)
Chinese debt * UN vote distance from China		0.007*		0.058**
		(0.004)		(0.029)
GDP per capita (current US$)	0.014***	0.017***	-0.007*	-0.007*
	(0.005)	(0.005)	(0.004)	(0.004)
GDP growth (annual %)	-0.002	-0.001	-0.002	-0.001
	(0.002)	(0.002)	(0.003)	(0.003)
Trade (% of GDP)	-0.000	-0.000	-0.000	-0.000
	(0.001)	(0.001)	(0.000)	(0.000)
Oil rents (% of GDP)	-0.001	-0.001	0.002	0.002
	(0.002)	(0.002)	(0.002)	(0.002)
Foreign direct investment, net inflows (% of GDP)	-0.000	-0.000	-0.001	-0.001
	(0.001)	(0.001)	(0.001)	(0.001)
Military expenditure (% of GDP)	0.005	0.004	-0.002	-0.003
	(0.014)	(0.014)	(0.005)	(0.005)
HIPC_Completion	-0.146***	-0.145***	-0.075***	-0.073**
	(0.026)	(0.025)	(0.026)	(0.030)
Foreign reserves (months of imports)	-0.001	-0.001	-0.008***	-0.004**
	(0.003)	(0.003)	(0.002)	(0.002)
Interest payments on external debt (% of GNI)	0.015***	0.015***	0.008	0.008*
	(0.004)	(0.004)	(0.005)	(0.004)
IMF program	0.005	0.005	0.024	0.031*
	(0.014)	(0.014)	(0.017)	(0.019)
Population, total	0.000	0.000	-0.000**	-0.000**
	(0.000)	(0.000)	(0.000)	(0.000)
Electoral democracy index	0.023	-0.004	0.042	0.007
	(0.140)	(0.131)	(0.053)	(0.051)
Presidential Election Held	-0.026*	-0.026*	-0.019	-0.019
	(0.016)	(0.015)	(0.019)	(0.020)
Full controls	✓	✓	✓	✓
Observations	1,004	1,004	814	814
R-squared	0.099	0.093	0.030	-0.032
Weak ID F stat			3.9	3.1
Hansen J stat			3.194	.445

Columns 1 and 2 report OLS regressions of Paris Club restructuring on Chinese debt and its interaction with the distance between a country's own UN voting profile and UN votes by the US (Column 1) or UN votes by China (Column 2), along with a full battery of controls. Columns 3 and 4 replicate this analysis using a 2SLS framework. Robust standard errors clustered by country in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table 25: 2SLS regression, First and Second Stage Results

	(1) Chinese debt	(2) Paris Club	(3) Chinese debt	(4) Paris Club	(5) Chinese debt	(6) Paris Club
Chinese reserves x p_{CHNi}	11.067***		7.714***		4.959***	
	(0.842)		(0.953)		(0.839)	
Chinese materials x p_{CHNi}	0.226		0.137		0.221	
	(0.145)		(0.181)		(0.176)	
Chinese debt (% total external debt)		-0.020***		-0.029***		-0.038***
		(0.006)		(0.010)		(0.014)
GDP per capita (current US$)			0.549***	0.017**	0.517***	0.026***
			(0.075)	(0.008)	(0.092)	(0.010)
GDP growth (annual %)			-0.019	-0.003	-0.016	-0.002
			(0.018)	(0.002)	(0.025)	(0.003)
Trade (% of GDP)			0.008	-0.000	0.005	-0.000
			(0.011)	(0.001)	(0.013)	(0.001)
Oil rents (% of GDP)			0.002	-0.005**	-0.038	-0.005
			(0.034)	(0.002)	(0.028)	(0.004)
Foreign direct investment, net inflows (% of GDP)			0.044***	-0.002	0.046***	-0.000
			(0.014)	(0.001)	(0.014)	(0.001)
Military expenditure (% of GDP)			0.001	-0.001	-0.542**	-0.004
			(0.299)	(0.009)	(0.248)	(0.020)
HIPC_Completion			-0.430	-0.161***	-0.737	-0.177***
			(0.650)	(0.024)	(0.943)	(0.042)
Foreign reserves (months of imports)					0.116	0.000
					(0.072)	(0.004)
Interest payments on external debt (% of GNI)					-0.062	0.014***
					(0.079)	(0.004)
IMF program					-0.100	-0.003
					(0.355)	(0.021)
Population, total					0.000***	0.000
					(0.000)	(0.000)
Electoral democracy index					-1.055	-0.077
					(3.338)	(0.207)
Presidential Election Held					0.105	-0.030
					(0.144)	(0.021)
Number of observations	1346	1346	1055	1055	814	814
Number of countries	99	99	85	85	67	67
Wald F stat		146.960		52.172		29.729
Hansen J stat		0.812		0.133		0.498

Table reports first stage results (in columns 1, 3, and 5) and second stage results (in columns 2, 4, and 6) from 2SLS regression of Paris Club restructuring on outstanding Chinese debts, instrumenting for Chinese debt using Chinese foreign reserves and Chinese commodity prices, plus additional controls. Robust standard errors clustered by country in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table 26: Controlling for Global Liquidity

VARIABLES	(1) PC (OLS)	(2) PC (OLS)	(3) PC (IV)	(4) PC (IV)
Chinese debt (% total external debt)	-0.008**	-0.009**	-0.030***	-0.038***
	(0.003)	(0.003)	(0.011)	(0.014)
10 year UST	-0.012	-0.014	-0.006	-0.015
	(0.013)	(0.015)	(0.012)	(0.015)
GDP per capita (current US$)	0.015***	0.020***	0.016***	0.019**
	(0.004)	(0.005)	(0.006)	(0.007)
GDP growth (annual %)	-0.003	-0.001	-0.003	-0.002
	(0.002)	(0.002)	(0.002)	(0.003)
Trade (% of GDP)	0.000	-0.000	-0.000	-0.000
	(0.000)	(0.001)	(0.001)	(0.001)
Oil rents (% of GDP)	-0.002	-0.001	-0.005**	-0.005
	(0.002)	(0.002)	(0.002)	(0.003)
Foreign direct investment, net inflows (% of GDP)	-0.002**	-0.001	-0.002*	-0.000
	(0.001)	(0.001)	(0.001)	(0.001)
Military expenditure (% of GDP)	-0.006	0.002	-0.000	-0.001
	(0.009)	(0.014)	(0.009)	(0.020)
HIPC_Completion	-0.136***	-0.145***	-0.162***	-0.174***
	(0.015)	(0.025)	(0.024)	(0.039)
Foreign reserves (months of imports)		-0.001		-0.000
		(0.003)		(0.004)
Interest payments on external debt (% of GNI)		0.016***		0.015***
		(0.004)		(0.004)
IMF program		0.002		-0.002
		(0.014)		(0.020)
Population, total		0.000		0.000
		(0.000)		(0.000)
Electoral democracy index		-0.035		-0.103
		(0.139)		(0.200)
Presidential Election Held		-0.027*		-0.029
		(0.016)		(0.022)
Observations	1,303	1,005	1,055	814
R-squared	0.074	0.095	0.043	0.041
Number of countries	87	68	85	67
Weak ID F stat			52.3	31.6
Hansen J stat			.095	.912

Columns 1 and 2 present OLS regressions of Paris Club restructuring on Chinese debt, as well interest rates on 10-year US Treasury bonds as a measure of global liquidity conditions, plus additional controls; Columns 3 and 4 present results from 2SLS regressions of Paris Club restructuring on Chinese debt, instrumented via Chinese foreign reserves and domestic production volumes of construction materials, both weighted by the share of years in which the country received Chinese development finance. Country fixed effects are suppressed for presentation, as are temporal cubic polynomials. Robust standard errors clustered by country in parentheses. *** p<0.01, ** p<0.05, * p<0.1