

# Introduction

There are now many studies that explore Africa–China/China–Africa relations. But research that explores bilateral relations of African countries with China are becoming increasingly important. This is because such research unpacks political, economic, and security issues. In addition, it attempts to facilitate the examination of African agency: leaders and elites, the state, and everyday people, which better inform the impacts of China’s engagement with Africa.<sup>1</sup> This book attempts to do that through exploration of China–Ethiopia relations. The topic was chosen because the China–Ethiopia relationship is unique in Africa. It is well known that China has relations with many African countries, but especially with resource-rich nations such as Angola, the Democratic Republic of the Congo, Nigeria, South Africa, Zambia as it marches forward in its modernization objectives with ambitions to become a global power. But Ethiopia, which has very good relations with China, does not offer such vast resources. Ethiopia is a developing nation where 80% of its total population, now 100,000 million people, are agrarian.

Thus China’s interest in Ethiopia is not based on economics, although Ethiopia’s large population offers a good market; it is mainly political. This is because Ethiopia offers China (a) Ethiopia’s “political resources,” which are the African Union (a gleaming complex rebuilt by China at a cost of \$200 million) and the UN Economic Commission for Africa (the African Standby Force headquarters are located in Addis Ababa); (b) Ethiopia’s geostrategic position in the Horn of Africa and influence in political and economic organizations, such as the Intergovernmental Authority for Development (IGAD) located in Djibouti; (c) the high volume of African security issues in the Greater Horn of Africa and throughout the continent, which interests China as it gets “blue helmeted” and deepens its engagement in UN peacekeeping operations.

In brief, Ethiopia indirectly provides China access to African elites who serve in various corridors of political and economic power on the continent. Ethiopia's interest in China is straightforward: it needs capital and technology in order to deepen its modernization, and China supplies both. Ethiopia is also interested in China's "know-how," its ability to feed its population, and the lifting of millions of its citizens out of poverty. A corollary mutual factor that has influenced China–Ethiopia relations is Beijing's partnership with Chinese corporations to collaborate in its agenda of "going out" into the world, or *Zhūchūqū Zhànlüè*

This policy also resulted in Chinese capital moving into Ethiopia and coinciding with its Growth and Transformation Plan (GTP). The plan was attractive to China because it became engaged in financing and building large projects in Ethiopia, such as roads, rail, industrial parks, and other infrastructure projects.

In introducing China–Ethiopia relations, it is important to explore the issue of Ethiopian agency. Too often, in the study of China and Africa, the former is seen as the driving force, with very little recognition given to the role of individual actors, sectors, or other entities beyond the level of state elites.<sup>2</sup> In fact, some scholars even entertain the notion of "state capture" by China due to the preponderance of its economic might vis-à-vis African nations.<sup>3</sup> However, a word of caution is in order. Such a view, while recognizing relations between Chinese and African state actors, gives much power to the former and is weak as an explanation of the relationship.<sup>4</sup> The fact is, African relations with China are different from state to state. Clearly, as stated above, China–Ethiopia relations are different. Ethiopian state leaders are rational actors in their calculations based on the national interest.

Such was the case of the former Ethiopian prime minister Meles Zenawi, who ushered in contemporary Ethiopian–Chinese relations in the early 1990s that focused on Ethiopia's economic development by eschewing a neoliberal economy and traditional bilateral donors, such as the World Bank and the International Monetary Fund, as well as political and economic conditionalities.<sup>5</sup> Ethiopian leaders of the period created an autonomous hard state, albeit in the form of a federal republic controlled by the Ethiopian People's Revolutionary Democratic Front (EPRDF)—a coalition of regional national/ethnic groups that defeated the military regime in 1991—and with loans and financing from China implemented the agriculture-led industrialization policy. Nevertheless, the ability of Ethiopian state actors—or African countries, for that matter—to negotiate

well with Chinese actors was not and is not equal, nor can it be, given the weakness of Africa institutions. The facts remain that China, as a rising power, defines the terms of engagement, and discussions revolve around its plans and strategies.

## China and Ethiopia: Analytical Framework

Although China has a long history of involvement with Ethiopia—diplomatic relations were established in 1970—enhanced Chinese–Ethiopian relations did not begin until the EPRDF assumed political power in 1991. The impetus for the closer relationship came about when the Ethiopian Government wanted to recalibrate its relations with the West and readjust its foreign policy with Russia and China. In 1995, Prime Minister Zenawi visited China, and subsequently the Chinese president, Jiang Zemin, stopped in Addis Ababa as part of an extensive tour of Africa. These visits culminated in the signing of a trade, economic, and technical cooperation agreement between the two nations. In the agreement, China bestowed on Ethiopia most-favored-nation status, and Addis Ababa was chosen to host the first Forum on China–Africa Cooperation (FOCAC), in 2000. Since then, China has been actively engaged in Ethiopia’s economic development, offering loans and skilled manpower and helping to build highly visible infrastructure, roads, and railway systems in Addis Ababa and elsewhere. In short, for Ethiopia, China’s rapprochement with Africa coincided with the efforts of the ruling party in implementing its Growth and Transformation Plan (GTP), which was part and parcel of its agriculture-led industrial development strategy for transforming the ancient polity.<sup>6</sup>

This study is a mid-level analysis of China–Ethiopia relations and addresses a number of questions. First, what are China’s interests in Ethiopia? Is there a hierarchy of interests, with some greater than others? What are China’s short-term and long-term objectives? China’s interest is related to economy, security—particularly energy, and diplomacy. In terms of hierarchy, in the long term, China is primarily interested in Ethiopia because of security in terms of resources in the Greater Horn of Africa region, which includes Djibouti, Eritrea, Ethiopia, Kenya, Somalia, Sudan, South Sudan, Uganda, and, just across the Red Sea, Yemen. Ethiopia, a nation of 90 million people, is located in an unstable region. That is, the region is diverse and the problems of the different

nations are interlinked; events in one country affects others, and the problems of one nation can be solved only with the involvement of others. As a consequence, for any of the nations, social, economic, and political development can be achieved only in a climate of enhanced security and stability for all. At the same time, the Horn of Africa is an important geostrategic region located just across the oil fields of the Middle East, where there has always been great power rivalry and where there is now the emergence of regional powers such as Saudi Arabia and, to an extent, Qatar.

However, it is widely believed that Ethiopia and some nations in the Horn of Africa are on the verge of an oil-driven economic revolution. This is because the hydrocarbon potential in the Horn of Africa includes yet-to-be-commercialized gas, as well as oil prospects in the early stages of investigation in Ethiopia and potential oil resources offshore from Somalia. In addition, oil resources in Uganda, Kenya, and South Sudan and emerging fossil hydrocarbon potential have piqued the interest not only of China but also of global and national companies that are building pipelines and port facilities in the Greater Horn of Africa region.<sup>7</sup>

In addition, the Chinese are interested in Ethiopia because it is an important player in the Horn of Africa. As a member of IGAD, it has been engaged in helping reconstruct the failed state of Somalia and has played a major role in helping achieve a fragile peace between warring elites of South Sudan, where China has a significant oil investment. Ethiopia's capital, Addis Ababa, is home to the headquarters of the African Union, built by China to the tune of \$200 million and an important political institution on the continent. It is also the primary location of other important international organization such as the African Standby Force and the United Nations Commission for Africa. In brief, Ethiopia offers China an entry point in terms of its immediate long-term objectives of diplomacy with African nations.

A second set of questions includes how China leverages its relations with Ethiopia to secure its interests in the Horn of Africa region and environs. Does China have long-term interest objectives? If so, are some countries more important to China than others? The answers to some of these questions are significant because China has also forged military relations with Ethiopia. It has a military attaché in its embassy in Ethiopia, the first in sub-Saharan Africa. China supports the mediation efforts of IGAD in South Sudan, in which Ethiopia is a significant player. At the same time, as a permanent member of the UN Security

Council, China has begun to dispatch its blue-helmeted UN troops to troubled places such as Darfur, Western Sahara, Mali, and South Sudan in order to provide peace and security.<sup>8</sup> These interactions of China with African nations have created ideal conditions for developing its military presence overseas, which is essential in safeguarding its global investments, undergirded by its professed policy of nonalignment, respect for international boundaries, and noninterference in other countries' internal affairs.

In the Greater Horn of Africa and environs, there are now great political tensions as nations reassert their security interests. The Nile River and Ethiopia's construction of its hydroelectric project, the Great Renaissance Dam, are bones of contention that may be leading Cairo to secure the partnership of Eritrea and Somalia to secure its interests in the region. In the past, Egypt and Ethiopia backed rival forces in Somalia, prolonging Somalia's civil war. In addition, since 2015, Saudi Arabia has begun to project its power and its influence in the Greater Horn of Africa with its intervention in Yemen to crush the Iranian-backed Houthi rebels. It has also begun to build a coalition of combat units from Egypt, Sudan, and Eritrea to secure the entire African shore of the Red Sea.

It is in this complex and volatile area that China has established interim technical service stops in Oman and Sudan and has also entered an agreement to establish either a military base or a facility in Djibouti, a strategic chokepoint at the narrow strait of Bab el-Mandeb in the Red Sea.<sup>9</sup> But there are others who have established a foothold in the Red Sea littoral—including Turkey in Suakin Island, Sudan; Qatar in Eritrea; UAR in Somalia and Somaliland—while India and Russia are also exploring relations with countries in the region.<sup>10</sup>

According to a white paper produced by the Chinese government, China viewed the military base as necessary to protect its national interests:

Its national security is more vulnerable to international and regional turmoil, terrorism, piracy, serious natural disasters and epidemics, and the security of overseas interests concerning energy and resources, strategic sea lines of communication (SLOCs), as well as institutions, personnel and assets abroad, has become an imminent issue.<sup>11</sup>

A final set of questions in the research concerns what obstacles China encounters in the pursuit of its national interests. Is there rivalry

between China and big powers in the Greater Horn of Africa region? If so, how is China engaged in overcoming these obstacles? Is it seeking alliances in the short term? If so, with which nations in the region? The great powers are present in the Horn of Africa and its environs. The United States recently renewed its lease on Camp Lemonnier, a naval expeditionary base, for another ten years. It is using the base not only to combat terrorism in the region but also as a satellite center to monitor developments in the Middle East in which it has a national interest. France also has a military presence in Djibouti, and Japan's self-defense forces have a base for anti-piracy operations, which is expected to be bolstered to include the dispatch of patrol aircraft and the rescue of Japanese civilians in Middle East emergencies. China's presence in Djibouti is ostensibly explained by the rationale of combatting piracy, but clearly there is now a great power rivalry for control of the Red Sea shipping lanes and influence in the Greater Horn of Africa region. Ethiopia is important to China because it has the ability to project its power and influence neighbors, such as Somalia and especially South Sudan, in which China has substantial investments in oil.

Finally, China's cooperation with Ethiopia differs fundamentally from Western types of relations and is multilayered. First, the traditional relationships of Ethiopia with the industrialized nations are North to South whereas China's relationships are South to South, allowing for a two-way approach and, at least in theory, the relationships are seen by China as "win-win." Second, China's development assistance to Ethiopia, ranging from infrastructure construction to development loans, comes with no official conditionality, perhaps a legacy of its own experiences and ideology of equity. Third, relations between China and Ethiopia are bilateral, with FOCAC serving as a multilateral forum for engagement in areas related to economic, diplomatic, and social agendas. The importance of the forum was underlined by a white paper released by the Chinese state in 2006 that set forth its long-term strategic plan for deepening and increasing cooperation and consultation with African countries.

Nevertheless, China's relationship with Ethiopia is asymmetric, and for now China needs Ethiopia because it is an anchor state in the Horn of Africa, it has a strong and battle-hardened military, and it offers political stability and a large market—Ethiopia's population is expected to be 170 million by 2050. Ethiopia is one of the few nations in Africa that is on track to achieve many of the Millennium Development Goal targets set by the UN. Since 2004, Ethiopia's economy has grown by an

unprecedented average of 10% a year and is expected to grow by 6.5% in the period 2016–2020.<sup>12</sup> For Ethiopian leaders, China is a model of a late industrializer practicing a socialist market economy, from which Ethiopia wants to learn. As a result, there have been significant exchanges of experts, scholars, and military professionals between the two countries. Courses in Cantonese and Mandarin are offered at universities in Ethiopia, and Amharic and other Ethiopian languages are taught at Chinese universities.

China's relationship with Ethiopia is not based, as one scholar claimed, on "authoritarian affinities,"<sup>13</sup> but rather on strategic pragmatism. After all, China has also formed relationships with other African nations that are not authoritarian, such as Botswana, Mauritius, and Tanzania, and also, for that matter, with Mexico and Australia. But then again, the United States also has a good relationship with Ethiopia because it considers the African country a strong security partner; the two nations collaborate on issues of counterterrorism and regional conflicts in Sudan and South Sudan, and U.S. drones patrol East Africa, especially Somalia. However, U.S. policy against counterterrorism in the Horn of Africa is being quickly eclipsed by the presence of China in the Red Sea littoral, including the Chinese military base in Djibouti. While the United States has a base in Djibouti, Camp Lemonnier, others such as Turkey and Qatar have military bases in Sudan and Eritrea, with Russia and India exploring the possibilities of an anchor in the area. The recent overture by Arab states and renewed interest by the United States in 2019 demonstrated by significant loans and investment is indicative of the importance of Ethiopia in the Horn of Africa.

## China and Africa: An Overview

Africa–China relations have been a source of both hope and anxiety on the African continent. The hope is that China, in the spirit of the long history of African solidarity, could offer the continent a new and truly genuine partnership that would increase the prospects that the continent will achieve its developmental aspirations. However, there are anxieties about the possibility that China may end up conducting itself like Africa's traditional partners, who have been focused more on their own interests than those of Africa. Indeed, it is difficult to predict how China will use its newfound power and influence.

It is important to point out that China has viewed Africa since 1949 through a strong ideological lens.<sup>14</sup> This was because “the earliest independent African states (Egypt, Ethiopia, Liberia and South Africa, were pro-western at that time . . . with Ethiopia and South Africa even participating in the UN military operations in Korea to fight Chinese-backed forces in 1950–54.”<sup>15</sup> China was not a member of the UN and Taiwan claimed it was the legitimate representative of the Chinese people. When Beijing launched the “five principles of peaceful coexistence,” it began to court newly independent African countries, which it considered natural allies. During the period of the struggle for African independence, China offered military, intelligence, weapons, and training to freedom fighters ranging from Algeria to Namibia to South Africa. China’s policy appealed to many African nationalists. During these heady years of good Sino-African relations, China also offered direct economic assistance in the form of low-interest loans for public projects. The most important of these was the Tanzania–Zambia Railroad Project (TAZARA).<sup>16</sup> The close relations in the 1950s stand in marked contrast to China’s marginalization of Africa in the 1980s, when during the reforms of Deng Xiaoping, Africa was “seen as largely irrelevant . . . [as China was focused] firmly towards Japan and the United States.”<sup>17</sup> During this period, China viewed the roots of Africa’s economic crisis during the so-called “lost decade” as internal and blamed some African leaders for their uncritical embrace of socialism.<sup>18</sup> A major change came in 1989, when China under Jiang Zemin (1989–2002) separated foreign policy from ideology.

In the post-Tiananmen period, China, facing severe criticism from the West for its violations of human rights, underwent a major shift in its foreign policy. It openly began courting African nations, as some African leaders were in support of the Chinese state quelling the “counterrevolution.” The support emanated from the principled stand that China and Africa faced twin enemies, imperialism and neo-imperialism, and that the call by the West for greater attention to human rights in China was an attempt to derail Chinese modernization and industrialization.<sup>19</sup> Subsequently, under the leadership of Hu Jintao (2002–2012), China began the process of improving its national security by emphasizing its responsible role in the international system and expanding its soft power globally.<sup>20</sup>

Thus, after Tiananmen, Beijing started a diplomatic and economic assistance offensive, first to reward African nations that had stood by



China and later to court the remaining countries. This effort enabled China to be influential in international organizations and to resist Western hegemony during the last days of the cold war.<sup>21</sup> Since that time, China has rapidly increased its aid to Africa, cancelled many debts, and seen a boom in China–Africa trade, with a strategic Chinese focus on oil.<sup>22</sup> China has become Africa’s second biggest trading partner, after the United States. China has presented African nations with an attractive alternative to conditional Western aid and gained valuable diplomatic support as it has defined its international interests. This is because China has put great effort into building an overall positive image through the notion of “South–South” relations and the promotion of a “win-win” strategy based on mutual economic gain.

However, as one scholar noted, China’s investment—which in most instances is a combination of loans, investment, and aid—in some African countries has been attractive because it does not embed pressures on African leaders to reform and strengthen participatory democracy, good governance, and human rights; rather, it emphasizes the principles of sovereignty in states’ internal affairs, a concept that has undergirded self-perceptions of African political elites since decolonization.<sup>23</sup> A secondary attraction may be that Chinese development assistance is implemented faster and more efficiently than aid from the West because “the multilateral aid platform has become increasingly dysfunctional and uncoordinated, leading to wide frustration among recipient countries.”<sup>24</sup> The question of whose aid is better is complex because aid means many things to different groups, with historical, political, economic, and cultural underpinnings.

China’s role as an emerging donor in Africa has polarized actors within the developmental regime, and some have criticized China’s “productivist” approach as “driven less by notions of citizenship and social rights and more in terms of accumulation functions while others welcome it as an opportunity to explore new ideas about social development.”<sup>25</sup> In any case, China’s influence is growing in Africa and raising the possibility of the emergence of its “soft power.” Such a concept, of course, is descriptive rather than normative, and at times is not fully under the control of the state and may not, in some instances, deliver desirable outcomes.<sup>26</sup> But some Chinese scholars interpret the concept to mean more than cultural and ideological attractiveness, arguing that the main source of Beijing’s soft power in Africa is the model of Chinese development combined with multilateral diplomacy and overseas assistance

programs.<sup>27</sup> But the nature of such assistance in Africa, discussed in the Ethiopian case study in subsequent chapters, and “tied loans,” which involve Chinese corporations and workers tied to African projects, has been found to be problematic.

The significance of China–Africa relationships was underscored in 1996, when President Jiang Zemin toured Africa, leading to the establishment in 2000 of FOCAC, which has become an important framework for a new type of China–Africa partnership. This platform was in turn strengthened by the Beijing Declaration, which pledged to promote the common development of China and Africa and to vigorously promote cooperation in many areas, including economics, trade, finance, agriculture, public health, science and technology, culture, education, transportation, environment, and tourism. FOCAC is a major coming-out effort by China, aimed at building mutually beneficial trade, economic, development, and political relations with Africa based on principles of “South–South” cooperation, and as a result China is making a bigger impact in Africa in terms of economic growth.

The January 2006 white paper “China’s African Policy” defined China’s political and economic agenda in Africa. It established the one-China principle as the political foundation for China’s relations with African nations and regional organizations. Since its establishment, FOCAC has held seven ministerial summits: in 2000, in Beijing; in 2003, in Addis Ababa; in 2006, in Beijing; in 2009, in Sharm el-Sheikh Egypt; in 2013, in Lusaka, Zambia; in 2014, in Beijing; and in 2015, in Johannesburg. The Beijing Declaration, signed by China and 44 African states, is a founding document of FOCAC. Its aim is to favor the emergence of a new, just, and equitable political and economic world order in which developing countries have more effective participation in the international process of decision-making.

China’s image in Africa, once viewed with suspicion, is now changing. Indeed, Chinese competition in farming, retail, and petty trade is significant, and some nations such as Malawi, Tanzania, Uganda, and Zambia have set new rules that restrict the industries or areas in which Chinese can operate; however, an increasing number of Africans say that Chinese create jobs.<sup>28</sup> The deepening ties between China and Africa have led some scholars to express concern over whether China is a competitor, a development partner, or an emerging hegemon.<sup>29</sup> Some claim that China is not genuinely interested in Africa for its develop-

ment so much as for its raw materials, and its sojourners and settlers in Africa are the vanguard of a new imperialism.<sup>30</sup> Others are cautious and dismiss the “voracious dragon” and the “scramble for Africa” paradigms; taking a middle ground, they claim that China–Africa relations are merely driven by the self-interests of all parties.<sup>31</sup> The answer may be that Chinese involvement on the continent can be understood only by exploring the range of economic, diplomatic, and security rationales as well as the response of African elites to China’s entreaties.<sup>32</sup>

In terms of economic rationale, China needs African markets for its exports. Africa imports manufacturing products from China and, since 2004, sub-Saharan Africa has recorded growth “in the 5–6 percent range, making the region an increasingly attractive market for investment and consumer goods.”<sup>33</sup> In addition, the increase in trade and capital flows between China and Africa may also have to do with China’s membership in the WTO and with trade liberalization. Also, regional free trade arrangements in Africa have enabled Chinese traders and investors to exploit economies of scale.

A secondary reason for the growing role of China in Africa is Africa’s demand for infrastructure. It is an established fact that two of the major challenges in Africa are transportation and energy bottlenecks, which stifle productivity and growth. Sub-Saharan Africa has the world’s least sufficient infrastructure—roads, rail links, bridges, harbors, and airports—translating to poor economic efficiencies.<sup>34</sup> It is widely recognized that poor infrastructure hinders agricultural performance, inhibits diversification of exports, and inhibits moving up the value chain to achieve economic growth.<sup>35</sup> Meeting the continental demand for improved infrastructure requires financing and technical expertise, both of which are lacking by and large in Africa, and the demand has been beneficial for China, especially in light of the minuscule amount of aid in this sector from traditional donors.

Chinese involvement in Africa is a mixture of economic assistance, investment, debt relief, and expanding markets, and Beijing is often perceived as dominating these relationships. This is because the Chinese government has created policy banks to facilitate its foreign economic activities, such as the Chinese Development Bank, the China Export-Import (Exim) Bank, and the China Agriculture Development Bank. These entities facilitate “tied” commercial investments and foreign aid. That is, these banks play a major role in selecting and supporting certain Chinese

firms based on long-term strategy which is not “very different from the other Asian economies, Japan, Korea and Chinese Taiwan, which also used development finance to support certain strategic industries.”<sup>36</sup>

It is this type of “industrial aid” to Africa that China refers to as a “win-win.” China considers this aid a win for both parties because it has enabled several industries in China to mature while helping the industrial sector in Africa, which has long been neglected as most Western foreign aid focused on the social sector. It was this industrialization of Africa as an arena of investment that interested China because it wanted to shift abroad some of its industries that had matured, and Africa in many ways was an ideal partner, given China’s relations with the continent since Bandung in 1955, the site of the first large-scale conference of Asian and African nations, most of which were newly independent, which took place from April 18 to 24, in Indonesia. This, however, does not mean the interests of the political and business leaders of China necessarily coincide in terms of the grand strategy in Africa. As scholars have pointed out, while the bureaucrats in Beijing are tasked with advancing China’s national interests and creating a positive image of China, the objectives of Chinese corporations, in pursuit of returns on investment, may result in different outcomes.<sup>37</sup>

In any case, the China–Africa “win-win” scenario has been a cause of concern. As one scholar noted, “The policy of a win-win outcome may be undercut by the fact that although African leaders have openly welcomed Beijing’s courtship, they have been slow to formulate strategies that will ensure that Africa and Africans benefit from the unfolding partnerships.”<sup>38</sup> In addition, China’s multifaceted relationship with African elites has raised the question of African agency, which until recently had not been considered. In other words, China’s renewed interest and engagement in Africa was the main driving force behind its activities, and no recognition was given to African actors. That is, most studies focus on relations between Chinese and African state actors, resulting in crediting China with much of the power compared to Africa.<sup>39</sup> But recently scholars have noted that while it is true there is an interaction between Chinese and African state elites, there have also been examples of African agency, particularly in Angola, Nigeria, and Ghana.<sup>40</sup>

One important plank of China’s increasing role in Africa is its approach to financing, which is very different from that of multilateral and bilateral institutions. Instead of undertaking whole projects, as it did in the 1960s, China now separates social services and business develop-

ment projects, using aid to facilitate investments. While it does finance public goods and social services, it aids other projects that are supposed to generate revenue by providing trade credit and commercial loans through its Exim Bank, linked to output of the project, thereby aligning debt financing with repayment capacity. In other words, “China’s official financing in Africa aligns debt financing of commercial projects using aid to leverage finance from nongovernment sources, and focus(es) on capital expenditure and development of the productive sectors,”<sup>41</sup> which explains the mix of Chinese investments in Africa.

While Chinese investments in Africa facilitate development, the biggest criticism regarding China’s presence in Africa is that in its quest for resources it turns a blind eye to human rights abuses. China’s noninterference policy derives from its five principles of peaceful coexistence: mutual respect for sovereignty and territorial integrity, mutual nonaggression, noninterference in others’ internal affairs, equality and mutual benefit, and peaceful coexistence as set down by Premier Zhou Enlai at the Bandung Peace Conference in 1955.<sup>42</sup> While this policy is championed by some African leaders looking for economic growth without political preconditions, China for its part has not undermined democratic institutions or conventions and continues to work with both authoritarian and nonauthoritarian regimes. China has also not taken sides with warring factions nor stoked armed conflict, but has on occasion played peacemaker out of self-interest, such as in the South Sudan crisis.

There is also the optimistic view that looks at China–Africa relations as win-win. One positive view is that the dependence of African countries on Chinese capital goods may lead to economic growth, particularly in the form of technology transfers, provided that African countries undertake trade liberalization, which is critical in attracting Chinese capital on a nonpreferential basis, and that the policy also include openness, political stability, and good fiscal policy.<sup>43</sup> A similar view, with a caveat, claims that in any type of trade both positive and negative effects exist, and it is up to African leaders to mitigate the negative effect.<sup>44</sup>

In a similar vein, some argue that trade with China diversifies the economy of African countries and offers the possibility of a developmental state focused on reducing both urban and rural poverty.<sup>45</sup> But this argument is weak; economic transformation depends on many variables—not just trade—including the consensus and commitment of elites to the development agenda, the ideology of development, the institutions that can be used, and bureaucratic capacity, just to mention a few. Some

scholars are blunt in their assessment of China–Africa relations, viewing the rise of Asian economies and the restructuring of the global order as a unique opportunity for Africa. They caution that the dependency theory of the past is outmoded, lacking explanatory power in today’s global economy, and that the emerging global order of the 21st century offers many possibilities.<sup>46</sup>

Finally, there are scholars who eschew the pessimistic and/or new colonialism thesis of China–Africa relations and simply argue that the interactions are the inevitable result of globalization and processes to which Africa must respond because it has no choice.<sup>47</sup> Such a view underlines the fact that Chinese companies are no different from their Western counterparts; they use the same market-driven model advocated by the West, and their motivations are no different from those of Western corporations in Africa—namely, the extraction of resources and receipt of a return on investments.<sup>48</sup> Thus, while Chinese private investment in Africa is market-driven, it is highly competitive within China and exhibits a strong spirit of entrepreneurship; on the whole, the relationship involves a historical evolution and one should also focus on how Chinese direct investment is linked to economic cooperation.<sup>49</sup>

What has been missing in the above discussions, arguments, and explanations regarding China–African relations is that Africa sees China as the driving force with very little recognition given to the role of African agency beyond the level of state elites.<sup>50</sup> In fact, some scholars even entertain the notion of “state capture” by China due to the preponderance of its economic might vis-à-vis African nations.<sup>51</sup> However, others caution that such a view, while recognizing relations between Chinese and African state actors, gives too much power to the former and is weak as an explanation of the relations.<sup>52</sup> Their argument is that African relations with China are different from state to state, that African state elites are rational actors and in some instances have managed to create “a hybrid set of institutions to broker Chinese investment projects . . . and that social actors have influenced and derived benefits of Chinese migrants” in some African nations.<sup>53</sup> While the form and content of negotiations between China and Ethiopia warrants more research, in general, the ability of African state actors to negotiate with Chinese actors is not even. This is because African politics and institutions across the continent are weak, giving China the upper hand as a rising power. As a result, China defines the terms of engagement and discussions revolve around its plans and strategies.

## Methodology

This book is the result of field research in Addis Ababa, Ethiopia and its environs over a period of three years (2015–2018.) It is based on primary sources from the archives of the Investment Commission, the Ministry of Trade, and the Ministry of Finance and Economic Cooperation of the Federal Democratic Republic of Ethiopia, and interviews of officials in the above institutions. In addition, information and data from various officials and project analysts in Ethiopia's regional states were collected. Archival documents are used in this study from various government ministries in Ethiopia, as well as secondary sources from William Paterson University and other institutions in the US including insights gathered from various colleagues at international conferences who are scholars of Chinese in Africa/Africans in China Research Network

## Structure of the Book

The introduction includes an analytical framework of relations between China and Ethiopia. Chapter 1 deals with Chinese–Ethiopian relations from the 1960s to the 1990s and the end of the Cold War. It describes the complex relations of Ethiopia with the great power rivalry in the Horn of Africa, China's role in the rivalry, and eventual establishment of diplomatic relations with Ethiopia. It traces the difficult relationship between China and Ethiopia during the period of military rule in Ethiopia (1974–1991), when the left-leaning military regime allied with the Soviet Union, straining Chinese–Ethiopian relations. Finally, the chapter discusses the beginning of a new relationship between China and the Federal Democratic Republic of Ethiopia, leading China to become a major player in Ethiopia's GTP, active in the building of infrastructure, electric power, and telecommunications and the realities that activity involves.

Chapter 2 focuses on contemporary Chinese–Ethiopian relations. It explores Chinese security interests in Ethiopia and in the Greater Horn of Africa. It discusses the importance of Ethiopia in the geopolitics of the region; explains why Ethiopia is important to China in light of its agreement to establish a military base/facility in Djibouti, located at the chokepoint of the Red Sea shipping lane of the strait of Bab el-Mandeb; and details the implications of the big power rivalry. This chapter also

discusses Chinese diplomatic interests in Ethiopia, where the African Union and other important African and international organizations are located.

Chapter 3 is devoted to an analysis of Chinese–Ethiopian economic relations. It provides an overview of the nature of these relations and discusses whether the relations, which some have described as South–South, are likely to have a “win-win” outcome compared to outcomes with Ethiopia’s traditional development partners.<sup>54</sup> It then explores the nature of Chinese investments in Ethiopia—investment volume, manufacturing sectors in certain industries, special economic zones (SEZs)—and examines what attracts Chinese companies to invest in Ethiopia. The chapter also explores Ethiopia’s interest in China as a potential model of modernization. The discussion addresses the appropriateness of the Chinese model of economic development for Ethiopia and whether aspects of the model are transferable.

Chapter 4 investigates China–Ethiopia strategic partnerships. It begins by analyzing strategic elements in China–Ethiopia relations. It argues that China is interested in Ethiopia because it offers political resources. Addis Ababa is an African capital and the headquarters of many international organizations; the text details why these facts are important to China. It discusses how China–Ethiopia cooperation is different from traditional relations with the global North, which are based on dependency. The chapter discusses Chinese foreign assistance to Ethiopia. It explores the types and forms of assistance and why it is different from that of traditional donors. Finally, the chapter examines Chinese and Ethiopian interests in the Horn of Africa, showing how they overlap.

Chapter 5 explores Ethiopia and China’s Belt and Road Initiative by discussing the role of China in building the Addis Ababa–Djibouti Railway as the first leg of the BRI in the Horn and Eastern Africa. It outlines Ethiopia’s economic development plan and potential for regional integration with Horn and Eastern African nations as China embarks to connect it via Djibouti to the Lamu port in Kenya and on to Bagamoyo in Tanzania, then via the TAZAR to Zambia and South Africa.

Chapter 6 is the concluding chapter. It summarizes the main arguments and findings. It provides an overview of information discovered in China–Ethiopia relations as well as areas for further development and research.