

DISSERTATION

Titel der Dissertation

China's Pragmatic Presence in Africa: Ethiopia as a
Case for the China-Africa Debate

Verfasser

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angestrebter akademischer Grad

Doktor der Philosophie (Dr. phil.)

Wien, im October 2013

Studienkennzahl lt. Studienblatt: A 092 300

Dissertationsgebiet lt. Studienblatt: 300 Politikwissenschaft

Betreuer: Ao. Univ.-Prof. Dr. Hans-George Heinrich

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Acknowledgements

First, I wish to express my best appreciation to my supervisor Prof. Dr. Hans-George Heinrich for the invaluable guidance, support and contribution he made to this research. His fast-tracked observance and constructive comments had leveraging effects for this work. He had always been responding to my queries and needs of all types positively and with appropriate span of time. He never gave me any negative response nor spent time on unrelated agendas other than directly dealing with the issues that matter to me. His immediate response in times of my frustrations had always remained in my heart. I was also deeply indebted to my second reviewer Prof. Silvia Mihalikova for her support, guidance, constructive contributions, including her approachable personality. I would also like to thank Dr. Martin Hansen for his pioneer inspirations, support and encouragement to start and get-into the research area of international relations in general and to the Ethio-China relations in particular.

Contributions from my family and friends had been undisputed. The prayers from my mother Sewasew Birhanu and my late father Azmeraw Bekele in heaven, to whom I dedicated this thesis, have always been the basis for my successes. My heartfelt gratitude went to my wife, Banchamlak Getachew (Yididya), for her courage, support and unreserved commitment that enabled me to move forward as well as taking the responsibility of caring for our little princesses Elshaday and Asteria in particular. Yidye had been a fulcrum that upheld all my intent, effort and commitment to go through this program without which this work would never be a success. Lala and Mansha had also been painfully contributed to this work in the sense that I used the time that should have been accorded to them to do the research. My mother-in-law Mrs. Kassanesh Mekonnen had given me her courage to keep up with this work. She has got my special indebtedness for bridging the gaps created as a result of my absence through caring for my kids.

My last and best gratitude goes to my friends in Vienna who had both direct and indirect contribution. My first appreciation went to my dependable friends, Meseret Enjeta and Gashawbeza Abebe, who had been consistently sharing my loneliness and stood with me to solve the challenges I faced in the course of my stay. Both of them were consistently giving me the psychological and social support through sharing their precious time, and were in-touch with me with all communications mechanisms, provide advices, made visits and above all, their concerns to my wellbeing. Last but not least, my best thankfulness goes to Claudia and Monika. Both had filled my critical gap through translation. Claudia's impressive and incredible commitment, professionalism and dedication will remain in my heart. Monika, on the other hand, while having a very busy schedule for herself, gave me the priority and made a contribution. I appreciate both from the bottom of my heart.

List of Abbreviations

AACI	Addis Ababa Confucius Institute
ADS	Approved Destination' Status
AGOA	African Growth and Opportunity Act
AU	African Union
BRICS	Brazil, Russia, India, China South Africa
CABC	China-Africa Business Conference
CADF	China-Africa Development Fund
CAJCIC	China-Africa Joint Chamber of Industry and Commerce
CBRC	China's Road and Bridge Corporator
CCPIT	China Council for the Promotion of International Trade
CFDI	China's Foreign Direct Investment
CITCC	Chinese International Telecommunication Construction Corporation
CI	Confucius Institutes
CPC	Communist Party of China
CRS	Congressional Research Service
CUD	Coalition for Unity and Democracy
DCs	Developing Countries
DFID	Department for International Development
DS	Developmental State
EBDSN	Ethiopian Business Development Services Network
ECA	Economic Commission on Africa
ECPC	Ethio-China Polytechnic College
EIA	Ethiopian Investment Agency
EPRDF	Ethiopian Peoples' Revolutionary Democratic Front
ERA	Executive Research Associates
ESI	Export Similarity Index
ETB	Ethiopian Birr
ETC	Ethiopian Telecommunications Corporation
FDI	Foreign Direct Investment
FDRE	Federal Democratic Republic of Ethiopian
FOCAC	Forum for China Africa Cooperation
FUC	Follow-up Committee
FUM	Follow-up Mechanisms
GDP	Gross Domestic Product
GTP	Growth and Transformation Plan
HRD	Human Resource Development
ICBC	Industrial and Commercial Bank of China
ICT	Information Communication Technologies
IMF	International Monetary Fund
IR	International Relation
ITU	International Telecommunications Union
JVI	Joint Venture Investment

LDCs	Least Developed Countries
LON	League of Nations
MOT	Ministry of Trade
NEPAD	New Partnership of Africa's Development
NGOs	Non-Governmental Organizations
ANLF	Algerian National Liberation Front
NLM	National Liberation Movements
OAU	Organization of African Unity
OECD	Organization for Economic Co-operation and Development
ONLF	Ogaden National Liberation front
PPIAF	Public-Private Infrastructure Advisory Facility
PRC	Peoples Republic of China
RBC	Road and Bridge Construction Company
RMB	Remimbi
SAP	Structural Adjustment Policies
SITC	Standard International Trade Classification
SNNPR	Southern Nations and Nationalities and Peoples Region
SOM	Senior Officials Meeting
SSA	Sub-Saharan Africa
SSC	South-South Cooperation
Tan-Zam	Tanzania and Zambia
TECZ	Trade and Economic Cooperation Zones
TICAD	Tokyo International Conference of Africa
TPLF	Tigrean Liberation Front
TUTE	Tianjin University of Technology and Education
UK	United Kingdom
UN	United Nations
UNCOMTRADE	United Nations Commodity Trade Statistics Database
UNECA	United Nations Economic Commission for Africa
UNIDO	United Nations Industrial Development Organizations
US	United States
USA	United States of America
VAT	Value Added Taxes
WB	World Bank
WMD	WMD - Weapons of Mass Destructio
WTO	World Trade Organizations
WWI	World War Second
ZTE	Zhong Xing Telecommunications Equipment Company limited

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The New AU Headquarter Sponsored by China as Symbol of Sino-Africa Relations



Abstract

The thesis examined three gray areas. First, it explained ‘how the policy shift from the earlier China-Africa relations to the current FOCAC-bound cooperation was affecting Africa or Ethiopia. Second, it analyzed ‘why China established strong partnership with the non-natural resources producing Ethiopia. Thirdly, it compared the impacts of ‘China’s non-strings attached aid and/or development cooperation’ with that of the changes made as a result of the ‘shift in development ideology to which the country switched from neoliberalism to the East Asian Developmental State’ in order to measure their relative effects on the country’s governance and human rights protection. Drawing on a two - stage analytical framework and pluralist or interdisciplinary methodological perspective, the thesis overall explored the case studies of ‘Ethio-China bilateral relations’ and ‘FOCAC as a multilateral platform’ to find out indicators/empirical observations used to verify hypotheses.

The data inform that the policy shift from the earlier Sino-Africa relations to the FOCAC platform has been felt in terms of China’s commitment of its resources to leverage multi-sectoral development initiatives, such as, the development of infrastructure. Indicators on the dimensions of cooperations in the case studies suggest that natural resources-bound relation is just one aspect of the broader and multisectoral dimensions of China’s increased engagement in Africa/Ethiopia. Empirical findings on trade, investment and aid or development partnerships depicted growing trends both at FOCAC and Ethio-China levels of cooperations despite the negative balance of trade. Evidences on Ethio-China peculiar bilateral relations indicated the country has been on China’s spotlight in response to the recognitions it accorded to Ethiopia’s historic and symbolic diplomatic importance. Ethiopia’s leaders were strongly advocating and protecting China’s roles in Africa. In addition, the data indicated that the shift from neoliberalism to the East Asian Developmental State became a key causal factor for the worsening of the fragile beginnings on multi-party democracy and human rights protection. Accordingly, China’s pragmatic political and economic development exemplars are implicated positively on economic performances, but negatively correlated with accommodative political space. Adherence to the new ideology is, thus, triggering intolerant political behavior, the tendency to give priority to development than to freedom and rights. Hence, the latter put tremendous impacts on fragile beginnings on good governance than the non-strings attached aid or cooperative practices of China in Ethiopia.

Kurzfassung

Die vorliegende Dissertation untersuchte drei thematische Problembereiche: Zunächst wurde erklärt, (1) inwieweit der politische Wandel - weg von den Strategien resultierend aus den früheren Sino-afrikanischen Beziehungen hin zu jenen, die sich aus der gegenwärtigen Zusammenarbeit mit dem „*Forum On China-Afrika Cooperations* (FOCAC)“ ergeben haben - Afrika bzw. Äthiopien beeinflusst hat. Des Weiteren wurde untersucht, (2) warum China eine so starke Partnerschaft mit Äthiopien, das ja nicht-natürliche Ressourcen erzeugt, eingerichtet hat. Schließlich wurden die Auswirkungen von (3) „Chinas nicht an Bedingungen geknüpfte Hilfs- und/oder Entwicklungskooperation“ jenen gegenüber gestellt, die durch diesen Wandel entstanden sind, d.h. die aus dem „Wechsel zur Entwicklungsideologie des Landes, vom Neoliberalismus zu einem ostasiatischen Entwicklungsstaat“ resultieren, um die relativen Einflüsse auf die Regierungsführung und den Schutz der Menschenrechte dort erfassen zu können. Basierend auf einer Zwei-Stadien-Analyse und aus der pluralistischen bzw. interdisziplinären methodischen Perspektive betrachtet, erforschte die Dissertation im allgemeinen Fallstudien von „äthiopisch-chinesischen bilateralen Beziehungen“ und von „FOCAC als eine multilaterale Plattform“, um Indikatoren bzw. empirische Beobachtungen für die Verifizierung oder Falsifizierung der Hypothesen zu finden.

Die so erfassten Daten zeigen, dass sich der Strategienwechsel von jenen der früheren Sino-afrikanischen Beziehungen zu denen der FOCAC Plattform durch Chinas Engagement, mit den eingesetzten Ressourcen die multisektoralen Entwicklungsinitiativen in Gang zu bringen, wie beispielsweise die Infrastrukturentwicklung, bemerkbar gemacht hat. Die Indikatoren zum Umfang der Kooperationen in den Fallstudien lassen darauf schließen, dass eine rein auf die natürlichen Ressourcen gerichtete Beziehung nur ein Aspekt der breiteren und multisektoralen Dimensionen von Chinas steigendem Engagement in Afrika/Äthiopien ist. Empirische Untersuchungsergebnisse zum Handel, Investitionen und Hilfs- oder Entwicklungspartnerschaften zeigten - trotz der negativen Handelsbilanz - steigende Trends bei beiden Kooperationsebenen, FOCAC und Äthiopien-China. Wissenschaftliche Erhebungen zu den spezifisch äthiopisch-chinesischen Beziehungen deuten darauf hin, dass Äthiopien aus Anerkennung der historischen und symbolisch diplomatischen Bedeutung im Mittelpunkt von Chinas Interesse steht. Die äthiopischen Führungspersonen wiederum haben Chinas Rolle in Afrika stark gefördert und geschützt. Die Daten zeigten darüber hinaus, dass der Paradigmenwechsel von einem neoliberalistischen zu einem ostasiatischen Entwicklungsstaat der kausale Schlüsselfaktor für die Verschlechterung der fragilen Anfänge einer Mehrparteiendemokratie und des Menschenrechtsschutzes ist. Folglich wirken sich Chinas pragmatische und politische Entwicklungsstrategien positiv auf die Wirtschaftsleistung aus aber negativ in Korrelation mit dem versorgenden sozialpolitischen Bereich. Das Befolgen der neuen Ideologie löst somit ein intolerantes politisches Klima aus, d.h. die Tendenz dazu, die Priorität auf Entwicklung anstatt auf Freiheit und Rechte zu setzen. Demzufolge haben die letzteren Strategien weit stärkere Auswirkungen auf die fragilen Anfänge einer guten Regierungsführung gehabt als die nicht an Bedingungen geknüpften Hilfs- oder Kooperationsmaßnahmen vonseiten Chinas in Äthiopien.

Chapter I: Research Statement and Methodology

1.1. Introduction

The process of decolonization and ideological preoccupation between the major powers in the aftermath of the Second World War were parallel geopolitical events that underpin the development of China-Africa relations since mid-twentieth century. The post-war idea of forming multilateral institutions as key players of global phenomena through fostering cooperations was another driving factor that accelerate the pioneer recognition of independent African countries. While the history of the continent went beyond colonial era, the perception of Africa as a region composed of sovereign developing countries held center stage in and around 1960s with the coming into light of ‘independence efforts by colonized countries and their swift membership into the United Nations.’¹ The leading powers’ competitive move to sell their ideologies to the young states with the aim to contain rival’s ideological expansion and expand own ideological sphere of influence over other parts of the world helped African countries to get a state of importance of nationhood by the eye of the then less-powerful China as well.

The People’s Republic of China (PRC), which has been maintaining an inherent national interest to be recognized as a powerful nation, saw aligning with newly emerging African countries from colonialism as a potential strategy for its ambition to achieve great power status.² China’s partnership with Africa has, thus, been underscored as its long-term design with which it could resist the influences and competitions from the global order that was dominated by capitalism and communism. With the looming of the twenty-first century where Chinese economy grew steadily since the 1990s and Africa messed with its post-cold war conflicts and the development setbacks from the 1980s, there appeared a revival of interests to renew the existing relationship between China and Africa in a way that fits with existing global realities of the 21st century.

The China-Africa players felt at the turn of the new century that they have been in a friendly relations for over 50 years since the 1956 official diplomatic contact. They have also come up

¹Hyden, G. (2006). *African Politics in Comparative Perspectives*. New York: Cambridge University Press, p.5

²Taylor, Ian (2006). *China and Africa*. New York: Routledge, P.7

with an understanding and a shared need to press a reset button as the circumstances that justified their earlier partnership were changed. Colonialism has officially ceased to exist, the cold war came to an end, but globalization driven by the booming of Information Communication Technologies (ICT) and the unfair world order persists and is still dominating developing countries.³ Their common intentions finally culminated with the establishment of the new Forum for China-Africa Cooperation (FOCAC) in a joint Beijing summit held in 2000.⁴

FOCAC as a new form of relationship has come to attract overwhelming academic and policy research circles, specifically to China's needs to natural resources and the latter's non-strings attached nature of engagement in the continent. This thesis, however, argued that the current China-Africa relation is beyond the natural resources argument and its so-called condition free aid narrative. The thesis through analyzing two case studies, i.e., examining FOCAC as a multilateral platform at a regional level and analyzing Ethio-China bilateral relation at a country level, attempted to provide empirical evidences to the argument on the scope and meaning of China's current relation with Africa and/or Ethiopia. Hence, the thesis through analyzing the evidences of the case studies described above, aimed to contribute to broadening the body of knowledge on current Sino-African relations.

The thesis is structured into six chapters. Chapter one introduced the research, presented statements of the problem, highlighted methodological design, and pointed out ethical issues and limitations. Chapter two analyzed theoretical considerations that serve as a lens to see the conceptual underpinnings to explain and understand China-Africa/Ethiopia relations in the twenty-first century. Chapter three concisely described the modern historical account of Sino-African relationships after the 1949 victory of communist revolution in China. Chapter four presented Sino-African relational contexts of policy reform in China, the cold war and post-cold war situations of African and finally China's need for oil. All these contexts help to understand the rationales of Chinese presence in Africa. Chapter five shed light on the broader

³Khudori, Darwis (2006). Towards a Bandung Spirit-Based Civil Society Movement: Reflection from Yogyakarta Commemoration of Bandung Asian-African Conference. *Journal of Inter-Asia Cultural Studies*, Volume 7, Number 1, Pp.121.138, p.121-122

⁴Beijing Declaration of the Forum on China-Africa Cooperation: First Ministerial Conference between China and Africa Leaders for the Establishment of the Forum For China-Africa Cooperation (FOCAC): Available at:

Forum for China-Africa Cooperations (FOCAC) with emphasis on the second and third summits held in Addis Ababa and Beijing respectively. This part saw the latter as a multilateral platform that thrilled the relationships. It also highlighted Ethiopia's roles in the formative ages of the platform. Chapter six depicted the case study of Ethio-China bilateral relations. It presented empirical evidences to support the arguments. Chapter seven, finally depicted summary of findings, conclusions and implications.

1.2. Problem Statement

The relationships between states, non-state actors, and institutions depend on the balance of any element of their economic, technological, ideological, diplomatic, statutory or military power to interact with one another so as to protect the issues that matter to them.⁵ Available evidences suggest that the formation of China-Africa relation has not been an exception to the latter, but rather a reflection of such power relations. The country started to make efforts to establish relations with African states since the 1950s with which it has maneuvered anti-colonial and anti-imperialist power posturing, including providing support packages to anti-colonial guerrilla fighters as a key trajectory to fulfill great power status. The literature also provides evidences that China's interest to move up to the global power ladder made the country to get into competitive and antagonistic relations with USSR within the communist camp itself that end up with its split from the latter and began an independent foreign policy positions afterwards. With such a national intent, the "CPC established relations with ruling and non-ruling parties in 40 sub-Saharan nations during the anticolonial struggle.⁶ Seizing this as a platform, it began uttering anti-hegemonism as a theme for all developing countries, even after its own reform measures took a stage in 1978.

The key factors that helped the growth of Sino-African relations in general and the Ethio-China relations in particular include:⁷ (1) China's interest for international status and desire to be the member of UN security council; (2) the 1955 Bandung conference and its consequent declarations that brought ideological and political convergence between Asian countries,

⁵Held and McGrew (2007). *Governing Globalization: Power, Authority and Global Governance*. Cambridge: Polity Press, p. 238

⁶Anshan, Li (2007). China and Africa: Policy and Challenges. *Journal of China Security* Vol. 3 No. 3, Pp. 69-93, p. 73

⁷Anshan, Li (2007). China and Africa: Policy and Challenges. *Journal of China Security* Vol. 3 No. 3, Pp. 69-93, p. 70

mainly China with African states on anti-imperialist and anti-colonialist positions. As Chris Adem put it, “China sought Africa in its struggles against imperialism and hegemony (Anshan 2007:71); (3) the pronouncement of South-South cooperation framework; (4) the intensification of liberation struggles in Africa and Chinese support to the latter and finally, (5) the swift membership of liberated African countries to the UN and their diplomatic support for China. These factors shed light on how the two sides have been promoting common ties since the cold war time that persists still today. The birth of cold war time Sino-African relations, which was at its height from 1950s to end of 1970s, was, therefore, an apparent result of the need for power and power dynamics. With the same token, Ethio-China bilateral friendship should also be seen as part of this general need for power perspective. Putting differently, the latter has been emanated from the thrilling and broader Sino-African relational contexts in which the two counties have been attracted to one another since mid-20th century after the Chinese communist revolution in 1949.⁸

Cooperation between China and Africa in multilateral politics, such as the need to transform the UN, fight against hegemonism and so on had been pursued as the goals of Chinese foreign policy since 1950s. These themes have not been resolved and therefore, are partially explaining their current relations as well. In line with this assertion, Chris Alden argued that “African votes have been crucial to Beijing’s multilateral diplomacy.”⁹ Whenever there appeared an agenda that required the decision of the UN general assembly on China, the result had always been witnessing the solid support from the developing world, particularly from Africa and this explains why some of Chinese extended commitment in the global South is carried out extensively.

After the end of the cold war, ideological factors faded away and become having no clear role in explaining the China-Africa relations due to the changes in geopolitics and economic circumstances. As analysts argued “[w]ith the end of the bipolar conflict, economic interests rapidly took center stage,” and this has been coincidentally met with accelerated industrialization and rapid economic growth in China. The latter in turn was used as a new

⁸AFRODAD (2011). Mapping Chinese Development Assistance in Africa: An Analysis of the Experiences of Ethiopia, p. 17. Available at:

<http://www.afrodad.org/Publications/China%20In%20Africa/china%20ethiopia.pdf.pdf>

⁹Chris Alden (2005): China in Africa, Survival: Journal of Global Politics and Strategy, Vol. 47, No. 3, Pp.147-164, p.153

driver of resource diplomacy, particularly for strategic ones, such as oil and minerals as well as on markets and competitive trade interests with the West.¹⁰ Hence, these economic dynamics, such as trade, market, and investment have been among the new factors that explain the current relationship between China and Africa. Subsequent measures were taken to promote their common interests on economic aspects that shaped their friendships into broader patterns through time.

The Chinese expansive outreach into Africa in general and Ethiopia in particular, therefore, presents an interesting scenario to examine its dynamics roles, opportunities and challenges, as well as implications of recent economic and political relations between them. The concern whether China under the so called mutually beneficial and win-win approach could change the region that has been unable to break the development impasse that it has been known for so long, has been debatable and remained contentious, less understood and unanswered. Among the actors that come out with provocative pronouncements galvanizing the scholarly and policy debates over the recent China-Africa relations are Western and/or America's positions against China in Africa. The thesis argued that while the real driving factors for the West or U.S. to come up with concerns over China's increasing involvement in Africa are reflections of felt competition against the rising power and perceived loss of influence in Africa, the way they are manifested as positions of protecting Africa is arguable. The latter, rather, has been inherently emanated from the old contradictory stands between the West and China's positions as clearly reflected in its foreign policy principles reflecting a trajectory of deviations from the frameworks of the major global playfield.

Western perception of China in Africa has been expressed with several concerns. One of these concerns is related to China's foreign policy principles of non-interference in others' internal affairs and the country's non-conforming operation of development cooperations outside of the existing multilateral systems. China directs and manages its foreign policy practices of both bilateral and multilateral affairs with a view to respect the sovereignty of African countries' internal circumstances. Hence, on the one hand, it refrains from taking clear sides and positions in the multitudes of civil wars and conflicts and remain consistent in working

¹⁰Alden, Chris (2012). China and Africa: A Distant Mirror of Latin America. Colombia International 75, enero a junio de Pp. 19-47, p. 27

with any regime that assumed power. On the other hand, development cooperations, loans or any of its cooperations have been made based on the development priority of the country in need and with less delay and bureaucratic bottle necks. Its decisions do not consider the specific internal circumstances of a particular country as opposed to what major actors or institutions have been doing. Despite this, however, China follows a permanent precondition that required its allies to support the one-China principle or reject the legitimacy of Taiwan as a country in order to have a cooperative relationships.¹¹ The crux of Western concerns is that China's practices could embolden dictatorship and undermines the fragile gains in democracy and human rights protections that were made with international efforts in Africa.

The other major line of argument has been China's position as a lender outside the existing hegemony of international actors and institutions. This position has helped the country to portray itself as an alternative source of finance and development frameworks. While China's roles have been highly welcomed by the South, traditional donor countries and institutions have complained for disregarding existing frameworks. The latter further argued that China's lending practices in Africa may increase corruption and non-poverty related spending that would end up putting already fragile economies to be further indebted (Huse and Muyakwa 2008:8). Despite this, developing countries' governments themselves saw China as a liberating alternative to the heavily criticized traditional donors (Ibid).

The Sino-African literature also gave emphasis to two related and specific aspects of China-Africa relations. First, the literature saw China's interests in Africa as meant for natural resources, such as energy or oil and other minerals. Secondly, the latter has also paid immense emphasis on 'non-strings' attached approach of China's aid and development assistance as a threat to the fragile achievements of democracy and human rights that the West claims as its footprints in Africa. Hence, the crux of the problem statement in the thesis has been the assertions that these claims did not give a fair level of attention to other dimensions of Chinese cooperations to which countries like Ethiopia are cooperating with China. Secondly, the meaning of Chinese cooperations with Africa and/or Ethiopia is less understood in terms of its intent, scope and dynamism For instance, Gill and Reilly (2007) argued that "China's

¹¹Huse, Martine D. and Muyakwa, Stephen L. (2008). China in Africa: Lending, Policy Space and Governance. Published by Norwegian Campaign for Debt Cancellation and Norwegian Council for Africa. Available at: <http://www.slettgjelda.no> and <http://www.afrika.no>

interests in Africa go well beyond resources.”¹² Western definition of China’s Africa policy as meant for natural resources and non-conditional aid or development cooperation has, therefore been reducing the overall meaning and scope of the existing China-Africa cooperation.

While the growth of China as a political and economic actor is the “most momentous development on the continent” in a pragmatic sense, it has been interpreted in different ways.¹³ China’s Africa presence has been interpreted positively in two ways. First, it has been seen as an emerging transformational power able to challenge the status of conventional players in the continent.¹⁴ Secondly, it is taken as committed to altering the images that Africa was known for years as a region unable to break poverty, conflict, and governance problems.¹⁵ Despite this, however, Chinese roles in Africa have further been interpreted in different ways. Alden (2007)¹⁶ argued, for instance, that there were three typologies of the meanings of China’s Africa presence whereby the first two can be termed as positive and the last one levels its presence as meant for negative consequences (Dietz and Kolokouris 2012: 5-6):

The first label China as ‘Development partner’ whose involvement is seen as part of a long-term strategic commitment to transmit its development experience and a desire to build effective cooperative partnerships across the continent. Secondly, its roles are also seen as an ‘economic competitor.’ This interpretation saw China’s roles as meant for a short-term ‘resource grab’ which, like some Western counterparts, takes little account of local needs and concerns, whether developmental or with respect to issues like human rights. The third and final interpretation of Chinese presence in Africa was pessimistic in its entirety in the sense that China was labeled as a ‘colonizer’. Its new engagement in Africa was perceived as a ‘long-term’ strategy aimed at displacing the traditional Western orientation of the continent by forging relations with African elites under the rubric of South-South solidarity. Some analysts,

¹²Gill and Reilly (2007). The Tenuous Hold of China Inc. in Africa. Washington Quarterly, Vol. 30, No. 3, Pp. 37-52, p.40

¹³Dietz, Heine and Kolokouris, Kyriakos (2012). China’s Foreign Policy in Sub-Saharan Africa through Material and Ideational perspectives. Available at: <http://rudar.ruc.dk/bitstream/1800/7600/1/1%29Projekt%20-%20Dietz%20and%20Kolokouris.pdf>

¹⁴Alden and Soares (2008). China Returns to Africa: A Rising Power and a Continent Embrace'. London: HURST Publishers Ltd, p. 353-4

¹⁵Carmody, P. (2010). 'Globalisation in Africa: Recolonization or Renaissance?' London: Lynne Rienner Publishers Inc, p. 1

¹⁶Alden, C. (2007). China in Africa. London: Zed Books Ltd, p. 7

particularly, the U.S. also came up with generally new-found images that range from sound skepticism to paranoia to the latter. They saw china as '*the giant, the dragon, the tiger and as the new potentially imperialist super-power* taking over the world, and particularly of Africa, as being recolonized by this newly emerging power (Ibid).

Africa has never been meaningfully democratized despite international or Western efforts in the region during 1980s and 1990s where the Sino-African relation was at its standstill level. As Chris (2008) noted "[u]ntil the arrival of the Chinese alternative, Western donors and the institutions they dominated, i.e., the World Bank and International Monetary Fund (IMF), were effectively able to impose their priorities on African governments."¹⁷ The persistence of using 'conditionalities' in exchange for technical and financial assistance to African governments did not improve democratization, human rights protection and structural reform in the latter. Such efforts did not result in the presence and improvement of good governance. Part of the reason has been that those efforts were imposed and were not based on local needs and priorities, i.e., they were not people centered.ⁱ It is rather argues that Western approaches have been taken as a push factor for Africa to consolidate its current relations with China because of the perceived failures of their efforts practiced in the region.

The claim that good governance in Africa is being eroded as a result of China's non-strings attached nature of aid, concessional loans, or other cooperative dealings is too early to assert. But, the existing practices perhaps may be seen as measures that empower African leaders to give a deaf ear to calls from the West to improve human rights and rule of law. Despite the concerns over China's presence in Africa as undermining democratization in Africa, the U.S. was also at times providing aid and/or development cooperations for dictatorial regimes that violets the rule of law and the rights of their citizens. In this sense, the above claim did not show that U.S. is not always standing for sole democratization and rule of law. In a more pragmatic terms, many African governments are still maintaining dual relations with both East and West at the same time and are not solely attached to China only. So, both United States and China are, in this case, cooperating with all types of governments and give more emphasis to their national interests.

¹⁷Chris Alden (2008): China and Africa: A New Development Partnership. Journal of Strategic Analysis Vol. 32, No. 2, Pp.297-304, p. 299

The growing perception of the failure of neoliberal paradigm in Africa is resonating more loudly in the last decade. This will be more easily understood through briefly looking into the current political economy of Ethiopia as it could provide evidences on the application and emerging effects of ideological or development paradigm change in the country's political and economic arenas. The state has moved steps of turning its face away from neoliberalism and accepted the East-Asian Developmental State (DS) as its ideology for the last several years. The acceptance, familiarization and adoption of the latter has been going well with the leadership of the ruling Ethiopian Peoples' Revolutionary Democratic Front (EPRDF). The new ideology was set to lead the current development plans with the sole role of the state in the latter. EPRDF's chairman of the last 21 years - Meles Zenawi played the key role in this ideological shift. The Premiere was one of a close American ally on the war on terror and receiving varieties of aid packages from the U.S. and direct budgetary support from the UK as well as other European Union and its members. Despite this, he was an adherent of DS, adopting and implementing the latter in Ethiopia. He used to publicly criticizing neoliberalism as a failed approach in Africa and promote DS to be adopted by other African countries for the required transformation in the continent. He further went to advocate developmental state to be applied into the African continent as a whole. The new alternative ideology, however, has not been attributed as only taken from China, but has generally been seen as the East Asian model. But, the pragmatic steps and activities carried out by the Ethiopian government on the ground evidences that they are of Chinese development practices.

In the aftermath of Ethiopian general 2005 election, the late Premier was acting above the law, blocking the democratic aspiration of the people, imprisoning opposition leaders who won overwhelming majority votes during elections. His measures violet universal human rights and killed over 200 protesters on the streets of Addis Ababa who were protesting against rigged election results and demand the government to respect their voting rights. The U.S. has only then been appealing to him and failed to take strict measures in the form of so called "strings" if the latter were applied for a pure democratization aims. The U.S. keeps a tight lip even to criticize such violations as undemocratic. In this sense, premier's dictatorial practices have emanated from his solid alliances both from the West as it equally did from the East. Hence, on the one hand, he pursued ideology-free alliance with the West and on the other hand, he maintained close friendship with the East, adopting and applying DS as a new approach in his country and defending Chinese roles in Africa. Therefore, what endangers liberal values in general and the fragile gains in governance and democratic practices in

particular, according to this thesis, was not the non-strings attached approach of the China-Africa or Sino-Ethiopian cooperation, but rather, the inconsistency in the West, particularly the U.S. The latter failed to protect what it has been standing for democracy and human rights. It rather opted for its own short-term interests and benefits that it calculated in being an ally with dictatorial regimesⁱⁱ which was being gained at the cost of the democratic thirst of the majorities.

Coupled with Western inconsistencies in supporting the growth of liberal values through putting strict measures upon dictatorial regimes, the East Asian “developmental state” is becoming a rising political trend in the developing world, such as in Africa and or Ethiopia. In this sense, the new ideology has been taken as an alternative to the long-held neoliberal approach to development and governance in Ethiopia. The African Development Bank Group (ADBG) argued that the application of developmental state in Ethiopia “envisages an activist role for the state in addressing market failures by filling gaps in areas where adequate private sector supply response and capacity is lacking.”¹⁸ The ADBG’s statement, whether the state need to play as an activist or as a leading role, confirmed the government’s shift from neoliberalism to adhering DS. The change in ideology has, thus, been a redefinition of the traditional state system towards acquiring those attributes stipulated by developmental states in East Asian countries. In countries like Ethiopia, however, it is difficult as to how to define the state’s roles before and after it claimed itself as “developmental state” as the role of the state in planning, implementing and controlling the national development endeavors has been rigorous. When the state whose economy has never been market-led claimed itself as a ‘developmental state’ where the state is set to play a leading role in transformation and achieving economic growth, it is difficult to differentiate its roles before and after the shift in ideology. Simply the state used to assume the lion’s share of the national economic functions even before it claimed it adhered to DS.

Analysts argued the introduction and application of ‘developmental state’ in the country had been helping the ruling party to achieve higher Growth Domestic Product (GDP) growth rates

¹⁸ADBG (2011). Federal Democratic Republic of Ethiopia Country Strategy Paper 2011-2015. African Development bank group Available at: <http://www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/Ethiopia-2011-2015%20CSP%20ENG1.pdf>, p.5

through three-Chinese-styled development plans under the late Prime Minister Meles Zenawi. These three development plans include: ‘Sustainable Development and Poverty Reduction Program (SDPRP), which was carried out from 2002/3-2004/5. The second five years plan was entitled ‘Plan for Accelerated and Sustained Development to End Poverty’ (PASDEP) and was implemented from 2005/6-2009/10. These two planned approaches were making the economy grow with an annual average rate of over 11 percent (table-1).¹⁹ The third one, which was set to be implemented from 2010/11-2014/15 was named as “Growth and Transformation Plan” (GTP). It was also a five year plan. The common denominator or overarching goal for all the three plans has been a move for rapid economic growth and poverty reduction. The last plan has in fact been ambitious as it aimed to achieve 11-15 percent annual GDP growth per annum during the 2010-2015 period of current international financial crisis.²⁰ These development efforts statistically signaled positive symptoms as depicted by the growth rates of the years indicated in table-1 below.

Table- 1: Macroeconomic Growth Indicators

Sector	2003/4	2004/5	2005/6	2006/7	2007/8	2008/9	2009/10	Average
GDP Growth	11.7	12.6	11.5	11.8	11.2	9.9	10.1	11.0
Growth in Agri.	16.9	13.5	10.9	9.4	7.5	6.4	6	10.1
Industry	11.6	9.4	10.2	9.5	10	9.9	10.2	10.1
Service	6.3	12.8	13.3	15.3	16	14	14.5	13.2
Per capita	10.7	9.0	7.9	7.8	7.1	6.0	8.3	8.1

Source: MDG Report, 2010

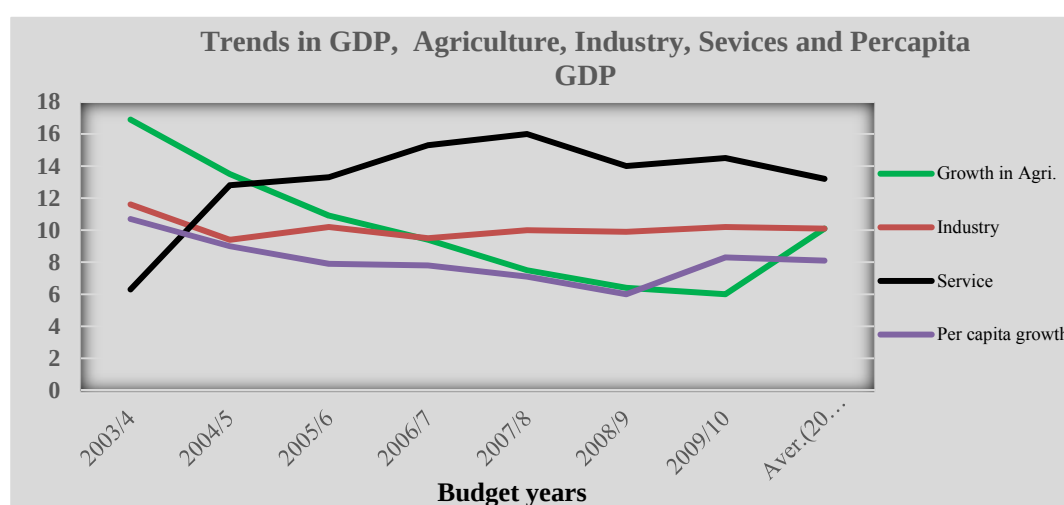
The data in table-1 presented the national GDP and sectoral and per-capita growth from 2003/4 to 2009/10. Figure-1 below also highlighted four major trends. The first dealt with the growth of the national GDP with average growth rate of 10 percent per annum. But, the paradox with this indicator is that it is only a statistical charm and was not translated into actual income increment on the ground and the level of poverty is getting worse. The second trend is a

¹⁹ADBG (2011). Federal Democratic Republic of Ethiopia Country Strategy Paper 2011-2015. African Development bank group Available at: <http://www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/Ethiopia-2011-2015%20CSP%20ENG1.pdf>, p.5

²⁰MOFED (2010). Federal Democratic Republic of Ethiopia Growth and Transformation Plan (GTP) (2010/11-2014/15), Volume 1, Addis Ababa.

reshuffling in the sectoral contribution to GDP. In developing economies, like Ethiopia, agriculture has been or known to be the major sector in GDP contribution and employment creation, but as per the trend in figure-1, the service sector is taking the lead over agriculture and other sectors since 2005. This is an anomalous trend in developed economies like Ethiopia. Following the service sector, industry is also taking over agriculture since 2007 until it came to be at equilibrium with the latter in 2011. Thirdly, the per capita GDP is also higher and consistent, but the effect was not felt in the public.

Figure-1: Ethiopian GDP Growth 2004-2010



The relationship between DS and governance practices has been excluded to be critically examined as an important issue in the China-Africa discourse. The current state of the economy has been confounded with overall ideological and governance practices. In this sense, the adoption of the Asian model of developmental state in Ethiopia and its impacts on freedom and democratization has been less understood. The correlation between the adoption of the emerging development approach and practices of democratic governance, freedom and justice has not been well explained. Higher rates of economic growth have not been translated meaningfully to improve the poverty situation. But, the latter has been used to justify state malpractices. Hence, the thesis is aimed to explain whether or not the adoption and adherence to DS would further lead to the practice of dictatorship and erode freedom of citizens and institutions for reasons of economic growth or otherwise. The thesis argued that the emerging ideology is believed to help the state to play bigger roles in the economy. But, the latter may also carry with it potentially new trajectories that may be unfolded in the years to come with the deepening of the application of DS. Therefore, assessing how the adoption and adherence to 'developmental State' in the country will significantly be important to understand the

emerging new state practices and behaviors attached to DS. The thesis argued that China did not need its development partners to avoid multiparty democratic system. The potentially contentious arena is that its Africa partners, like Ethiopia, may need to develop their economy like China, but fail to be selective in their lesson drawing and experience sharing endeavors. Hence, Chinese development approaches may grossly brought in and implemented with the new paradigm. The other line of argument depicting the problem that this research sought to answer has been the question of why China intervenes in Ethiopia in the first place. The analysis on what China needs from Ethiopia could not be succinctly intertwined with natural resources argument as Ethiopia is not yet a known resources-producer country as is the case with giant oil producers such as Sudan, Nigeria, Angola, and countries of the Maghreb region.

To sum up, this research seeks to address the absence of broader understanding on the current China-Africa and Ethio-China relations. The literature gives significant attention to China's desire for natural resources and non-strings attached aid and/or development cooperations with Africa/Ethiopia. First, this view is reductionist in its nature as it overlooks the scope of and meaning of Sino-Africa and Ethio-China relations. Second, it did not fairly explain why China has been significantly cooperating with non-natural resources producer and exporter countries like Ethiopia. The literature failed to explain and bridge such issues. The thesis argued China is looking for all types of resources that every African country is ready to deliver to its partners. And China is using every resource, both natural and non-natural, for its goal of becoming internationally powerful country. Furthermore, available sources also did not explain the emerging impacts of the paradigm shift from neoliberalism to DS in Ethiopia. The latter is a specific political trend in the country that could provide evidences to disprove the argument in the literature that Chinese non-strings attached aid and/or the need for natural resources are causes that led to the erosion of democratic gains. Finally, the erosion of democratic gains and problems in protecting human rights, the thesis argued, could possibly be resulted from inconsistencies in the West from failures to effectively take strict measures against dictatorial regimes for seeking short-term national benefits.

1.3. Research Methodology

1.3.1 Interdisciplinarity or Methodological Pluralism

Pluralist research approaches seem to have gotten foci of modern day researchers. Driven by the search for more sound philosophical, ontological, epistemological and methodological approaches and arguments, analysts came with evidences on the usefulness of applying

interdisciplinary research designs in the social sciences arguing that no one approach or one method is free from a weakness. Consistent with this notion, Onwuegbuzie and Leech (2005) argued that “[m]onomethod research is the biggest threat to the advancement of the social sciences.”²¹ Such emerging approaches are against the usual quantitative-qualitative debate and/or divide. Combining qualitative and quantitative methods in a single study is becoming a widely practiced research exercise. However, mixed method researchers noted that the two are not purely one and the same. They have got their own differences and complementarities. Joanna et al (2002) noted that the two have their own assumptions on the meaning of reality (ontology), have their own perception of how to get new findings of that reality (epistemology) and the ways with which one can acquire knowledge of that reality (methodology).²²

Positivism is the broader philosophy that embraced the quantitative paradigm. Positivist research is empirical in nature and the phenomenon under investigation is reducible to empirical indicators representing the truth. The positivist philosophy has been blamed as a reductionist approach. “The ontological position of the quantitative paradigm is that there is only one truth, an objective reality that exists independent of the human perception. Epistemologically, the investigator and the investigated are independent entities” (Sale et al 2002: 44). The positivist researcher should carry out his study without involvement in the subject being studied. He neither influences the subject, nor is being influenced by the phenomenon (Ibid). The endeavor is to carry out measurements of the variables and analyze the causal linkages in a state of value-free approach (Ibid). Quantitative research techniques include: randomization of sample selection, structured questionnaire, larger sample sizes (Carey 1993 cited in Sale et al 2002: 45).

Contrary to the quantitative paradigm, interpretivism and constructivism could be taken as philosophical viewpoints that guide the qualitative paradigm (Ibid). The stark characteristics that differentiate the qualitative design have been its ontological assumption on the existence and social construction of multiple truths or realities that are changing through time (Berger and Luckmann cited in Sale 2002: 45). The epistemological position is another major point of

²¹Onwuegbuzie, Anthony and Leech, Nancy (2005). On Becoming a Pragmatic Researcher: The Importance of Combining Quantitative and Qualitative Research Methodologies. *International Journal of Social Research Methodology*, Vol. 8, No. 5, Pp. 375–387., p 375

²² Sale, Lohfeld and Brazil (2002). Revisiting the Quantitative-Qualitative Debate: Implications for Mixed-Methods Research. *Quality and Quantity* 36: 43–53, p. 44

departure between the two paradigms. Proponents of the qualitative design assumed that we cannot create or perceive realities without the role of our mind or independent of the human mind. Putting differently, the researcher and phenomenon under investigation are intertwined and the result of the study carried with it effects of the researcher and the latter is also affected by the situation of the phenomenon of the study (Guba cited in sale et al 2002: 45). As noted by Smith (1983), reality is believed to have no prior existence of the research process and ends to exist after the research practice is over. Qualitative designs are process and meaning focused. They utilize in-depth interviews, focused group discussions, and observations as techniques. It also relied on smaller sample sizes, which are not meant to represent the population.

There appears a wide array of scholarly positions on the three grand center pieces of a research: ontological positions, epistemological bases and methodological designs. The divergence on methods or designs never limited to the usual science-social science, positivist- interpretivist or quantitative-qualitative dichotomy. In some cases, it went down to individual disciplines as regards to what constitute a good research. Cognizant of such visible disagreements Norgaard (2008) threw his own reflection as to ‘what constitutes good political Science’. He argued “[g]ood political science is defined in terms of method, not object of study.”²³ This is partly because the phenomenon of study is hard to define and delimit. Past analyses on the concept of power, state, election, and so on as object of analysis in the field revealed that no consensuses on what these central concepts are meant in the first place. For Norgaard, good scientific inquiry began with the desire to address two critically important questions: “*what do we know and what are we going to learn*” once they are answered, then the researcher can proceed to the third question of *how can we learn*? The latter is geared to the researcher’s main aim of discovering knowledge with appropriate methodological design. In the words of Norgaard, the question of how can we learn “is the central question to the philosophy of science and social science methodology” (Norgaard 2008: 23). The practice of research proceeded to testing felt puzzles and hypotheses so as to find out something to learn (Norgaard, 2008: 1-2).

²³Norgaard, Asbjorn S. (2008). Political Science: Witchcraft or Craftsmanship? Standards for Good Research. Journal of World Political Science Review, Vol. 4, Issue 1, Article 5, 233-241, p. 2

The above basic themes, however, could not solely been dealt with a single research method. There seems to be a consensus on an emerging methodological pluralism. As analysts noted, there is no single formula for carrying out good social science research. Hence, similar to what Norgaard reflects as to what constitutes good political science above regarding the three building blocks of research, other scholars with different field of studies may also have their own positions as to what their field of study should see reality, knowledge and methodology. The basic essence of pluralistic approach emanates from the conviction that no single best design or superior method does exist (Lijphart 1971 and King et al 1994 cited in Norgaard 2008: 11). Hence” methodological pluralism and craftsmanship” are cornerstones of prolific research in social science research arenas in which the researcher aimed at “uncovering and investigating causal relations” with meaningful interpretations of the phenomenon of the study as a key to learning (Ibid:2). Fekede (2010) also agreed with such pluralistic approach stating that there are quite multiple research methodologies, but no agreement is reached on a single research methodology that could be applicable to all research problems.²⁴ The research literature pointed that selection of research approaches depends on the broader paradigm that guides the research process. This entails with assumptions on the state of reality (ontology), the knowhow about the phenomenon (epistemology) and how to get new understanding (methodology) as central to framing a research (Zeichmer et al cited in Fekede 2010: 99). Fekede argued “no single research methodology is necessarily ideal to all research endeavors, which implies that each has its own advantages and disadvantages as well as weaknesses and strengths (Ibid). To sum up, research adopts interdisciplinary or mixed method paradigm as a broader philosophy to guide the entire research. But, regarding the three grand pieces of the research, i.e., ontological, epistemological and methodological positions of the research are in line with qualitative approaches. The specific methods applied in collecting and analyzing the data, therefore, comprise a mixture of methods appropriate to this study.²⁵

²⁴Fekede, Tuli (2010). The Basis of Distinction between Qualitative and Quantitative Research in Social Science: Reflection on Ontological, Epistemological and Methodological Perspectives. Ethiopian Journal of Education and Sciences, Vol. 6, No. 1, Pp. 97-108, p. 99

²⁵Blaikie, Norman (2007). Approaches to Social Inquiry: Advancing Knowledge. 2nd ed. Polity Press: Cambridge and Malden, p. 117

1.3.2 Research Design: Case Study

The China-Africa literature has paid significant attention to China's no-strings attached aid and development cooperation with African. Furthermore, the literature is also saw Chinese cooperation with Africa as 'resource-based' or as a diplomacy aimed at securing natural resources. The latter is also criticized as promoting relations with the so called 'rogue-regimes' that have had strained relations with the West (Alden 2007:8). As Power and Mohan (2010) pointed out, China has been under criticism for providing aid without preconditions (Power and Mohan 2010: 9) even though Chinese aid has never been free of strings as the case of Taiwan is unresolved. The provision of Chinese loan to Africa outside of the international frameworks is also seen with fears that it may lead the continent into "deepened debt and governance crises."²⁶

The argued above, the thesis noted that the literatures' focus on the Chinese roles in the region remained partial. It has not been exhaustive and remained short from broadly explaining the overall scope and nature of Chinese cooperations with the region and hence is limited in scope. It has specifically missed the meaning, roles and implications of some aspects of Sino-African relations, particularly China's relations with countries that are not natural resources producers and exporters. For instance, the nature of Ethiopian relations with China is different from some in sense that while it is maintaining robust relationships with China, it has not been dealt for oil or other resources, but such peculiar features were not adequately addressed by the literature.

Ethiopia presents a sensational case to analyze the current Chinese Africa presence. The country is one of those African nations that are benefiting from Chinese cooperations in a diverse spectrum of its development efforts. The dynamics of Sino-Ethiopian bilateral cooperative fields covered diverse sectors. The first field of cooperation is infrastructure and related diplomacy. Expansion and improvement of telecom services, road constructions, and railway development are the biggest in this regard. The second major area of cooperation is the development of hydroelectric power dam construction. It is hard to mention an Ethiopian power project where China did not take part in one way or another, such as finance, technique

²⁶Power, Marcus and Mohan, Giles (2010). Towards a Critical Geopolitics of China's Engagement with African Development. *Geopolitics*, Vol. 15, No. 3, Pp. 462–495.

or management. The third, sphere of broader importance is economic, particularly trade and investment. Chinese cooperation reaches most of the sectoral development efforts through providing the required financial resources and technical assistances or bridging technological gaps through deals that are reached bilaterally between them. Financial support came in the form of loan, grant or concessional loan, low interest-rate loans and free financial aid that covers every sectors. Technical assistance is the critical area where either Ethiopian government is given the chance to send experts to be trained or students to study in Chinese Universities or Chinese experts are dispatched to share their skills and experiences in several sectors, such as health, education and agriculture in Ethiopia. These three sectors are also priorities that much of the cooperations are made between the two governments. As part of such economic cooperation, Chinese Foreign Direct Investment and joint venture investment is growing in the country. Bilateral import and export trade between Ethiopia and China is also growing providing interrelated analytical issues. The key point that make Ethiopia an interesting case to see the role of China in Africa is that the country is getting all these benefits without any significant natural resources or oil to export or pay its loans to China as is the case in other African countries. Some said, Ethiopia never miss anything that China pledged in the FOCAC stage.

The above discussions covers the non- political spheres of cooperation. The two have also one of the strongest relations in the field of politics. Over the years they have built up multilevel communications, learning platforms and interactions on government in terms of higher official interactions, functional sectors, regional or provincial and municipal level discussions, including party to party, parliament to parliament, and cooperations between the respective chambers of commerce of the two countries. Above all, cooperations in the political sphere make Ethiopia an exceptional case study in the study of Chinese roles in Africa in the sense that it is one of the first to carry out Chinese development approach and officially denounce neoliberalism. Since last several years, it officially adopted the East Asian Developmental State approach as an ideology to guide its state operations.

Hence, through collecting and analyzing qualitative and quantitative information on the dynamics of Ethio-China relations, the thesis would provide evidences on the status of Chinese FDI and joint venture investment, Ethio-China import-Export trade, their cooperations on hydroelectric power dam construction and road construction, as well as telecom cooperations. Hence, the case study of Ethiopia's relation with China provides evidences for the argument

that Chinese Africa presence is based on a broader framework of cooperations and is reaching out most African countries irrespective of their resource endowment status. This would further support the assertion that the resources that China needs in Africa are pervasive. The case study will also provide evidences on the role of the country on the Forum for China-Africa Cooperations at a regional level in addition to showing how the relationship is moving in leveraging Ethiopia to attain economic benefits bilaterally.

Hence, aiming at contributing to a more comprehensive understanding of China's current cooperation in Africa as broader in scope that covers larger spheres of sectors than perceived in the literature, the thesis seeks to identify empirical indicators that bridge the perceived gaps in the literature so as to highlight the full picture of the current Sino-Africa and Sino-Ethiopian relations as they appear on the ground.

1.3.3 Analytical Framework

The type of reasoning that is used in the research is neither exclusively inductive nor deductive, but a type of reasoning that takes an account of both. The greater deal of understanding and conceptualization was based largely on the empirically observable phenomena of China's Africa presence after the 21st century. But, it has not been free from the theoretical bearings too. The available theoretical conceptions gave light to further understand the subject on the ground deductively. Identifying specific observable practices on Ethio-China bilateral relations contributed inductively for making generalizations on some patterns of overall cooperations. Hence, both the two grand logics of reasoning, i.e., inductive and deductive were used as alternative directions of approaches for making generalizations and hypothesis formulation and theory building.

In line with the above, two interactive levels of analytical frameworks were used in examining and analyzing the roles, extent and implication of current Chinese engagement in Africa. The first framework deals with policy level analyses focusing on the grand Forum for China-Africa Cooperation (FOCAC). This level of analysis attempts to examine the broader policy and strategic perspectives that give analytical contexts as to how China and Africa aspires to foresee win-win development optimism. Hence, it defines the mechanisms with which China embraces the continent on the one hand and how Africa as a regional partner is positioning itself in buffering its interests and making use of strategic alternatives to promote its own development. The emphasis at this level of analysis is to examine policies and program

initiatives that are common to all members of FOCAC and China. Furthermore, the analysis on FOCAC also highlights the roles its constituent members, like Ethiopia, have been playing in advancing cooperations at a regional level, which in turn gives insights to analyze China's bilateral roles at a one-to-one level as well.

The second level of analysis rests on examining Ethio-China relations at a bilateral or at a country level. It focusses on examining and identifying the respective potentials of the two countries that they agreed to offer one another in their respective interests. The utility of this level of analysis is that China's cooperation with Ethiopia provides evidences for an alternative counter argument against the literature that assumes China's engagement with Africa as meant for natural resources. On the other hand, Ethiopia's potentials to China, which are more of non-natural resources, reaffirm the above perspective that pointed to the reflection of the relationship that goes beyond the natural resource or energy argument. It also falsifies the assumption of the literature that argues China's engagement in the continent is condition-free. But, the research argues that China has never developed condition free relations in the continent, as it has set a stable condition of supporting one China policy to start a bilateral relation from the outset. Hence, nothing was condition-free as their entire relationship is primarily set as a result of Ethiopian diplomatic support to one China policy against Taiwan. The empirical data on their cooperation further highlights the role of Chinese infrastructure development support, investment, and the bilateral trade between the two countries as well as the influence of Chinese development model on the political economy of post-2005 Ethiopia.

1.3.4 Data Collection and Analysis

Both quantitative and qualitative types of data were collected and analyzed. Statistical data on the performance of Ethio-China relations for about a period of ten years was collected and analyzed from Ethiopian Ministry of Trade and Industry (EMTI), Ethiopian Investment Agency (EIA) and FOCAC archives. Documents such as memorandum of understanding signed between China and Ethiopia such as project agreements on infrastructure development, road construction, hydroelectric power/dam construction, telecommunication expansion and so on were also collected from the Ministry of Finance and Economic Development (MFED), particularly from Ethio-China sub-department. The quantitative data organized on the status of investments, the amount of investment capital, the sectoral distribution of investment, the size of investment benefits, such as permanent employment opportunities they brought in were

also analyzed and examined in order to measure the role of Chinese FDI, its trends and that it caused on the country's economy. The same is true for Chinese aid.

Field based data collection and observation was conducted from April 2011 to October 2012. The qualitative data was collected through key informant interview with experts working in the following institutions: (1) PRC's Embassy in Addis Ababa, (2) Ministry of Foreign Affairs, (3) Ministry of Trade; (4) Ministry of Finance and Economic Development; (5) Infrastructure related government offices; such as Ministry of Transport, Ethiopian Telecommunications and Electric Power Corporations; (6) Ethiopian Investment Agency, (7) Revenues and Custom Authority, (8) Ethiopian Chamber of commerce and (9) African Union were qualitatively analyzed and used in the thesis to find out evidences to support arguments. The non-probability research method of purposive sampling was used to determine the number of experts to be interviewed. They were selected based on criteria of the relevance of their official positions and the relevance of activities they carried out in relation to Ethio-China bilateral cooperations as the latter could gave them the opportunity to understand how the relationship between the two is being managed. The field research was not only about conducting interview and observation, the desk research (library and documentation) was also part and parcel of field based data collection program and was particularly important to get access to and review those sources that are available only in the field. Especially, the African Union library and data base was utilized to identify documents and data useful for the research. Addis Ababa University Library was another source of important documents and research out puts vital to this research. Hence, the desk research helped to get access to a wide range of materials, including research reports on China's roles actions, measures and mechanisms in Africa so as to broadened the understand on the latter's growing Africa policy

The other most important method utilized to gather relevant information that allows capturing a broad spectrum of data and/or information useful to substantiate the argument has been review of the literature or survey of secondary sources. As part of this, the websites of relevant institutions, research reports, annual performance reports of multilateral institutions, media outlets, press releases and newspapers, blogs, unpublished conference sources books and journals were assessed and used depending on their relevance to support the argument and enrich the content of the thesis. Exploring archives of Ministry of Foreign Affairs, Embassies and African Union has helped to get access to documents such as "White Paper or China's African Policy", and official statements and declaration of FOCAC summits and many more

related sources (Dietz and Kolokouris 2012: 8) that finally helped to answer questions and prove or disprove the tentative conjectures.

The third and final method of data collection during the field work has been physical observation of project activities and sightseeing on Chinese investments, such as the glass factory in Addis Ababa and observations of Chinese contracted road construction project including discussions with daily laborers to capture their views as to how it feels to work with Chinese managed projects in Africa.

The data collected in the abovementioned methods were analyzed using both qualitative and quantitative methods, particularly descriptive statistics was used to analyze the qualitative data. The descriptive statistics played key roles in the scientific ways of collecting, classifying, describing, and interpreting quantitative data (Ferguson cited in Suhr 2003:1).²⁷ It is used to analyze and interpret numerical data on Ethio-China import-export trade as well as investment performances on Chinese FDI and Ethio-China joint investment practices. Descriptive statistics, in this sense provides techniques to analyze and describe sets of measures.²⁸ The latter is also seen as numerical procedures and/or graphical techniques used to systematize sample statistics.²⁹ But, inferential statistics, which is not the focus of the thesis, is used to make predictions and judgments.³⁰

Statistical measurements are broadly divided into categorical data and continuous data.³¹ The former further divided into four sub-categories (Ibid). The first is binary data in which the observations measured are provided in terms of two outcomes, for instance survival and death, import-export values. The second is nominal level, which is not a hierarchical ranking, but “refers to data that can only be put into groups.”³² To put differently, “[n]ominal data consist

²⁷Suhr, Diana (2003). Answering Your Research Questions with Descriptive Statistics. Available at: http://www.wuss.org/proceedings10/analy/2969_5_ANL-Suhr1.pdf, p.1

²⁸Julet, Michelle (2009). Introduction to Probability and Statistics 14th Ed. Boston: Brooks/Cole, p.2

²⁹Fisher, Murray J., and Marshall, Andrea P. (2009). Understanding Descriptive Statistics. Journal of Australian Critical Care, Vol. 22, Pp. 93-97, p. 96

³⁰Jaggi, Seema (). Descriptive Statistics and Exploratory Data Analysis. Available at: http://www.iasri.res.in/ebook/EB_SMAR/e-book_pdf%20files/Manual%20II/1-Descriptive%20Statistics.pdf

³¹Gill Marshall and Leon Jonker (2010). An introduction to Descriptive Statistics: A Review and Practical Guide. Journal of Radiography, Vol.16, Issue 4, Pp. e1 -e7, p.e2

³²Thompson, Cheryl B. (2009). Descriptive Data Analysis. Air Medical Journal, Vol. 28, No. 2, Pp. 56-59, p 57

of counts of objects in categories.”³³ In this sense, import and export values, for instance, could be treated grossly focusing on all the components altogether, without being dissected into parts. It implies “no category or part of the observed data is better than the other” and differences between them cannot be taken into account (Ibid). Ordinal data is the “scoring of observations into hierarchical patterns and is used for variables that cannot be directly measured” such as pain, satisfaction or anxiety.”³⁴ Continuous data comprises interval or ratios, which are seen as the strongest forms of data, but ratio data is seen as more stronger than interval as the later has true zero value.³⁵ A zero score of length, height or weight of a living thing imply an absence of existence.³⁶ The interval data does not have a zero measurement as is the case, in the measurement of temperature where a zero value implies meaning.

The most common measurement levels used in the thesis was nominal and ratio data. Such measurements were supplemented with tools like graphs or pictures in order to augment the analysis. In addition to these levels, there are statistical tools to measure and analyze the distribution of the observed values. Out of these, the method used to explain the “midpoint of a spread of scores” provides information as to where the majority of scored values lie in the distribution table. Furthermore, contrary to the latter is the approach that measures the spread of scores or dispersion, such as variance.”³⁷ Hence, measure of central tendency and dispersion are essential aspects of the descriptive statistics. Using a two-stage analytical framework and drawing on a wide range of primary qualitative and quantitative data collected through interview as well as through literature survey, and observation, the thesis analyzes the impact of China’s cooperation on the development of Ethiopia at both multilateral and bilateral levels.

To sum up, there were three key tools of data collection: (1) desk research, primarily geared to examine all the available secondary sources (soft and hard sources); (2) structured key

³³Porter, William R. (). Applied Statistics in Product Development, pdf

³⁴Fisher, Murray J., and Marshall, Andrea P. (2009).Understanding Descriptive Statistics. Journal of Australian Critical Care, Vol. 22, Pp. 93-97, p. 94

³⁵Gill Marshall and Leon Jonker (2010).An introduction to Descriptive Statistics: A Review and Practical Guide. Journal of Radiography, Vol.16, Issue 4, Pp. e1 -e7, p.e2

³⁶Fisher, Murray J., and Marshall, Andrea P. (2009).Understanding Descriptive Statistics. Journal of Australian Critical Care, Vol. 22, Pp. 93-97, p. 95

³⁷Gill Marshall and Leon Jonker (2010).An introduction to Descriptive Statistics: A Review and Practical Guide. Journal of Radiography, Vol.16, Issue 4, Pp. e1 -e7, p.e3

informant interviews, (3) field based observations. The research also used four analysis approaches that included: qualitative analysis used to analyze the information collected with interview. Quantitative analysis, particularly, i.e., descriptive statistics used to analyze trade, investment, aid and development related quantitative data used in the thesis. Comparative analysis was also used to explain the policy differences as stipulated in the literature between Western and Chinese approaches in cooperating with Africa. The policy positions since the Bandung conference in 1955 between Africa and Asia were best suited to be analyzed the latter was use to analyze the development of the rhetorically heightened South-South cooperation, China's separation from USSR, its alliance with and assistance to newly independent states in the developing world and the latter's non-conforming foreign policy objectives and principles designed to contradict with the West and multilateral institutions were explained largely using comparative approach. Finally, the fourth analysis type was discourse analysis, which was largely utilized in the body of the thesis to analyze speeches of political figures, and declarations of FOCAC summits. In addition, it was used to analyze the information available in any source that reflected opinion and/or comments on the China-Africa relations. For instance, the speeches Ethiopia's late Premier and other leaders were repeatedly analyzed in the literature using this tool.

1.4 Research Objectives

- Contribute to the body of knowledge and understanding on the developments made so far on Sino-Africa and Ethio-China cooperations,
- Examine the role of non-natural resource producing country in attracting the attention of China using two case studies on FOCAC as a multilateral platform and Ethiopia's bilateral cooperation with China,
- Analyze the roles, dimensions, meaning of Ethio-China bilateral relations empirically through analyzing the variables of trade, investment, and development cooperation,
- Explore the emerging ideological of convergence between Ethiopia and China with a focus on the Chinese model and developmental state.

1.5 Research Questions

1.5.1 Leading Question:

- How does the 21st Century Sino-Africa relation put an effect on Africa and/or Ethiopia?

1.5.2 Specific Questions:

- How does the policy shift from the traditional China-Africa cooperation to the 21st century's FOCAC is affecting Africa/Ethiopia?
- How does FOCAC as a multilateral framework is aimed to transform Africa?
- Why Ethiopia, while it is a non-natural resources producing country, is attracting China's attention in both multilateral and bilateral levels?
- How China's bilateral cooperation with Ethiopia is affecting the country's development?
- Does the Ethio-China bilateral cooperation and emerging ideological convergence is affecting the country's economic development and governance?

1.6 Hypotheses

- The current China-Africa relation is broad-based and multidimensional in scope. It is not limited to securing strategic resources for satisfying the need for energy and other natural resources for its industry, but it is designed on a scaled-up strategy of nesting broader cooperations on the socio-cultural, economic, political or diplomatic, and security interests.
- Infrastructural growth, such as the development of power or energy, transportation facility, such as road construction and rail way as well as information and communication technology, particularly telecom services are positively correlated with Chinese cooperations in Ethiopia.
- Ethiopia's bilateral relation with China is motivating Ethiopia's export capacity, enhance investment opportunities, most importantly capacitate the government's ability to push for further development through providing financial resources in the form of interest free loans, concessional and low interest loans, grants, and aid with no-strings attached approach.
- East-Asian policy exemplars, particularly, the 'Chinese development approach' has implicated itself in Ethiopian development and governance approaches. The country's ruling party's behavior was shifted to undemocratic practices following the adoption of a developmental state as its ideology. The fragile democratic rule deteriorated further, the ruling system changed to one party rule since 2010, the political space was slimmed down and multi-party democratic optimism became a failure.

1.7 Ethical Considerations

The thesis considers some ethical elements of a research in data collection, analysis, and protection of the confidentiality of primary data sources and other methodological standards. In the vast survey related literature, the research first attempted to select relevant materials. After the necessary review has been made, concepts relevant to the research were extracted and paraphrased, or quoted and taken as a direct quotation with the source being acknowledged. In the case of an entirely tabular quantitative information on the area of Ethio-China trade related import-export and investment data, first, these data sets were collected from official sources of Ethiopian Federal Investment Agency (FIA) and Ethiopian Ministry of Trade (MOT) through requesting these offices formally with a letter of cooperation that I took from University of Vienna and submitted to seek their permission to have access to such a data. The latter were presented in the thesis with proper acknowledgement of where they were obtained.

Interview as a key method of data collection was also an important area that seeks proper application of Ethical criteria. With the key informant interview used in this thesis, first the interview guide was developed and tested. Then, institutions and the key personalities that have official assignments relevant to Ethio-China relations were identified. During the interview process, first, the researcher introduced the title and purpose of the research, put forward the questions to the informant, probe the later for more details and showed flexibility for convenience of the respondent until the required discussion is exhaustively played out with a parallel note taking/recording for the consequent analysis. The information given from these personalities, including their private details remained confidential unless the need arises to mention them in the course of the analysis.

1.8 Scope and Limitations of the study

The scope of this research is limited to briefly examining China's economic, political and socio-cultural involvement with Africa in general, and Ethiopia in particular with an interactive two level analysis as explained in the case studies. But, the effort to get this done has never been plain. The scope of the research does not include some issues which are not the focus of FOCAC's current circumstances, such as the growing corruptions related to China's engagement in the infrastructure related business, particularly their relationships with the Ethiopian military and political elites. There were a bunch of factors that have come to

significantly protruded within the actual activities limiting the scope of the analysis in one way or another. One of such limitations has been the scarcity of officially recognized aid related data on the Ethio-China or Sino-African relations. China does not provide aid figures for individual countries.³⁸ For such stances, it has been difficult to understand how China define aid how it is carried out as a foreign policy tool. Any attempt to put a cumulative total on China's aid to a particular African country was thus futile except in rare cases when the African country itself provides such a figure. Even then, questions remained unanswered as to the amount of disbursed aid versus promised aid. This research has ,therefore, faced the difficulty to get access to quantitative data over Chinese aid practices, nor was possible to summarize concessional loans, development aid and grants as well as the number of Ethiopian experts trained in China from the Chinese side.

During the field work in Addis Ababa, my own personal attempt to collect the statistical data on the number of Ethiopians going to China for Short term training as well as through scholarship was failed after my letter of cooperation that I carried from the University of Vienna was referred to the appropriate section to the Ethiopian Ministry of Education (EME). The expert in charge of this specific task responded that he has never compiled such a data, nor was I got assistance from his boss. The financial limitation of the research was the root of the problem as such people could have been changed their behavior had I been able to stay longer and attempted different approaches to collect the required data. But, an attempt was made to provide indicative data from reliable primary and secondary sources arranged by those who have had the means to compile on some aspects of the relationship, such as the development of infrastructure, investment, trade and aid practices as well. Despite the encouragement offered after the third Beijing Summit of 3-5 November 2006 in (FOCAC) to provide increased public access to essential data about Sino-African cooperation, the documentation on China's bilateral aid to Africa remains scarce (Davies et al., 2008; Gill et al., 2007).

³⁸Shinn, David H. (2011). China and the Horn of Africa. Middle East Studies Association, Washington, D.C. Available at: <http://de.scribd.com/doc/74854832/China-and-the-Horn-of-Africa-MESA-2011>

Chapter II: Debates and Theoretical Considerations

2.1 Contending Debates on the China-African Relation

The debate on the growth of China's economic and political influences in Africa has been unfolding in a variety of way. There have been evolving concerns, opinions, and arguments over the meaning and implications of the latter on actors, primarily on the West, Africa, China and the world at large. Some of them are presented in terms of polarized debates concerning the undeterred involvement of China in Africa despite the fact that the continent has been, with its entirety, under the influence of the West for so long. These debates provide perspectives to understand the intent, and impact of China's deepening presence in the region and its likely influences on the balance of political and economic power, economic and infrastructural development as well as democratic governance prospects. The way the literature presents these debates is diverse and complex. The structure seem to have no coherence and one may be subsumed within the other or vice versa. But, this part aims, just, to briefly explain how some of them are explaining the impact of Chinese presence in Africa.

Two polarizing views came to the fore in explaining the impact of China's involvement in Africa. The first sees China's presence as inherently good while the second perceive it as a process that will lead only to pessimistic outcomes. "For Scholars of the former persuasion China's engagements in Africa are benign and do not threaten Africa's development."³⁹ These scholars, rather, believed that its reinforced practices in terms of development cooperation over infrastructure, investment and trade with its African counterparts will help to ensure sustainable economic development in Africa. Others, however, do not agree with this proposition. "For proponents of the doomsday prediction, China is part of a new African scramble."⁴⁰ According to this view, China is seen as a new "imperial power" that comes to Africa with a new colonial project that will perpetuate Africa's underdevelopment through extraction and destruction of Africa's resources and industrial capacity. These polarizing ideas espoused in such perspectives only magnified the extreme views of competent powers, but the

³⁹Edinger, Hannah; Herman, Hayley and Jansson, Johanna (ed.) (2008). *New Impulses From the South: China's Engagement of Africa*. A Publication of the Center for Chinese Studies, Center for Chinese Studies, University of Stellenbosch, p. I

⁴⁰Edinger, Hannah; Herman, Hayley and Jansson, Johanna (ed.) (2008). *New Impulses From the South: China's Engagement of Africa*. A Publication of the Center for Chinese Studies, Center for Chinese Studies, University of Stellenbosch, p.5

polarity is also hinting the perspective gap that could have appeared in the form of the ‘African voice’ of such a debate. The African version of the debate over Sino-African relation is pivotal in the sense that the Chinese roles in the continent will finally be seen either as a success or failure depending on how the African side will manage the relations.

Observations by Naidu and Ampiah (2008)⁴¹ indicated that “... China is now seemingly challenging the hegemonic positions long monopolized by the United States, Britain and France in Africa.” the debates on Chinese recent policy in Africa is, therefore, related to the historical standpoint of colonialism and its adverse impacts on African development impasse. These scholars equate the current deepening engagement of China in Africa as a ‘second scramble’ aimed at tapping African natural resources.⁴² This view also reflects the potential sentiments regarding what a developed China would bring in the power spectrum. In other words, proponents of this view reflected the concerns of the major actors, in the sense that, a rising China would finally undermine Western or American interest of “isolating rogue governments, such as Sudan and Zimbabwe, for failing to promote democracy and comply with international law ... or respect human rights.”⁴³ Hence, this side of the debate went further to characterize the Chinese role in Africa as ‘yellow construction crane’ destroying the existing natural resources, such as equatorial rainforests. This conception saw post-Cold war China in Africa from the point of view of the China ‘threat theory’ or ‘yellow peril’ perception that portrays China as a country aimed at promoting an ‘imperialist’ mission in Africa.

The existing Sino-African relation is seen in the West mostly as potentially damaging in the sense that it will inhibit the possibilities of democratic state building and bottom-up governance. This view in its totality projects that growing and deepening Chinese presence in Africa will mirror its roles as “exploitative, extractive and destructive” that will perpetuate African underdevelopment.⁴⁴ An aspect of the same argument also considered China’s co-operation with African states as part of the latter’s long aspired international political objective

⁴¹ Naidu, S. and Ampiah, K. (2008). *Africa and China: Crouching Tiger, Hidden Dragon?* University of KwaZulu-Natal Press, Cape Town, P. 3.

⁴² Taylor, Ian (2005). *NEPAD: Towards Africa’s Development or Another False Start?* Boulder, CO: Lynne Rienner., P. 4.

⁴³ Rotberg, Robert I. (edr) (2008). *China into Africa: Trade, Aid.* Baltimore: Brookings Institution Press, P.3

⁴⁴ Taylor, Ian (2005). *NEPAD: Towards Africa’s Development or Another False Start?* Boulder, CO: Lynne Rienner, P.8

of promoting a South-South cooperation and dialogue in order to broaden its influence over the continent to satisfy its own national intent. The latter perceived Sino-African relation as something that has not been a suddenly immersed one but a decades' long plan aimed to portray China's image as a rising power to the rest of the world. By doing so, China has already achieved to be the center of academia, international relations and foreign policy circles that are keen to interpret what a rising power and its impacts would mean in the current global geopolitical architecture. Hence, China's Africa policy is seen as one manifestation of such power. On the other side of the aisle, however, we found those who perceive the post-cold war and 21st century Sino-Africa policies and practices as something positive that could help Africa to break the development challenge it has been struggling for so long.

The roles of this nascent player in Africa is repeatedly said to ignite political changes mostly with an intention to restructuring the UN system, but also implicitly posturing its national political exemplars to the poor states, such as its role in bringing stability and leadership towards fast economic growth. The other most dominant aspect of China's relation with Africa is promotion of economic cooperation through enhancing bilateral trade flows, investment projects and development assistance.⁴⁵ These two roles, which are growing bold in Africa, have drawn differing perspectives concerning their potential long term impacts on the continent. But, as has been seen from every major player in international politics and economic relations in the past, China as an emerging player has been trying to explain its own version of how its roles will be useful and in being a driver of growth in Africa.

In addition to the above lines of perspectives, there are three strands of looking at the result of Sino-African friendship: Sino-optimism, Sino-pragmatism and Sino-pessimism.⁴⁶ Sino-optimism denotes the hopes and positive aspirations that surround the re-entry of China in Africa. China's growing activities with African countries, like Ethiopia, are seen as the best alternative to help economic and infrastructure growth in the continent. Sino-pragmatism, on the other hand, contends that increased Chinese roles in the continent would be neocolonial in consequence, if not in intent, as "the logic of capital is the same whether those in the driving

⁴⁵Edinger, Hannah et al (edr.). 2008. *New Impulses from the South: China's Engagement of Africa*. Stellenbosch, Stellenbosch University Press, P.23

⁴⁶Adem, Seifudein (2012). *China in Ethiopia: Diplomacy and Economics of Sino-Optimism*.

⁴⁷*Journal of African Studies Review*, Volume 55, Number 1, pp. 143-160, p.144

seat are Europeans, Americans or Chinese.”⁴⁷ As to pragmatists, like Kennedy; Scott (2010), it is too early to judge whether or not the disadvantages of the Sino-African relations outweigh its advantages.⁴⁸ The Chinese still have time to review its recent involvement and review historical lessons from African colonial and post-colonial engagement with the West. Sino-pessimism, as the word tells, is an outright position on the consequence of Chinese presence and insisted that their presence will only perpetuate African underdevelopment and structural dependence. The Chinese are in Africa only for their own sake and their roles will only hinder current efforts to make Africa break its age old development impasse. The three perspectives regarding the impact of increased Chinese involvement in Ethiopia holds ground, and the result is somehow similar to other African countries too with the difference being only a matter of degree.

2.2 Theoretical Considerations

2.2.1 China Threat Theory

Some theoretical paradigms may not be adequately pervasive by themselves to provide a comprehensive account of the research issues that one is dealing with.⁴⁹ The same is true with the current China-Africa relations owing to its multilayered structure, complex reaction to the issue and its differing implications. In view of this, the thesis attempted to review theories that were believed to have analytical relevance to explain and understand some aspects of the current Sino-African relationship. For the lack of a single theoretical framework able to explain the concepts, meanings and implications enshrined in current Sino-African cooperation, the thesis saw the China threat theory to analyze American conception of the China’s strong presence in Africa with the lens of the latter’s conception of Chinese threat in South East Asia. The dependency theory has also been another paradigm reviewed to see whether or not current Sino-African relation has got a similar meaning to the classic center-periphery type of relation or it does really surface the so called politically propagated ‘equal’ and win-win relationship. Furthermore, the theory of Soft-power and China’s soft-power in

⁴⁷ Adem, Seifudein (2012). China in Ethiopia: Diplomacy and Economics of Sino-Optimism.

‘Journal of African Studies Review, Volume 55, Number 1, pp. 143-160.

⁴⁸ ‘The Myth of the Beijing Consensus’, Journal of Contemporary China, Vol. 19, No. 65, Pp. 461-477.

⁴⁹ Weber, Cynthia (2010). International Relations Theory. New York: Routledge, Pp. 1-10.

Africa and the related theory of South-South cooperation were theories briefly analyzed for their contribution in explaining Sino-African relation.

The current Sino-African relation has come to be a sparkling issue which is attracting the interests of global academia and wider ranges of international relations and foreign policy circles. Its unprecedented surge in the post-Mao and post-cold-war period, with a significant shift in form and substance, has raised several puzzles and debates that engulf the international relations literature. This is partly due to the shift in its structure, meaning and form than it used to be during the cold war era. Various reasons can be mentioned about this shift, but, one of the key driving forces for it has been the policy reform and economic development records in China that came into effect after the death of Mao in 1976.⁵⁰ China's relation with Africa has, thus, been growing rapidly through "increasing bilateral trade flows, investment projects and development assistances."⁵¹ Several academia and policy groups in the US, Europe and Africa itself have come up with a diversified view regarding the meaning and implication of this relationships. This shows the latter's potential to be the agenda for a new form of global power relation and the consequent transformation of the current hegemonic power system. Such perceptions of challenge within the hegemonic power players in the West, especially in USA, led analysts to contemplate over the China-Africa cooperation. Most have already expressed their concerns over China's success in its economy and growing military power. These people have interpreted its rise as a threat to America's national interests in the Asian-Pacific region.⁵² Conversely, most Western ideas on the matter regarding Africa have been focusing on the negative repercussions.

The growth of Chinese economy in the 1990s gave rise to the realist conception of 'rising power' of China as potentially a threat to the unipolar world order.⁵³ This was thought to come into effect through instigating the latter's leadership position via China's anti-hegemonic

⁵⁰Lewis, Peter (2007). China in Africa: the Bretton Woods Committee. Quarterly Newsletter, Vol. 2, Issue 1.

⁵¹Edinger, Hannah, Herman, Hayley and Jansson, Johanna (ed.) (2008). New Impulses From the South: China's Engagement of Africa. A publication of the center for Chinese Studies, Center for Chinese Studies, University of Stellenbosch, p. I

⁵²Broomfield, Emma V. (2003). Perceptions of Danger: the China Threat Theory, Journal of Contemporary China, Vol. 12, No. 35, pp. 265-284.

⁵³ Broomfield, Emma (2003). Perceptions of Danger: the China threat theory. Journal of Contemporary China, Vol. 12, No. 35, Pp. 265-284

alliances that may finally challenge America's global interests and positions.⁵⁴ With the end of the cold war, power analysts in the U.S. grab the idea of 'Chinese rise' as a concept to play in a sense of fear based on the assumption that "powerful China could become a threat"⁵⁵ to the supremacy of the United States. The debate in the United States has centered on the latter's potentially disruptive impact on the existing global power structure in general, and America's national interests in Southeast Asia in particular (Ibid). The literature witnessed that China's economy grew, on average, at a rate of 10 percent per year from the 1980s to late 1990s and with a rate of 8 - 9 percent per annum from late 1990s-2005.⁵⁶ The surge in GDP growth rates became remarkably higher in 2006 when the economy grew with a peak rate of over 11 percent. Such record in growth was also reflected in global trade and investment as well as the need for raw materials and markets for products. Observations of such indicators were also interpreted as having threatening effects against existing power dynamics.

The Western view on the growth of the Chinese economy in turn has influenced Chinese analysts to pay attention on preventing their country's international image. They have been responding to Western and American interpretation of their country's growth as peaceful that will never have threatening impacts on others except for achieving peaceful economic growth. They undermined its international image of being perceived as a rising power that will get into conflict to prove its power and alter the order under its direction. They reflected over how other states should see China's behavior as a cooperative partner, including the effort how it will act as a responsible international actor to resolve differences through negotiations. In the last recent decades, the country tried to explain and convince others describing the Mao era (1949-1976) only as a "revolutionary socialist power" and in the reform era (1978- till now), as a "cooperative and responsible player in the international system."⁵⁷

⁵⁴Foot, Rosemary (2006). Chinese Strategies in a US-Hegemonic Global Order: Accommodating and Hedging.

International Affairs, Vol. 82, No.1, Pp. 77-94.

⁵⁵Rabinovitch, Simon (2008). The Rise of an Image-Couscous China. China Security, Vol. 4, No. 3, Pp. 33-47.

⁵⁶Layne, Christopher (). China's Challenge to US Hegemony. Current History - A Journal of Contemporary World Affairs, Vol. 107, Issue 705. Pp. 13-18

⁵⁷Tsehai Alemayehu (2009). The Ethiopian Developmental State: Requirements and Perquisites. Journal of Business and Economics Research, Volume 7, Number 8, Pp. 11-18

Analysts argued that the growing Chinese presence in Africa is being taken as a new evidence of its rising global power status. It has also been a test against the established power houses. Especially, its involvement in states that have a strained relationship with the United States, such as Sudan and Zimbabwe as well as its rejection of the aid and development modalities put in place by Western states and the persistence to pursue its own way of international relation principles and practices have been reassertions of its growing power statuses. China's comeback on the world stage, with a steady growth of super power status is, therefore, presenting an indisputable challenge to America's position and its ideals of democracy and human rights throughout the world. Its search for regional dominance, growing military power and global outreach in diplomacy, bilateral trade and investment ties will inevitably run over its interests and the security of its allies in the future. The 'China threat' theory argues that China will use its escalating power to challenge the unilateral super power position of the U.S., undermine the current status-quo, and destabilize regional security.⁵⁸ The available literature pointed out that such perceived threat from rising China could take various forms, such as ideological, economic and military or strategic.⁵⁹

Analysts in the U.S. argued that Chinese companies are investing on the extraction of renewable resources; provide development aid and sale armaments to these states ignoring the call from the U.S., multilateral institutions and other Western powers to follow the existing international procedures for a more integrated international interventions, such as in providing aid, loan, and investment. These actions are also taken as a sign of China's growing power.⁶⁰ Its investment in oil production and exploration undercuts the benefits that US companies could have gotten in Sudan and Congo, Angola, Nigeria and so on. Proponents of the China threat theory saw China's involvement in Africa as something that would make matters worse in various ways. They argued that China is exploiting African natural resources; it is dumping its low quality industrial products, which will consequently have disastrous impacts on the growth of local industries and hence, jeopardizing local economic growth. They pointed out that China is monopolizing African markets. It is exporting their excess labor to work in

⁵⁸Al-Rodman, Khalid, R. (2007). Critique of the China Threat Theory: A Systematic Analysis. *Asian Perspective*, Vol., 31, No. 3, pp. 41-66.

⁵⁹Broomfield, Emma V (2003). 'Perceptions of Danger: the China Threat Theory', *Journal of Contemporary China*, Vol. 12, No. 35, pp. 265-284.

⁶⁰Deng, Yong (2008). *China's Struggle for Status: the Realignment of International Relations*, Cambridge University Press, New York.

various projects that its companies have contracted out than employing the local labor. This is again exacerbating local unemployment and so on to mention some. These pronouncements are issues at which Africans have been worried about and some are even making their voices lauder for a better relative advantage in their relation with China. Despite this African responses are so diverse due to the multiplicity of factors that underlie such issues.⁶¹

African literatures, on the other hand, seem they did not accept some positions of either in the East or West. They rather deviate from either side. They question the U.S. and others as to why they are worrying about current Chinese involvement in Africa. Based on historical evidences from slave trade to colonialism, these African literatures seem paying no trust to the West and argue that the West is partly responsible to African underdevelopment and do not have the moral strength to criticize China-Africa relation at this stage. They further argue that the U.S. and its Western allies are worried because they need to exploit African resources for their own development. The only way-out for Africa is to put the courage and commitment that should be played out by Africans and this should be left for them. Other external powers need to encourage and support African priorities and development plans. Other group of African literature supports the current Chinese involvement in Africa for reasons of the failures of earlier efforts, which was also followed by lack of interest by the West to involve in Africa's infrastructure development, investment and construction sectors, which China is doing with greatest risk since the turn of the century. But, Africa should come together and devise a development priority and strategy with which external powers will contribute for a more meaningful impact.⁶²

2.2.2 Dependency Theory

China's economic ascendance to the level of influencing the economic, social and political conditions of the global South necessitates the interest for reusing the dependency framework once again if it could help to analyze the currently growing interactions with Africa and other parts of the developing world. China's historical ties with Africa, during the Mao era, have

⁶¹ Al-Rodhan, Khalid R. (2007). A Critique of the China Threat Theory: A Systematic Analysis. Available at: <http://www.questia.com/read/1P3-1995204371/a-critique-of-the-china-threat-theory-a-systematic>

⁶² Ross, Robert S. (2008). Assessing the China Threat. Center for Chinese Studies. Available at: <http://www.ccs.org.sa>

been ideologically and politically driven in their nature. Its engagement of African countries during this anti-colonial movement was made in effect without any significant impact on African economic situation. In addition, China itself has been known, until today, as a developing nation. Such rationales have made it somehow difficult to define China as a core country to see its relation with Africa through the core-periphery framework.⁶³ Sino-African relation also brings the puzzle of whether or not China could continue economic, political and social dominance over African nations to the extent it spurs development in the latter with its own technology until the region sustains growth and finally become free from poverty and all its demeaning features. But, some aspects of this growth process will only be seen as a function of time, and is in fact quite beyond the scope of this thesis.

Sino-African relationship evolves from ideology and politics into pragmatic forms of economic and political cooperations that reflects some kind of 'dependent' relations. As noted by Maswana (2007) Sino-Africa partnership reveals "South-South dialectic relations, which is taking place in an emerging global economic configuration marked by a technology gap."⁶⁴ The disparity in technological innovation, adaptation, utilization and institutionalization between Africa and China is a key factor that could contribute to the development of an independent economic development in the region, which in turn reflects a similar dependent relationship that Africa have had with the West. But, other resources, such as financial capital for financing development and lack of institutionalized knowhow in executing development projects also plays key roles in witnessing dependent relationship between China and Africa. Therefore, the Sino-African case is an emerging scenario that resembles mostly the kinds of relations described by past dependency theorists.

Dependency theorists argued that economic domination runs across North-South patterns. But, the recent China-Africa relation, on the other hand, presents a new type of post-cold war international relation driven by different patterns of structure and characteristics under the

⁶³Maswana, Jean-Claude (2007): Available at: China-Africa's Emerging Economic Links: A Review under the Core-Periphery Perspective.http://mpra.ub.uni-muenchen.de/5520/1/MPRA_paper_5520.pdf, Pp. 2-3

⁶⁴ 3Taylor, Ian (2005). NEPAD: Towards Africa's Development or Another False Start? Boulder, CO: Lynne Rienner, p.6

South-South cooperation framework.⁶⁵ The concept of South-South cooperation has been the 1950s artifact, but the issues that have been enshrined in it kept on changing as a result of global political and economic contexts. The uniqueness of this framework lies on its commitment to enhance a win-win situation in the economic and business arenas, such as trade, investment and development cooperation, even though the available literature depicts the benefits are disproportionately tilted towards China.⁶⁶

Despite this inequality of benefits, there is a warmly harmonious and friendly relationship going on at all levels that runs through government to government, political party to political party, sector to sector, and people to people. Analysts, however, question the direction, form or structure and success that this relation would evolve through time. They agreed it is difficult to predict given the availability of inadequate evidences at the moment. It has the potential to take a different shape and course or keep up with a similar trend that it is reflecting today. Future researches will show us developments and final picture of the relationship. The fact that the key players involved in this relationship are emerging nations makes it hard to predict as the behavior of rising powers is delicate and volatile. Accordingly, the thesis argued that economic domination has already been started running South to South, depicting a new configuration of the elements of power between nations. China has been an activist for South-South Cooperation (SSC) with which it identifies itself as a developing nation. This economic and political relationship reflects the core assumptions of dependency theory which states that “interdependent relations between two or more economies take the form of ‘dependence’, in which dominant nations can expand and be self-sustaining while dependent countries can do so only as a reflection of this expansion that may affect their immediate development either positively or negatively.”⁶⁷

Exploring the currently heightened economic partnership, the thesis argued that Sino-African cooperation depicts mixed attributes: dependence/dominance, pro-growth and instigating

⁶⁵ Naughton, Barry (2010). China's Distinctive System: Can it be a Model for others?' *Journal of Contemporary China*, Vol. 19, No. 65, Pp. 437-460

⁶⁶Petithomme, Mathieu (2010). The Effects of Leadership Strategies on Underdevelopment in Sub-Saharan Africa: A Comparative Perspective. *African Journal of Political Science and International Relations* Vol. 4, No. 3, Pp. 083-095

⁶⁷Maswana, Jean-Claude (2007): China-Africa's Emerging Economic Links: A Review Under the Core-Periphery Perspective, Pp.2. Browsed on 8 Nov. 2011 and Available at: http://mpira.ub.uni-muenchen.de/5520/1/MPRA_paper_5520.pdf, p.3

change with revolutionary features. Looking at the current results of Sino-Africa cooperations on both sides, it is indicated that the emerging phenomenon is depicting aspects of dominance and dependence as China is pouring technology and capital into Africa.⁶⁸ The demand side of the cooperation framework proves the existence of dependent type of relations as the desire to bring new development requires gaining something from the other end. Though not with a direct barter like transaction, any form of assistance offered in kind or in cash has also a presumed value to bring back to the provider with greater extent and degree, except for a clear form of aid or humanitarian assistance. Hence, the supply side of the balance is not also for a mere altruistic role, but for a grand goal of becoming the global power house, hinting the existence of dominance in the relationship. Looking at the key variables of Sino-African relations, such as development aid, trade, investment, and so on, the relationship portrayed a 'skewed pattern' as the former gets the lion share of the benefits.

The notion of dominance presupposes the idea of dependence. We can use the case of a troubled boat in the ocean as a simple analogy to explain the concepts of dominance and dependence. A boat aimed to reach at its final port with only the aid of the force of a blowing wind due to its unexpected technical failure. The latter, however, could never decide upon the direction with which it should float. The wind that blows from high to low pressure cells has the upper hand to dominate the direction of the boat, but the boat will never be sure that it is going in the right direction. It will possibly sail and take it in quite the opposite direction. Second, the speed with which it drives to the destination depends on the force of the wind. And above all, the likelihood of moving ahead and reaching at the destination depends on the persisting existence of the wind power. Hence, the whole journey of the boat has been dependent on the wind power. The existence, strength and direction of wind power controls and dominates the speed, direction and likelihood of reaching at destination. This analogy provides the lens to see how the supply of technology, finance, and technical assistance, training and other supplies will affect the receiver to follow the footprints of the dominant economy. The concepts of dominance and dependence are mutually exclusive, the existence of one is not a necessary and sufficient condition to the other, but depending on the level of technological growth, own revenue collection capability, and self-sustaining growth, the two

⁶⁸ Naughton, Barry (2010). China's Distinctive System: Can it be a Model for others?' *Journal of Contemporary China*, Vol. 19, No. 65, Pp. 437-460

may sometimes be very interrelated as is the case in Sino-African relations. China is providing technology, finance and knowhow to the African partner in a way that looks like the conventional core-periphery type relations between the West and Africa.

Secondly, the literature on the subject also witnessed that at the moment the relationship seems to have been able to speed up development in Africa. Putting differently, the latter has motivated economic development, and therefore has the pro-growth impact.⁶⁹ The generous supply of development inputs (finance, technology and skills) from China has been creating growth motivations in trade, investment and infrastructure development. It has proved itself as having a pro-growth impact as it has triggered GDP growth in many African countries in the last decade. Current literature reveals that since the turn of this century, the mutual economic interdependence is growing between the two sides. But, as to whether this dependent development could possibly be sustained and will finally lead to technological independence requires systematic analyses of the economic performances of African countries for some time to come.

Sino-African relationship is also seen as a phenomenon that stipulates change or revolutionary facet in the global development approach that was in place for decades. Many African states opt for a shift away from Western market-driven neoliberal developmental approach to the Asian approach to development management called 'developmental state.'⁷⁰ The latter stipulates higher roles of the state in facilitating development in Africa signaling the departure of the latter from the long held tendency of countries to embrace democracy, human rights and market-led development. Africa, as a continent that hosts many of the developing countries, is going to make a shift to clinch developmental state as an approach to the development efforts, and then the Sino-African relation is by and large bringing a revolutionary change in the political economy of international relations.

The analytical utility of the dependency theory would be clear if we see each of the two dependency traditions, i.e., both Marxists' and structuralists' views. Marxists had pessimistic

⁶⁹Petithomme, Mathieu (2010). The Effects of Leadership Strategies on Underdevelopment in Sub-Saharan Africa: A Comparative Perspective. *African Journal of Political Science and International Relations* Vol. 4(3), Pp. 083-095

⁷⁰ Olayode, Kehinde (2005). Reinventing the African State: Issues and Challenges for Building a Developmental State. *African Journal of International Affairs*, Vol. 8, Nos. 1&2, Pp. 23-43.

views on the likelihood of development in the periphery. They viewed development in countries of the periphery as ‘catching up with the center’, but they believed it is impossible for the periphery to develop in its relation with center. Structuralists, however, believed that dependent development is possible, i.e., something to be achievable.⁷¹ What is in common between these two traditions is that they both agree on the “inability of the periphery to develop an autonomous and dynamic process of technological innovation.”⁷² Seen from the claims of structuralists tradition, the higher Gross Domestic Product (GDP) growth rates recorded by some African countries since China’s increased involvement in Africa, may give us analytical clue as to whether this has happened as a result of the China effect. The latter may help us to evaluate potential possibility of the latter’s claim of Africa’s dependent development in the last decade would be premature to prove. On the other hand, neither China nor its African partners have been known as a source of technological innovation.

China is seen by the West as a country reached to its technological level through ‘copying and reproducing’ technologies from the rest of the world. Despite this, however, it has proved an economic transformation with a technological capability as an engine of industrial growth which become as a means of power to influence business dealings with Africa. Africa has never been able to adapt and develop technologies either through diffusion, adaptation or copying in its decades-long relationship with the West. The thesis argued that financial dependency, technological backwardness and the poor practice of policy making and development management were the key potentials that Africa could have been benefited from its relations with the West. But, in the last 4 or 5 decades these have been failures and hence, the issues are still continued to be the central themes that define its relations with China. The question, therefore, would be, is Africa ready to take a lesson from its failed relations with the West in the past to make sure that its new partnership with China could address its technological gap for a positive impact on the economy? How is Africa managing its multifaceted partnership with China, in terms of technology and knowledge transfer? The

⁷¹Venango, Matias (2005). Technology, Finance, and Dependency: Latin American Radical Political Economy in Retrospect. *Journal of ‘Review of Radical Political Economics,’* Volume 38, No. 4, p.552, retrieved on 13/05/2012, available at:

http://www.econ.utah.edu/~vernengo/papers/vernengo_rrpe.pdf, p.3

⁷²Vernengo, Matias (2006). Technology, Finance, and Dependency: Latin American Radical Political Economy in Retrospect. *Journal of ‘Review of Radical Political Economics,’* Volume 38, No. 4, p.552. Available at: http://www.econ.utah.edu/~vernengo/papers/vernengo_rrpe.pdf

following section will address African technological gap and how this would be addressed in partnering with China.

2.2.2.1 Dependency as a Function of Technology

Drawing on the dependency lens, this part will address to what extent China will be able to alleviate Africa from its persisting external technological dependence for a more self-reliant growth. As to Maswana (2006) “the technological-gap account for much of the African inevitable dependency.”⁷³ This has been the key issue that African policy makers should dwell on if Africa is to get out of the poverty impasse. Comparing its traditional cooperation with the West, Africa seem in a better shape in making use of its relation with China for the basic technological growth that could have been obtained from the West in the past. This is partly, because of three factors.⁷⁴ The first is the West’s stringent reluctance to involve and assist Africa in addressing its infrastructure problem. Second, the relationship was designed on the bases of colonial mentality that put the two sides far apart on unequal positions. The actors in both the West and in Africa would have been able to redesign and adjust their relationship through successive consultations for the most aspired correction. But, the issue has gotten no serious attention except for promoting bad images of Africa through the media. It lacks a sort of heartfelt commitment to help Africa the way China is doing right now. Western governments Channeled aid through Non-Governmental Organizations (NGOs), which has been highly embezzled and rarely channeled to the target communities. The resources channeled through NGOs are highly contentious as to whether it exacerbated poverty or contributed to development, which as a matter of fact, required another investigation.

There are few Western countries that provide direct budgetary assistance to Ethiopia with which they contribute to the development of infrastructure. The amount of such financial resource remained meager for two reasons. The first is the number of Western countries providing this support is limited and secondly, infrastructure development by its nature is

⁷³ Petithomme, Mathieu (2010). The Effects of Leadership Strategies on Underdevelopment in Sub-Saharan Africa: A Comparative Perspective. African Journal of Political Science and International Relations Vol. 4(3), Pp. 083-095

⁷⁴ Maswana, Jean-Claude (2007): China-Africa’s Emerging Economic Links: A Review Under the Core-Periphery Perspective, Pp.2. Browsed on 8 Nov. 2011 and Available at: http://mpa.ub.uni-muenchen.de/5520/1/MPRA_paper_5520.pdf,

resource intensive. Furthermore, it is not clear as to whether direct budgetary support or the donors' participation through the project approach like China has been contributing to knowhow and technological transfer. No Western company has considered Africa as a credible and useful market. As a result, the thesis argued that there has been an apparent gap between China and the West in mitigating Africa's infrastructure debacle. Western involvement in assisting infrastructure development efforts in Africa has almost been inexistent. Chinese state and private companies, however, broke the silence on the latter's negligence to the call for contributing to the development of infrastructure. Hence, China's commitment, by itself, was an opportunity for African governments to leverage a long awaited infrastructure development forward.⁷⁵ It has also been a new opportunity for China to be a role model for Africa in bridging technological gap and providing alternative sources of assistance to the dependence that has been trapped with West. Furthermore, China has also been beneficial in terms of getting the market for its labor, for its technologies and revenue generation as a whole.⁷⁶ The most apparent concern here is whether African states have been ready and committed to learn, adapt and institutionalize technologies applied in telecommunications, road, bridge, dam, rail way ... construction, natural resource extraction, building, and so on in its relations with China. Putting differently, Africa needs to have a mechanism to learn, adapt, institutionalize and apply technologies brought and applied by Chinese state and private companies in the Africa.

Comparing the current Sino-African relations with the conventional relations between Africa and the West, keeping technological and financial gaps constant, the thesis argued that psychological, and emotional elements characterize the thrilling relations of China with Africa. Exploring the design of the Chinese foreign policy and diplomatic strategies applied in the developing world today, one can understand the psychological importance of Chinese foreign policy and diplomatic strategies as reflected, for instance, in the principles of peaceful co-existence outlined since the Bandung conference of 1955. The pioneering positions that have been taken by the Chinese during the liberation movements in Africa have been built on

⁷⁵ Guerrero, Dorothy-Grace and Manji, Firoze (eds.) (2008). *China's New Role in Africa and the South: A Search for a New Perspective*. Nairobi, Oxford and Bangkok: Fahamu and Focus on the Global South, p. 4.

⁷⁶ Kopiński, D.; Polus, A. and Taylor, I. (eds.) (2012). *China's Rise in Africa: Perspectives on a Developing Connection* London: Routledge, p. 16

the weaknesses of colonialism and imperialism.⁷⁷ They are still used as the corner stones of any form of collaborations being developed between China and African states. Indeed, China's support to African liberation movements has had an aspect of psychological support and sympathetic relevance, which were valuable in addition to the technological, monetary, and military support. The Cold-War and Post-Cold War relations between the West and Africa kept on the colonial type of inequalities, irrespective of the latter's status as sovereign and independent states. Multilateral institutions have also been intensifying neocolonial relationship leveraging the inferior and unequal positions the West maintains with Africa.⁷⁸ These have been of great importance that differentiates between the external factors.

Despite China's different feature to fit into the position of core countries, as seen with the lens of the dependency theory, its relation with Africa reflects technological difference that was similar to Western relations with the rest of the developing world. The psychological and ideological factors of the China-African relations are, however, different in nature from the conventional type. Western governments, their international institutions and the media have been focusing only on the bad images of the continent and this has made Africa to be psychologically traumatized as the latter fosters degraded value and maintain unequal treatment, and promotion of black image. China's new form of relation with Africa started playing opposite to the West and utilizing them to promote a friendlier and psychologically attractive atmosphere to their African partners. As Frank (1972) noted 'dependence' is not only an external relation between a peripheries' economy and economies of the core, but also "ideological and psychological manifestations in the form of inferiority complexes and assimilation of the metropolitan ideology and development theory."⁷⁹ But when we see the Sino-African case in this light, China had learned from the conventional core-periphery relationship in its efforts to pave for a more fruitful relation with Africa. It has shown its determination to foster equality and friendly ties with African governments. It seems that

⁷⁷ Mansbach, Richard and Rafferty Kirsten (2008). Introduction to Global Politics. New York and London: Routledge, p.7

⁷⁸ Taylor, Ian (2010). The International Relations of Sub-Saharan Africa New York, NY: Continuum, p. 16

⁷⁹ Frank, A.G. (1972). Economic Dependence, Class Structure and Underdevelopment Policy, in Cockcroft, Frank and Johnson (eds.): Dependence and Underdevelopment in Latin America's Political Economy, Garden City, New York, Anchor/Doubleday, Pp. 19-20

China is successful in approaching its African counterparts with equal recognition and avoids any form of psychological treatment that makes African states inferior.

The consistent pursuit of international and diplomatic relations ripped China of admirations, and support in international multilateral issues by African and other developing world. Such move promotes a fertile business climate between Africa and China and for the possibility of attaining China's most aspired higher international status. Unequal treatment, inferior positions, preconditions for most aspired development aid, lack of willingness to assist and involve in African infrastructure development needs have been acting as push factor away from the West and pull factor for the convergence of African and Chinese mutual relations today.

2.2.2.2 Comparing Dependency Thesis with Sino-African Relation

What features of the Sino-Africa relation fits with or differs from the dependency theory? The dependency theory assumed that dependency relations were running north to south, i.e., from the developed nations of the North (core countries) to the poor nations of the South (periphery countries). This major claim was compared with the emerging features of current Sino-African relations. With this, the thesis identified some general similarities/commonalities and differences. This comparison takes into account some features of cooperations, such as trade, aid, technological relations and other cooperative variables, but these two phenomena are happening with an entirely different time periods and implications.

According to dependency theorists, the core-periphery dependent relations were operated in a system whereby developing countries have been exporting primary agricultural commodities to the developed or core regions and import manufactured items in return. With the same token, the current trading pattern between China and African countries reflects a similar feature. The latter's relationship has been beautified by the pervasive propaganda on the friendliness, closeness as well as political and diplomatic equality and win-win or common development perspectives.⁸⁰ Owing only to the trade system, African raw materials, such as minerals, crude oil, iron ore, copper, and diamonds are exported to China, and manufactured

⁸⁰Deng, Yong (2008). *China's Struggle for Status: the Realignment of International Relations*, New York, Melbourne, Madrid, Cape Town, Singapore, São Paulo: Cambridge University Press, p. 57

goods and services are imported back to African markets as a major similar feature in comparing these two cases. The prices associated with the exchange of primary commodities with industrial products across these regions is another related factor that could also show a sort of similar pattern between the core- periphery and Sino-African theoretical and relational narratives. Generally, the price of raw materials has always been lower than finished industrial products, except for the differences in basic price levels of the latter that came into being through time. Hence, similar to the conventional center-periphery dependency ties, the major exports from Africa have been agricultural commodities.⁸¹ The latter, however, does not imply that African exports are only primary products, the amount of non-commodity exports of Africa to China has been very marginal, i.e., less than 10 percent of its total exports that mainly includes textiles, apparel, processed food, technologically simple manufactured items or semi-processed goods.

Changing the global power grids and realign the balance of power between East and West has been the driving factor for China to woo African governments. The latter have offered Africans with something that they lack in the West to make sure such a move could be the way for becoming internationally powerful country. In relation to this national intent, there have been the less-noticeable psychological and social impacts created within Africa's relation to East and West. The latter is also a factor partially explaining the difference between the dependency theory and Sino-African relation as well. The West has never seen Africa as a relevant venue for expanding trade ties. It has rather been marginalizing Africa as a region with less market potential. This Western perception seems noticed, reconverted and used by China as a strategic principle in designing its foreign policy for approaching and engaging the developing world, such as Africa. China's non-strings attached cooperation modality and political equality as well as its friendly treatment of the continent reflected warm psychological and social feelings by African states as opposed to the core-periphery theory that only emphasizes the subordination, poverty and other bad images of periphery countries.

The quality and price of imported items from China can also been taken as a factor to compare Sino-African relation with that of price factor in the core-periphery theorizations. This point

⁸¹ Taylor, Ian (2011). *The Forum on China-Africa Cooperation (FOCAC)* London: Routledge, 2011, P. 15

of view, however, may not provide strong evidence in comparing the two as a result of intervening factors such as disparity in time, improvements in technical knowhow and changes in marketing strategies. China has been exporting low quality products to Africa as a marketing strategy while it is exporting high quality products to the developed region. These cheaper and low quality consumable items have been part of business strategy for controlling the market with adverse impacts on local manufacturing and internal development potentials. But, the core-periphery price relation, the core countries buy raw commodity exports with lower prices, but exports to periphery may differ in prices with tremendous price changes since even the development of the theory itself. Hence, generally, there is a structural and trend similarities and differences of Africa's trade ties with the West and East. As to the balance of trade between the two, there is also a similarity of a negative import-export trade balance as a common feature of Africa's relations with the East and West. The implication is also the same. At a global level, the trend of exporting primary commodities in Africa does not expand value additions of exported products and consequently, stagnated countries from generating fast economic growth similar to China.⁸² Despite this, however, the Chinese involvement is believed to have an increasing impact over the prices of African commodity exports. This also believed to have an impact on GDP growth rates. China-driven commodity-prices meant increased revenues and the growth in own revenues meant the hope to break resource dependence and reflected the potential to motivate growth in Africa. Sino-African relation is, therefore, signaling hope for Africa to get out of its development impasse. The prices of commodities used in manufacturing, such as oil, copper, platinum is rising because of the demand from Asia, mainly China. As a result, while the price of copper grows six fold from its lowest level in 2001 up \$8,000 per ton in about 2007; platinum prices also tripled over the same observation period.

Sino-African trade relation is growing as a significant aspect of their cooperation, import export trade flow increases from \$11 billion in 2000 to \$56 billion in 2006. The share of African export to China has also showed a slight increase from 1.3 percent in 1996 to 9.3

⁸²Maswana, Jean-Claude (2007): China-Africa's Emerging Economic Links: A Review Under the Core-Periphery Perspective, Pp.2. Browsed on 8 Nov. 2011 and Available at: http://mpira.ub.uni-muenchen.de/5520/1/MPRA_paper_5520.pdf, Pp.10

percent in 2004⁸³, but with a parallel reduction of its exports to OECD countries. Despite this, however, Europe is still the destination for about 70 percent of African exports to the world with a value of about \$435 billion as compared to only 10 percent with China.⁸⁴ The Chinese significant presence in the African continent could generally be seen as the “commodities-for-infrastructure” implying Africa’s greater interest for the later. This trade relation was not stagnant, it has rather shown significant dynamism as it has been evolved from 1980s and 90s textile and footwear exports to the 21st century industrial goods, such as electronics and machinery that accounts nearly 50 percent of its exports.⁸⁵ China-Africa co-operations has also progressed from ideological alignment and supporting colonial liberation struggles in Africa towards the 21st century revised and economic oriented cooperations focused on enhancing mutually-beneficial trade and investment as well as to a recent global agendas aiming to address contemporary development challenges of climate change, food and energy insecurity.⁸⁶

But, the standard center-periphery relations between Africa and the developed countries of the North has showed a constant rigidity in only promoting the interests of the capitalists and ignoring the significance of locally devised policy and development initiatives from Africa. Evidence to this could be a lack of interest by any Western nation to stand with Africa’s desire to improve its infrastructure development that China is now overwhelmingly embracing. So, while Western dependency relations with Africa tend to be supply driven intending to involve as per what is best for them, what they have and what they want on the basis of set preconditions, Chinese approach has followed a kind of demand driven approach with the intention to listen and consider what African countries need to accomplish with which they

⁸³Maswana, Jean-Claude (2007): China-Africa’s Emerging Economic Links: A Review Under the Core-Periphery Perspective, Pp.2. Browsed on 8 Nov. 2011 and Available at: http://mpira.ub.uni-muenchen.de/5520/1/MPRA_paper_5520.pdf, p.6

⁸⁴Lammers, Ellen. (2007). How will the Beijing Consensus Benefit Africa? The Broker Issue

⁸⁵World Bank (2007). The Growing Relationships between China and Sub-Saharan Africa: Macroeconomic Trade, Investment and Aid Links. The World Bank research Observer 11, No. 1

⁸⁶Gu, Jing and Schiere, Richard (2011), Post-Crisis Prospects for China-Africa Relations. Series No 124, African Development Bank, Tunis, Tunisia, pp.11

offer their support promptly. This indicates their flexibilities, willingness and commitment to development cooperation across several sectors in Africa.⁸⁷

According to the Prebisch-Singer hypothesis of the dependency theory, the net-barter-terms of trade between the primary products and manufactured goods are always expected to deteriorate further. The rationale behind is that the ratio of the “relative price of primary products to manufactured goods is believed to decline in the long run” due to capitalist control of global commodity markets. This consequently makes countries of the South difficult to emerge economically (Prebisch, 1950 and Singer, 1950 cited in Maswana 2007:4). But, as widely witnessed in the various China-Africa literature, China’s growing demand for raw materials and/or natural resources to feed its burgeoning industrial economy is making commodity prices in African markets to grow. Hence, the latter is not consistent with the net-barter terms of trade hypothesis of the dependency theory.

In the North-South dependency perspective, there is this perceived form of international division of labor whereby the periphery export cheap commodities, minerals and labor in addition to being destination to manufactured goods, supply capital and old-fashioned technologies. But, the allocation of money, goods and services to these developing countries is determined with the economic interests of dominant states and not the other way round. This is the underlying factor that explains poverty in the periphery. Furthermore, the perpetuation of this division of labor that sustains the poverty situation in developing countries is made to carry on through the capitalist power over and transnational institutions, such as World Trade Organizations (WTO), United Nations (UN), World Bank (WB), International Monetary Fund (IMF) through setting international trade rules and other control mechanisms (Ibid).⁸⁸

But, as Maswana (2007) noted following the removal of Keynesian state⁸⁹ regulation, there appears the disintegration of production systems in the sense that multinational companies

⁸⁷Maswana, Jean-Claude (2007): China-Africa’s Emerging Economic Links: A Review Under the Core-Periphery Perspective, Pp.2. Browsed on 8 Nov. 2011 and Available at: http://mpira.ub.uni-muenchen.de/5520/1/MPRA_paper_5520.pdf, p.4

⁸⁸Maswana, Jean-Claude (2007): China-Africa’s Emerging Economic Links: A Review Under the Core-Periphery Perspective, Pp.2. Browsed on 8 Nov. 2011 and Available at: http://mpira.ub.uni-muenchen.de/5520/1/MPRA_paper_5520.pdf, p.4.

⁸⁹Keynesianism: the 20thC macroeconomics school thought developed on the basis of a man called John Maynard Keynes argued that private sector decisions lead to inefficient macroeconomic

started to outsource production systems to cheap labor and high market potential locations that lowered the cost of labor and transport. This globally-scattered production systems rather than export have become the trend which also explains an aspect of the 21st century's center-periphery relation.⁹⁰ The implication of relocating production systems, as noted by Burbach and Robinson (1999), to the global South, while holding on the dependency relation, diminishes the structural divide between North and South (Core-periphery) and ignites a new form of global restructuring of capitalist system whereby the importance of geographic divide is getting less significant over time. This will have a positive impact on technological dispersion.

Technology is the key variable that defines the whole dependent relationship between developed and developing countries. The South has been technologically dependent over the geographic north (core). Putting differently, control of technology by the core countries implies strict dominance over the aspirations and efforts of the developing countries. Darity (2005) pointed out that "technology transfer is one area through which the center consolidates its economic and cultural domination over the periphery" (Darity, cited in Maswana 2007:5). Having this standard dependency perspective on technology, we cannot for sure put a stark difference as what is happening in the new China-Africa relations.

Observations over the technical cooperation between African countries such as Sudan in its oil cooperation with China, and Ethiopia's partnership with the same in constructing dams, roads and telecommunications and many other projects depicts the continuation of technological dependence of Africa on China. As far as Africa does not take key strategic measures to relieve itself from this critical dependence on external technology through technological innovation, adaptation, diffusion or through any means, technological dependence will remain an inevitable feature of Africa's relations with any region having technological advantages over it.

outcomes and require active policy responses by the public sector, particularly monetary policy actions by banks and government to stabilize output over the business cycle.

⁹⁰Maswana, Jean-Claude (2007): China-Africa's Emerging Economic Links: A Review Under the Core-Periphery Perspective, Pp.2. Browsed on 8 Nov. 2011 and Available at: http://mpira.ub.uni-muenchen.de/5520/1/MPRA_paper_5520.pdf, p.5

Africa did not consider to seriously noting its inability to develop technologies in its long years of relationship with the West, nor it sets and utilizes new strategies to improve technological innovation, development and institutionalizations in its relation with China. Maswana's (2007:15) observation of the technological relationship between China and Africa is symmetric to the above proposition. He stated "[t]he African side seemed to place little emphasis to technological issues, in part to protect its workers and create jobs." The more sparkling variable that explains the variance in technological ownership and rate of innovation between China and Africa having a very detrimental consequence of dependence is explained in table-2 below taking into account the size of patent rights. The growing number of the latter can possibly be correlated to generating breakthroughs of innovative ideas, designs, technologies, or new products with clear manifestations of uniqueness of innovations, its functionality, efficiency and effectiveness. Table-2 below depicts the disproportional growth of filling for patent rights between China and Africa. There appears a huge gap that could solidly perpetuate the existing technological dependence of Africa in its growing relation with China. As indicated in table-2, between 1997 and 1998, the number of patent rights filed in China grows by 91 percent as compared to a zero percent growth of the same period by African intellectual property organization. The Chinese patent rights filling record presented in the table-2 illustrates close to 100 percent consistent increment of application for patent rights from 24,774 patent applications in 1997 to that of 130,384 in 2004. On the contrary, the records of filling for patent rights by individual African countries depicted only lower numbers of patent applications, highly inconsistent and no growth over the period from 1997-2004. The data also pointed out a significant disarray in the pattern of patent filling. Patents are protections and imply that China is taking a similar path as did the West in managing technologies in its relations with the Africa, which eventually may broaden the technological marginalization and dependence. Despite this, however, the Chinese side has a positive intent to allow technological improvement in Africa and much of the responsibilities will be for African themselves.

Table-2: Patenting for Technological Innovation and Ownership

Country/ Organization	1997	1998	1999	2000	2001	2002	2003	2004
China	24,774	47,396	50,044	67,548	63,450	80,232	105,317	130,384
African Intellectual Property Org.	261	261	65	297				
Kenya	62	33	55					
Madagascar			47	103	34	26	22	38
Mauritius	15	15						
Malawi	28	20	1	20	313			
China			39		31			

Source: World Intellectual Property Organization (WIPO) (2006)

Knowledge transfer has been an enduring problem in Africa. For instance, Ethiopia had been implementing an expansive road construction projects in cooperation with Chinese and Japanese firms over cross-country development of roads for several years in all its regions. This, however, has not been matched with strategies with which the country could share some technical knowledge in designing, planning, implementation and finalization processes. One of the potential strategies, for instance, could be creating a situation where by local construction companies work with the Chinese contractors with an apparent aim of sharing technological knowhow. But this has not always been the case particularly during project agreement and the planning phase, which implies that Ethiopia will always advertise a road construction bid and China will continue to get it for lack of local construction firms capable of doing the same. The latter will maintain the advantage to get the job done for the former and technical knowhow is going to be perpetuating and Ethiopia will maintain its technological deficit. Similar to Ethiopian experience explained above was presented by, Vernengo (2004) who argued the “core of the dependency relation between the center and the periphery lies on the inability of the latter to develop an autonomous and dynamic process of technological innovation.”⁹¹ Noting the technological development in other parts of the world, one can argue that technological development will not be realized in a short run in developing countries only through contracting out projects unless otherwise there are strategies in place that will facilitate knowledge transfer. This is because technological dependence of the developing countries will

⁹¹Maswana, Jean-Claude (2007): China-Africa’s Emerging Economic Links: A Review Under the Core-Periphery Perspective, Pp.2. Browsed on 8 Nov. 2011 and Available at: http://mpira.ub.uni-muenchen.de/5520/1/MPRA_paper_5520.pdf, p.5

only perpetuate technological control by the developed as the latter maintained control capital for its realization.

Chinese presence in Africa is seen as having a potential to provide assistance for this inherent technological vacuum. But, Sino-African relation in the first decade of the 21st Century has gone without making tangible steps towards addressing technological gaps and/or knowledge transfer that Africa lacked in its relation with the West for so many years. The thesis argued that Sino-African bilateral cooperation, in the form of both contractual and investment projects could be used as the podium of technological and knowledge transfer. Several sector based bilateral projects which are being managed on the basis of the cooperative agreements of the two sides, such as road construction, mineral extraction and industrial investment, information and communication, and many more, through a project approach provides the opportunity to enhance dual objectives given project agreements include a strategy of allowing African private and public institutions to take part in any China-African project. Hence, projects can be implemented as per their agreed upon objectives with free participation of local institutions. Second, their implementation can be used as a podium whereby private and public African institutions benefit through knowledge gains and later apply the technology and its related knowhow in local development.

To sum up, the question whether China-Africa relation reflects the center-periphery relations is a new area of research that renews the discussion on the relevance of the dependency theory in explaining the evolving Sino-African relations. The discussion saw a semblance of structural and functional similarities, but the intent, purpose and nature of this evolving Sino-African relation differs significantly. The thesis argues that the emerging relationship depicts both its own unique features as well as mixed ones. There are dependency indicators visibly running South-South via Sino-African relations. Technological, financial and knowhow inadequacies are the key cases in point. They are the binding dependency factors that Africa is related to China. Exporting basic commodity items in exchange for manufactured goods in trade is also a key proposition of the dependency theory that is also visible in the later. The absence of strings in aid, pragmatic commitments by Chinese government to a win-win development situation, the application of principles for mutual treatment, equality, non-interference in its pragmatic relations with African states, willingness to provide soft loans to development plans of African states without any bureaucratic red-tapes and delay depicted non-center-periphery unique Sino-African relational features. The commitment to mutually

affect the UN operations, favoring Chinese firms in infrastructure bids and investment incentives, and above all the development of the sense of looking at “China as an all-weather friend” (interview with a diplomat in Zimbabwean embassy in Addis Ababa), taking the later as a trusted partner and so on witnesses the South-South dialectical characteristics.

Maswana (2007) noted, countries without natural resources that are maintaining trade relations with China are considered to be less-mutually complementary and such a relationship will consequently widen the trade deficit between them (Guixan 2006 cited in Maswana 2007:6). In view of promoting trade and investment, particularly, the banking sector is the potential arena for Sino-African relations. Chinese investment has already been started to develop its roots in two African Countries, i.e., Standard Chartered bank of Nigeria and Standard bank of the Republic of South Africa. The former is one of the largest foreign banks in Nigeria with 6000 employees in Africa that has launched the China-Africa Trade corridor. It sets a goal of increasing its annual trade volume to \$50 billion and help China’s enterprises and companies to work for the benefit of their growing industries at home.⁹² More so, the Industrial and Commercial Bank of China (ICBC) has also purchased a 20 percent stake from South Africa’s Standard Bank with \$5.5 billion, which was taken as the largest bank by assets and the biggest foreign investment by Chinese bank.⁹³ These and other growing businesses between China and Africa implies the beginning of broad based structural change and reconfiguration of Africa’s international economic and political relations away from its neocolonial ties with Europe to the emerging Asia, particularly to China. The thesis argues that African needs to make its own global policy of economic and political cooperations without any cold war type of aligning to one region, country or ideology, to peaceful and harmonious relations with all regions of the world for mutual improvements as the world is getting more closer to one another in many respects.

The Sino-African relation, in the 21st century, is highly skewed to economic and business dealings. This has concomitantly reinforcing mixed implications on African economic development. Maswana (2007) saw growing concerns over Chinese trading and business

⁹²Maswana, Jean-Claude (2007): China-Africa’s Emerging Economic Links: A Review Under the Core-Periphery Perspective, Pp.2. Browsed on 8 Nov. 2011 and Available at: http://mpa.ub.uni-muenchen.de/5520/1/MPRA_paper_5520.pdf, p.5, pp.7-8

⁹³Ibid p.8

practices with the potential to escalate trade deficits. Others also hope that China is creating “business networks” that will have positive contributions for African growth. Brautigam (2003) argued that Chinese business networks, such as the networks of ‘West-African cotton growers’ benefited from exporting their production to China, and hence, China is serving as a catalyst for local industrial development.⁹⁴ China-induced-commodity prices have increased the revenues for countries exporting them, cheap and low quality Chinese products, on the other hand, have both negative and positive implications on local businesses and individual consumers respectively.

For the majority of low-income earner Africans, cheaper goods and services are seen like government subsidies allowing consumers to be able to afford to use them. But, strategically, they are blocking the way for African local businesses because of the competitive advantages of Chinese firms in production costs, and prices in African local markets. As Maswana (2007) noted Chinese firms are being accused of dumping practices. The severe competition among Chinese firms themselves forced them to cut costs by reducing wages, working conditions and safety standards.⁹⁵ Labor strikes in Chinese construction and manufacturing firms in Africa can be taken as an evidence for this.

In addition to efforts being made to strengthen and enhance trade and investment ties is aid practices that sweeten the relationship between the two sides. China has been pursuing an aid program since 1950s even though its course and pace has been uneven. After the establishment of FOCAC in 2000, China followed a vigorous aid program in Africa. The current form of aid is of two pronged: development aid and debt cancellation, both is aimed to encourage African partners to push hard into achieving economic growth. In 2000 and 2003, China canceled the debt amounting \$1.2 billion and \$750 million that Africa incurred with China respectively.⁹⁶ In addition, it had also provided \$1.8 billion to African partners in the form of development aid in 2002. In sum, in the beginning of the first decade of 21st century, China steps up its commitment to forgive the debt burden of 31 indebted countries, but the amount

⁹⁴Brautigam, D. (2003). ‘Close Encounters: Chinese Business Networks as Industrial Catalysts in Sub-Sahara Africa.’ *African Affairs* article 102, No. 408, pp. 447-467

⁹⁵Gill and Reilly (2007). *The Tenuous Hold of China Inc. in Africa*. *Washington Quarterly*, Vol. 30, No. 3, Pp. 37-52, p.40

⁹⁶World Bank (2007). *The Growing Relationships between China and Sub-Saharan Africa: Macroeconomic Trade, Investment and Aid Links*. *The World Bank research Observer* 22, No. 1

forgiven could be seen as part of the effective policy it adopts to motivate growth in its African partners. Examining Sino-Africa Relations under the Dependency Lens anti-labor policies of China in Africa differs little from that of capitalist firms.

2.3 Theory of Soft-Power

China-Africa relation has been a hub of international gravity that attracts the bubbling of debates and speculations. The features of these international reactions depicted significant variations, but they are all focused on the consequent impact of the relationship upon the continent. Some of such reactions have been arisen from the growing sense of curiosity centered on its intent and implication to the rest of the world as well. The China-Africa literature squarely agreed that it would be early for much of the packed ideas that are in the minds of policy researchers and academia to come up with conclusive generalizations on the impacts of this relationship in an evaluative way. Most rather seem to agree that the issue need to be seen over a period of time as its consequences could significantly be unfolded in their own way.

The major international actors are already started to see Sino-Africa relation as an issue of power politics for the 21st century.⁹⁷ The galvanizing forces behind the rising concerns, research efforts and media outlets on the China-Africa relation accrues on two central themes. The first is economic power and its implication, such as the need for critical resources and market competition. And secondly, the competition for hegemonic power position could take a form of friction between the statuesque and the rising powers.⁹⁸ The statuesque power would like to contain the latter as the perceived consequences of the shift in power balance resonances unacceptable unless otherwise it would be forced to concede to the latter as a result of power plays of any sort. A rising China has already been depicted as a threat by early China threat theorists based upon their speculations of militarily rising China as a future threat that would be able to strip out American dominance in the East Asia sub-region.

The China threat theory has been focused on China's growing hard power, paying attention to the size of its annual subsequent budgets to the defense system, the possession of the

⁹⁷ Weber, Cynthia (2010). *International Relations Theory*. New York: Routledge, p.34

⁹⁸ Mansbach, Richard and Rafferty Kirsten (2008). *Introduction to Global Politics*. New York and London: Routledge, p. 47

military arsenals, cutting-edge armaments and technologies as a signal for the latter's military might.⁹⁹ It would be true to assume that economically powerful China would first have all sorts of influence in the East Asia sub-region as the consequence of its economic might would first be felt by its neighboring countries. However, perceiving China's growth as a threat focusing on its growing hard power and its possible application to protect its interests in neighboring back yards would not be a sufficient reason to argue on the concept of power in the 21st century.

The thesis argued that the concept of hard power did not provide a sizeable significance to perceive China as a growing power, in a theoretical sense. So it would be imperative to examine the extent, growth and application of the soft power of China for its rising influence in other regions, such as in Africa. The dynamics of China's economic relations such as trade, investment and development aid goes much beyond East Asia and become stronger in the global South, such as the Middle East, Latin America and Africa. But, we need to explain whether China's presence in these regions is as a result of its hard or soft power. Hence, which stream of power is helping China for its increasingly growing presence in the developing world is therefore an issue that this part will attempt to answer.

The organizing principles of China's foreign policy have proved a smart march for peaceful development through fostering more friendly approaches to carry out global businesses. It has been portraying a sensationally growing soft power to the world in general and to the global South, such as in Asia, Africa, Middle East, and Latin America in particular.¹⁰⁰ The application of soft power as a principle for its bilateral, multilateral and global outreach focusing on the promotion of common development and win-win situation has, on one hand, contradicts the American insistence on hard power, and on the other hand, this approach undercuts the latter's acceptability and associated diplomatic support in multilateral politics as well as its economic benefits, such as markets and resource access. The latter is sounding more of a future threat for American dominance in Africa as well.

¹⁰⁰ Deng, Yong (2001). Hegemon on the Offensive: Chinese Perspectives on U. S. Global Strategy. *Journal of Political Science Quarterly*, Vol. 116, No. 3, Pp. 343-365, P. 346

The thesis contended that the China-Africa relation presents an empirical scenario to revise the China threat theory on the rationale of China's growing soft-power in Africa, and in other developing regions. The latter's increased presence is signaling future challenges to American global leadership in multilateral platforms.¹⁰¹ The warm diplomatic support to China on the world stage has partly been evident since the 1950s not because other countries were attracted by the latter's hard power, but because they have been attracted by the way it has been managing its global relations and its positions of peaceful trajectories. The intensity of focus on the friendly relations created a curiosity to explore why other forms of relations such as the French-Africa, Afro-Japan, Afro-American or Afro-India or Turkey relations have not been able to be attractive the way it did with Sino-African relations. Hence, this part attempted to explain whether or not China is using hard or soft power to be increasingly involved in other regions and how the application of its soft power is compared with the soft power of the statuesque powers?

2.3.1 The Concepts: Power, Hard-Power, Soft-Power and Smart Power

Power in its general sense denoted "having the ability to influence another to act in ways in which that entity would not have acted otherwise."¹⁰² The concept of 'power' in this sense denotes the capacity to force other actors to change course that suits the interest of the powerful.¹⁰³ Interstate power relation is not different from power relations between other levels of power dynamics that is happening between individuals, groups or institutions at various levels. State level power relations generally denote the mechanisms under which states or a group of states are able to effectively control the behavior of other state or a group of states. Joseph Nye (1990) emphasized "soft power" as a concept to explain a certain country's relations with another. Since then, the debate on power centered on whether the source of the country's power should rest on 'soft power' or on the alternative 'hard power' elements in its relations with other countries or on a combination of the two altogether is continued to be the center of the debate on power and power relations. Nye (1990) saw 'soft power' as the "ability

¹⁰¹ Dijk, Meine P. (ed.) (2009). *The New Presence of China in Africa*. Amsterdam: Amsterdam University Press.

¹⁰² Earnest and William (2008). *Hard Power, Soft Power and Smart Power: the Annals of the American Academy of Political and Social Science*, Vol. 616, No.110

¹⁰³ Drew, Thompson, 2005. "China's Soft Power in Africa: From the 'Beijing Consensus' to Health Diplomacy." *China Brief*: Volume 5, Issue 2.

to get what one wants by attraction and persuasion rather than coercion or payment”¹⁰⁴ and hard power, as “capacity to coerce” others to do something (Nye, 1990). The latter includes the application of “military intervention, coercive diplomacy and economic sanctions to enforce national interests of the powerful.”¹⁰⁵

The perception of ‘soft power’ as ‘the ability to attract and persuade’ is very fluid and is becoming a concept with growing scope in its meaning. Hence, we need to perceive every country’s soft power in context with time as each may have specific circumstances that could be changing over time. Such changes in turn may have impacts as to how others may get attracted to it or otherwise. However, it is very difficult to measure the practice of soft power in the selfish and anarchic interstate world in the realist account. One best way to understand the term is just to see it in comparison with the nature and consequence of depending on one’s hard power. To build soft power, one needs to have the means of attraction that encompasses every means except economic and military power. So the primary step is to understand the soft-power resources very well and work on them as they are the assets to produce such attraction (Nye 2004 cited in Earnest and William 2008: 114). Other scholars argued soft power, as portrayed by Nye, does not exist in the “nature of certain resources of power, but rather it has to be nurtured through a soft use of power.”¹⁰⁶

Finally, to provide the full dimension of the concept of power, one needs to perceive that the application of power is hard to get in its entirety of either form, but in a form that reflects a balanced aspect of both soft and hard elements into what is known as ‘smart power.’ The latter is defined as the “capacity of an actor to combine elements of hard power and soft power in ways that are mutually reinforcing such that the actor’s purposes are advanced effectively and efficiently” (Earnest and Williams 2008: 115). For Smart power to be a usable concept in terms of policy frameworks, it needs to be built upon the following characteristics. First, it needs to set the target over whom one seeks to exercise power and this requires to be cognizant of internal and external contexts, i.e., need to be fully informed on the defining feature of the

¹⁰⁴Joseph Nye, 1990. *Bound to Lead: the Changing Nature of American Power*. New York: Basic Books. p.188

¹⁰⁵Earnest and William, (2008). *Hard Power, Soft Power and Smart Power: the Annals of the American Academy of Political and Social Science*, Vol. 616, No.110, p. 114

¹⁰⁶Li, Mingjiang (ed.), 2009. *Soft-Power: China’s Emerging Strategy in International Politics*. Lanham: Lexington Books., p.3

target populations and regions. Secondly, an actor with smart power need to have “[s]elf-knowledge and understanding” as well as the will and abilities to achieve its goals. The third and the last issue to consider are ‘regional and global contexts’ where the action is to be conducted and the ‘tools to be employed’, including how and when to act.

2.3.2 China’s Soft-Power in Africa

The reason why China-African relation has got a high degree of attention in the world is partially related to the question of why China itself has paid too much attention to its ties to Africa. This has drawn a high level of curiosity in academic and policy circles that are keen to explore and understand the intent, roles, meaning, and implication that it might cause as pointed out above. Secondly, other similar relations with Africa, such as the French-Africa, Afro-Japan, Afro-American or Afro-India or Turkey relations did not attract similar level of attention as compared to the latter. This by itself signals the level of importance given to the country’s growth of power. It is argued that the renewed form of current Sino-African relation, particularly after 2000, is believed to be China’s project to nurture the breadth and strength of its soft-power to the world. The application of Chinese soft-power in Africa is clearly seen in China’s roles within its cross-sectoral cooperations which have gotten ground within the FOCAC framework.

Since its inception in the 1950s, Sino-African relation has been characterized by the sense of sincerity, authenticity and equality with both of them having their own respective goals to be attained through their mutual cooperations. On the one hand, China has been promoting a new south-south alliance for to create a new world order convenient to itself and other developing countries. Africa has also been striving to attain economic development through cooperations.¹⁰⁷ The relationship has been mutually beneficial to both sides as it has been coupled with a deep sense of understanding and closeness to one another. For China’s aim of changing the existing order, the need for friends to collaborate on the issue was imperative. But, the interest for a new world order required the growth of one’s own hard or soft power. While hard power elements require achievements of the national efforts of a particular country, soft power requires the country’s credibility in the global political power system. The later

¹⁰⁷Thompson, Drew, 2005. China’s Soft Power in Africa: From the Beijing Consensus to Health Diplomacy. China Brief, Vol. 5, Issue 21.

demands the establishment of an atmosphere of interstate relationships characterized by attraction and closeness for fruitful cooperative achievements. Political power, therefore, has to do with attracting and securing the support of others. To achieve this, China has been working for decades to get the country's image as peaceful and collaborative than seeking confrontational styles. Working for a new world order also requires the change in the level of national power (soft or hard).

The driving force behind the rising concerns on China-Africa relations is related to two central themes: the first is economic power and its implication, such as the need for 'critical resources'¹⁰⁸ and market competition, and the second is the competition for 'hegemonic power'¹⁰⁹ position, which will lead to a form of friction between power players. The issue of whether or not China's soft power is growing in the global South has been the center of debate among scholars. Particularly the debate whether China's soft power in South East Asian region is growing to the extent of threatening the interest of power establishments was used as a lens to guide the discussion on whether the same impact is spreading to other developing regions in the global South, such as the Middle East, Latin America, and Africa. China has already been depicted as a threat by China threat theorists based on speculation of militarily rising China as a threat that would be able to strip out American dominance in the East Asia. The China threat theory was focused on the issue of hard power indicators, such as the size of an annual budget to the defense system, the possession of the military arsenals, cutting-edge armaments and technologies as a signal for power in Chinese military. But, it is true that the economic power of China would first be felt in the sub-region.

Perceiving China's growth as a threat owing only to its growing hard power as a threat to its back yards would not be a sufficient reason in the 21st century. In essence, conscious pursuance of soft power steps and its effective application might also be a threat to other states as well. The thesis argued that the defining concept that has started to attain sizeable significance of portraying China as a growing power, at least in Africa, has been the Chinese soft power. This is simply because of the fact that its overwhelming involvement in the

¹⁰⁸ Downs, Erica S. (2007). The Fact and Fiction of Sino-African Energy Relations. *China Security* Vol. 3, No. 3, Pp. 42-68.

¹⁰⁹ Campbell, Horace (2008). China in Africa: Challenging US global hegemony. *Third World Quarterly*, Vol. 29, No. 1, Pp. 89 -105

continent since the year 200 was not a result of the application of its hard power. It never used sanctions, military or other coercive mechanisms to strengthen its relation in Africa. The country has been building up the bases for attracting other nations' interest to China through showing its strong commitment to world peace and development at a global level and sincere support and friendship to its counterparts at a bilateral level. Its foreign relations and international diplomatic strategy has been portraying a trajectory of peaceful and friendly approaches via sets of foreign policy principles. The latter conveyed the message of friendly relations, respect to the sovereignty of states and refraining from interfering into other states' affairs, either in multilateral and bilateral stages for a soft and smooth images of attraction and influence.

The rationale that justifies the necessity for explaining the soft power of China in Africa is that the intensity of its relations through economic dynamics such as trade, investment and development aid is growing much faster than other global regions. All such cooperations have been achieved without a single instance of the application of any of the hard power elements. The thesis argued that China-Africa relation is becoming an interesting empirical case to examine the nature of China's soft-power in Africa. The efforts that it has made to broaden its global businesses through trade, investment and development assistance. In addition, the establishment of Confucius Institutes (CIs) aimed at promoting cultural relations as a result of FOCAC's decision to increase the number of African countries with Approved Destination Statues (ADS) for touristic and people to people relations are clear steps to promote a strong base for its soft power in the continent.¹¹⁰ The latter has been an element of its most recent regional and cross-regional cooperations that have more to do with attraction and friendliness as a mechanism of soft power. This has started to resonate widely since its quest to re-take the UN Security Council seat from Taiwan in 1971 whereby the latter's economy was limited if compared with its current level of development.¹¹¹ The then diplomatic support from Africa to China in the UN general assembly has helped the latter to be the 5th member of the UN Security Council. This has been widely recognized, at least in Africa and China itself, as the

¹¹⁰Ministry of Foreign Affairs of the People's Republic of China (2006). China's African Policy. Available at: <http://www.fmprc.gov.cn/eng/zxxx/t230615.htm>

¹¹¹Wen Jiabao, 2006. Speech Made in the Opening Ceremony of the Third Forum for China-Africa Cooperation (FOCAC) Held in Beijing, and the Second Conference of Chinese and African Entrepreneurs. Available at: <http://www.focac.org/eng/ltda/dscbjhy/SP32009/t607552.htm>

fruit of its sympathy and solidarity to the sufferings of Africa's colonized people and their struggle to avoid colonial control in the 1950s and 60s.¹¹² It is believed that China sowed the seed of soft power in Africa since then and is still strengthening it further with its renewed cooperation with the region through collaborating with the latter in a pragmatic way.

Africa has been seen by some scholars, like, Kurlantzick (2006) and Mingjiang (2009) as an emerging region to which Chinese influence is strong and hence, presenting an interesting case to see if Chinese soft power is growing. Whether China's soft power is growing in a region where traditional hegemonic powers, i.e., Europeans and U.S., have been popular, as the thesis argued, is based on the fact that the latter has been transmitting the tone of friendliness, equal treatment through development partnership, and generosity. The conceptual tenets of Nye's theory of 'soft power' has been understood by Chinese scholars and authorities in a manner that can embrace other issues which Nye's earlier works did not include as a source of soft power, such as the economy.¹¹³ The same is true in Africa. Economic cooperations have come to be a significant source of Chinese soft power in the continent. China's foreign policy approaches and the five principles of peaceful coexistence echoed a voice in a way that does not make others feel threatened or intimidated, even today where its military power is steadily growing. China has been extending voices of peace, respect and equality and desire to work together based on mutual understanding and consensus. What is more, its economic success has now helping the nation to broaden its cooperation with more other countries on several dimensions thereby paying it the chance of being perceived as friendly and cooperative.

The three vectors of economic variables, such as trade, FDI, and aid or development cooperation mostly in the form of financial cooperation and technical assistance, put the country as an alternatively growing international power. This growth is taking place amid the declining U.S. attractiveness as a result of its insistence on hard power elements, such as sanctions, military interventions and painful strings for development cooperations. The latter, either through multilateral institutions or bilateral approaches, promote inequalities that convey the inferiorities of developing partners. China's bilateral trade, investment and

¹¹²Executive Research Associates (ERA). 2009. China in Africa: A Strategic Overview. Available at: http://www.ide.go.jp/English/Data/Africa_file/Manualreport/pdf/china_all.pdf

¹¹³Gill, Bates and Huang, Yanzhong (2006). Sources and Limits of Chinese 'Soft Power', *Survival: Journal of Global Politics and Strategy*, Vol. 48, No. 2, Pp.17-36

development cooperations are sounding ‘let us grow together, let’s work for a win-win cause, let our relations be based on respect for sovereignty and equality’, with non-strings attached approach except for one China policy over the issue of Taiwan. These newly growing stances magnified its positions to be potentially competitive against the West. This has been consistently nurtured since the cold war time. China has been attracting other developing countries’ interests to agree with itself in a number of issues because they are taking the country as an alternative to Western powers and multilateral institutions, such as IMF and WB. Hence, all these approaches are helping to depict the growth of its soft power.

The thesis argued that Chinese soft power in Africa has not been developed from its culture and ideology as espoused by Nye. Africans have not been exposed to the latter’s culture to the extent it influences their culture, way of life and style. The qualitative data in this research pointed outⁱⁱⁱ that European and American cultural attractiveness has been and will remain strong in Africa.¹¹⁴ Western, particularly American, movies, fashion, life styles and influence already become common within the majority of Africa. Particularly, English and French languages have been icons of attractions and communications. They are most the popular tools for international communications and already become part of the institutional setups and societal mechanisms across several countries. Particularly, these languages are seen by the younger generations as they are perceived as keys to opportunities anywhere in life. Their languages are also taken as mediums by which African regional sub-regional organizations have been communicating to the rest of the world, including the Chinese themselves.

China’s recent move to institutionalize its language through establishing Confucius Institutes (CI) in Africa is only a recent initiative and is far from reaching to those African countries with which China has a diplomatic relations. Given CI’s spatio-temporal limitedness, the Chinese language and culture will not be perceived and connected to significant proportion of the population in the short run, nor be perceived by the ordinary African majority as it is not attached to opportunities that help younger generations to succeed in life the way other languages do in Africa. So, the latter is not established yet, but started to appear in some countries through CIs. The U.S. and European powers, such as the UK, French, Germany,

¹¹⁴ Drew, Thompson, (2005). “China’s Soft Power in Africa: From the ‘Beijing Consensus’ to Health Diplomacy.” China Brief: Volume 5, Issue 2.

Italy, Sweden, the Netherlands ... have people to people connections, attractions and attentions with African countries via the day to day issues that matter to peoples' lives in sociocultural, economic and political engagements.

The thesis explains the reasons why China's level of soft power did not get into the ground in Africa. First, China-Africa relation has been elite-bound and the relational dynamics has been mostly limited to upper level interactions, such as between governments, political parties, sectoral ministries, city to city levels between China and Africa. Second, people to people relation through sharing language and culture has not been the focus of the earlier form of Sino-African relations and this has been the gap for the current status of the country's soft power. Recently, China has been working to inspire people to people relations through facilitating tourism, teaching the Chinese language, encouraging cultural exchange programs via festivals, music and literature. In response to these recent efforts, analysts pointed out that due to the combinations of efforts aimed to broaden the 'soft' elements of its culture, political ideology, as well as diplomatic and economic factors, the country's state of soft power is growing in Africa.¹¹⁵ Soft-power is "directing, attracting and imitating force derived mainly from intangible resources such as national cohesion, culture, ideology and influence on international institutions."¹¹⁶ The simplest signal to this could be China's self-equalization as a developing country. It repeatedly argues that it is the largest developing country in the world, and Africa as the continent with larger number of developing countries. This assertion has its own contradictory notion in its relation with Africa. On the one hand, China's economy is able to finance multi-billion investments and development projects, cancel debts, provide a sizeable magnitude of aid, allow tax-free importation of items from Africa, and on the other hand, there is a consistent self-categorization by China as a world's largest developing country is only a deliberate effort to create positive feelings for better friendship and belongingness and hence, a contribution to its soft power.

The humble sense of self-identification as a developing country is just to convey a perception of similarity that 'China is also poor as every one of you' and is aimed to psychologically

¹¹⁵Gill, Bates and Huang, Yanzhong (2006). Sources and Limits of Chinese 'Soft Power', *Survival: Journal of Global Politics and Strategy*, Vol. 48, No. 2, Pp.17-36

¹¹⁶Earnest and William (2008). *Hard Power, Soft Power and Smart Power: the Annals of the American Academy of Political and Social Science*, Vol. 616, No.110

extend that message to the hearts and minds of African elites to follow its path. But, all such initiatives have been recent experiences are not reaching too many people on the ground. It does not seem to have strong impact given its nascent nature of this link at this point in time regarding the consequences of such initiatives. Chinese soft power, therefore, emanates not from its soft elements, such as culture and ideology, but from its foreign policy approaches and strategies, economic cooperations, and the soft use of its hard power.¹¹⁷ In this sense, the thesis agrees with Kurlantzick who perceived soft power more broadly than the one explained by Nye's. Economic relations between states should be seen as a source of attraction and hence, as a base of soft power. Similar to the above is also Fareed Zakaria's perception of China's soft power in the sense of using its power softly to increase its soft power.¹¹⁸ The same is happening in Sino-African relations. Economic and political relations are being used as the springboard for the strong relationship in the first place than other factors whatsoever. The positive feelings and interests to emulate policies and experiences, and inclinations for friendships have been stemming from economic and of political relations between China and Africa. Frequent high-level political visits by leaders in both sides, and especially attractions by the African side to draw lessons from China is an evidence for the latter that it has not been imposing, but manage relations with the sense of giving partners the chance to have an independent choice for development of their own. This suits squarely with African disappointment with the West for triggering painful restructuring as a requirement for development cooperations and export failed policy instruments.

The overflow of Chinese made poor-quality and cheaper products are undoubtedly undercutting Chinese soft power in Africa while cultural, language and economic cooperations have been laying the basis for its growth. Everything that does not fairly last long or something that one cannot trust, or make one feel discomfort is symbolized as "Chinese made."^{119iv} On the contrary, for instance, anything made in the West, such as 'made in Germany' is symbolizing thrust, make one to believe in its authenticity, quality and endurance that are convincing users to pay for and get the trust and satisfaction. The last point to explain the

¹¹⁷ Kurlantzick, Joshua, (2006). China's Charm: Implications of Chinese Soft Power. Policy Brief, 47. http://www.carnegieendowment.org/files/PB_47_FINAL.pdf

¹¹⁸ Li, Mingjiang (ed.), (2009). Soft-Power: China's Emerging Strategy in International Politics. Lanham: Lexington Books, p.2

current and future the soft power prospect of China in Africa is China's commitment to Africa's infrastructure development. The later has been a stronger signal for China to win African hearts and minds. This is hoped to be the new base for its soft power prospects in the continent with the potential to starkly lift China's current soft power level to a new high.

China is also believed to have other bases for its soft power. Its health based cooperation and health diplomacy has been the strongest source of China's soft power in the continent.¹²⁰ Assisting health care services has been constantly increasing over the years and the most famous aspect has been dispatching Chinese health personnel, the commitment that it used to do since the 1960s and 70s and is still continuing. It has been the source of the Chinese soft power as it has helped the country to have a direct relation with the beneficiary African population. This dimension has been strengthening since 2000 through some more additional measures, such as scholarships, and short term trainings to African health professionals, assisting the development of new health centers, provision of pharmaceuticals and new medical technologies. Chinese traditional medicine is also part of the sector where people to people relations between China and Africa are growing.

Contrary to working to enhance the spheres of its positive images as the basis for its soft power, Chinese scholars seems to generally agree that the country has made strides in enhancing its hard power. They argued that it has been able to increase its military power with modern technologies and the size of its annual budget allotted to its defense system from time to time is also growing. They have also argued that much attention has been paid to analyzing China's 'hard power,' in the sense of applying its military and economic might to coerce other countries to carry out an action that favors the latter's interests. But, enough attention has not been paid to its soft-power policy directions and is lagging behind with the latter. The debate on the nature of soft-power also considers whether China's soft power should remain 'reactive' in the sense that it is paying attention largely on improving the country's image. Part of its idealization of a peaceful world conducive to promote its economic growth and ensure stability

¹²⁰Thompson, Drew, 2005. China's Soft Power in Africa: From the Beijing Consensus to Health Diplomacy. China Brief, Vol. 5, Issue 21.

is in line with the “China-Africa relations to be based, at least in part, on soft power. This has hoped to serve as a means to gain increased international influence.”¹²¹

The literature also presented the current debate as to whether the so-called China model of development should be exported to Africa. The main challenges associated to this concept is related to how to build it up, how to promote it, and how to use it to the extent that it helps the particular country without any cost on its soft power prospect in Africa and negative criticism from the international community (Glaser and Murphy 2005: p. 12).¹²²

China-Africa relation has basically been built upon Chinese discourses framed by anti-Western approaches since the 1950s anti-colonial struggles in Africa. One of the earlier evidences could be the outcomes of the Bandung conference that echoed alternative set of “principles for inter-state engagement that emphasized dialogue and accommodation, collective problem-solving and the search for consensus or compromise.”¹²³ It set the direction as an alternative approach suited to the psychology of independent Africa and Asia states to tackle malpractices of colonialism, power politics and coercion from dominating interstate relations.¹²⁴ The thesis argued that Bandung’s declaration of dialogue over coercion and confrontation could be taken as the earlier source of China’s ‘soft power’ in its relations with African states.¹²⁵ This implies that China has been attractive to Africa since the 1950s, but its relations with the latter have significantly been progressed since 2000. As Joshua Cooper Ramo noted, the debate whether the ‘Beijing Consensus’ is used as an alternative to development paradigm and economic reform measures of the ‘Washington Consensus’ which were promoted by WB and IMF started to unfold only in a handful of countries in Africa.¹²⁶

¹²¹Kokkinos, Stephanie H. 2012. China in Africa: The Use of Soft Power and Its Implications for a Global “Peaceful Rise,” p. 6

¹²² Glaser, Bonnie and Murphy, Melissa, 2009. Soft Power with Chinese Characteristics: the Ongoing Debate. Available at: http://csis.org/files/media/isis/pubs/090310_chinesesoftpower__chap2.pdf, p. 12

¹²³Nesadurai, Helen 2005. Bandung and the Political Economy of North-South Relations: Sowing the Seeds for Previsioning International Society, Working Paper Series No. 95, P. ii. Available at: <http://www.rsis.edu.sg/publications/WorkingPapers/WP95.pdf>

¹²⁴Ibid

¹²⁵Glaser, Bonnie and Murphy, Melissa, 2009. Soft Power with Chinese Characteristics: the Ongoing Debate. Available at: http://csis.org/files/media/isis/pubs/090310_chinesesoftpower__chap2.pdf

¹²⁶Thompson, Drew, 2005. China’s Soft Power in Africa: From the Beijing Consensus to Health Diplomacy. China Brief, Vol. 5, Issue 21.

But, whether this paradigm shift could contribute positively to its soft power remained unanswered and require future research. The Key basis for China's soft power elements in Africa are, therefore, its foreign policy principles of respect for other nations' sovereignty, its consistency to avoid meddling itself in the internal affairs of other nations, the call for win-win and common development and its economic assistance in sectors like infrastructure and ICT, which in combination paid China the respect and admiration from African elites, who have been unhappy with West.¹²⁷ In such a scenario of looking at Sino-African relations, one can hardly see strong cultural linkages to lay the basis for Chinese soft power in Africa at the moment, but economic cooperations, political equality, respect and friendly approaches, and immediate support to the development plans by Africans are set to change the rule of the game to attaining its soft power.

To sum up, FOCAC is a platform that emboldens Chinese generosity, solidarity, initiation and commitment to change the face of Africa and most importantly, its support to Africa's infrastructure development as its strong element of its soft power. While these can also be felt in Ethiopia, there is, however, other peculiar factor that does not fit to this upper level friendship. Ethiopia's ruling regime choice of China's one party rule and brutality for suppressing human rights and media is making Ethiopians to perceive the country very much unpopular and is attached to bad images. Hence, the country level cases do not fully favor China's soft power element that one could feel at the highest level of the regional relation.

2.3.3 China's Soft-Power: National and International Views

Soft power as a concept draws a striking interest in Chinese politics and research. Political leaders saw soft power as having strategic value for the success of their country's international political objectives. This has been pointed out by president Hu that the "the increase of China's international status and influence depends on hard power elements, such as the economy, science, technology and defense."¹²⁸ In addition, during the 17th party congress of the communist party of China, held in 2007, PRC's president also emphasized the urgency to build

¹²⁷Thompson, Drew, 2005. China's Soft Power in Africa: From the Beijing Consensus to Health Diplomacy. China Brief, Vol. 5, Issue 21, p. 1

¹²⁸Kokkinos, Stephanie H. 2012. China in Africa: The Use of Soft Power and Its Implications for a Global "Peaceful Rise," p. 6.

up the country's soft power to be backed by the promotion of its culture, as main source of the later.¹²⁹ Cultural promotion as a tool for its diplomatic approach for a long term strategic approach for the promotion of its soft power is globally carried out as part of its foreign policy objective. Depending on its unique culture and utilizing cultural platforms for cultural promotions, China has been promoting cultural exchange programs, festivals, movies, music, religious festivals, sports, and tourism with the outside world for a more internalization and understanding of the country's image.¹³⁰ The assumption behind his call for the development of China's soft power through the promotion of its culture was to minimize the country's internal and external challenges.

The Chinese discourse on soft power has, thus, been focused on the sources and potential utility of soft power in Chinese foreign policy. Chinese scholars pointed out that the foundation of the country's soft power has not been strong and lagging behind its hard power to fulfill the country's interest for a strong global power position. These groups of scholars argued that the policy level challenges on the applicability of soft power remained unsolved. Hence, it is far from getting defined approaches to make it part of the national plan. China's soft power has also gotten an international attention where by the 2007 World Economic Forum held in China addresses the issue as has been getting ground and is on the rise.¹³¹ In addition, the 2008 research report by the Congressional Research Service (CRS) that covers developing regions of Africa, Asia and Latin America over the influence of China's soft power pointed out that the latter is getting roots in these regions. This perception of the growth of China's soft power in global South has increased the concern of U.S. officials and its foreign policy elites on the likely impacts that it may pose on their country's national interests.¹³²

China's soft power has a positively trending prospect as the country has been doing well with its efforts to pave the ground for soft power. Political and policy efforts were designed to help its dazzling culture and traditional philosophy to be the source of its soft power. The latter

¹²⁹Jintao, Hu (2007). Report to the 17th National Party Congress, October 15, 2007.

¹³⁰Lai, Hongyi, and Lu, Yiyi (eds.) 2012. *China's Soft Power and International Relation*. New York: Rutledge.

¹³¹Rachman, Gideon, 2007, "The Hard Evidence that China's Soft Power Policy is Working", *Financial Times*, February 20, 2007.

¹³²Congressional Research Service (CRS) 2008. "China's Soft Power in Southeast Asia", January 2008

were thought to provide credible justifications and impetus for wider perception and acceptability.¹³³ If China's soft power is to bear fruit and contribute for the growth of the country to have a comprehensive power, it will pose significant implications on the international system and the U.S. in particular. But, analysts pointed that China may not reach at a point where its soft power become a concern for others. One of such has been Zakaria, who argued that "China has used soft power only in the sense that it has exercised its power softly... [i]t does this consciously to show that it is not a bully and concluded that the U.S. can easily out-charm China"¹³⁴ given its established bases of attraction. In support of this claim, the 2008 study in East Asia argued that China "ranks well below the U.S. in terms of soft power influence in East Asia where the U.S. has a concern in terms of losing its influence in the region."¹³⁵ Despite these views that did not see China's soft power as a growing one, Kurlantzick^v (2006) believe that China's image is transformed and this transformation is due to its soft power.¹³⁶

China's soft power attraction has been developed via various mechanisms, such as "culture, diplomacy, participation in multinational organizations, businesses' actions abroad, and the gravitational pull of a nation's economic strength."¹³⁷ Kurlantzick (2006) argued the understanding of soft power in Asia went quite broader than Nye's earlier definition that excludes some elements of power, such as investment, aid and formal diplomacy, which are being used by states in the sub-region to be attracted by China's soft power. Hence, China and other East Asian countries perceive the broader sense of soft power that "implies all elements outside of the security realm, including investment and aid."¹³⁸

¹³³Li, Mingjiang (ed.), 2009. *Soft-Power: China's Emerging Strategy in International Politics*. Lanham: Lexington Books., p.2

¹³⁴Zakaria, Fareed, "The U.S. Can Out-Charm China," *Newsweek*, December 12, 2005.

¹³⁵Whitney, Christopher B., and Shambaugh, David, 2008. "Soft Power in Asia: Results of a 2008 Multinational Survey of Public Opinion." The Chicago Council on Global Affairs in Partnership with East Asian Institute.

¹³⁶Kurlantzick, Joshua, 2006. *China's Charm: Implications of Chinese Soft Power*. Policy Brief, 47 http://www.carnegieendowment.org/files/PB_47_FINAL.pdf

¹³⁷Kurlantzick, Joshua, 2006. *China's Charm: Implications of Chinese Soft Power*. Policy Brief, 47 http://www.carnegieendowment.org/files/PB_47_FINAL.pdf

¹³⁸Kurlantzick, Joshua, (2006). *China's Charm: Implications of Chinese Soft Power*. Policy Brief, 47 http://www.carnegieendowment.org/files/PB_47_FINAL.pdf

In line with this broader understanding, Chinese soft power is being built by the application of several strategies that includes the promotion of ‘win-win’ development and business practices, its policy of non-interference, bolstering bilateral relations with states from South-East Asia, such as the Philippines, Cambodia, to Africa in Sudan and Zimbabwe and to Latin America with Venezuela where U.S. relations get strained, but China honeymooned a relations based on the rhetoric of equality, friendship and respect to sovereignty.¹³⁹ In Southeast Asia, China has been working on policy interventions, such as the continued growth of Chinese aid as a tool to bolster its image. Its aid vector to the Philippines was roughly four times greater than America’s aid to the same. Likewise, Sino-Laos aid was about three fold to that of the America’s aid. What is more, the 2002, Chinese aid to Indonesia was also about double U.S. aid to the same.¹⁴⁰

The promotion of free trade and other economic cooperations between China and its neighbors in the South East Asia region were sets of policy elements for the growth of its soft power. Free trade, and the growth of its resources out poured to the region in the form of foreign direct investment is also contributing to softening the country’s image. Hence, these economic partnerships between China and Southeast Asian countries are helping the country to build an immensely significant soft power. Chinese outmigration is transforming the demographic makeup of northern Southeast Asia, from northern Burma to northern Vietnam, where recent Chinese migrants now dominate business and society, contributing to its influence in to the region transcending concerns to establishments, such as U.S. and Japan.¹⁴¹ This has been further witnessed by scholars, like Kurlantzick (2006) who noted that the soft power of China is getting ground and growing in South East Asia. The growth of the latter has affected the established perception of the U.S. soft power, which has been enjoying the highest attraction, is now losing its base for the new rising regional power. China’s soft power is increasing because of its diplomatic and foreign policy as well as economic cooperation strategies, all of

¹³⁹ Lai, Hongyi, and Lu, Yiyi (eds.) 2012. *China’s Soft Power and International Relation*. New York: Routledge.

¹⁴⁰ Petithomme, Mathieu (2010). The Effects of Leadership Strategies on Underdevelopment in Sub-Saharan Africa: A Comparative Perspective. *African Journal of Political Science and International Relations* Vol. 4(3), Pp. 083-095

¹⁴¹ Contemporary China, Vol. 19, No. 65, Pp. 437-460

Petithomme, Mathieu (2010). The Effects of Leadership Strategies on Underdevelopment in Sub-Saharan Africa: A Comparative Perspective. *African Journal of Political Science and International Relations* Vol. 4(3), Pp. 083-095

which are designed to tackle American foreign supremacy. Taking this as a lens, the thesis argued, that the Chinese approach in Africa is also designed to undercut Western, particularly American traditional popularity in the continent.

2.4 Theory of South-South Cooperation and Hegemonism

2.4.1 Third World Leadership

The Sino-Russia rift had been fermented from 1950s up until Khrushchev's decision to cut the aid his country used to provide to China in 1960 and "withdrew Soviet technical experts and technicians who were supporting their Asian ally to go along with the communist line. Sino-Russia split became clear and China seized its own independent position that agreed with neither of the leading powers. This has pushed the country to throw its eyes on the third world where it was possible to get a policy ground as a support base and long term direction.¹⁴² The years from 1956-1960 were the time in which several countries got their independence from colonial occupation. This has led to make new alliances possible with those developing nations, particularly in Africa. The latter has helped to "counterweight Soviet hegemony and capitalist imperialism, but solidified its international position through winning the UN seat held by Taiwan in 1971" (Ibid)¹⁴³. China then extended its aid to 23 developing countries out of which 16 were in Africa.

Zhou Enlai, Chinese Premier, visited 11 African countries from 1963-1965, with which Ethiopia was the part. In this period, China used to provide aid to the developing world and to newly independent African countries in particular as an instrument to fight imperialism and help the countries to be self-reliant states (Ibid). But, with the increasing demand for Chinese aid by the latter while China was detached from its major aid providers and stand alone, Premier Enlai echoed a message to avoid the dependency tendency saying "[it was] not our intention to make them dependent on us ... can build themselves up by relying primarily on their own efforts (Ibid). But, despite Chinese authorities to avoid the need for more aid from its developing allies, China stayed in the trend of giving aid from 1950s to 1970s. In 1979

¹⁴²Bräutigam, Deborah (1998). Chinese Aid and African Development: Exporting Green Revolution. New York: Palgrave MacMillan, p. 39

¹⁴³ Craig, David and Porter, Doug (2006). Development beyond Neoliberalism? Governance, Poverty Reduction and Political Economy: New York: Routledge.

alone, there were seventy-four countries receiving Chinese aid as it was trying to woo countries in Africa, Asia and Latin America “into a true third world with China at the head, so as to counterbalance against the superpowers and developed countries”(Brautigam 1998: 40).

At about the end of the 1970s, however, China undertook a shift in its domestic and foreign policy positions that it had pursued since 1949. With the new policy direction in place, China tuned a moderate and less hostile approach to imperialism, joined IMF and WB and accepted bilateral aid as well as Western FDI and started to urge African countries to follow the course (Ibid). The 1980s was a decade of crises for Africa, but the first decade of reform for China where it was less motivated for extra aid to the continent, but a message of self-reliance was heard loud.

China likes to call itself as the world’s “largest developing country.” Given its growing economic and political clout, the country has hardly resembled a typical member of the developing world.¹⁴⁴ Even as China’s remarkable rise remains incomplete and uncertain, its influence on global affairs is growing and its actions to safeguard its interests are increasingly affecting the international community irrespective of whether Beijing recognizes or intends such consequences. While China’s relations with major powers, such as the United States, Russia, Japan and Europe have received due attention since its remarkable development achievement, Beijing’s most recent engagement with nations in the less developed “South” has remained less noticed except for the most recently emerging responses aimed at its implications. In fact, China’s growing engagement with these countries may have a substantial influence on the international system and global stability in the coming years (Ibid). Beijing’s relations with the latter have, thus, shown a renaissance as evidenced by series of notable agreements on energy and infrastructure development spheres in Africa, Latin America, the Middle East and Asia (Ibid). Chinese authorities have been visiting developing regions and hosting their counterparts to foster for more cooperations. Government sponsored infrastructure development, language schools, education exchanges, and other forms of cooperative agreements have increased China’s “soft power” influence in many countries and regions (Ibid).

¹⁴⁴ Mitchell, Derek; Eisenman, Joshua and Heginbotham, Eric (eds.) (2007). China and the Developing World: Beijing’s Strategy for the Twenty-First Century. London: M.E. Sharpe. p, xiii

South-South Cooperation (SSC), which gained its momentum after the Cold War, has had its strong roots from the developments that came into the global geopolitical aftermath following the Second World War.¹⁴⁵ Since the late 1990s and the turn of the 21st century, few developing countries from the Global South have emerged with significant economic and technological progresses in which they showed potentials of pulling the economic and technological growth of Southern developing countries. Brazil, Russia, India, China and South Africa (BRICS) allied themselves as leaders of the South-South Cooperation. China, as member of the BRICS, has started to proclaim itself as the biggest developing country and leader of the global south much earlier than this alliance was formed, i.e., during the cold war. Since then, it has been echoing anti-hegemonic rhetoric against global hegemonism by the leading powers after the Second World War. The country has pushed to assert its positions on multilateral stages in the post-cold-war era. It has stirred pragmatic cooperative engagements through the economic dimensions of trade, investment and aid in Africa. Hence, SSC was used to counter the global domination by the affluent states of the North against the developing south.

The academic and policy thirst to capture more information regarding what China is all about, for what it has been standing and how it will act in the 21st century has resulted to the development of perceiving the country as arising power and as a threat.¹⁴⁶ The core focal point of most analysts on the Chinese role in Africa is, therefore, related to the need to analyze and compare its power in either soft or hard form and explain its destabilizing potentials on others. No agreement seem ready among scholars with regard to China's main source of power or how the communist nation will use its growing power under the world headed by the capitalist system that fights to contain communism from reaching all parts of the world in the first place. Despite America's application of carrot-and-sticks policy against China, the challenge of terrorism that mostly affected the latter, including hosts of other global challenges, the two are locked to have a potential of cooperation than conflict to fight terrorism, counterterrorism and Weapons of Mass Destruction (WMD).¹⁴⁷ Despite such common interests, Chinese positions

¹⁴⁵ ____ (2010). South-South Cooperation on Biodiversity. Convention on Biodiversity Newsletter, Vol. 1, Issue 1.

¹⁴⁶ Breslin, Shaun (2009). Understanding China's regional rise: Interpretations, Identities and Implications. *International Affairs*, Vol. 85, No. 4, Pp. 817–835, p. 818

¹⁴⁷ Swaine, Michael D. (2011). *America's Challenge: Engaging a Rising China in the Twenty First Century*. Washington D.C.: Carnegie Endowment for International Peace.

have repeatedly been clear that the country “does not and will never seek hegemony, either in Asia or elsewhere.”¹⁴⁸

The complexity of relations in the international sphere, as seen by the emergence of new state players and non-state actors, has started to pose newer influences. First, the post-cold war development has bridged the weaknesses of the Post-1945 institutions that aimed at bringing real cooperations to change the situations in developing countries. The latter has “further fragmented the international system” in the sense that cooperations over many of the challenges that threaten the world as a whole have never been treated equally or regions and countries where not given similar attention in the wake of challenging circumstances that have been facing them.¹⁴⁹ The key issue here is the growing BRICS that brought prospects and concern as to whether they will cooperate fully with the traditional players within the existing frameworks or will chose to set their own national political and economic trajectories, which will stir a new wave of competition (NIC 2008: x). Prediction on these emerging powers showed they are set to stay away from conflict with established powers than what Germany and Japan, as known rising powers, did in the 19th and 20th century (NIC 2008: x).

The perceived implication that has been observed to emerge as a result of the looming multipolar power configuration into the international scene has been the state of the world economic system. Some of the emerging powers such as China, Russia, India at a higher level or South Korea Singapore and Taiwan with considerable growth are advancing, what the NIC report 2025 called, “state capitalism” in which the latter are not adhering to the neoliberal paradigm, but making state centric economic management to rise as a new model (NIC 2008: vii). The prediction of this report for Sub-Saharan Africa was nothing but economic despair as it did not highlight the South-South cooperation that this thesis is attempting to provide the latter’s slight impact. Chinese analysts in the late 1990s and beginning of 21st century assert that unipolarism has been on the rise and China’s power is not matched with that of the U.S., but they believed that the two may face strategic conflicts.

¹⁴⁸Breslin, Shaun (2009). Understanding China’s regional rise: Interpretations, Identities and Implications. *International Affairs*, Vol. 85, No. 4, Pp. 817–835, p. 919

¹⁴⁹____ (2008). *Global Trends 2025: A Transformed World*. U.S. National Intelligence Council. Washington DC: Center for Budgetary Assessments. p. x

While Westerners or Americans measure states' international power position in terms of the balance of power that always entails competitive relations between states (the realist notion) in which they have maintained dominance on the world. But, China believed on a "more rigid adherence to sovereignty that actually constitutes the key ingredient for a truly new world order of equality, peace, and justice."¹⁵⁰ The issue of sovereignty rejects the relative measurement of states' power and gives emphasis to equality and respect irrespective of the level of power a particular state is supposed to possess. Some analysts went far in explaining the behavior of China in the South East Asia, particularly in relation to the case of Taiwan. The effort to resolve the dispute over Taiwan should be accompanied by mechanisms that may "minimize China's dissatisfaction," including carefully "socializing the latter into the existing international order, if not the "world will face the prospect of global war."¹⁵¹ Despite such American view, the perception by Chinese analysts showed a restrained stance with the realization of the latter's policy of "containment and engagement" applied over their country.¹⁵² On the other hand, Chinese framework agreements with African countries clearly indicate the unfair nature of the existing system and promised to restructure the UN in order to have a fair system with which there will be a chance for developing countries for their voice to be heard.¹⁵³

¹⁵⁰ Deng, Yong (2001). Hegemon on the Offensive: Chinese Perspectives on U. S. Global Strategy. *Journal of Political Science Quarterly*, Vol. 116, No. 3, Pp. 343-365, P. 346

¹⁵¹ Rolfe, Jim (edr.) (2004). *A Region of Change: A Region in Transition*. Honolulu: Asia-Pacific Center for Security Studies. P. 52

¹⁵² Chen, Rosalie (2003). China Perceives America: Perspectives of International Relations Experts. *Journal of Contemporary China*, 12:35, 285-297, p. 285

¹⁵³ FOCAC Summit Declarations and speeches held in 2000, 2003, 2006, 2009, and 2012. Available at: <http://www.focac.org/eng/>

Chapter III: Modern History of Sino-African Relations

3.1 The Bandung Conference

Sino-African relations had a long history owing to intermittent contacts and visits on both sides.¹⁵⁴ Before 1955, communist China did only have rare encounters with Africa. Only few contacts such as by Water Sisulu, who was the secretary general of the South African National Congress (SANC) was recorded as a known African political figure that had paid a visit to China in 1953.¹⁵⁵ As a result, the literature largely agreed that the earlier phase of Sino-African relation was resulted from the diplomatic initiatives of the People's Republic of China as compared with initiatives and efforts from African nations.¹⁵⁶ This perception had squarely fitted into the 1950s and 1960s position of China's diplomatic thirst. Neither of the independent African nations, such as Ethiopia, Liberia, nor the then newly independent states, such as Egypt, Sudan and Ghana had recognized China nor made any effort of whatsoever to approach China for cooperations. Similarly, there was no Chinese envoy that frequently visited Africa (Larkin 1971: 16). Rhetorical political gestures were non-existent, except for few Chinese personalities, such as Mao Tse-tung and Jen-Min Jih-Pao who criticized 'the Malan government of South Africa' for its anti-communist positions and for its legislation that discriminate Chinese minorities in South Africa (Ibid). In other words, Africa came to establish close ties with China after Bandung occasion.

Given the available evidences, the known gateway for all modern day relationship between the two continents was said to be the conference in Asia. It became the pioneer root for Afro-Asian modern day mutual political platform and an important symbol for the birth of 20th century Sino-African relations. The event was held from 18-24 April 1955 in the Indonesian city of Bandung that hosted the above mentioned conference which was taken as a watershed moment in an anti-colonial politics. About 29 Afro-Asian governments and representatives of the national liberation movements from both sides of these continents had attended the event.

¹⁵⁴ Burnett, P. and Manji, F. (eds.) (2007). *From the Slave Trade to Free Trade: How Trade Undermines Democracy and Justice in Africa*. Oxford: Fahamu,

¹⁵⁵ Larkin, Bruce D. (1971). *China and Africa 1949-1970: The Foreign Policy of the People's Republic of China*. Los Angeles: University of California Press, P.15.

¹⁵⁶ Sandra Gillespie (). *Diplomacy on a South-South Dimension: the Legacy of Mao's Three Words Theory and the Evolution of Sino-African Relations*

But, Africa was represented with only a handful of states. Hence, the formal state level representations in the African side had consisted of six nations, such as Ethiopia, Egypt, Liberia, Libya, Sudan and Ghana. All of them took part in the said event by their own leaders or leader of the independence movement, except Haile Selassie I^{vi} of Ethiopia who had abstained from taking part in the occasion. Nasser and Nkrumah, who were the soon to be leaders of their free countries after their independence in 1956, hit Bandung as leaders of their major parties. The Chinese participants, on the other hand, were led by Zhou Enlai and Ch'en (Ibid).

The utility of this historical juncture was related to the opportunity it offered to the parties to discuss, identify and understand broader common socio-political spectacles that confronted these continents or individual states. Hence, the shared sentiment in Bandung was justified by the complex nature of the issues that “can be better performed jointly with a shared stance than by uncoordinated and isolated...” efforts (Larkin, 1971:18). In this defining moment, China assured its Asian neighbors to maintain a rational stance as a regional power. The latter's anti-colonial and anti-Apartheid positions were also found to be a common ground that motivated Africans to maintain potential diplomatic ties of mutual benefit (Ibid).

The conference had its own basic themes and implications pertained to its unique spatio-temporal and historical nature. Primarily, the event had conveyed a bold message to world politics, in the sense, that it signaled the birth of a new form of international relations with new sets of actors and forms of co-operations that brought a different political tone than used to be in the colonial era. Most of the issues entertained at the event were broadly related to “colonialism, imperialism and the hegemonic position of Western powers.” Mutual understanding and sympathetic feelings against the tragic features of colonialism led them towards “emotional intimacy.” Both sides decided to stand together and support each other. One of the seemingly common features identified and stressed by participants was related, for instance, to falling in the same development category of nations, i.e., being in the third world or under the category of developing countries, and sharing a similar experience of being under Western domination, such as colonialism. These and others had led participants to call for restoring the dignity dispossessed by colonialists. It called for support for countries under colonial control and for those who were struggling to achieve their independence so as to be able to decide their own destiny. Self-determination and autonomous government to peoples of the two continents were issues of particular importance for participants.

Looking into the event in a general sense, the conference came out with outcomes in the form of collective a voice to demand respect amongst the former colonial powers and within the United Nations organizations. As a participant country, China had shared a sense of urgency and emotional political aspiration of getting freedom from the hegemony of Western colonial powers that the Developing Countries (DCs) too had accepted and promoted in the event. In addition to issues related to African states, the Bandung conference did also convey political implication from Chinese side in the sense that China sought international recognition since 1955, sought political allies and alliances and needed to establish an international block under its own direction and leadership as opposed to the Western capitalism and Soviet communism.

The wide array of literature witnessed that the first bricks of the current Sino-Africa relation was laid at this event. The foundation for a sense of co-operation and respect for the sovereignty among this South-South co-operation was a strong building block put-forth since that occasion. The latter, had at the same time, been used as the source whereby some of the key agendas for the current terms of cooperation between China and Africa were stemmed from. Seen from this point, China was ready to share the challenges of the colonized people and stand with many in the category.

African and Asian participants had adopted the principles of peaceful co-existence following the footprints of the prior agreement by India and China in 1954. According to Larkin (1975, cited in Looy 2006:2; Mawdsley, 2007:408) these principles covered: (1) mutual respect for sovereignty and territorial integrity, (2) mutual non-aggression, (3) non-interference in each other's internal affairs, (4) equality and mutual benefit, (5) peaceful coexistence. Hence, the major aim of this conference was a kind of political posturing for the then confrontation between colonial powers and the developing world in general. These principles were assertions by themselves that depicted an outright rejection of colonialism, imperialism and the U.S.-USSR Communo-Capitalistic ideological rivalry over developing countries. All these aspirations of participant parties face the pressure from the ideological camps that sought the adherence of most African and Asian nations to take side in either of them.

The post-Bandung period was, thus, an important arena for China to consolidate its ties with Africa in trade as well as anti-colonial postures. For instance, Nasser held talks with the Chinese delegations during the conference on matters of trade and cultural relations between

Africa and China that resulted with China's opening of a trade office in Cairo eight months after the conference (Larking 1971:16). Hence, Bandung represented the first modern day Chinese diplomatic encounter with Africa. Following Egypt's lack of market for its cotton production, China bridged the gap left by Western nations between July and August 1955 whereby it bought about 15 tons of cotton from Egypt. This led the two countries to open trade offices in their respective countries and sign trade agreements (Larkin 1971: 21). Nationalist movements were on the rise up, and in 1956 both Cairo and Khartoum secured independence followed by the Suez Canal crises where China openly took anti-Western stand and stand to support Egypt (Larkin 1971: 24) aimed to deter UK and France against their interest to use force in order to avert Egypt's interest over Suez Canal.

The state of condition on the Suez affair helped to re-strengthen China's anti-colonial position and policy by its communist objective of assuring the latter's international standing. The 1957-1962 Algerian War against the French was another millstone in the independence movement whereby China granted aid for the Algerian National Liberation Front (NLF) to carry out guerrilla operations against French. China Finally differed in her position towards NLF that Algeria should be granted independence, a position that differed from the French communist party and USSR in 1957 (Larkin 1971:25). The spirit of Bandung was followed by unprecedented anti-colonial struggles and China was delighted by its position and foreign policy that successfully projected its future direction of consolidating a new wave of ties with many developing countries with which it has gotten a voice to be heard and respected in Africa.

3.2 Anti-Colonial and Cold-War Political Economy

Analyzing the positions of the parties that took part in Bandung led one to remain with a puzzle of why the event went that way? This required to explain the global factors that led to Bandung. The thesis had identified three geopolitical global phenomena that could be seen as background conditions for the birth of modern day Sino-African relations. The first was colonialism and anti-colonial struggle. The second major phenomenon was the Second World War, and its immediate consequences. The third and final phenomenon was the ideological confrontation between the then major powers of the East and the West called the Cold War, which was by itself the result of the Second World War. If we see briefly how these background conditions played out to the development of the historical and modern day relationship between Asia and Africa, the centrifugal force that holds the two have been the

national, regional, and international interests of states for political, economic and ideological power for a more international dominance.

The resultant consequences of both the first and most particularly the Second World Wars were weakening positions of the major colonial powers. This had also opened a window of opportunity for anti-colonial movements in Africa and elsewhere. Many African countries that were under colonialism were heavily looking for help in their efforts to get their independence. The Second World War has come to an end whereby Europe was demarcated by a solid ideological boundaries of communism and capitalism led by the Russia and United States respectively. Both ideological blocks were also competing to sell their own respective ideologies and broaden the geography of their influence beyond Europe. The easier case in point to see could be how Italian occupation of Ethiopia from 1936-1941, where Emperor Haile Selassie I remained in exile and national patriots remained fighting with the Italian invaders came finally to an end. The king has been appealing to the UN assembly in every occasion, but his effort did not bring the standoff to an end. But, in 1941, with the looming victory of European colonialists had fallen in to two camps fighting with each other. The British army went to help the King to fight Italians and expel them from Ethiopia. In this case, the patriots and British Army fought against Italians who drove them from East Africa. This has been the direct result of the Second World War

The newly independent states were forced to get aligned to either of the competing power blocks. After the world was sub-divided into capitalist and communist blocks, China was not interested to align itself to either of these established divide, but foreseeing to craft its own path for a more power and influence across the world. It had rather set its own national interest to align itself with the poor and newly independent countries and anti-colonial movements. The latter has come up with the idea of the non-aligned movement and South-South Cooperation with which developing countries form an alliance to discuss their pressing challenges of the time. This has led to the organization of the first formal congregation of Asian and African leaders and leaders of anti-colonial movements to come together under the Bandung conference in Indonesia. For an easy understanding and better clarity, we can briefly saw the modern history of Sino-African relations into three political periods since China's own emergence as a nation has been moving forward with the communist political trajectory. The first period deals with the Mao Era (1949-1976). The second deals with Deng Xiaoping's first

ten years in power (1978-1988), and the third is the post-Tiananmen square period, i.e., 1989 onwards.¹⁵⁷

3.3 The Three Periods of Sino-African Relations

3.3.1 Maoist Era (1949-1976)

Soon after the People's Republic of China was founded in 1949, China presented itself as the leader of the developing world. Its bi-lateral and multilateral relations were guided by the principles outlined most famously by the then Premier Zhou Enlai at Bandung in 1955. China would not seek hegemony, would not interfere in the affairs of other countries, but would seek mutual benefit.¹⁵⁸ The first period of the relationship (1949-1976) was a remarkable arena with which China cemented its image as a true collaborator of Africa with equal footing and recognition of the African situations.

The Maoist period of 1949-1976 was a period in which China, seizing upon the weaknesses of colonialism, aspires to promote and expand its own version of Chinese communism among the newly independent African nations. With this long term national goal in mind, China heavily promoted anti-imperialist agenda to achieve two related objectives. The first was sought to be achieved through promoting anti-imperialist tone. China needed to use it as a leverage to promote the Chinese version of Communism in which Maoism was set to expand and flourish in Africa. Secondly, China was aimed to fulfill its long envisioned recognition in international and/or multilateral politics.

China has encouraged social movements and revolutions to be reddened with ideological imperatives against the colonizers through supporting National Liberation Movements (NLM), such as the case in Algeria and other fragile independent states to assert their economic and political independence. Developing a fertile ground for a robust foreign policy in Africa has been China's most aspired goal. The motive to do so was not only for spreading Maoism but also denouncing and isolating Taiwan. Hence, promoting bilateral discussions with African states and asserting their full support for one China policy was also the major political

¹⁵⁷Mawdsley, Emma (2007). China and Africa: Emerging Challenges to the Geographies of Power. *Journal of Geography Compass*, No. 1, Issue 3, pp. 405–421, 10.1111/j.1749-8198.2007.00019.x

¹⁵⁸Brown, Kerry and Chung, Zhang (2009). China in Africa China in Africa – Preparing for the Next Forum for China Africa Cooperation. CHATHAM HOUSE Briefing Note, Asia Program. Available at: www.chathamhouse.org.uk

goal it needed to achieve in that period. This was because China was striving to replace the Taiwan-based Republic of China with the Mainland Peoples Republic of China (PRC), a political standoff that end up with PRC's favor in 1971 as the 'twenty six out of twenty six' votes from African countries were casted in favor of PRC.¹⁵⁹ China was not only providing support packages to Africa in exchange for the political support it aimed to achieve both a national and global levels. Analysts argued that in addition to the apparent exchanges explained so far, China has got knowledge and experiences from Africa as well. It was argued that "China imported new sisal varieties from Zambia, new orange varieties and plantation techniques from Morocco, and cotton plantation techniques from Egypt and Togo. During his visit to ten African nations in late 1963 and early 1964, the Chinese premier Zhou Enlai stopped at oil refineries in Egypt, Algeria, Morocco and Ghana to observe their advanced oil refining technology."¹⁶⁰

Much of the available Sino-African literatures for the 1955-1976 periods did not give much attention to the economic cooperation. Generally, before 1976, ideological, diplomatic and political solidarities were the major themes of cooperations between China and Africa. Despite this, however, it does not mean that economic development and technical cooperations were non-existent. Parallel to mutual political support between China and African states, the former has also been providing various support packages that could be categorized into economic arena. Such solidarities among and between the two have been manifested in the form of technical assistances to African states which was carried out through sending groups of professionals so as to assist the peoples and governments in Africa. As a result, medical doctors, nurses, engineers, agriculturalists and so on were dispatched into Africa to provide technical assistances. Scholarships were also offered to young Africans to get formal training opportunities in China. Infrastructure development as exemplified by the rail way between Tanzania and Zambia (Tan-Zam) was also the early form of assistance China pioneered in helping Africa. Assisting the anti-colonial fronts through arms and military equipment was a clear indication of the relationship during mid-twentieth century. China had also been providing loans and grants, without political strings attached to it as a distinct form of foreign

¹⁵⁹Mawdsley, Emma (2007). China and Africa: Emerging Challenges to the Geographies of Power. *Journal of Geography Compass*, No. 1, Issue 3, pp. 405–421, 10.1111/j.1749-8198.2007.00019.x

¹⁶⁰ ____ (2011). China-Africa Trade and Economic Relationship Annual Report. Available at: <http://www.focac.org/eng/zxxx/t832788.htm>

policy against the West. All such cooperations may have political motives behind, but some of them were economic in their nature. Hence, despite modest in volume, there had been an economic relationship between the two as exemplified by trade and technical assistances provided in the form of projects. As Mawdsley (2007) explained trade ties were used to enhance the then cooperation between Africa and China. For instance, in 1955 “China bought 25,000 tons of the Egyptian cotton...while it was difficult for Egypt to sell to the West.” Ten years after in 1965, it also “bought 2 million tons of tobacco from Tanzania” as it was unable to sell it to its usual customers.¹⁶¹

To help the newly independent states’ economies with a very low foreign exchange, China has been accepting payments in kind in exchange for its exports to these countries. Some authors have indeed indicated that economic dealings were even coming upfront in a way that undermines other priorities of the period, such as diplomatic, political and ideological relationships. However, other intervening factors such as the Sino-Russia rivalry over Africa had re-shaped the structure of the relationship between Asia and Africa later on.

Parallel to the emerging political and ideological co-operations as has been in its formative stage since the 1990s, such as the debate in the Bandung conference, Sino-African relations took its practical modern shape with the opening of the first diplomatic relation between Egypt and China in 1956.¹⁶² According to literature, within the period from 1955 to 1976, China stands along with the African countries and the two shared common political positions taking common stances against Western imperialism and colonialism. Its aid was channeled to some of the African states without aiming at economic kickbacks. Its aid to Africa was made as a result of the then cold war political context and its own political objectives as related to Taiwan. But, even in the post-1976 to early 1990s, in which Sino-Africa relation was said to be weaker, China did not halt its relation with African states completely. The intermittent kinds of relationships were maintained throughout the period here and there. This has allowed the two to easily refresh, re-energize and built-up on the existing friendly bond in the turn of the 21st century.

¹⁶¹Mawdsley, Emma (2007). China and Africa: Emerging Challenges to the Geographies of Power. *Journal of Geography Compass*, No. 1, Issue 3, pp. 405–421, 10.1111/j.1749-8198.2007.00019.x

¹⁶²Brown, Kerry and Chung, Zhang (2009). China in Africa China in Africa – Preparing for the Next Forum for China Africa Cooperation. CHATHAM HOUSE Briefing Note, Asia Program. Available at: www.chathamhouse.org.uk

According to Judith (2006), the post-Bandung period of Sino-African relation witnessed Chinese “economic, technical and military support” to African states aiming at restraining Western colonialists and creating a new form of “political and international order.”¹⁶³ The issue that should be addressed here is related to the question: what were the specific aspects of Sino-Africa relations from 1955-1976? Two points can be raised as plausible answers to this question. One is from the African point of view, i.e., to support liberation movements and newly independent states to fully function as an independent state. Hence, it was aimed at providing financial, technical and military support to make African liberation fighters to achieve their colonial independence. The second point of argument was seen from the Chinese point of view. China wanted to get international recognition and for this to happen, it needed to demonstrate itself as supporter of an anti-colonial and anti-imperialist movement. It took the initiative to establish the South-South block to be used for promoting this agenda.

According to Larkin (1975), there are some concrete evidences that manifested the Sino-African relation from 1955-1976. The first evidence was the growth of the diplomatic relations between China and African countries. Until 1974, China used to have only 13 diplomatic missions in Africa.¹⁶⁴ But by 1974, the number of its diplomatic missions had grown to 30.¹⁶⁵ The second evidence was related to the China’s takeover of Taiwan’s seat in the United Nations (UN) Security Council in 1971. It was welcomed by most African states as their cooperation with China has already gotten firm ground over the years since 1955.

China’s new position as permanent member of the Security Council gave a new leverage to the political relationship between China and Africa. For China, it was an opportunity to materialize its long held position of being the leader of the developing world thereby to demand the support of Africans in its goal to fight for one China policy against the secessionist aim of Taiwan. China also claimed to represent Africans in the multilateral politics,

¹⁶³Sneyd, Adam (2005). Bandung Conference: Globalization and Autonomy Online Compendium, PDF. Available at: <http://www.globalautonomy.ca/global1/servlet/Glossarypdf?id>

¹⁶⁴Taylor, Ian (2006). China’s Africa Rise: the Democracy Dimension. Available at: www.opendemocracy.net/democracy-africa_democracy/China_africa_4056.jsp

¹⁶⁵Christensen, Thomas (2008). Policy Statement on China in Africa: Implications for US Policy. Available at: <http://www.africom.mil/get article.asp?art=1786&lang=>

particularly, in its capacity as member of the Security Council. This was so because Africa has never been represented in the security council of the United Nations till now.

The third indicator of the Sino-Africa relation was China's support to the "Tanzania-Zambia" (Tan-Zam) rail way, which was the largest project of China's aid to Africa in the 1970s. Tan-Zam was an economic posture, but it had also carried with it a bold political meaning in two respects. The first is that it has helped to win the hearts of the African heads of states and governments to be a reliable partner in any form of cooperation it needed to exploit. Second, it was also hoped to extend a message for the West that China stood with those who struggle for independence, and hence, for international recognition. The fourth and the most critical of the time, for both sides, was the support given to nationalist movements, who were targeting colonial and imperialist control of African people. The most apparent aspect of this aid was military support to make sure that Western Colonial hegemony came to an end. Through the Peking Review of 26 Jan. 1973, China legitimized military or armed struggle to be the only way to end colonialism, apartheid and related racial discrimination in the African soil.

Over all, the Maoist era was not only characterized by smooth and friendly relationship, but as Mawdsley (2007) pointed out, it was marked by diverse but generally deepening relations. The non-aligned movement, which was one of the results of the Bandung conference, did not succeed to fulfill all what it sought to achieve. If we see the intensity of the relations between China and African nations, we see strong ties at Maoist era, but later in late 70s and 80s, we also saw the Sino-Soviet rift as a major cause for the fractures that appeared between China and other African nations, especially with those that aligned themselves to the then Soviet Union. Generally, there have been success stories in "trade, political solidarity," and other forms of co-operations going side by side with "weaknesses, tensions, betrayals" going on with long cemented legacies that pave the ground for today's relationship.¹⁶⁶ The post-Maoist era has shown a dramatic shift from such commitments of political, military, and ideological themes to the one characterized by the largely economic measures such as liberalization and growth.

¹⁶⁶Mawdsley, Emma (2007). China and Africa: Emerging Challenges to the Geographies of Power. *Journal of Geography Compass*, No. 1, Issue 3, pp. 405–421, 10.1111/j.1749-8198.2007.00019.x

3.3.2 Post-Mao Period (late 1970s to early 1990s)

The post-Mao era covered the period from 1976 to the present time. This period embraced two sub periods with differing meanings. The first was the time where Sino-African relation was frozen for over a decade, that is, from late 1970s to 1980s. The second, on the other hand, was the 1990s that can be taken as a leap-decade as it reflected the revival and warming up for a new beginning in the 21st century. But, the latter will be discussed under the sub-heading called post-Tiananmen incidence next to this part.

Mawdsley (2007) argued that the first ten year in Deng Xiaoping's power (1978-1988) was a period that marked a shift in the tenets of Sino-African relationship that was common during the Maoist era. The focus of the Sino-African relations during the Maoist period was a continuation of issues initiated at the Bandung conference that was primarily aimed at ideological and political cooperation between the two. But, during Deng Xiaoping's first ten years in office, there appears a significant shift in Chinese foreign policy from those of ideologically and politically focused relationships to the one that is broader in scope and globally focused engagements. Through time, the latter became more pragmatic to China itself in achieving more desired results. Deng Xiaoping "demanded economic investment in a non-conflictual approach" in China's international engagement. This has been taken a key step for China in opening its door to the developed world, mainly to the United States, Western Europe and Japan through expanding trade links.

During this new foreign policy period (1978-1980s), Mao's ideological pre-occupations were slowly eclipsed and were replaced by an open door policy of China to be implemented as an approach in its international relations. In other words, for Chinese communist party, securing rigorous economic growth was given a priority than taking ideology as a determinant factor in its foreign policy. The latter also implied that anti-Soviet rivalry and anti-imperialist stances become less important as the focus shifted to a more pragmatic economic achievement for the nation and the attention given to cooperate with Africa dropped off for the time being, though not completely cutoff. This has forced China's attention to shift from its focus on Africa to the policy of integrating itself into the developed world. Brown and Chun have expressed the Sino-African relationship during the late 1970s and in 1980s as:

In the late 1970s, China adopted a new course based on economic reform and reintegration into the global economy, and to a great extent, retreated from the

continent. The concentration on building up heavy industry, liberalizing the agricultural sector, and intensifying efforts to create an export-led economic model after the initial phase of Reform and Opening Up meant that relations with African countries became less focused. In these years, China was committed to rebuilding partnerships with developed economies, particularly in Europe and the US.

As pointed out above, the post-Mao era, particularly the late 1970s and 1980s witnessed a precipitation of the once warmed up spirit of cooperation between Africa and China governments. This was because China turned its attention to its own economic reform and re-establishing Maoist policies for over a decade. Setting aside the political struggle and the new international alignment it began against the West, China came up with a different foreign policy strategies, i.e., from confrontation to the sense of “co-operation, from revolution to economic development, and from isolation to international engagement” in the post-Mao era. As a result, Chinese aid to Africa declined and its symbolic delegation and state authorities’ visits to Africa reduced, which was an indicator for an eclipsed ideological and political cooperation and South-south Solidarity.

China’s going global policy aimed to cooperate with adversaries irrespective of their differences. It was determined to put its differences with other countries aside and become focused with an economic relationship to all those countries with which it used to have an ideological war during the Mao era. With the new leaders in place, it seemed they firmly believed such international relations policy change was the necessary condition to establish trade relationship globally for a better economic performance. As a country that stood strong with an anti-imperialist aim and trying to form an alliance to fight it, the going global policy implies a great ideological shift for a peaceful economic growth.

The above mentioned policy shift brought about an overall sense of precipitated relations with Africa, i.e., aid has declined, ideological alliances chilled down, visits and negotiations and other wider co-operations frozen and so on. But, for Africa this was a critical time whereby many of the failed policies were implemented and bring huge devastations against the fragile economies, like the Structural Adjustment Policies (SAP) during the 1980s. The later part of this period also witnessed Africa was deserted by all that had been competing with each other in looking for an African ideological partner, i.e., West, East and Russia.

Africa felt a real gap in finding a reliable partner that can cooperate for a mutual benefit, a departure with stark difference from the previous period. This period proves the level of global status given to Africa in international politics. “[A]lthough there was still rhetoric of South-South Cooperation and solidarity, the reality was increasingly hollow, and African nations confronted a ‘cold new realism’ in Chinese diplomacy” (Snow 1994, cited in Mawdsley 2007:410).¹⁶⁷ This was the time for Africans to stand up, to join hands to each other and find a mechanism for the continent, but, they failed to provide a meaningful policy response.

Despite this, however, China did not quit all of its partnership even during this time. It selectively continued to promote some economic relationships, which was in line with its newly devised post-Mao economic policies, i.e., economic pragmatism. The focus of the new foreign policy was, however, not aiming at helping Africa, but to promote relationship with which both of the parties can both get benefits out of such relations. Some evidences are worth mentioning here. In the period between 1976 and 1980s, China had been exporting goods and services with Nigeria, the value of which was growing from \$128 to \$378 million.

The Chinese trade performance with Africa has been showing an increasing spiral by 70 percent increase (Snow 1988 cited in Mawdsley 2007:411). In this period, the Chinese international cooperation and relation was simply re-designed from free aid to modernizing China. As a result of this policy change, Snow also noted that “aid pledges fell” as the focus shifted to make sure that both China (as a donor) and African countries (as a recipient) can get some sort of benefit out of their relationships. But, it aid did not fit with this kind of policy.

According to Brautigam (1998), however, China had delivered aid to Africa that worth \$258.9 million in 1984 (Brautigam cited in Mawdsley 2007: 11), which was still significant and this made it the sixth largest donor in the continent during that period. Much of the literatures agree that this period was a time the relationship was at its lowest. The point is that in the relations from mid-1950s to the death of Mao, China was looking outward to newly independent African states and gave higher emphasis and attention. But, after the policy change since 1978, it started an inward looking attention as well. It became selectively focusing on issues of its relations to Africa the same way it was doing to other parts of the world. It focused on

¹⁶⁷ Mawdsley, Emma (2007). China and Africa: Emerging Challenges to the Geographies of Power. *Journal of Geography Compass*, No. 1, Issue 3, pp. 410, 10.1111/j.1749-8198.2007.00019.x

economic relations that had higher return to its own economic growth than simply propagating to Africa. It used to embrace issues like aid, ideology, political solidarity all together as regards to Africa during the Maoist period, but after the policy change it refocused to embrace selective items.

3.3.3 Post-Tiananmen Square Incidence

China's increasing economic success following the 1978 reform faced an internal challenge. Students and some civilian Chinese societies were eager to see the progress of their country's integration into the global economic system to resonate in other sectors as well. The changes in the communist programs that were accommodating some liberal economic elements further increased the motivation for these section of society to call for a full-fledged political and democratic reform. Within the Communist Party of China (CPC), general secretary Hu Yaobang, was a figure known for his support to democracy, but Deng Xiaoping fired him in 1977.¹⁶⁸ Despite such tension, the economy still continues to develop, but political dissent continues to get hot. The turning point to the scaled up confrontation was the April 15 1989 death of Hu Yaobang, for whom they held memorial services where they have also staged political protests at the same time. Their tribute to the deceased liberal reform supporter was heavily criticized by the state media that triggered a stronger protest of Beijing University students who marched in and occupy Tiananmen Square on 27 April 1989.¹⁶⁹ This democratic movement of students and civilians continued for about two months in the major cities. The final measure and consequence of this incidence could best be expressed by Béja (2004) who argued:

The center of the protest movement was Tiananmen Square in Beijing, where tens of thousands of students camped out to press their demands for democratic reform and a halt to China's escalating corruption problem, and where more than one million people marched carrying banners and shouting slogans. On the night of June 3, 1989, the government ordered the People's Liberation Army to clear the square. On the afternoon of June 3rd, martial law troops moved into Beijing and clashed with civilians trying to block their way to Tiananmen Square. In the early hours of June 4th, the troops cleared the square

¹⁶⁸ Chang, Albert (2005). Revisiting the Tiananmen Square Incident. *Stanford Journal East Asian Affairs*, Vol. 5, No. 1, Pp. 9-25

¹⁶⁹ Béja, Jean-Philippe (2009). China Since Tiananmen Square: The Massacre's Long Shadow. *Journal of Democracy*, Vol. 20, No. 3

and opened fire on unarmed students and civilians in the surrounding area who resisted the suppression (Béja, Jean-Philippe 2004: 6).

The tragic incidence of massacre and bloodshed against the peaceful protesters brought a new era of international criticism against the government of China. Relating this incident to the main purpose of the thesis, African governments showed a deviated position from that of the international community, which is explained here as a third period in the modern history of China-Africa relations. This post-Tiananmen incident was emphasized for the implication of the incidence on the China-Africa relation. It had helped the once frozen Sino-African relation to revive and accelerate. This event was seen by some writers as an iconic political incident in which resistance and repression was clearly played out in China. Taylor (1998), who had noted the impact of the incidence on China-Africa relations, argued that the anger caused by sharp political criticism from the West had ringed an alarm bell for China to look for political allies all over the world, including the once forgotten Africa.

The revived sense of relations between China and Africa were not only uni - directional, i.e., come from China, but was also bi - directional. Many African countries and their leaders proved their support for China's ability to quell the democratic uprising through their congratulatory messages. Supportive messages from the leaders of Angola and Namibia can be taken as cases in point (Taylor 1998 cited in Mawdsley 2007: 411). While a message from Angolan foreign minister described his support for the resolute actions "to quell the counter-revolutionary rebellion", the Namibian president, on the other hand, sent a telegram congratulating the Chinese army for its success in controlling the event (ibid). The root of this issue is that the shared perception of Chinese and African leaders against the critiques from the West had again helped to re-strengthen their ties back to its track.

Soon after China received such support, it dispatched a high level delegation visits and the two sides conducted meetings. As a result, Chinese foreign minister made 14 visits to African countries during the period 1989-1992 with which there appears a dramatic increase in aid to African allies. According to Taylor 1998, out of the 52 countries that received Chinese aid 46.2 percent (24) were countries from Africa (ibid). While the Tiananmen incident helped to jumpstart the Sino-African relations from its decade long standstill position, the growing

demand for raw materials and markets from its growing economy has finally ended-up to be the major driving force for a continued relationship.¹⁷⁰

The Sino-Africa honeymoon that follows the post-Tiananmen incident, grew further and reached its climax after the turn of the 21st century that began with the establishment of the Forum on China Africa Cooperation (FOCAC) at the Beijing summit in the year 2000. Therefore, the third and most prominent Sino-African historical period, which has shown remarkable and deepening relations that embraced most of African states was facilitated by FOCAC. But, for the sake of convenience, the thesis presented its analysis on FOCAC as a multilateral platform in chapter five with the aim to explain its nature, structure and roles as distinct from the bilateral relation.

¹⁷⁰ Mawdsley, Emma (2007). China and Africa: Emerging Challenges to the Geographies of Power. *Journal of Geography Compass*, No. 1, Issue 3, pp. 410, 10.1111/j.1749-8198.2007.00019.x

Chapter IV: Sino-African Relational Contexts

4.1 Policy Reform in China

The current China-Africa relations will be fairly perceived well if we briefly take a glimpse of the contexts driving the two for staging their 21st century friendship. Four significant contextual settings are worth noting in explaining Sino-African cooperations that attracted overwhelming attention at the moment. These include: 1) Chin's national reform measures aimed at changing course and pull the country out from Mao's failed communist programs. Deng Xiaoping espoused the 1978 reform initiatives and associated positive results that are continued until today. Hence, the reform process, which was in place in the last 25 years, has strong linkages to and is the basis for the current Sino-African relations. 2) Global geopolitical changes, i.e., end of the cold war and associated change in balance of power between communist and capitalist blocks with its immediate impacts on the continent, the appearance of new players and an increasing involvement of these emerging actors in Africa and its impacts 3) Africa's own post-cold war fragile situation, which, in fact, has been the consequence of interrelated factors that the continent was set to pass through. 4) China and the need for energy or oil as well as other natural resources are repeatedly appearing in the China-Africa literature used to explain the growth of its industrial economy's demand for raw materials and energy.

Before its economic and political reform began, China passed through a wave of economic contours that mirrored the country's historical efforts and challenges. Quite before the 1978, its economy was once viewed as the largest in the world from 1500s to 1800s, but in 1820 it slipped down to one-fifth of the world's economy and one-third of global GDP or equivalent to Europe's economy.¹⁷¹ Within the period from 1820-1950, China faced a catastrophic economic decline (Maddison, cited in WB et al 2012:3). The economic reform and opening up measures designed by Deng Xiaoping in 1978 led the country to continue an economic takeoff and has since been accelerated further in the subsequent decades until the present time (ibid). The latter implies China's economic features in the post-1978 period as a country with

¹⁷¹ ____ (2012). China 2030: Building a Modern, Harmonious, and Creative High-Income Society. Joint Research Report between World Bank and Development Research Center of the State Council of the People's Republic of China. Available: <http://www.worldbank.org/content/dam/Worldbank/document/China-2030.pdf>, p.3

greater potential to look into the future with great optimism. It represents a landmark growth and human development achievements (ibid). Its reform has been seen as a form of transformation of the country into two ways from its internal point of view. First, it has been seen as a change from a rural and agricultural economic system to an urban and industrial based economic nature. Secondly, it has also been seen as a transformation from a purely command economy to what can be said as ‘socialist market economy’ as it embraces free market economic features (ibid).

The first substantial context that provides a lens to see the current Sino-Africa relation, therefore, has been what is known as the ‘opening up and going global policy reforms with Chinese characteristics’, with which the country abandoned Soviet styled planning approaches towards adopting socialist market economy in 1978.¹⁷² But, these policy changes were preceded by an upheaval of the ‘Great Leap Forward (GLF)’¹⁷³ and the ‘Cultural Revolution’¹⁷⁴ which were carried out by the Communist Party of China (CPC) in an aggressive intention of industrialization and associated changes, but these programs led the country into unintended socio-economic and demographic catastrophes.¹⁷⁵ The graving consequences of GLF cost China with gargantuan deaths of 20-30 million people from 1958-1962 (Ibid, p. 194).¹⁷⁶ The GLF was also perceived as an effort to achieve rural transformation from 1958-1962, but it was paralleled by bad weather condition that led to devastating consequences with which rural production was dropped by about 20 percent and the already marginal rural societies of China get worsen. Economic disasters were paramount and the Cultural Revolution, waged under the banner of fighting capitalist infiltrations, but actually aimed to broaden the influence of communism, caused factional struggles in all sections of the Chinese society, government and party structures led to significant persecutions and vulnerabilities (Ibid p. 85). It was also came against Confucianism and other traditional

¹⁷²Chow, Gregory C. (2004). Economic Reform and Growth in China. *Annals of Economics and Finance* 5, Pp. 127-152

¹⁷³Li, Wie and Yang, Dennis T. (2005). The Great Leap Forward: Anatomy of a Central Planning Disaster. Available at: <http://faculty.darden.virginia.edu/liw/papers/JPE-final2.pdf>

¹⁷⁴Zhang, Tong and Schwartz, Barry (1997). Confucius and the Cultural Revolution: A Study in Collective Memory. *International Journal of Politics, Culture and Society*, Vol. 11, No. 2, 1997

¹⁷⁵Gao, Mobo (2008). *The Battle for China’s Past: Mao and the Cultural Revolution*. London: Pluto Press, p. 137

¹⁷⁶Lotta, Raimond (1994). *Maoist Economics and the Revolutionary Road to Communism: the Shanghai Text Book*. New York: Banner Press.

Chinese cultural elements, and overall, brought shattered consequences till it ended with the death of Mao himself in 1976.¹⁷⁷ These very dreadful communist projects under Mao's final years gave the next generation of leaders to come up with ideas that indicated shifts away from a pure communist positions held by Mao.

Deng Xiaoping's 1978 economic reform measures were aimed to avert the catastrophes inflicted by Mao's failed policies in his last era and boost national economic development and finally revitalize the country's international status.¹⁷⁸ The reform allowed a selective insertion of market economic prescriptions into the communist system as a result of measures, such as the market liberalization. It has also integrated the country into the international system, particularly to the developed world. The effect of the reform has finally helped to pull the country from its pre-1978 failed communist measures that inflicted a heavy cost upon China as a whole.¹⁷⁹ Liberalization and market reform opened the country to the developed world, set the basis to form private property, attracting FDI and increasing overseas trade with broader global regions and bolstering its industrial base at home, which were finally paying off the benefits of rapid economic growth that instigated the need for an ally and places to export products of the growing industry.

The crux of the reform has been its role to play as the basis for its current spectacular economic growth that went through three decades since 1978 with an annual average Gross Domestic Product (GDP) of 10 percent.¹⁸⁰ This transformation brought the dramatic effect on the proportion of people living in poverty to decline from over 65 percent to below 10 percent, i.e., it drew 500 million Chinese citizens out of the poverty trap (Ibid). It also helped the country to be rated as the world's largest exporter and manufacturer, the second largest economy next only to U.S., bypassing Japan in 2010.¹⁸¹ Its current economic status was

¹⁷⁷Joseph, William A. (1986). A Tragedy of Good Intentions: Post-Mao Views of the Great Leap Forward. *Journal of Modern China*, Vol. 12, No. 4, Pp. 419-457

¹⁷⁸Naughton, Barry (1993). Deng Xiaoping: The Economist. *The China Quarterly*, No. 135, Special Issue: Deng Xiaoping: An Assessment, Pp. 491-514

¹⁷⁹Tisdell, Clem (2009). Economic Reform and Openness in China: China's Development Policies in the Last 30 Years. *Journal of Economic Analysis and Policy*, Vol. 39, No. 2, p.273

¹⁸⁰Fatah, Fazleen et al (2012). Economic Growth, Political Freedom and Human Development: China, Indonesia and Malaysia. *International Journal of Business and Social Science*, Vol. 3 No. 1, P.291-299.

¹⁸¹_____ (2012). China 2030: Building a Modern, Harmonious, and Creative High-Income Society. Joint Research Report between World Bank and Development Research Center of the State Council

projected to join the high-income countries of the world breaking its “middle-income trap” and is expected, according to some analysts, to “outstrip the United States in economic size” before the 2030.¹⁸² As a result of such unique economic and technological progress, the claim to consider PRC as one of a growing power house in the world is no longer a contested claim. Part of the reasons for the later consideration could be that it has launched its nuclear test in 1964,¹⁸³ become one of the four states with successful space program and building and managing an advanced army and proved to be one of the most expansive global traders with which it appears as the top exporting nation in the world.¹⁸⁴ The country’s current economic success has posed an immense resources need for the growing industrial manufacturing economy at home. And Africa as a resource rich continent, which has been known for its agrarian economy and export of its basic agricultural commodities was seen as fit to China’s current national interest. Export viability and multilateral diplomatic potentials are other key credentials for China to seal its strong bond with Africa.

4.2 The End of the Cold War

The second context with the potential to partly explain the current China-Africa relations has been the end of the bipolar ideological confrontation that used to divide the world into two camps for nearly over four decades. Weighing on the importance of authorizing North Korea’s plan to incorporate the South through military means, Stalin intrigued that “the addition of China to the communist camp meant the balance of power in East Asia shifted from the U.S. to USSR; [b]ut also feared that China’s emergence as a communist power could challenge USSR’s position in the international communist movement.”¹⁸⁵ The Sino-Soviet rivalry, however, was emanated, not from the simple geographical or border conflict as the one began

of the People’s Republic of China. Available:

<http://www.worldbank.org/content/dam/Worldbank/document/China-2030.pdf>, p. xv

¹⁸² ____ (2012). China 2030: Building a Modern, Harmonious, and Creative High-Income Society. Joint Research Report between World Bank and Development Research Center of the State Council of the People’s Republic of China. Available:

<http://www.worldbank.org/content/dam/Worldbank/document/China-2030.pdf>, p. xv

¹⁸³ Lewis, Jeffrey (2007). The Minimum Means of Reprisal: China’s Search for Security in the Nuclear Age. London: The MIT Press, p. xii

¹⁸⁴ Goh, Evelyn (2011). Rising Power ... To Do What? Evaluating China’s Power in Southeast Asia. S. Rajaratnam School of International Studies Working Paper No. 226. Singapore. Available at: <http://www.rsis.edu.sg/publications/WorkingPapers/WP226.pdf>

¹⁸⁵ Zhihua, Shen (2000). Sino-Soviet Relations and the Origins of the Korean War: Stalin’s Strategic Goals in the Far East. *Journal of Cold War Studies*, Vol. 2, No. 2, Pp. 44–68

in 1969, but from a strongly ideologized deep rift that has been existed for so long. But, it has been shunned from disclosure to wisely make use of one another strategically.¹⁸⁶ As Zhihua (2000) noted “Stalin did not trust Mao and that a rift between China and the Soviet Union was already emerging.”¹⁸⁷ The increase in antagonism and sense of rivalry among the two powerful communist nations led to a revival of new international relations. The Sino-Soviet rift and border conflict led to the emergence of Sino-American rapprochement. These formation and deformation of alliances between the major powers have been the landmark events in cold war history, which also hint the end of the cold war since 1968. But, the cold war stayed as world order till end of 1980s where Mikhail Gorbachev promised to withdraw from his country’s decade old occupation of Afghanistan that ended on the 15th of February 1989 as a turning point of the end of the cold war.¹⁸⁸ (Muller, 2007:612).

One of the effects of the global ideological divide between communism and capitalism was that it held countries in both sides from having smooth economic, political and civil relationships across the camps. It had, however, suddenly come to an end following the collapse of the Soviet Union as leader of the communist bloc in 1991, which paved the way for an increasingly globalized world where trade and investment were further facilitated within the context of de-ideologized relations among states.¹⁸⁹ The change in such geopolitical environment came to be complementary for all nations that had the need and ability to reach out other nations and regions through economic, political, sociocultural and technological mechanisms of mutual importance.

With the demise of the rhetorical conflict between the camps, a new geopolitical landscape came to play. The unipolar world order that had seemingly replaced the forgone bipolar system fitted well with the reform in China, which was further facilitated by the onset of the new geopolitical environment. Relating this to the China-Africa case, the growth of the Chinese

¹⁸⁶Jian, Chen and Wilson, David L. (1998). New Evidence on Sino-Soviet Rapprochement: the Sino-Soviet Border Clashes, and the Turn towards Sino-American Rapprochement, 1968-69. Cold War International History Project Bulletin, Issue 11.

¹⁸⁷Zhihua, Shen (2000). Sino-Soviet Relations and the Origins of the Korean War: Stalin’s Strategic Goals in the Far East. Journal of Cold War Studies, Vol. 2, No. 2, Pp. 44–68

¹⁸⁸Mueller, John (2004–05). What was the Cold War About: Evidence from Its Ending. Political Science Quarterly, Vol. 119, No. 4, p.612

¹⁸⁹Mueller, John (2004–05). What was the Cold War About? Evidence from its Ending. Political Science Quarterly, Vol. 119, No. 4, p.609

economy and the end of the cold war has come to alter the nature of the cold-war time China-Africa relations to undergo respective changes. The latter, therefore, showed a retreat from its past where it used to be dominated by ideology and politics. Ideology soon faded away and become no more a defining issue to explain the China-Africa relations to be unfolded in the 21st century. As pointed out above, the change in geopolitics actually wind away bipolarism and leave a space for unipolarism to thrive and resonate all across the world from early 1990s until America's unilateral invasion of Iraq in 2003. On the one hand, the "post-cold war U.S. military action taken apart from an international organization and the first U.S. experience as an occupying power in a Middle Eastern country" become apparent.¹⁹⁰ On the other hand, there appeared an effort to disseminate democratic governance and human rights all across the regions that were under the communist influence, such as in Eastern Europe and in Africa. Both of these scenarios indicate the then operation and influence of unipolarism.

In the meantime, the concept of multipolarism loomed as was suggested by the available evidences showing the growing significance of BRICS (Brazil, Russia, India, China and South Africa) in terms of their economic success representing a significant proportion of Global GDP, which has also started to resonate in terms of global politics and power relations as well.¹⁹¹ The birth of the multipolar power nodes in the form of BRIC was first introduced by the Goldman sachs' chief economist, Jim O'Neill in 2001¹⁹² and was later developed into BRICS with the inclusion of South Africa as a member. The recognition of the growing significance of the BRIDS, in terms of their economic, technological and military power, indicated the emergence of multipolarism. One of the most significant members of the BRICS has been China. The recognition of the BRICS was again paralleled by the establishment of the Forum for China-Africa Cooperation (FOCAC) in a joint China-Africa summit held in Beijing in the year 2000.¹⁹³ The parties of this new alliance reasserted the creation of a strong

¹⁹⁰Lieberfeld, Daniel (2005). Theories of Conflict and the Iraq War. *International Journal of Peace Studies*, Volume 10, Number 2.

¹⁹¹____ (2012). *The BRICS Report: A Study of Brazil, Russia, India, China, and South Africa with special focus on synergies and complementarities*. New Delhi: Oxford University Press

¹⁹²O'Neill, Jim (2001). *Building Better Global Economic BRICs*. Global Economics Paper No. 66. Available at: <http://www.goldmansachs.com/our-thinking/topics/brics/brics-reports-pdfs/build-better-brics.pdf>

¹⁹³The Inaugural China-Africa Summit Held in Beijing from 10-12 October 2000 Established the Forum for China-Africa Co-operation (FOCAC). Available at: <http://www.focac.org/eng/lttda/dyjbzjhy/DOC12009/t606796.htm>

forum for China and Africa to cooperate based on mutual respect, friendship, and win-win development approach.

Both the unipolar and multipolar global political orders have improved the possibility to carry out overseas trade and business all over the world as both represent the era of globalization. The increasingly globalized world has been in line with China's opening up policy, but its meaning for the poor countries of Africa was mixed and mostly a challenge. As compared with the cold war time, the post-cold war era was helpful to promote cooperation all across the global regions and countries irrespective of their past ideological affiliations during the cold war period. It does not, however, imply that the post-cold war era was peaceful. Serious conflicts were observed in Eastern Europe and in the third world, following the demise of USSR as a communist leader. The end of the cold war was, thus, followed by the rise of conflict situations in East Europe, such as the "war between Armenia and Azerbaijan over Nagorno-Karabakh, and the fighting in Chechnya" as well as the surge in conflicts in other developing regions, in which the superpowers were not deeply involved during the Cold War, such as the secessionist movements in India, Sri Lanka, and Sudan."¹⁹⁴

Despite this, the end of the cold war did not bring any challenge with respect to furthering cooperation. Rather, the exogenous and endogenous circumstances helped them to have a supportive environment to come closer to one another. The post-cold war environment also offered Africa to cooperate freely, i.e., they were not forced to deal only within a limited ideological zone. Despite this however, they were constrained by capacity limitations that hindered them from using this opportunity more effectively. On the other hand, the end of the cold war has drained the then higher sense of competition among leading powers over making African countries their ally for expanding their ideological spheres.

The post-1991 period witnessed that Africa was left alone. The latter had the interest to remain closer with developed countries for seeking their support to its major causes, but this had not yield too much as the rules of the game had soon changed. The Soviet Union has abandoned its expansive ambitions and withdrew all its efforts from Africa where it used to cooperate

¹⁹⁴Yilmaz, Muzaffer E. (2008). "The New World Order": An Outline of the Post-Cold War Era. *Alternatives: Turkish Journal of International Relations*, Vol. 7, No. 4. Pp.44.58, p.44

with several countries that accept communism in exchange for aid and technical assistances.¹⁹⁵ Its former allies and of course, most of the countries in the continent saw that no one was interested to firmly stand and cooperate with them in their efforts to fight against their challenges. The U.S., which used to be competing with USSR in order to contain the spread of communism, in several regions, such as in Africa, become less motivated to do the same once it knew that its challenger in the ideological war was no more in a position to do the same. The spread of communism ceased to be the reason for the U.S. and other Western actors to reach out countries in Africa and make them ally. The New York Times, in its May 1992 issue explained the situation in Africa after the cold war in a very expressive way as follows:¹⁹⁶

Once avidly wooed by Washington and Moscow with large amounts of economic aid and modern armaments, the impoverished nations of Africa now find themselves desperate for friends ... superpower rivalry has been replaced by international indifference. With the end of the cold war, Africa has lost whatever political luster it may have once had. There are no compelling geopolitical, strategic or economic reasons to catapult it to the top of the global economic agenda. The abandonment is vividly evident here in the Horn of Africa. Ethiopia and Somalia, which were at the center of the tussle for influence on the African continent in the 1970's, now lay devastated orphans of the post-cold-war era (Jane Perlez, New York Times, 17th of May 1992).

The effect of the end of the cold war, as explained above, was crystal clear that countries in Africa were by then ready to resume cooperation with any global power player that came to fill the gap that USSR had left wide open. They were ready to look for cooperative allies that can leverage their efforts for their unfulfilled development dreams. The U.S. become reluctant to remain fully cooperative with Africa as the motivating factor was already over. The need to consider China as an alternative ally has been growing as it was already in touch with many of the continent in the past decades and of course due to its improving economic conditions by then.

¹⁹⁵Fatah, Fazleen et al (2012). Economic Growth, Political Freedom and Human Development: China, Indonesia and Malaysia. International Journal of Business and Social Science, Vol. 3 No. 1, P.291-299.

¹⁹⁶Perlez, Jane (1992). After the Cold-War: Views from Africa; Stranded by Superpowers, Africa Seeks an Identity. New York Times, 17 May 1992. Available at: <http://www.nytimes.com/1992/05/17/world/after-cold-war-views-africa-stranded-superpowers-africa-seeks-identity.html?pagewanted=all&src=pm>

4.3 Post-Cold War Africa: Conflict, Marginalization and Poverty

The third context to explain China-Africa cooperation had been very closely related to the end of the cold war (the second context), but in this case, the focus would be on the continent's own circumstances after the end of the cold war in terms of its economic or poverty situations, political, security as well as stability factors.¹⁹⁷ This does not, however, mean that these situations have been created over night, but, it is simply an attempt to see the cumulative international economic and political efforts made to improve the situation of the continent in the past. A brief review of the increasing manifestations of the continent's challenges after the cold war or before China and Africa began their current relationships would be an adequate reason to understand post-cold war Africa.

Explaining the situation in Africa before China came to be a major player in the continent since 2000 is a difficult issue to address because of the complexity of the relationships among actors. On the one hand, China itself was not a new ally. It has rather been cooperating with most of Africa until the relationship with the latter was reformed later on the beginning of the new century. On the other hand, the West and European Union and Japan have been the major players with Africa by then though the rules of the game has been changed and the degree of involvement declined from that of the cold war time. If we look back the impact of multilateral efforts during the cold war, the poverty situation in the continent has been aggravated by the implementation of the Structural Adjustment Program (SAP), in which over \$170 billion was channeled in the form of development assistance, but the sub-Saharan economy was in a condition whereby "[i]ncomes per head fell by an average 1.1 [percent] a year between 1982 and 1992."¹⁹⁸

Multilateral policies applied in Africa such as SAP were criticized because the application of such policy interventions were neither able to mitigate the existing conditions of many of the receiving countries nor were they applied taking into account the existing condition of the latter. Many African countries' "infrastructural base and human capital formations" that had already been fragile were further deteriorated as a result of SAP (Ibid). African "capacity for

¹⁹⁷ Landes, David S. (1998) .The Wealth and Poverty of Nations: Why Some Are So Rich and Some So Poor? London and New York: W. W. Norton & Company,

¹⁹⁸Kofi, Tetteh A. (1994). Structural Adjustment in Africa. A Performance Review of World Bank Policies under Uncertainty in Commodity Price Trends: The Case of Ghana, p. 1

managing the crisis was further diminished” as a result of endless ‘brain drain.’¹⁹⁹ Western efforts on relief aid were continuing, but the continent lacked fair support for its infrastructure development priority (Ibid, p. 110-130). The continent was not considered as having market potential for many years, and this marginalization by market forces and the lack of integration put a damaging effect on its economy.

The thesis argued that the impacts of global politics and development policy processes during and after the cold war on Africa can be summarized into three interrelated considerations. The first immediate result of the end of global cold war politics on Africa was an outright loss of major players’ interest that they used to have for the latter from 1945 to 1991. The second impact, which is related to the first one, has been the outgrowth of their indifference to the continent as well as the development of yardsticks whereby countries in Africa should pass through to get access to resources from donor countries and institutions for financing development projects. Putting differently, there appears the change in their approach to cooperation in which ‘democratization and structural adjustment’ become requirements to deal with countries in the South, which consequently increased poverty situations Africa.²⁰⁰ Thirdly, superpowers had been running one after the other and arming and supporting several groups of their choice during the cold war, consequently end up a significant infusion of armaments and weaponry into the continent. That had paved the way for armed insurgents and rebel groups in the region to have gotten an easy access to the later and many states had been vulnerable to conflict and instability. This has been evident in countries like “Liberia, Sierra Leone, Somalia, and the former Zaire, most of them suffered serious loss of life and destruction of economic infrastructure” (Ibid, p. 42-51). The loss of interest by USSR and USA and other actors to cooperate with African countries further weaken the latter to manage its own affairs and the deterioration of peace, instability and poverty became a growing challenge. This had put a lot of pressure on the roles of some multilateral institutions. Howe and Urell (1998) noted that peace building in Africa has got a significant place on the international agenda since the

¹⁹⁹Kingston, et al (2011). The Impact of the WB and IMF Structural Adjustment Program on Africa: The Case Study of Cote d’Ivoire, Uganda and Zimbabwe. *Sacha Journal of Policy and Strategic Studies*, Vol. 1, No. 2, Pp. 110-130.

²⁰⁰Howe, Herbert M. and Urell, Aaryn (1998). African Security in the Post-Cold War Era: An Examination of Multinational vs. Private Security Forces. *African Journal of Political science*, Vol. 3, No. 1, Pp. 42-51

end of the cold war, where “almost half of the 51 UN peacekeeping missions have been deployed in the post-Cold War era.”²⁰¹

The African rationales that explain its desire to have relations with China, therefore, emanated from the desire to escape its own problems, such as poverty through promoting cooperative development efforts as a grand anti-poverty intervention.²⁰² There are several manifestations of poverty situations in Africa, such as food insecurity²⁰³, illiteracy, shorter life expectancy, high maternal and child mortality, poor infrastructure, and subsistence-based agrarian economy and poor technological base to mention some.²⁰⁴ All of these vast challenges cannot be mitigated by African limited revenue base and poor technological and human resource capacity. The continent, therefore, need the support of international allies that can cooperate with it to alleviate them.²⁰⁵ Even in the 21st century, Africa has not gone too far to get new brands other than poverty, backwardness and above all, its dependence on aid from international allies, and was unable to break the vicious impasse it has been known for decades. This has been a push factor for Africa to have cherished their friendly relations with China since the 1955 conference of Asian and African nations held in Bandung, Indonesia.²⁰⁶

The discussions in the above interrelated contexts depict the growth of China as a rising power and the complex and standstill situations in Africa, which was further galvanized by the changing global situations that have been paving the ground for the Sino-Africa relations to be redesigned. The new Sino-African relation, which was established in the 2000 Beijing summit, showed growing dynamism, has emerging symptoms, but with immensely pending

²⁰¹Peace Building in Post-Cold War Africa: Problems, Progress, and Prospects. Policy Brief, No. 03. Available at:

http://www.humansecuritygateway.com/documents/CCR_PeacebuildingPostColdWarAfrica.pdf

²⁰²Rweyemamu, J. F. (1969). International Trade and the Developing Countries. *The Journal of Modern African Studies*, Vol. 7, No. 2, Pp. 203-21

²⁰³____ (2012). *Africa Human Development Report 2012: Towards a Food Secure Future*. United Nations Development Programs (UNDP) Regional Bureau for Africa. New York: United nations Publications., p. v

²⁰⁴Sachs, Jeffrey D. (2004). *Ending Africa’s Poverty Trap*. UN Millennium Project. Available at: <http://www.unmillenniumproject.org/documents/BPEAEndingAfricasPovertyTrapFINAL.pdf>, Pp.117-123

²⁰⁵ Brautigam, Deborah (2009). *The Dragon’s Gift: the Real Story of China in Africa*. New York: Oxford University Press.

²⁰⁶Nesadurai, Helen E S (2005). *Bandung and the Political Economy of North-South Relations: Sowing the Seeds for Revisioning International Society*, No 95. Available: <http://www.rsis.edu.sg/publications/WorkingPapers/WP95.pdf>

impacts and implications for all parties. It has spurred concerns and become an overwhelming center of attention in the academia, international relations and policy circles as it remains far from being fully perceived.

4.4 China and Energy or Oil

The fourth and final context is related to China's growing demand for natural resources, such as oil. Throughout the 1970s and 1980s, Chinese economy did not demand greater energy supply and the country stayed out of the oil market competition and was neutral.²⁰⁷ But latter in early 1990s, China's economy grew faster than its domestic oil production. With this development, the country went from its decades long efforts to be self-reliant in oil production to the level of net importer status in 1993.²⁰⁸ The oil consumption then grew with a trend of remarkable increase from 2.1 million barrel a day in 1990 to 3.5 million barrel per day in 1997 and 4.6 million barrel a day in 2002 (Ibid). The concern for oil security has, therefore, affected its foreign policy and strategy. After the oil demand was felt in its economy, it has redefined itself as an oil importer and joined the developed countries to collaborate on issues that affect global oil production and distribution. But, obviously the change to importer status imposes competitive pressure on the West than bringing collaboration. China applied bilateral approach to secure its oil needs from major producers and it seems it did not give attention the calls to be abided by multilateral approaches on the oil market, which developed countries think can avoid challenges that may arise from the oil purchase based on bilateral negotiations and agreements. The implication of the bilateral approach by China may include "political accommodations in exchange for stable supplies" or may also result in an exchange of Weaponry and other technologies (Ibid). The growth of oil consumption at home made the country to be one of major importers and consumers.

The indicators for Chinese economic growth are partly related to its needs for energy. It was pointed out that "China surpassed the United States as the world's largest energy consumer in 2009 and it has also become the world's largest emitter of Carbon dioxide in recent years" (International Energy Agency cited in Swaine 2011: 188). Furthermore, China also become

²⁰⁷Jaffe, Amy M. and Lewis, Steven W. (2002): Beijing's Oil Diplomacy, *Survival: Journal of Global Politics and Strategy*, Vol. 44, No. 1, Pp. 115-134, p.117

²⁰⁸Jaffe, Amy M. and Lewis, Steven W. (2002): Beijing's Oil Diplomacy, *Survival: Journal of Global Politics and Strategy*, Vol. 44, No. 1, Pp. 115-134, p. 115

the world's largest consumer of iron ore, nickel, copper, lead and base metals-exceeding the U.S., but second to the latter in terms of oil consumption.²⁰⁹ China's increasing energy consumption represented "17 percent of the global energy demand in 2009" and is expected to contribute 50 percent of the global demand for energy by 2015 (Ibid).

With the certainty of the country's limited domestic potential to satisfy its growing needs and rising domestic budget surplus, China intensified oil exploration and investments in Sudan, Peru, Venezuela, and Kazakhstan, as a new strategy for tackling oil insecurity from 1996 to 2000 in addition to the bilateral based oil access from major oil producing countries in the Middle East (Jaffe and Lewis 2002: 121). This has been the turning point for an increasing worrisome by the West for its African oil and energy role on China. The driving factor for China to deal with oil rich countries other than the Middle East has been the search for less competitive oil dealings and exploration in countries where Western dominance and monopoly is not strong to penetrate as compared with the stiff competition with Middle Eastern major oil markets. Countries under Western or U.S. unilateral sanction were a priority for oil imports, investment and exploration. It sealed an exploration and production agreement "for blocks in the Muglad Oilfield" of Sudan in 1999, which used to have a daily productivity rate of 150, 000-200,000 barrel a day (Jaffe and Lewis 2002: 127). China, constructed a "1, 540 km long pipeline that connects oil production fields with the port of Sudan, where refineries were constructed and shipment is convenient to manage 300, 000 barrel per day transmission of oil there" (Ibid). The same efforts were also accelerated in other African countries with known oil potentials, including Nigeria, Chad, Niger, Equatorial Guinea, Algeria Tunisia and Libya (Ibid). Its increasing oil interests and involvement in Africa has geopolitical and commercial implications as this new move will strengthen its relation with the continent.

The implications of oil based relations will no longer be limited oil suppliers and China. It rather will affect Western oil demands and other African non-oil producing countries as well. Oil related dealings have also impacts on the degree of increasing "arms trade and cooperation" in countries where it had been bilaterally reaching oil deals. Chinese authorities had kicked in 2000 and 2001 a tour to some countries such as Angola, Cameroon, Cote

²⁰⁹Swaine, Michael D. (2011). *America's Challenge: Engaging a Rising China in the Twenty First Century*. Washington D.C.: Carnegie Endowment for International Peace. P. 188

D'Ivoire Congo, Gabo, Ghana, Niger, Nigeria Sudan and Zimbabwe (Ibid). While existing conflicts in Sudan, Angola, Chad and Nigeria had hampered oil businesses, the arms sale in these counties have also a multiplier impact. Its arms sales and their impacts on promoting instability in Africa has been very low as compared to Western and USSR's role in instigating conflicts in these countries.

Taylor noted "China's renewed interest in Africa coincided with an upsurge of Western interests in promoting liberal democracy and human rights."²¹⁰ This was best observed in the after math of the cold war whereby a wave of efforts to promote democracy was made by the developed world. The spread of democratic ideals was, however, not welcomed by African incumbents who like to stay in power and together with the Chinese, they saw this as manifestation of their old common enemy, i.e., "imperialism and neo-imperialism" (Philip Snow, cited in Taylor Ian 2006: 939). Democratic governance and human rights in Africa and China have been severely criticized by the West, but the latter tuned the same with regard to universal rights as perceived in the West. Both China and African leaders try to avoid criticisms directed at their domestic practices over these issues by focusing on sovereignty and take a realist view in the sense that no state should have the right to criticize other states (Tylor 2006:940). So, the later divert the issue of rights to the countries than to individuals. Therefore, the two friends, Africa and China, placed greater significance on the rights that should be accorded to states as member of United Nations and with regard to the unfair nature of existing world order. The latter agreed to "support each other in international affairs, especially on major issues such as human rights, safeguard the legitimate rights of developing countries and make efforts to promote the establishment of a new just and rational international political and economic order" (China Africa Policy cited in Taylor 2006: 940).

²¹⁰Taylor, Ian (2006). China's Oil Diplomacy in Africa. Journal of International Affairs, Vol. 82, No. 5, Pp. 937-959, p. 939

Chapter V: Forum for China Africa Cooperation (FOCAC) As a Multilateral Platform: Examining the Second and Third Summits

5.1 FOCAC: Genesis and Background

While the China Africa relation is believed to have had an old story, the modern day relations had clearly began in the 1950s when “China signed the first official bilateral trade agreements with Algeria, Egypt, Guinea, Morocco and Sudan.”²¹¹ The then Sino-African relation, however, was highly weighing on spiraling China’s globally oriented geopolitical and ideological ambitions as portrayed by the latter’s foreign policy (Mubiru, A. and Osei, B. 2010: 4). Contrary to this historical context, the current China-African economic policy is aimed at achieving mutual economic development to which China itself needs to acquire the great deal of energy and other resources, such as oil and minerals.²¹² Hence, its relations with Africa that began in the turn of the 21st century need to be cautiously seen in line with this viewpoint. Motivated by the results of its post-Mao opening up and economic reform measures, taken by Deng Xiaoping, China has been economically ready in the late 1990s to forge a new form of comprehensive cooperation other than relying only on geopolitical and ideological contexts of its past. Hence, it was imperative to design China-Africa Cooperations (FOCAC) as a comprehensive multilateral framework so as to facilitate the achievement of this broader objective.

As a recently emerged platform, FOCAC connotes varieties of issues and concerns at which this section will be focusing on. First, its roles are confounded with, and sometimes masked by the magnitude of the bilateral activities that China is undertaking with individual African countries. This confusion will lead one to assume that FOCAC can at best be regarded as the collective organ put in place only to publicize what China and each of the African countries is planning to do or what they have done bilaterally to the international audience. In a simplest sense, there is a great deal of similarities between cooperations via FOCAC and bilaterally. At worst, this level of cooperation is just a futile exercise designed for international posturing only for China. But, for Africa, this engagement masks Africa’s internal weaknesses in the

²¹¹Mubiru, Alex and Osei, Barfour. 2010. Chinese Trade and Investment Activities in Africa. African Development Bank Group Chief Economist Complex Policy Brief, Vol. 1, Issue 4.

²¹²Ana Cristina, A. and Chris, A. (2010). China and Africa's Natural Resources: The Challenges and Implications for Development and Governance. SAIIA Occasional Paper No 41. Available at: <http://dspace.cigilibrary.org/jspui/handle/123456789/29569>

sense that it has contributed nothing for the African countries to have an agreed upon policy framework as to how to engage with China in the first place. Putting differently, the actual cooperations are carried out at a bilateral level. Hence, FOCAC is just like a podium where important news conferences are made on issues which have been carried out behind the scene. Furthermore, it is not clear as to what specific roles it is mandated in addition to being a joint platform for pledges by China and affirmations of friendly cooperations by African counterparts in return.

One cannot also easily understand how the issues of fairness, transparency and equality are applied in FOCAC structures and roles. As regards to this, it would be logical to examine how China avails itself to be fairly accessible to all African states that accepted one China policy. In reality, African countries are set to compete to each other and avail themselves bilaterally as to how each one of them could get assistances from China and be potentially provide benefits for China too as far as they have decided to work with it. Therefore, the idea of how to ensure fairness and equality in the distribution of investment projects, technical assistances, loans and grants in an environment where Africa is divided and every country should work to maximize its own national interest in this competitive ‘many to one or one to many relations’ so as to get the most and the better is an issue that worth deeper elaborations and further considerations.

The thesis argued that FOCAC needs to have an understandable procedure that promotes dialogue to encourage the African counterparts to put forth their participation at the planning stages of any potential pledges than seeking their agreement for what is needed to be accomplished in the end. The latter gave an opportunity to African countries to contribute on what China is ready to offer than haphazardly accepting proposed decisions at the end only on the basis of China’s interest regarding the allocation of resources, investment initiatives or any element of development cooperations. Such procedure of participation is also vital to enhance participation of countries and sense of belonging on issues that affect their progress. Such measures in FOCAC’s operations will also affect the balance of power between the parties as it is supposed to give voices for Africa. Without such producers, one cannot easily spell out differences between the roles of bilateral relations and the multilateral aspects of Sino-African cooperations. If not, China is going to be responsible for the outcomes of whatsoever as it owns the power and privilege to decide with whom to work. The factor that swayed the decisions in cooperating with African countries is the tendency to rely on decisions on the

basis of anticipated outcomes of cooperations than advancing a shared responsibility of mutual cooperative setting where everyone plays its own part in the process. Such approaches could have had a tremendous impact on advancing a win-win partnership where both could be responsible for both gains and losses. Putting differently, the multilateral approach need to give Africa a relatively better position, voice and bargaining power than the bilateral one which is dominated specifically by the country's potential. The issues of oil and other resources, for instance, could be the case that explains the situations of bilateral cooperations. This is because countries with huge oil/other natural resources productions have been getting priorities by China and are already becoming the largest beneficiaries of Chinese development cooperations. The latter also indicates the countries' national interests than considering fairness and rational procedures to be the basis for their cooperations as every country has its own differing potential which could be useful to deal with.

The main purpose of this section is, therefore, to explain and analyze FOCAC's nature, roles, achievements and challenges through exploring the two forms of Sino-African relations before and after 21st century. The earlier form of their relationship that has been in place since mid-20th century transformed itself into FOCAC from its stagnated position in the 1980s and early 1990s following Deng Xiaoping's economic reform and opening up policies in China. This section, therefore, is set to examine the structural setup of FOCAC with specific attention to the second and third summits with which to identify its roles; dynamics as well as how it will continue to transcend itself into the future as a collective platform.

5.2 FOCAC: Concept, Meaning and Purpose

China's current engagement in Africa has is becoming a prominently emerging facet of International Relations (IR) in the 21st century. This evolving relationship could be expressed into two forms, which is referred here, for lack of appropriate term, as 'general and specific', or 'from above and from below' or 'multilateral and bilateral.' While terms like 'general', 'from above', or 'multilateral' are used to connote the newer form of arrangement with which China and Africa interact on a 'one and one' kind of symbolic relation to each other in a higher and broader stage called Forum for China Africa Cooperations (FOCAC). The terms 'specific', 'from below', or 'bilateral' on the other hand, were used to express China's regular diplomatic relations with individual African countries that is commonly known as bilateral relations. The thesis argued that FOCAC as a multilateral forum was established in a China-

Africa joint summit that Beijing has hosted in the year 2000 to symbolize its growing ascendance of economic and political power to the level of influencing other countries in the world stage. The latter, therefore, represents the conventional relation between states similar to the one it used to carry out since the 1950s.

FOCAC is an umbrella body that comprises both China and Africa as its constituents to promote common cooperations and dialogues amongst them on issues that matter to both. It is used as a mechanism to strengthen their friendly relations. Similarly, the Concept of 'FOCAC' is arguably understood as a "multilateral platform for exchange and cooperation"²¹³ between China and Africa. It represents a "new and mutually beneficial cooperation model"²¹⁴ of international relations based on mutual respect and win-win optimism. FOCAC has also been described as a collective consultation forum depicting a new departure in the history of Sino-African relations. This model of cooperation was designed to have a "future-oriented goal in the context of advancing South-South cooperation under the auspices of China."²¹⁵ According to China's Africa policy named the "white paper" issued in 2006, FOCAC was explained as an effective "mechanism for the collective dialogue and pragmatic multilateral cooperation between Africa and China for their future oriented and mutually beneficial development."²¹⁶ The later was also seen as a framework and approach for a new type of China-Africa partnership featuring long-term stability, equality and mutual benefit for a new century.

Thus, this cooperation model is being hoped to provide new bases for solving global poverty through fostering partnership dynamics such as trade, investment and development aid. The thesis argued that FOCAC has been a broader framework primarily established to provide bi-directional policy spaces, guidelines, leadership and coordination of the cooperative activities between the stakeholders. Furthermore, it is a podium whereby, on the one hand, China reaffirms its partnership for Africa, present spirals of achievements made in the economy and

²¹³Anshan, Li. 2012. FOCAC Twelve Years Later: Achievements, Challenges and the Way Forward. Discussion Paper 74, Uppsala: Lightning Source UK Ltd.

Available at: <http://f.hypotheses.org/wp-content/blogs.dir/698/files/2012/07/FOCAC-10-ans3.pdf>, p.9

²¹⁴Ibid, p.9

²¹⁵ERA. 2009. China in Africa: A Strategic Overview: Available at:

http://www.ide.go.jp/English/Data/Africa_file/Manualreport/pdf/china_all.pdf, p. 96

²¹⁶Ministry of Foreign Affairs of the People's Republic of China (2006). China's African Policy. Available at: <http://www.focac.org/eng/dwjbzjhys/hywj/t954620.htm>

industry, disclose financial and technical assistance pledges, and on the other hand, Africa also reaffirm its strong sense of partnership to China, uphold policies and strategies put forward by China, stand for diplomatic support to the latter in multilateral settings, encourage China to work together on investment, trade, construction projects, provide markets to Chinese products and business. The thesis argued that FOCAC is a fulcrum that maintained the balance between these broader processes on both sides. Besides, while this joint forum weighs on the pragmatic achievements through reviewing and measuring previous cooperations, it is also equally set to draw the ways forward through defining future plans and strategies that follow the pledges and directions China put in place to its African partners as well.

It is a little more than a decade since FOCAC has been officially inaugurated in 2000. The roles that it has been playing since then in these years have recently been evaluated as to what it has achieved. The preamble of the ‘fifth FOCAC Ministerial Meeting’ held from 19th-20th of July 2012 in Beijing had reviewed and evaluated its achievements since its first ever FOCAC summit and argued that, it had contributed to the “consolidation of China-Africa traditional friendship, strengthening political mutual trust, deepening practical cooperations, enhancing exchanges and mutual learning and advancing the comprehensive development of the new type of China-Africa strategic partnerships.”²¹⁷

This most recent FOCAC meeting took a snapshot of the past 12 years and concluded that, on the one hand, the forum had contributed to the further strengthening of the friendly cooperation amongst the two sides and on the other hand, it had led to intensify economic dynamics such as trade and investment, and hence, was seen as likely to be the way forward to the future. In Addition to achieving the goals that it was sought to achieve, this platform went beyond just being the channel of relations between China and Africa, but become the international center of attention for researchers and policy makers. The concerns and stakes behind the forum and especially the roles that China is doing in Africa are just becoming the concern and focus of international relations research in many academics in the United States and around world.

Factors that lead to the formation of FOCAC could be explained differently by different authors, but the thesis identified three most prominent causal linkages that led to its formation.

²¹⁷ Ministry of Foreign Affairs of the People’s Republic of China (2006). China’s African Policy. Available at: <http://www.focac.org/eng/dwjbzjhys/hywj/t954620.htm>

These driving factors that led to its establishment include China's own economic growth, inadequacies of progresses in the economic and political spheres in Africa that the latter calls more cooperations with international communities for a mutual growth, and thirdly, FOCAC as a platform could also be justified for tackling the challenges of globalization to which developing countries should stand together to protect themselves from its adverse effects.²¹⁸ As Anshan et al (2012) argued "Africa went through tough times in 1980s after it suffered drastic economic declines that has usually been known as the lost decade."²¹⁹ In an arena of economic globalization, the creation of FOCAC between China and Africa gave rise to expectations of both opportunities for themselves and could devise the means to withstand challenges as well.

The other established factor, which has been contributing to the creation of the traditional Sino-Africa relation in the 1950s and further led the latter to be transformed into FOCAC with its current set of structures and roles has been China's growing sense of competition with the West.²²⁰ Here comes not only economic achievement, but most importantly international political competition for international status that sounds more prominently in its foreign policy objectives. Simple evidence to this has been FOCAC's structural design was similar to the structure of the US - Africa Forum, Franco-African Summit, the Commonwealth Conference, and the Tokyo International Conference of Africa (TICAD), and the Euro-African summit, all of them implied a seemingly competitive interest that China was also initiated to do something similar to what these countries were doing with Africa.

These existing multilateral platforms contributed to FOCAC through enhancing the Chinese sense of competition with Western powers. China has also had driven other emerging powers to follow its footprints in doing the same. As a result India and Turkey had institutionalized their respective high-level structures to carry out relations with Africa, but with lesser scale and intensity as compared with the depth of Chinese engagement with the continent. Putting

²¹⁸Anshan, Li. 2012. FOCAC Twelve Years Later: Achievements, Challenges and the Way Forward. Discussion Paper 74, Uppsala: Lightning Source UK Ltd. Available at: <http://f.hypotheses.org/wp-content/blogs.dir/698/files/2012/07/FOCAC-10-ans3.pdf>, p.12

²¹⁹Ibid, p.12

²²⁰Center for Chinese Studies (CCS) 2012. The Forum on China-Africa Cooperation (FOCAC) Policy Briefing: Political Rationale and Functioning. Available at: http://www.ccs.org.za/wp-content/uploads/2012/05/FOCAC_Policy-Briefing_political_final.pdf

differently, there was no doubt that FOCAC was predominantly driven by the economic dimensions of ensuring continuous flow of raw materials and access to African markets for Chinese manufactured goods, the need for restructuring the traditional Sino-African relations was partly justified by other factors, such as the international political dimension, and the need to foster economic development useful for both China and Africa as well.²²¹

More so, Africa and China argued that the existing status quo is not hospitable, fair and just for the poor developing countries. They share a common sense of Western hegemonism over the United Nations and other International institutions. Hence, through fostering common dialogues and consultations within FOCAC framework, they are planning to carry out “joint efforts to maintain the lawful rights of developing countries and push forward the creation of a new, fair and just political and economic order in the world.”²²²

Scholars differ in their view as to whether the reformation of the traditional China-Africa relations into FOCAC was the result of the interest, initiation and design from China only, or the gradual outcome of the mutual initiation, interest and resultant efforts of both Africa and China. While Chinese and African literatures explain the reasons for the creation of FOCAC as a joint result of efforts both from Africa and China, Western views, particularly American literature tends to explain the rationales for the birth of FOCAC as originated from China and Chinese national interests. This perception stems from the idea of taking FOCAC as a strategy for the Chinese government to achieve its aim of becoming an internationally recognized country.²²³ Despite this perception, however, the literature argued that, “the most important push for the establishment of FOCAC was also made by Africans.” Part of the argument has been the 21st century’s emerging political and economic realities that required institutional arrangements, such as advancing partnerships between developing countries for the sake of protecting and achieving their own national interests.

²²¹Center for Chinese Studies (CCS) 2012. The Forum on China-Africa Cooperation (FOCAC) Policy Briefing: Political Rationale and Functioning. Available at: http://www.ccs.org.za/wp-content/uploads/2012/05/FOCAC_Policy-Briefing_political_final.pdf

²²²The Communist party of China (CPC). Available at: http://www.cpcchina.org/2012-02/02/content_14526996.htm

²²³Anshan, Li. 2012. FOCAC Twelve Years Later: Achievements, Challenges and the Way Forward. Discussion Paper 74, Uppsala: Lightning Source UK Ltd. Available at: <http://f.hypotheses.org/wp-content/blogs.dir/698/files/2012/07/FOCAC-10-ans3.pdf>, p. 15

Several African countries have taken initiatives for the establishment of a new kind of partnership with China. Specific to the argument has been the consciousness of facing new challenges and the need to protect their own interests through reforming the old form of cooperation between each other as the new century unfolds. Obuah (2010) was an American who pointed out that “the need for potential energy sources, the proclivity to reciprocate Africa’s support during the Tiananmen Square debacle, the long term strategic interests to boost its international status and to curb Taiwan’s relations and accentuation of the globalization process,”²²⁴ as reasons for the formation of FOCAC. If seen closely these reasons except for globalization, were issues that can be subsumed in the political dimension of China’s foreign policy objectives that it has been pursuing since several decades ago.

African and Chinese literature on the other hand suggests that there has been frequent and repeated bilateral dialogue going on between Africa and China behind the scene on the need to restructure their conventional relations. The latter includes apparent proposals from African countries as they have had the experience of participating in a similar structure with developed countries having such a forum with Africa in place. As Anshan et al (2012) pointed out how the issues of instituting a larger form of their relationship should be transformed saying:

Some African leaders and envoys to China (including Ethiopia and Mauritius) proposed establishing a ‘one to multi-partnership’, but China did not initially think this practicable. Attending diplomats from Mauritius, Benin and Madagascar were already proposing the establishment of a relevant mechanism between China and African countries, but this was not put into practice.²²⁵

The assumption of taking FOCAC only as a Chinese initiation and creation is strongly contested. As highlighted by Anshan (2012) above China was not even ready to entertain specific proposals coming from Africans for fear and doubt as to how it could be implemented and what to accomplish. But, finally, China become onboard and as a result “China in October 2000 organized a Ministerial meeting in Beijing which culminated in the formation of

²²⁴Obuah, Emmanuel E.2010. “AGOA and FOCAC: Competing for African Markets through Multilateral Trade Agreements.” *Journal of Management Policy and Practice* vol. 11, Issue.5, Pp. 69-78. Available at: www.na-businesspress.com/JMPP/obuah_abstract.html

²²⁵Anshan, Li. 2012. *FOCAC Twelve Years Later: Achievements, Challenges and the Way Forward*. Discussion Paper 74, Uppsala: Lightning Source UK Ltd. Available at: <http://f.hypotheses.org/wp-content/blogs.dir/698/files/2012/07/FOCAC-10-ans3.pdf>, p.16

FOCAC.”²²⁶ Hence, the above arguments witnessed that FOCAC was a result of joint efforts from both China and Africa and is helping both sides with tremendous results. It is, however, imperative to understand that some aspects of this dynamics of relations and benefits might not be exactly equal given the apparent difference between poor agrarian African countries and China.

The way in which Africa is playing a role in FOCAC sessions is always a concern for both African and non-African researchers alike. The key actor that is related to each African country, China, is the source of financial resources, Science and Technology, and above all the economic model it presents and experiences to its African partners. The sheer size of its importance to every African country is a concern as regards to what exactly would the role that an African state would play during the FOCAC session. This is because Africa except its name is no more united in its engagement with China. This division is a reality in Africa even in the case of African Union, which is said to be a union for the continent, but, in reality has nothing to play as an umbrella body that could indicate its unity for the region except for peacekeeping. It has failed to coordinate a common policy agenda for Africa that can ensure more leverage in negotiating businesses that will consequently end up with more gains from the growing relation with China and many similar platforms.

As noted by Grimm²²⁷ African leaders need to be represented in FOCAC sessions so that they could put forward their own “coordinated agenda” at the fifth FOCAC 2012 Ministerial meeting that was held in Beijing so that Sino-Africa relationship would help the continent to attract more Chinese investments for a more aspired economic growth. Africa's coherent and coordinated agenda and coordinated representation in FOCAC is critical, first it would advance China-Africa forum and secondly, it would make Africa more competitive in its dealings with China and such an approach would be healthier and beneficial for both. The thesis argued that Africa will have a better position if it would be represented by a special FOFAC team of qualified experts who will be able to represent Africa in its relations with China. This team should be organized on condition that African leaders agree to have a unified

²²⁶Ibid

²²⁷Sven Grimm Director of the Center for Chinese Studies (CCS) in South Africa, He held an interview with Xinhua on the 29th of June 2012 and proposed Africa to be represented in FOCAC with more coordinated agenda to attract more investment for Africa's further growth. Available at: <http://www.focac.org/eng/dwjbzjyhys/t948965.htm>

policy that guides their engagement with China. The team members will be entirely committed to provide policy research and analysis on FOCAC, be the voice to the continent, make negotiations with China and facilitate the upper level relations. This will reduce the confusion between the bilateral and FOCAC level relations.

5.3 FOCAC Summits: The Second and Third Ministerial Conferences

As partly seen in the forgoing discussions, the forum for China Africa Cooperation, as we know today, is not the 21st century's brand-new invention of an interstate engagement, but a revision of the existing Sino-African relation established in the 1950s. The Asian vibrant rising power, seeking to reach out both the developed and developing world is in a growing thirst of broadening its trade and investment activities for a more economic success. It has used its decades-old relations with Africa to easily renew and upgrade into a platform called FOCAC as a post-cold war international creation to harness its national aspirations. Africa, too, needs to leave behind its bad images through using the model and leverage that China and other established partners delivers to it for its aspired changes. These are the two broader drivers which were pushing both China and Africa to redefine the structure of their cooperations for a more pronounced impacts that they are standing for.

Since the first historical event in 2000, there have been five consecutive FOCAC ministerial conferences that were held every three years in an interchange between China and African countries. Ethiopia and Egypt have had the Chance to host the second and the fourth ministerial meetings in 2003 and 2009 in Addis Ababa and Sharm El-Sheikh respectively. The rest three FOCAC summits, i.e., the first inaugural FOCAC summit held from 10-12 October 2000, the third FOCAC summit carried out from 4-5 November 2006, and the fifth one, which took place from 19-20 July 2012 were all took place in Beijing, China. All previous FOCAC ministerial conferences and their follow-up actions were seen as having impacts on both Africa and China, including transcending implications and concerns to major global players. These summits have deepened bilateral cooperations on a broad range of dynamics, such as economic, social, political and cultural spheres between China and Africa.

The FOCAC ministerial summit has not been the only event the two sides engage each other every three years. The latter has been accompanied by two other related events. The first is Senior Officials Meeting (SOM), which should always precede the major FOCAC conference and the second has been the China-Africa Business Conference (CABC) carried out paralleling

the major FOCAC summit. The SOM should precede the ministerial forum because it has to set the agenda and other requirements to make major summit incoming summit successful.

In the case of the second China-Africa forum, the SOM was held in Addis Ababa on the 12th of December 2003. This meeting was aimed to adopt the draft agenda for the incoming second FOCAC ministerial summit and was jointly chaired by Ambassador Kongit Sinigiogis, director of African Affairs Directorate in Ethiopian Ministry of Foreign Affairs and Permanent Representative of Ethiopia to the African Union (AU) as well as by Du Qiwen, Secretary General of the Chinese FOCAC Follow-up Committee (FUC).²²⁸ During the opening event of this SOM, Ethiopian State Minister of Trade and Industry said "China's cooperation with Africa, particularly in some critical areas, can make a real difference in assisting African countries in their earnest fight for transforming their political and socio-economic development, ...[(w)e consider China as our vital strategic partner]" (Ibid, p. 32). This meeting was followed by the famous FOCAC summit paralleled by a business event called "China Africa Business Conference" (CABC), which was held from 14 -16 December 2003 and primarily attended by entrepreneurs and business representatives of both China and Africa for the aim of negotiating trade and investment opportunities among each other.²²⁹ The Addis Ababa CABC was organized by the China Council for the Promotion of International Trade (CCPIT) and was attended by about 320 business representatives from both China and Africa. About 142 of the CABC attendees were Chinese, representing 100 companies making a face to face discussions and negotiations with 180 entrepreneurs coming from 24 African countries.²³⁰

This section, therefore, is aimed to examine and identify the roles this broader framework has been facilitating through looking in to the second and third FOCAC summits in a broader sense. It is also aimed to contribute to the systematic understanding of how and why the poor

²²⁸Executive Research Associates (ERA). 2009. China in Africa: A Strategic Overview. p.32. *ERA is a South African-based socio-economic labor and political services. It also provides a comprehensive portfolio of confidential services essential to decision-makers. Available at: http://www.ide.go.jp/English/Data/Africa_file/Manualreport/pdf/china_all.pdf

²²⁹Forum on China-Africa Cooperation-Addis Ababa Action Plan (2004-2006). Available at: <http://www.focac.org/eng/ltada/dejbzjhy/DOC22009/t606801.htm>

²³⁰Executive Research Associates (ERA). 2009. China in Africa: A Strategic Overview. p.97. Available at: http://www.ide.go.jp/English/Data/Africa_file/Manualreport/pdf/china_all.pdf

landlocked Ethiopia played a significant role in facilitating and managing the forum and become an important partner of China within the broader multilateral framework of FOCAC.

5.3.1 The Second China-Africa Forum: 16-18 December 2003

Addis Ababa has been the first African city to host the first FOCAC summit that was held in 2003. In other words, Addis Ababa was the first African city where the second FOCAC ministerial summit was carried out in the African soil. This had made the stakes and hopes high for both the host continent and country for that particular period. This conference went on discussing its agendas from the 15th-16th of December 2003 and was attended by both heads of states and governments, and other representatives, including Presidents, Prime Ministers, high-level officials from African and China as well as international organizations. There were 69 African ministers and representatives of international and regional organizations. Participants from China were led by Premier Wen Jiabao, including Beijing's Foreign Minister Li Zhaoxing as a senior fellow to take part in the event.²³¹

This ministerial summit began by assessing and evaluating the implementation of the 'Beijing Declaration' and the 'Program for China-Africa Cooperation in Economic and Social Development,' which were adopted during the first inaugural summit held in 2000 at Beijing that gave a framework for the re-establishment of FOCAC as a joint cooperation forum between China and Africa. Both the Beijing declaration and the Program for China-Africa Cooperation in Economic and Social Development enlists initiatives and measures towards promoting Sino-African relations, in some particular areas, such as human resources development, agriculture, infrastructure development, investment and trade.²³²

African leaders and representatives have collectively voiced for a more intense cooperation with China so as to enhance the development of the continent under the frame-work for the establishment of the partnership and in line with the New Partnership of Africa's Development (NEPAD). They expressed their interest and initiatives for China to take measures in order to further accelerate "human resources development, agriculture, infrastructure development,

²³¹ ____ (2003). Forum on China-Africa Cooperation (FOCAC) Addis Ababa Action Plan (2004-2006). Available at: <http://www.focac.org/eng/lttda/dejbzjhy/DOC22009/t606801.htm>

²³² Taylor, Ian (2011). The Forum on China-Africa Cooperation (FOCAC) London: Routledge.

investment and trade.”²³³ To strengthen and accelerate the decision-making process of the FOCAC mechanism, the Chinese established a Follow-up Committee in December 2001 with a membership of senior officials from 21 African ministries, commissions and agencies. On the Chinese side, Prime Minister Wen saw the African participants’ call for an increased cooperation with China for the most aspired changes in the region as “expressions of Africa’s collective commitment to placing the continent on a generalized course of peace and development” (Ibid, p. 96) as in the form of the following pillars:

Through assessing the whole spectrum of issues put forward in the second FOCAC summit, this section attempted to identify what both China and Africa believed are their achievements of this second summit. But, some analysts tend to see first the major driving factors for the coming into force of FOCAC in general and in this second summit in particular than explaining commitments China made to Africa. For instance, Executive Research Associates (ERA), which is a South African institute, has argued that the second summit was launched “against the backdrop of four main issues that currently drive China’s Africa policy” which include: countering Western hegemony, exploring consumer market opportunities in Africa, securing new raw material supplies and tightening the international gate way against the issue of Taiwan.²³⁴ But, FOCAC is a repetitive summit that is launched every three year and every summit needs to be evaluated from the view point of what additional plans, objectives and results it has achieved, how far it went forward in reaching its goals or to what extent it remained short of reaching at what it sets to achieve.

The China-Africa relationship should not only be approached from the view point of what China intends to get or what it had already achieved, but also how Africa is using the relationship to improve its development credentials as well. Obviously, China already defined this forum to achieve development in a win-win approach for both sides.²³⁵ Hence, it is crystal clear that China is not doing this just for philanthropic purposes. Looking at what FOCAC is doing to Africa, one can simply ask whether ‘China is showing progress in making additional

²³³Executive Research Associates (ERA) (2009). China in Africa: A Strategic Overview. p.96.
Available at: http://www.ide.go.jp/English/Data/Africa_file/Manualreport/pdf/china_all.pdf

²³⁴ Taylor, Ian (2011). The Forum on China-Africa Cooperation (FOCAC) London: Routledge, 2011, p. 24.

²³⁵ Rotberg, Robert I. (edr.) (2008). China into Africa: Trade, Aid. Baltimore: Brookings Institution Press, p.56

commitments to Africa that will add up for the latter's growth and development' and hence, to understand the changes and make projections of the achievements gained as a result. This is partly because even from the already existing relationship, China is getting the lion share of everything, but it is also encouraging and inspiring the development of some African countries and sectors as different from its experiences and the records of other actors with the affairs of the continent in the past.

In addition to what it did for China, FOCAC has also been seen as beneficial for Africa in some respects. According to explanations by Chinese Premier - Wen Jiabao in the second summit, China made the following major policy decisions that are set to be done through FOCAC structures. The first of these Chinese commitments and contributions via the multilateral forum have been the debt relief, which was aimed to lift the burden from some African countries that were highly indebted in their relation with China. Debt relief has been China's policy decision implemented within the FOCAC framework to help those countries whose financial relations with China was in a bad shape. With the debt exemption commitment, China cancelled 156 mature debts of 31 African countries that amounted to RMB 10.5 billion or \$1.2 billion.²³⁶ The measure was a one-step forward as this measure could be taken as an indication of its continued commitments to Africa. The decision, on the one hand ensures a financial support to the beneficiary countries in Africa and on the other hand, it was an early signal to show the world that it is acting in a responsible manner so as to calm the complaints that characterize its roles in Africa as something that could leave the continent with rubble of problems. The action seemed an early conscious measure to clean concerns related to its own actions by its own policy decisions.

Within the same economic sphere, China also announced its second commitment to be operated within this multilateral forum. This measure was aimed at boosting Africa's trade performances in its relations and gains with China. As a result, the duty free treatment of African exports to China was increased in scope and coverage. China pledged to allow about 190 African export items to get duty-free treatment from 28 Least Developed Countries

²³⁶ _____ (2003). Forum on China-Africa Cooperation (FOCAC) Addis Ababa Action Plan (2004-2006). Available at: <http://www.focac.org/eng/lttda/dejbzjhy/DOC22009/t606801.htm>

(LDCs) in Africa and this number is expected to grow further given the future-oriented nature of FOCAC based cooperations between the two.²³⁷

Human Resource Development (HRD) was the third aspect of the second summit whereby China announced its further pledges to be implemented in Africa as a result of pledges made in the same summit. HRD has been an aspect of technical assistances in the history of China-African relations. In this second summit, HRD was also seen as an important dimension of development cooperation. Most African participants have strongly endorsed for growing cooperations and actions by China in skill development. Through launching successive short term training and scholarship program for Africans, China has been transferring skills and knowledge necessary for African renaissance. The preparation for successful human resource development assistance to Africa was made possible through “Beijing's African Human Resources Development Fund” created in 2002 following the first FOCAC summit in 2000.²³⁸ The leader of Chinese delegation to the 2003 FOCAC summit in Addis Ababa, Premier Wen Jiabao, declared that Chinese technical assistances provided in the form of training programs to Africans is believed to be game-changing. As a result, Wen announced that his government decided to admit ‘10, 000 young Africans’²³⁹ to get training in the 2004-2006 FOCAC program period. This measure had increased the 7,000 Africans, who were receiving professional and technical trainings in China at that point in time when this pledge was being announced to rise up to over a twofold.

Coordination of human resource development was then agreed to be carried out in line with either in the bilateral line where specific cooperations were agreed and carried out by each individual African country in its relations with China or through the multilateral line of cooperation via FOCAC. If counties prefer to effectively coordinate their human resources development activities through the multilateral line, ‘the host country of the second FOCAC summit, Ethiopia, in cooperation with African “diplomatic corps in Beijing, was selected, to

²³⁷Anshan, Li. 2012. FOCAC Twelve Years Later: Achievements, Challenges and the Way Forward. Discussion Paper 74, Uppsala: Lightning Source UK Ltd. Available at: <http://f.hypotheses.org/wp-content/blogs.dir/698/files/2012/07/FOCAC-10-ans3.pdf>, P.58.

²³⁸Executive Research Associates (ERA). 2009. China in Africa: A Strategic Overview. p.99. Available at: http://www.ide.go.jp/English/Data/Africa_file/Manualreport/pdf/china_all.pdf

²³⁹FOCAC (2003). Forum on China-Africa Cooperation Addis Ababa Action Plan (2004-2006). Available at: <http://www.focac.org/eng/ltada/dejbzjhy/DOC22009/t606801.htm>

serve as a coordinator in charge of communicating China with African countries' requests, proposals and specific arrangements concerning human resources development” in the then program period, i.e. 2004-2006.²⁴⁰

The other measures taken to contribute to the economic development efforts in Sub-Saharan Africa (SSA) was China's designation of 8 African countries to have tourist 'Approved Destination' Status (ADS). This status was offered to “Mauritius, Zimbabwe, Tanzania, Kenya, Ethiopia, Seychelles, Tunisia, and Zambia”²⁴¹ as destinations for Chinese visitors. This is part of a measure to diversify the revenue bases of African countries so that they can support their own development plan by their own incomes as well. This measure was a continuation of the decision that took Northern African Morocco and South Africa as approved destinations for Chinese visitors. The 2003 summit came up with an increase in the number of African countries as additional destinations for Chinese tourists. And this could possibly be followed by Chinese travel agencies initiations to organize mass visits to the new destinations. But, the Chinese government was not simply rushing to directly allow this happen and its people could go to the newly identified tourist destination countries. This is partly because most travel and tour organizations were privately operated agencies and the Chinese government needed to make sure how affordable could the newly identified destination places as regards to the costs associated with visiting new ADS countries. As a result, it was only the already established destinations, such as South Africa, Egypt, Mauritius, Morocco and Tunisia were the countries continued to host more Chinese tourists.²⁴²

Chinese banks assert the availability of credits to be used by Chinese companies for their investment and trade in Africa. This has leveraged China's Council for the Promotion of International Trade (CCPIT) to organize the 2003 CABC for Chinese business interest in Africa, one of which has been to make sure there is a pre-identified list of items for reduced tariff or no-tariff treatment of African goods to be exported to China estimated to be \$30 billion

²⁴⁰Taylor, Ian (2011). The Forum on China-Africa Cooperation (FOCAC) London: Routledge, 2011, p.46

²⁴²Executive Research Associates (ERA). 2009. China in Africa: A Strategic Overview. p.96-97. Available at: http://www.ide.go.jp/English/Data/Africa_file/Manualreport/pdf/china_all.pdf

worth of FDI by Chinese or Chinese and African firms in Africa within a 5-7 years period.²⁴³ But, a third of this amount was said to be invested in Nigeria alone. Finally, the 2003 CABC was concluded with the signing of 20 trade agreements with Ethiopia, Tanzania, Sudan, Uganda, Rwanda, Cape Verde, Nigeria and Mauritania that “worth \$68 million, covering the supply of energy, cement, chemicals, pharmaceuticals, textiles, sugar mills and agricultural products (Ibid, Pp. 96-97).”

The broader technical assistance schemes operated under Sino-African cooperation comprises several elements, such as the provision and improvement of health care services. Keeping on the pledges made on the first FOCAC summit to improve “infant and maternal mortality rates, and preventing and treating HIV/AIDS, malaria, tropical and other diseases”²⁴⁴, China through FOCAC scaled up the level of its medical assistance through dispatching medical personnel. They have agreed to raise the number of Chinese medical team, which was totaled 1,100 before the second summit to be dispatched in 40 countries grew to 2, 000 that were assigned in almost all over Africa in the years following the 2003 Addis Ababa summit. The dispatched medical personnel were expected to contribute to the gradual amelioration of the impact and spread of “HIV, Tuberculosis and malaria,” in which China has the potential experience and specialty in prevention and treatment as well as drug and equipment supply.²⁴⁵

FOCA has its own chains of structural elements whose prime role is monitoring and evaluation of the activities tailored to its structural setup. One of such structural instrument has been of the joint Follow-up Mechanisms (FUM) designed to track the progresses and take corrective actions for a sustainable Sino-Africa friendship. This has been an issue area that everybody has a prior consent in the forum. FUM is expected to enlighten and measure the progresses as well as failures between successive summits, such as in this case between the first and second FOCAC summits and work out and forward policy recommendations that look into the future on key strategic cooperative issues areas, such as the ones identified in the 2003 FOCAC

²⁴³Guerrero, Dorothy-Grace and Manji, Firoze (eds.) (2008). *China's New Role in Africa and the South: A Search for a New Perspective*. Nairobi, Oxford and Bangkok: Fahamu and Focus on the Global South, Pp. 97-98.

²⁴⁴ FOCAC (2000). *Program for China-Africa Cooperation in Economic and Social Development: the first China-Africa Ministerial Summit in Beijing*. Available at: <http://www.focac.org/eng/ltada/dyjbzjhy/DOC12009/t606797.htm>

²⁴⁵Executive Research Associates (ERA). 2009. *China in Africa: A Strategic Overview*. p.97. Available at: http://www.ide.go.jp/English/Data/Africa_file/Manualreport/pdf/china_all.pdf

summit in Addis Ababa. As a result, an agreement reached to “establish corresponding committees for follow-up actions of the Forum on China-Africa Co-operation.”²⁴⁶ Hence, three level follow up mechanisms were set up at the first China-Africa Cooperation forum. Accordingly, at the first level, “Ministers will meet in three years’ time to evaluate progress in the implementation of the [p]rogram, Senior [o]fficials in two years’ time and Ambassadors resident in China on a regular basis.”²⁴⁷ In this case, the major FOCAC ministerial and senior officials meetings are various levels of follow up mechanisms in addition to their major roles to invent and advance their joint cooperation to move forward.

To Sum up, the redefinition of China-Africa relations into FOCAC since 2000 refreshed and warmed up a new sense of friendly consultations, negotiations and discussions on multilateral level on issues and national interests of the parties involved. The intensity of economic relations are getting deeper and cover from encouraging exports through measures like debt relief, non-tariff export of African products, increased volume of trade, flow of Chinese FDI and joint venture investments. In addition, measures of social and cultural development activities, such as motivating tourism, establishing cultural center as well as human resource development through training of Africans through professional short-term trainings and scholarships, deployment of Chinese medical personnel to mention some were going on. The joint forum was not only unidirectional, but proved to be carried out in a bi-directional way of cooperation as well.

Ethiopia’s pivotal role in FOCAC was seen as spectacular compared to the roles played by other African countries having greater potential to offer a great deal of benefits to China than the latter. Hence, it presented a peculiar case to explain and understand why it did so. In addition, it could also be seen as an instance of a model country for the rest via its roles and participation how other countries could take part in the platform playing in the future. The peculiar nature of its participation is related to the observations that while it is a poor and landlocked nation that is not endowed with the natural resources was able attract the Chinese interest to play the leading role in the formative stages of FOCA. Ethiopia never miss any key

²⁴⁶FOCAC (2000). Program for China-Africa Cooperation in Economic and Social Development: the first China-Africa Ministerial Summit in Beijing. Available at: <http://www.focac.org/eng/ltada/dyjbzjhy/DOC12009/t606797.htm>

²⁴⁷Kopiński, D.; Polus, A. and Taylor, I. (eds.) (2012). China's Rise in Africa: Perspectives on a Developing Connection London: Routledge, p. 48

benefit facilitated by FOCAC. It has played magnificent roles and solidifies its relations with China in the first 6 formative years of FOCA between 2000 and 2006. According to the ‘First²⁴⁸, and Second²⁴⁹ FOCAC summits’ the highlights of its roles in facilitating FACAC could, for instance include:

- Addis Ababa hosted the first ever FOCAC summit to be held in Africa in 2003
- Ethiopia had co-chaired the second FOCAC summit held in Addis Ababa
- It also co-chaired the first Senior Officials Meeting (SOM) in its own capital.
- The country was chosen to coordinate FOCAC’s multilateral Human Resource Development efforts between Beijing and other African countries to facilitate the implementation of the commitments made in in the second FOCAC
- More so, Ethiopia also chaired the most magnificent 2006 FOCAC summit held in Beijing, just to mention some.

The reasons that leverage Ethiopia to get China’s attention do not have strong correlations with resource availability, nor has it been one of China’s major trading partners in terms of the volume of trade exchanges. But, the perception and understanding of its historically important political positions that kept it to play key tasks in the regional and international diplomatic arenas seem to have the potential to attract the latter.

5.3.2 The Third FOCAC Summit in Beijing

The key strategic directions and trends featured in the first FOCAC summit held in 2000 kept on track in the successive summits, ministerial conferences and senior officials meetings. There were not more brand new agendas infused as an issue in the 2006 summit that leaders of China and Africa did not endorse to follow in the 2000inaugural summit held in Beijing. As per the thorough assessment of the two successive FOCAC summits, so far, most program elements have mostly showed increases in their intensity than diversity of cooperative arenas. The general review of the third FOFAC summit would lead one to suggest that it was an event contributed to the growth of the China-Africa cooperation its climax compared to the

²⁴⁸ FOCAC (2000). Program for China-Africa Cooperation in Economic and Social Development: the first China-Africa Ministerial Summit in Beijing. Available at:

<http://www.focac.org/eng/ltada/dyjbzjhy/DOC12009/t606797.htm>

²⁴⁹ FOCAC (2003). Forum on China-Africa Cooperation Addis Ababa Action Plan (2004-2006). Available at: <http://www.focac.org/eng/ltada/dejbzjhy/DOC22009/t606801.htm>

preceding two summits. This assertion could be seen from two stand points. The first was the issuance of ‘China’s Africa policy’²⁵⁰ called the ‘white paper’ in 2006. The second was the magnitude of commitments and pledges revealed by China to Africa during the third FOCAC summit held 2006.

From China’s point of view, it has been argued that enhancing solidarity and cooperation with African countries has been taken as a significant part of its independent foreign policy for promoting peaceful development. The commitment to uphold and advance FOCAC to move forward similar to the existing trend has been part of a strategy of its foreign policy augmented by the five principles of peaceful co-existence. The latter, as a strategic framework, features “political equality and mutual trust, economic win-win cooperation and cultural exchange” between this constituent sides.²⁵¹ China’s African policy was designed on the basis of four pillars, which are also called the “[g]eneral principles and objectives of China's African policy” that include: “[s]incerity, friendship and equality; [m]utual benefit, reciprocity and common prosperity; [m]utual support and close coordination; [L]earning from each other and seeking common development.”²⁵² These foreign policy principles and objectives are pillars that guide the overall direction and management of its international cooperations. The results of China’s cooperations seem also be evaluated on the basis of same pillars as to whether their friendly relations are keeping a similar track and moving forward.

FOCAC is a strategy of the foreign policies of both China and Africa for advancing their mutual cooperations to move forward. Their mutual relationship covers, four broader dimensions of cooperations:²⁵³ (1) political dimension, (2) economic dimension, (3) education, science, culture, health and social aspects, (4) peace and security. All these major dimensions of cooperations were identified in the founding summit and the subsequent summits have only been coming up with details that can be subsumed under these cooperation spheres. Furtherance of commitments in the spheres of cooperations under FOCAC summits

²⁵⁰Ministry of Foreign Affairs of the People’s Republic of China (2006). China's African Policy. Available at: <http://www.fmprc.gov.cn/eng/zxxx/t230615.htm>

²⁵¹Alden, Chris (2007). China in Africa. London and New York: Zed Books, p.56

²⁵²I Kapiński, D.; Polus, A. and Taylor, I. (eds.) (2012). China's Rise in Africa: Perspectives on a Developing Connection London: Routledge, 64

²⁵³Guerrero, Dorothy-Grace and Manji, Firoze (eds.) (2008). China’s New Role in Africa and the South: A Search for a New Perspective. Nairobi, Oxford and Bangkok: Fahamu and Focus on the Global South, p.114

depicted the progresses in terms of form, intensity or breadth. Hence, having this structure in mind, it will be logical to address what had the third FOCAC summit, held in 2006 in Beijing has accomplished? What key progresses have been made as measured from the second summit held in 2003 in Addis Ababa? What was Ethiopian position in the third FOCAC 2006 summit held in Beijing?

5.3.2.1 The Third Beijing Summit: Progresses and Commitments

Drawing on the premises of Sino African cooperations and exploring FOCAC's archives and related data sources, this sub-section analyzed the scope, intensity and progresses of major dimensions of cooperations revealed as a result of 2006 Beijing summit between PRC and Africa. In light of a speech made in the opening ceremony of the 2006 summit, PRC's president Hu Jintao addressed the event through detailing the Sino-African cooperation fields into five sub-arenas. The first of these spheres of cooperation was the 'political relations of equality and mutual trust'²⁵⁴ with which China is advancing high level mutual visits, strong and multilevel contact mechanisms, strategic and political dialogue to advance unity, trust and friendship with its partners in the global south. But, the thesis argued the political cooperations are mainly leaned to help China to accomplish its major foreign policy objectives of pushing for Taiwan's unification into main land China and its international objective of reversing Western hegemonism. Some element of the political objective is not something that China can achieve in a short term, but has been and will remain committed to fight for it.

Whether China is working earnestly to sell its national political experiences to either of the African countries is not so far clear. Despite this, however, China is willingly and boldly maintaining economic assistances to Africa for its long term economic strength as well as future global political influence. China attempted to keep its African partners on board with their unwavering support for the ultimate goal of becoming a global power house. The latter has also been generously providing multiple support packages to African states so as to mobilize support and commitment to its ambition of restructuring the UN system.

²⁵⁴Hu Jintao President of the PRC's at the Opening Ceremony of the Beijing Summit of the Forum on China-Africa Cooperation. Available at:
<http://www.focac.org/eng/lttda/dscbzjhy/SP32009/t606840.htm>

China believed that the international multilateral system has not been fair for developing countries. It argued, by changing how the UN has been working for years, it is possible to make the UN system fair and stronger in advancing world peace and development. The latter will also help Africa to be represented in some of the UN organs like the in the Security Council, as well as maintaining a strong cooperation to fight the adverse effects of globalizations. The speech underscores the importance of the African historical support to China in its historical 1972 bid to retake the UN Security Council seat from Taiwan as follows:

We in China will not forget Africa's full support for restoring the lawful rights of the People's Republic of China in the United Nations. Nor will we forget the sincere and ardent wish of African countries and people for China to realize complete and peaceful reunification and achieve the goal of building a modern nation.²⁵⁵

Hence, while the political cooperation is highly inclined to help China attain an international status, the economic one remained a shared goal that could also contribute to uplift economic growth of both China and Africa.

The second field of cooperation according to President Hu's 2006 FOCAC speech was 'win-win economic cooperations.' Owing to the China's self-assertion as the world's largest developing country and Africa as a continent consisting of the higher number of developing countries, a win-win economic cooperation under the South-South framework is believed to help both to walk up the economic ladder. This sphere includes those forms of economic dynamics, such as trade, investment and economic and technical assistances are stressed to be enhanced to the full capacity of both sides for common development.²⁵⁶

The third one was 'exchange for cultural enrichment.' Hu noted that China "will strengthen cultural and people-to-people exchanges to increase mutual understanding and friendship between the two sides and particularly between the younger generations."²⁵⁷ The thesis argued that despite China's established ties with Africa, the previous relations remained upon

²⁵⁵Taylor, Ian (2011). *The Forum on China-Africa Cooperation (FOCAC)* London: Routledge, 2011.

²⁵⁶Hu Jintao President of the PRC. Speech at the Opening Ceremony of the Beijing Summit of the Forum on China-Africa Cooperation. Available at:
<http://www.focac.org/eng/lttda/dscbzjhy/SP32009/t606840.htm>

²⁵⁷Taylor, Ian (2011). *The Forum on China-Africa Cooperation (FOCAC)* London: Routledge, 2011, p.47

government to government level, and people to people relations have not been reaching ground. In Africa Western cultural influence is very strong and the younger generation is connected to American film, language and fashion than China and the East in general. Given the objective circumstances, both current and future situations are hard to predict for Chinese aspiration of promoting cultural enrichment to succeed.

Confucius Centers are in fact being constructed in many African countries just to allow people to study Chinese language. But, in the last several years, the Chinese did not succeeded to get on the ground in terms of diffusing their cultural influence into Africa in general and Ethiopia in particular. This is partly due to the development of fast pacing information and communication technologies in the West that had already hold the interest of the younger generations. The latter will tell us as to how China will be able to get attraction of that sort. In this regard, China is even challenged by the infiltration of Western culture into its own younger population let alone spreading its own into other regions, like in Africa. The design of the approach China is trying to influence the culture of Africa is similar to what the West has been doing for several decades. Despite its rhetorical stances to promote relations on equal bases, the steps to construct Confusions Centers in Africa is the single most indicator and a step forward for China to assert itself as an aid giving nation and stepped up measures to diffuse its culture on the ground. Its contact and relationship remains stronger on a higher government strata and is popular among African elites. There are no civic structures that have financial support to reach at the community grass-roots. As a result, it is not clear as to how it cope with the established influence in the sense that it will take time.

The thesis argued the move for a cultural enrichment will not be a mutual relationship, but only a one sided endeavor that China required its partners to study its language and share its culture in exchange for assistances it offered at a government level. Studying Chinese language may become attractive if it will be coupled with other benefit packages, such as jobs, businesses. More importantly, China is promoting only one language, but, the question of how will the reverse hold true remained unanswered. It will be difficult to imagine how the Chinese people could study the multitudes of the African languages and assimilate into the complex cultural elements of over 50 African nations.

The fourth area for China to cooperate with Africa is a mutual effort for a harmonized and balanced global development. The idea enshrined in ‘balanced development’ is meant to achieve a fair balance of development between countries in the world. FOCAC aspires to

promote South-South cooperation and North-South dialogue to achieve a balanced development. Hu called on “developed countries to honor their promises on market access, aid and debt relief. We should strive to meet the Millennium Development Goals and steer economic globalization in the direction of creating prosperity for all.”²⁵⁸ It is realistic for FOCAC to strategically steer the northern partners for a balanced development than only looking to the East. In this sense, the African side needs to seize on promoting its strategic partnership with European Union and other Western partners for a more balanced development.

The last and fifth area was strengthening cooperation and mutual support in international affairs. It’s been repeatedly expressed that FOCAC will uphold the purposes and principles of the UN Charter, respecting diversity of the world and promoting democracy in international relations. It has also been in conformity with international security cooperation based on mutual trust and benefit and addressing each other’s concerns through consultation and coordination. In these cases, both sides are in agreement with the rest of the world except for focusing on their own respective problems with which they jointly need to respond to threats and challenges to global security.²⁵⁹

The second reason why the 2006 FOCAC summit held in Beijing for the third time could be seen as a pointer for China-Africa cooperation to have been at its climax, as argued above, was PRC’s disclosures of more specific pledges geared to fit into the premises of FOCAC’s common development. PRC’s leaders explained the driving factors from the FOCAC’s global political goal to the pragmatic national interests of both sides to justify the importance of their growing relationships. The Chinese pledges made at the 2006 summit were evidences for their consistent and incremental trend in their intensity with the emergence of new strategies designed and aimed to help the implementation of those measures in African countries. These pledges, which were taken and implemented in the successive previous FOCAC periods, have been usually decided by Chinese government and have always been seen as part of the effort

²⁵⁸Hu Jintao President of the PRC’s at the Opening Ceremony of the Beijing Summit of the Forum on China-Africa Cooperation. Available at:

<http://www.focac.org/eng/ltada/dscbjhy/SP32009/t606840.htm>

²⁵⁹ FOCAC (2003). Forum on China-Africa Cooperation Addis Ababa Action Plan (2004-2006). Available at: <http://www.focac.org/eng/ltada/dejbzjhy/DOC22009/t606801.htm>

to “forge a new type of China-Africa strategic partnership and strengthen cooperation in more areas and at a higher level” in a pragmatic way.²⁶⁰

During the third 2006 FOCAC summit, the Chinese government promised to “[d]ouble its 2006 assistance” to Africa by 2009. China was also ready to “[p]rovide \$3 billion of preferential loans and \$2 billion of preferential buyer's credits to Africa” for the 2007-2009 implementation period. These two measures were aimed to assist those Chinese companies investing, contracting or trading in Africa have the financial access to help achieve the pledges made in FOCAC that put measurable commitments in investment and development aid as well as trade relations. China agreed to establish “a China-Africa Development Fund (CADF), which will reach US\$5 billion to encourage Chinese companies to invest in Africa.”²⁶¹ CADF is a new strategy, which was made clear in the 2006 FOCAC summit. But, no further specifics were found as to whether it could be accessible to African investors and business men or simply to Chinese enterprises working in Africa.

In addition to the specific assistances assured to African countries during the 2006 FOCAC summit, China also pledged to construct a new headquarter and conference center with the aim to contribute to strengthen unity and speed up integration of Africa. AU became the full FOCAC member in 2010, and together with other regional headquarters, its membership gave a special leverage for FOCAC to act as a multilateral platform. The construction of the new headquarters and conference center took three years and at the time of the field work, the level of construction was at a finishing stage and the physical observation was made to ensure how it has been constructed. The field data showed that China has met this specific promise as a new magnificent office and conference center was erected and equipped with state-of-the-art ICT technologies, constructed with China’s financial assistance amounted to be \$200 million. It’s technical and engineering support also include the importation of the Chinese construction materials used in the construction of the new AU headquarter in addition to the design and actual architectural and technical contributions. The contribution of other African countries in

²⁶⁰Hu Jintao President of the PRC. Speech at the Opening Ceremony of the Beijing Summit of the Forum on China-Africa Cooperation. Available at:
<http://www.focac.org/eng/ltada/dscbjhy/SP32009/t606840.htm>

²⁶¹Hu Jintao President of the PRC. Speech at the Opening Ceremony of the Beijing Summit of the Forum on China-Africa Cooperation. Available at:
<http://www.focac.org/eng/ltada/dscbjhy/SP32009/t606840.htm>

the process has been limited except endorsing the plan at the beginning. The contribution of China, Ethiopia and African Union was higher.

Ethiopia's contribution to the construction of the new AU headquarter was said to be significant.²⁶² This was emanated from its position as a seat of the AU office since its establishment. Because of its level of development, some other AU members, like Libya under its late leader colonel Gadhafi used to oppose that the seat of the AU to be changed to another country. But, Ethiopia as an independent country who contributed to the liberation fighting for the independence of the rest of the continent, firmly believed that it deserves to retain the status of being the African capital. Gadhafi has several times complained that the city lacks several modern facilities, such as its poor infrastructure and if given the chance, he would cover the construction of the cost of a modern headquarter in Tripoli. He used to steer others' through pouring monetary support to some countries to sell his idea, but the motion had repeatedly been failed due to the fierce defense from the Ethiopian side.

Ethiopia's leaders used to fight this idea every now and then citing their country's contribution to liberation struggles since Ethiopia's defeat of the Italians in the Battle of Adwa in 1896, which was taken as a symbol for the rest of the black people to have the spirit to fight against their colonizers for their independence, its exemplary role it showed to the rest of Africa in being the founding member to the multilateral platforms, such as the League of Nations, and later the United Nations. On one occasion of AU meeting where the issue of moving the AU headquarter to other African countries was raised, Ethiopia's Late Prime Minister Meles Zenawi strongly argued against Cameroonian representative and others who support the idea in live video saying "...who trained Mandela to fight Apartheid? He answered himself saying - the reactionary Haile Selassie trained the revolutionary Mandela. He also asked the audience who supported Mugabe to get his country's independence, Mengistu... we were fighting for the whole of Africa alone, ... we were alone among dozens of European colonizers in the League of Nations and UN's early days, but we did not afraid to be the voice of Africa...."²⁶³

²⁶²Naidu, Sanusha (2007). The Forum on China-Africa Cooperation (FOCAC): What Does the Future Hold? Journal of China Report, Vol. 43, No. 3, Pp. 283-296

²⁶³Naidu, Sanusha (2007). The Forum on China-Africa Cooperation (FOCAC): What Does the Future Hold? Journal of China Report, Vol. 43, No. 3, Pp. 283-296

Finally, when PM Meles concluded his forceful defense of his country's status to be the seat of AU, nobody was able to speak after him.

The issue of retaining this symbolic AU headquarters in Addis Ababa has been the burden for the country. The growth of the bilateral relations between Ethiopia and China, their shared perception of diplomatic potentials of one another and Meles Zenawi's strong position as an ardent defender of Chinese role in Africa paved opportunistic situations for the PM to press the Chinese government to fund the construction of the new center. So, Ethiopia speeds up the provision of 130, 000 square meters of land, allow duty free importation of some construction materials and assigned a team that leads the construction of the building and urge China to release the money and finally breathed the sigh of relief when the building stone was put in the capital on the side of the old building. With the stark contribution of China, AU and Ethiopia, a new complex built up at a 112,000 square meters of land, side by side with the old building, the magnificent 20-storey main office building stood in glory together with a 2,500 person-capacity conference center and a sub-conference building with 41 conference rooms in Addis Ababa. Figure-2 below presents the aerial view of the new AU complex fully funded by China as explained above.

Figure-2: The New Head Quarter of African Union



Source: African Union's Archive organized for the inauguration of the Building

Similar to what Western donors and institutions are doing, debt relief has been the cooperative area that China became steadily supporting its highly indebted and least developed African counterparts. In the 2006 FOCAC summit, China made clear to "[c]ancel debt in the form of all the interest-free government loans that matured at the end of 2005 owed by the heavily

indebted poor countries and the least developed countries in Africa that have diplomatic relations with China.”²⁶⁴ Bilateral trade has become a strategic economic feature that binds African countries having diplomatic relations with China. Motivational measures have been taken by China to warm up trade with Africa as the latter is becoming a growing destination for Chinese industrial products. Securing an overseas market has been one of the key Chinese strategic means to reach out the world as it is proving to be the leading global producer and exporter. But, as it has been heavily criticized for maintaining a negative trade balance with the poor African countries, it has issued the tax exemption strategy to help its counterparts export their mostly agricultural products free of tax and this has been a continuation of the preceding FOCAC summit. As a gesture for further opening up its markets to Africa, China has increased the number of duty free exports from “190 to over 440 ... receiving zero-tariff treatment” from the least developed countries in Africa having diplomatic ties with China.” The other trade promotion measure has been its commitment to develop “3-5 trade and economic cooperation zones in Africa” to be implemented in the 2007-2009 period.²⁶⁵

China has felt African human resource capacity problems since the leaders’ strong proposal for deeper cooperation in this regard at the founding FOCAC summit in 2000. Since then, it kept on increasing short term trainings offered as a capacity building strategy as well as providing scholarship for young Africans to study in Chinese Universities under a regular program to study various disciplines and return to their countries as a force for the development efforts going on in Africa. Hence, the number of African professional civil servants to get capacity building training in China grew from 10, 000 trainers in the second FOCAC summit held in Addis Ababa to 15,000 African public servants in the third FOCAC summit in 2006, Beijing. The increase has been made up by 50 percent within the three year periods. The formal tertiary education cooperation grew by 100 percent as “number of Chinese government scholarships to African students” was raised from an intake rate of 2000 students per year in the second FOCAC program period (2004-2006) to 4000 African students per year

²⁶⁴ Eisenman, J., Heginbotham E., and Mitchell, D. (edr.) (2007). *China and the Developing World: Beijing’s Strategy for the Twenty-First Century*. New York: M.E. Sharpe, Inc, p. 84

²⁶⁵ Legwaila, Joseph L. (2006). “Beijing Summit of the Forum on China-Africa Cooperation.” Office of the Special Adviser to the African Group on the African Union Secretariat, New York. Available: <http://www.un.org/africa/osaa/speeches/Briefing%20on%20China%20Africa%20Union%2020%20November%2006.pdf>.

in the 2007-2009 period. The pace and precision of program implementation in the case of FOCAC is very impressive and effective as it hits its targets as per the schedule.

The scope of China's educational cooperation with Africa has increased since FOCAC's inception in 2000 via increasing its scope of educational cooperations. In addition to the provision of scholarship and short term-professional trainings, the latter grew towards expansion of educational coverage through the development of schools for rural Africans. One of the key measures in this regard was the 2006 FOCAC's pledge by China to enable the construction of 100 rural schools in Africa within the 2007-2009 implementation periods. This pledge would, at least, enable every African country that had diplomatic relations with China to qualify for two rural schools on average had the 100 pledged schools were equally divided by African countries. But, the supply of these schools may have taken into account development indicators of countries and therefore, more chance could have been given to the least developed African countries and consequently, the distribution would end up being unequal treatments to favor of the poor countries with less educational coverage.²⁶⁶

China had also agreed to "dispatch 300 youth volunteers to Africa" in the same program period, but no further information was found as to what these young Chinese volunteers thought to achieve, or whether they were professionals with specific skills to contribute something to some sectors of the country that they could have been dispatched or otherwise. But, definitely it is possible to assume that they have been assigned in various sectors, like education, health and agriculture of the particular African country that agreed to host these volunteers. Part of the aim to dispatch a young volunteer is to enhance the cultural integration and people to people interaction.²⁶⁷

The 2006 FOCAC was the event where China pronounced more measurable commitments to its counterparts touching more sectors than the previous two summits.²⁶⁸ These commitments marked the growth of the mutual cooperation. As a result, it has also agreed to "send 100 senior agricultural experts to Africa to provide technical assistance and guidance to Agricultural development efforts by African countries. China also made clear to "set up 10

²⁶⁶ Taylor, Ian (2009). *China's New Role in Africa* Boulder, CO: Lynne Rienner, P. 23

²⁶⁷ Taylor, Ian (2006). *China and Africa: Engagement and Compromise* London: Routledge. P. 12

²⁶⁸ FOCAC (2003). *Forum on China-Africa Cooperation Addis Ababa Action Plan (2004-2006)*. Available at: <http://www.focac.org/eng/ltada/dejbzjhy/DOC22009/t606801.htm>

special agricultural technology demonstration centers in Africa” in which the application of the Chinese skills and technologies would be put on the ground in African countries whereby local experts are able to share the Chinese expertise, acquire and practice them in their own locality. The application of agricultural technologies and expertise require research and development efforts as crops, the weather, soil and other agro-climatic factors differ significantly between China and Africa. Developing agricultural demonstration centers in African countries is an important strategy as it would help the receivers to adapt, modify and apply technologies and skills, institutionalize the practical experiences and train higher number of local experts at home, with less cost than sending them abroad. It is also an ideal strategy to contribute to the transfer of technical knowhow and technology, technological development, enhance the efficiency of sectoral productivity to overcome food insecurity and improving efficiency as well as transformation of the sector from a traditional and subsistence based agrarian economy to an economy with a system based on mechanized, market oriented, and technological based operations.

Health care cooperation has been one of the key areas China has been doing a significant contribution in Africa since several years ago. While most previous health related assistances from China were focusing on dispatching Chinese medical personnel to African countries, the structure, and breadth of China’s cooperation with Africa changed significantly since the formation of FOCAC in 2000. The deepening and widening of its cooperation in the sector covered the delivery of health care technologies, distribution of Chinese medical personnel, provision and expansion of Chinese traditional medical treatment, delivery of pharmaceuticals and provision of financial assistances to the expansion and improvement of healthcare facilities, such as hospitals and clinics, including the provision of scholarship for African students to study medicine in China. The commitments made at the 2006 FOCAC summit in Beijing have strengthened China’s position as a friend of Africa.²⁶⁹ It has agreed to help the latter “construct 30 hospitals...provide RMB 300 million of grant for providing “artemisinin” and building 30 malaria prevention and treatment centers”²⁷⁰ in different African countries.

²⁶⁹ FOCAC (2003). Forum on China-Africa Cooperation Addis Ababa Action Plan (2004-2006). Available at: <http://www.focac.org/eng/ltada/dejbzjhy/DOC22009/t606801.htm>

²⁷⁰ Hu Jintao, Speech at the Opening Ceremony of the 2006 Beijing Summit of the Forum on China-Africa Cooperation. Available at: <http://www.focac.org/eng/ltada/dscbjhy/SP32009/t606840.htm>

The 2006 FOCA summit has also identified specific proposals made to enhance the effective operation of the initiatives starkly identified during the 2006 FOCAC. These proposals were aimed to effectively implement inductees, and help China-Africa cooperation move forward with a similar growth trend as has been in the previous summits. The five point proposals were approved with the aim of facilitating specific initiatives, which in turn denote the level of attention paid to the cooperation through FOCAC framework.²⁷¹ The first of these proposals that aimed to speed up the effective implementation of specific FOCAC pledges was the agreement to “expand the size of China-Africa trade.” Through opening up its markets, China sought to expand trade structure through different measures, such as increasing the number of African export items treated with zero-tariff, which China need to reduce the negative trade balance that it has been maintaining with many of the LDCS. Related to this strategy was also the commitment to scale up the China Africa trade volume of about \$10.6 billion in 2000, when FOCAC was incepted for the first time, to over \$100 billion by 2010 and grew further to over \$160 billion in 2011.” A related factor that has the potential to contribute to the growth of China-Africa trade has been the number of Chinese nationals living and working in Africa. By the beginning of 2012, “there were about one million Chinese nationals working in different African countries.”²⁷² China is currently Africa's largest trading partner. More so, by enlarging the scope of the cooperation to sectors like tourism, telecommunication, finance, the proposed point was aimed to stimulate for a balanced China-Africa trade.

The second proposed issue, which is also related to trade, has been the need to “increase cooperation in investment.”²⁷³ To promote its investment in Africa, China is going to take few steps like encouraging its enterprises to explore business opportunities and investment in Africa, with which it has always been expressing its intention to “transfer applicable technologies and managerial experience.” To avoid capital shortages by the potential enterprises that would invest in Africa, China has established ‘China-Africa development fund’, which will eventually amounted to \$5 billion. Access and utilization of this fund to

²⁷¹Wen Jiabao 2006. Speech Made in the Opening Ceremony of the Third Forum for China-Africa Cooperation (FOCAC) Held in Beijing, and the Second Conference of Chinese and African Entrepreneurs. Available at: <http://www.focac.org/eng/ltada/dscbjhy/SP32009/t607552.htm>

²⁷² The Communist Party of China Encyclopedia (CPC). China-Africa relations. Available at: http://www.cpcchina.org/2012-02/02/content_14526996.htm

²⁷³Wen Jiabao, 2006. Speech Made in the Opening Ceremony of the Third Forum for China-Africa Cooperation (FOCAC) Held in Beijing, and the Second Conference of Chinese and African Entrepreneurs. Available at: <http://www.focac.org/eng/ltada/dscbjhy/SP32009/t607552.htm>

reputable Chinese enterprises was to be based on the “principle of market operation and mutual benefit.” Furthermore, there has been an initiative to support those Chinese companies with good steps to have international investment records “set up trade and economic cooperation zones”, in selected African countries in order to pave the way for an increased investment in Africa. Rhetorically, the African business community has also been encouraged to expand business and investment opportunities in China. But, except for trade, African investment in China seems very unlikely as there are established differences in capital shortages and subsidy made by the Chinese government to its companies and hence, the competition look like be stiff for African investors in China, but the latter had managed to have some.

Through launching assistance-oriented projects in Africa, China’s third proposed issue put forth to speed up the effective implementation of the latter’s pledges and enhance FOCAC to grow further was its interest to “upgrade assistance to Africa.”²⁷⁴ This assistance would not be in the form of humanitarian aid or free handout, but through a form of development cooperation aimed to strengthen key development programs and projects in the public sector that have direct bearings to improve the lives of the African people. This specific proposal gave priority to build African capacity to promote its own aspired changes and manage independent development in economic and social spheres via the model and practice exemplified in the development assistance projects China agreed to carry out in “agriculture, poverty reduction, healthcare, education, sports, water supply, housing and environment protection” having direct effects on the lives of Africans.”²⁷⁵ China vowed to pay significant attention to the management of assistance projects so as to increase their quality, environmental safety, and performance. Acceptable norms of practices and principles were said to be considered in implementing assistance projects. Side by side to implementing these projects, it has also paid attention to build African capacity for development including the cancelation of the debts for poor developing African countries.

The fourth proposal, which was also aimed to contribute to the effective implementation of pledges, has been the commitment to “promote cooperation between the business

²⁷⁴ FOCAC Beijing Action Plan (2007-2009). Available at: <http://www.focac.org/eng/ltada/dscbzjhy/DOC32009/t280369.htm>

²⁷⁵ Wen Jiabao. 2006. Speech Made in the Opening Ceremony of the Third Forum for China-Africa Cooperation (FOCAC) Held in Beijing, and the Second Conference of Chinese and African Entrepreneurs. Available at: <http://www.focac.org/eng/ltada/dscbzjhy/SP32009/t607552.htm>

communities.” There have been two strategies designed to increase mutual understandings, exchange of information, and joint cooperation between the China-Africa business communities. The first was ‘China-Africa Business Conference’ which was held for the first time at the Addis Ababa FOCAC summit in 2003 and continued to be held in the successive events since then. The second strategy, on the other hand, was “China-Africa Joint Chamber of Industry and Commerce (CAJCIC).”²⁷⁶ It was created in the 2006 ministerial conference, and has been seen as an achievement for the Beijing summit as it unites together the various national chambers of commerce in Africa with that of China. The new China-Africa chamber has been hoped to be an “effective platform of communication in promoting result-oriented economic, trade and investment cooperation between China and Africa.”²⁷⁷ These two strategies have become the venues where private and public entrepreneurs and the business communities of both sides could convene for holding dialogues, share information and make deals on trade, investment, and other economic opportunities.

The last strategy proposed by PRC’s premier during the 2006 FOCAC summit has been the intention to ‘increase assistance to Africa in human resources development.’ As has been discussed earlier, human resource development assistance from China was taken as a fast-track, well-coordinated activity that went smoothly as scheduled. It has increased its specific assistances in both training African professionals in the various sectors under the short-term skill training packages and professional programs and also kept on increasing through the provision of Chinese scholarship to African students. China has sought this effort to be continued and speed up the implementation of other programs and hoped to further solidify its cooperation with Africa. Measuring the distribution of these pledges has been difficult as it requires the benchmark with which one can compare between them. To understand the share of countries without huge natural resources was also difficult, but the Ethiopian case is different as it is receiving any of those pledges explained above.

The centerpiece of China-Africa cooperation that has got a rhetorical emphasis from both sides has been the strength and authenticity of the foundation of their cooperation. Hence, a

²⁷⁶Forum on China-Africa Cooperation (FOCAC) Beijing Action Plan (2007-2009). Available at: <http://www.focac.org/eng/ltada/dscbzjhy/DOC32009/t280369.htm>

²⁷⁷Taylor, Ian (2011). The Forum on China-Africa Cooperation (FOCAC) London: Routledge, 2011, p.4

reference has always been made to their past in order to solidify their current and future. In relation to this, the Chinese premier argued, “China's assistance to Africa is sincere, unselfish and with no political strings attached. We will never forget the invaluable support Africa has given us in upholding China's sovereignty and territorial integrity. We will continue to conduct in good faith mutually beneficial cooperation with Africa.”²⁷⁸ The ideas enshrined in these remarks are friendliness, honesty and mutuality, but Africa’s past-bilateral or multilateral relation has never been without sweet words and dreams, but such words will only be measured by the real changes recorded on the ground.

5.4 China-Africa Trade and Investment vs FOCAC

China-Africa trade has not been the 21st century relation phenomenon, but rather had been one of the mechanisms that they have been related to one another since mid-20th century. It has been an outgrowth of their past trade ties that took its root from the existing relations. During the 1960s, when the number of independent African countries rose up from 9 to 26 with the independence of 17 more countries gaining their freedom from colonialism, the scope of trade grew as well.²⁷⁹ This has increased the number of China’s Africa trade partners. Table-3 below shows the general Sino-African trade volume.

The increase in number of trade partners motivated China-Africa trade volume in 1960 to reach at \$100 million (table-3).²⁸⁰ Taking trade volume as the sum of total import and export values, about \$33.84 million of the latter was Chinese exports while \$76.73 million was Africa’s imports from China, which was much higher than Africa’s exports to the latter. The volume grew further to \$1billion in the 1980 (table-3) and slightly contracted down to \$930 million in 1990 (table-3), but also jumped up again to \$6.48 billion in 1999 (table-3). This 20th century China-Africa trade record was used as a spring board for the increasingly growing trade volume under the FOCAC framework that came to play after the turn of the 21st century. During FOCAC’s inauguration as the cooperative framework for 21st century, Sino-African

²⁷⁸Wen Jiabao. (2006.) Speech Made in the Opening Ceremony of the Third Forum for China-Africa Cooperation (FOCAC) Held in Beijing, and the Second Conference of Chinese and African Entrepreneurs. Available at: <http://www.focac.org/eng/ltada/dscbjhy/SP32009/t607552.htm>

²⁷⁹FOCAC (2010). China-Africa Trade and Economic Relationship Annual Report. Available at: <http://www.focac.org/eng/zxxx/t832788.htm>

²⁸⁰Taylor, Ian (2011). The Forum on China-Africa Cooperation (FOCAC) London: Routledge, 2011, p. 23

bilateral trade volume stood at \$10.6 billion (table-3).²⁸¹ But, as the cooperation deepens, the volume of trade continued to grow rapidly and reached \$40 billion in 2005 (table-3).²⁸²

Table-3: The Growth of Sino-African Trade Volume

Year	Trade Volume	Remark
1960	100	FOCAC strategies, such as China-Africa Development Fund & Trade and Economic Cooperation Zones (TECZ) contributed for the growth of trade volume.
1980	1	
1990	930	
1999	6.48	
2000	10.6	
2005	40	
2008	108.6	
2010	127	
2011	160	

Source: Extracted from the FOCAC website.*the trade volume in table-2 is in USD million for the 1960 and 1990 and the rest is in USD billions.

The surge in prices for African commodity exports seemed a response to an increasing demand in China to feed its burgeoning industrial sector. But, the growth of trade volume is also related to the deliberate opening of China's markets to African products and the mutual deals made to increase trade exchanges. China took trade facilitation measures, such as tax exemption (zero-tariff treatment) to the mostly basic agricultural products from poor African nations that upheld one China policy, promotion of African products through organizing exhibition events for African commodities in Chinese soil, lowering and/or freeing fees and domestic freight charges for African exhibition participants.

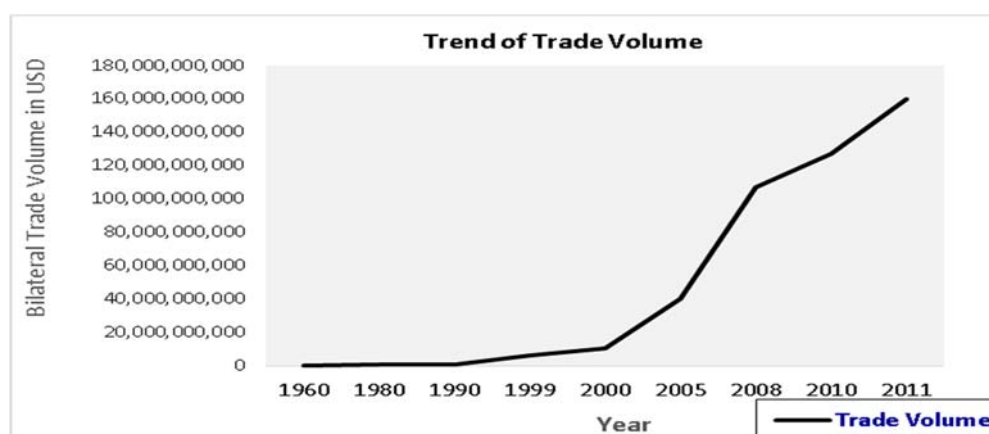
The surge in Sino-Africa trade volume did not show contractions as a result of the global economic downturn of the 2008 - 2011 periods. This could perhaps been a result of the fact that both China and Africa were not among the hardest hit countries of this recent financial crisis. Secondly, there have been measures taken to motivate trade and business performances. One of these measures has been increasing the number of African export items included under the zero or tax-free treatment in China. Such a measure has aimed to narrow the negative trade balance between China and Africa. There was also an additional measure that China took to

²⁸¹Interview by 'chinaview' with Chinese Commerce Minister Chen Deming, on Monday January 19, 2009 at 19:08:30 time. Available at: www.chinaview.cn. Xinhuanet has been the online news service of Xinhua News Agency. It has three domain names: xinhuanet.com, xinhua.org and news.cn. Its English version has a domain name of its own that is chinaview.cn.

²⁸²Wen Jiabao. (2006). Speech Made in the Opening Ceremony of the Third Forum for China-Africa Cooperation (FOCAC) Held in Beijing, and the Second Conference of Chinese and African Entrepreneurs. Available at: <http://www.focac.org/eng/ltda/dscbjhy/SP32009/t607552.htm>

encourage its own companies to boost trade and investment activities. The latter has sought to achieve its objectives through making financial resources available for an overseas business. As a result of such mechanisms, China-Africa trade volume reached \$108.6 billion in 2008 (table-3).²⁸³ This bilateral trade continued to grow further in the subsequent years and depicted a trade volume of \$127 billion in 2010 (table-3).²⁸⁴ FOCAC further intensified the cooperation between the two and the surge in trade continued to achieve higher record of growth. Consequently, the Sino-Africa trade volume came to reach at an all-time high volume of over \$160 billion in 2011” (table-3). One of the implications is that the growth in the China-Africa trade has come to imply to the reduction in the Africa to EU trade levels (Ibid). Hence, the trend of such general Sino-African trade volume is summarized in figure-3 below that depicts an increasing trend.

Figure-3: The Trend of Sino-African Trade Volume



Investment is also one element of Sino-African economic cooperative spheres that laid its roots from the twentieth century Sino-African relations up until today. China is playing a major role in motivating investment in Africa. As per the literature, China has not been only investing in Africa, but Africa itself has also been investing in China. This assertion could be attested through looking into their measurable records of investment values that the two were able to put into one another’s region. For instance, from 1979-1990, China invested about \$51.19 million in 102 projects, which was equivalent to \$500,000 per project in Africa. The

²⁸³Interview by ‘chinaview’ with Chinese Commerce Minister Chen Deming, on Monday January 19, 2009 at 19:08:30 time. Available at: www.chinaview.cn.

²⁸⁴Alden, Chris (2012). China and Africa: A Distant Mirror of Latin America. Colombia Internacional 75, enero a junio de Pp. 19-47, p.29

trend of such earlier investment efforts showed that the values have increased from \$220 million to \$1.44 billion while Africa's investment in China grew from \$280 million to 1.31 billion between 2000 and 2009 (Ibid). China is currently the strongest actor in terms participating in investment activities. Its economic reform and opening up policy via liberalizing its market, tax system, as well as other incentives have been used as a pull factor that has been attracting investment actors from around the world. Africa's investment record in China was also made in response to such favorable economic policy measures. This proved that investment cooperation between the two has never been unidirectional, but rather bidirectional as African investment practices in China was evident. Since the "end of 1999, African nations had invested in 524 projects in China with a paid-in investment reaching \$530 million. South Africa, Nigeria, Tunisia, Mauritius, and Seychelles were among the African countries to invest in China."²⁸⁵ But, it is true that the extent of Chinese investment in Africa is growing and covering wider areas in Africa than the latter is doing in China.

The range of investment areas differ significantly and cover a wide variety of sectors. Both China's private and public enterprises are hunting all sorts of investment opportunities in African countries. One key aspects of China's intervening mechanism has been through contractual approaches whereby Chinese actors sign agreements and carryout various projects of infrastructure development. Such China-Africa business modality has been widely criticized for at least two general weaknesses.²⁸⁶ The first deals with China's deliberate low cost competition approach. For any international competition available in Africa, Chinese private or public enterprises enter for project bids with low cost levels that ousted all local enterprises from the competition. Secondly, African governments or public offices that manage these project bids give preferential treatments to Chinese competitors as a reward for the support China is providing to them. As a result, the "revenues from China's contracted engineering projects in Africa rose" from \$1.1 billion to \$28.1 billion from 2000 - 2009.²⁸⁷

²⁸⁵China-Africa Cooperation forum (FOCAC) 2011. China-Africa Trade and Economic Relationship Annual Report 2010. Available at: <http://www.focac.org/eng/zxxx/t832788.htm>

²⁸⁶ Kopiński, D.; Polus, A. and Taylor, I. (eds.) (2012). China's Rise in Africa: Perspectives on a Developing Connection London: Routledge, p.18

²⁸⁷FOCAC (2010). China-Africa Trade and Economic Relationship Annual Report. Available at: <http://www.focac.org/eng/zxxx/t832788.htm>

Since the creation of FOCAC in 2000, trade and economic cooperation between China and Africa experienced an overall expansion as the later became a popular destination for Chinese investment. Measures, like the creation of the ‘China-Africa development fund’ and the establishment of ‘trade and economic cooperation zones’ created as part of the FOCAC framework have encouraged China’s investment performance in the latter. By the end of 2009, the China-Africa development fund had poured \$700 million to carry out over 30 different projects in different sectors, such as agriculture, machinery manufacturing, power, construction materials, industrial parks, mining. Part of this investment value was put to enhance the development of the six trade and economic cooperation zones in Zambia, Mauritius, Nigeria, Egypt and Ethiopia, which have used about \$190 million to cover the operation of infrastructure related projects in the aforementioned zones.²⁸⁸

The motivational role of China-Africa trade and economic cooperation is measured to have a positive effect in changing the investment-face of Africa to attract FDI and joint investment operations. The creation of the China-Africa Development Fund (CADF) which is the second major strategy in this sub-sector, gave Africa added value as it brought more financial resources through enterprises that were interested to invest in Africa. Table-4 below²⁸⁹ presents the result of CADF and the establishment of ‘trade and economic cooperation zones’ signaling the beginning of industrial and infrastructural investments in Ghana, Egypt, South Africa, Tanzania, and Ethiopia with the potential role of motivating local investment initiatives in the receiving countries. While the designated countries that host trade and economic cooperation zones are a sole receiver of Chinese expertise, experiences, and technologies, creation of CADF have also brought them new impetuses in the investment scene as the later were allowed to get the industries of their choice to be used as a leverage for the countries’ own investment efforts. The operations of such projects in the designated countries have aimed to provide investment exemplars to all other sectoral development potentials. Power plants, heavy-duty truck assembly plants, Sisal plantations and cement plants were some of the investment areas in the identified countries (table-4).

²⁸⁸Dijk, Meine P. (ed.) (2009). *The New Presence of China in Africa*. Amsterdam: Amsterdam University Press, p.8

²⁸⁹ Muekalia, Domingos J. (2004). *Africa and China’s Strategic Partnership*. *African Security Review*. Vol. 13, No. 1, Pp. 5-11.

These strategies were primarily aimed to further encourage the economic relation that is being spearheaded by successive FOCAC summits since 2000. The utilization of China-Africa development fund had used about “\$700 million for over 30 projects in various areas including agriculture, machinery manufacturing, power, construction materials, industrial parks, and mining” in different countries by the end of 2009. The six trade and economic cooperation zones are portraying prototypical investment modeling in Zambia, Mauritius, Nigeria, Egypt and Ethiopia, which are expanding further with Chinese enterprises investing about \$920 million. China’s Foreign Direct Investment (CFDI) has been is growing and become one of the key issues on which the two sides to have been cooperated one another under the FOCAC framework. In 2004, China’s FDI in Africa was measured at \$317 million, and it grew up to \$392 million in 2005.²⁹⁰ While Chinese FDI was estimated to be over \$900 million; total FDI in Africa was \$15 billion. China’s Ministry of Commerce puts China’s direct investment to Africa for 2000–2006 at \$6.6 billion. Among the 800 Chinese enterprises investing in Africa, only about 100 were state-owned and all the rest were private businesses with interests ranging from trade, manufacturing and processing, services, and communications as well as investments related to agriculture and natural resource development.²⁹¹

Table-4: Projects Financed by China-Africa Development Fund in Africa

Country	Projects in industrial and economic zones	Profile
Ghana	Power plant	Construction and operation; Phase-I capacity 200,000 kilowatts
Egypt	Suez Trade and Economic Cooperation Zone	19 businesses already operating in the zone
South Africa	Cement Plant	Construction in cooperation with a South African firm; annual capacity; 1 million tons of cement
South Africa	Heavy-duty Truck Assembly plant	investment and operation in cooperation with a south African firm; annual capacity 2,000 commercial heavy-duty trucks
Tanzania	Sisal Plantation	Sisal plantations operation and sisal yarn plant construction
Ethiopia	Cement Plant	Investment in construction; annual capacity: 500,000 tons of cement

Source: China-Africa Cooperation Forum

²⁹⁰Wang, Jian-Ye (2007) International Monetary Fund (IMF). What Drives China’s Growing Role in Africa? IMF Working Paper 07/211: Available at: <http://www.imf.org/external/pubs/ft/wp/2007/wp07211.pdf>, p.11

²⁹¹Castellani, L., Zhongying, P, and Taylor, I. (eds.) (2007). China Outside China: China in Africa Turin: Centro di Alti Studi Sulla Cina Contemporanea, p.11

The commitments to support Africa's infrastructure development has been a factor that distinguished China as a special partner as it was a sector developed countries and international donor agencies have neglected for many decades. But, infrastructure has been perceived as a key area that facilitated overall development and economic growth. Lack of good will by the actors to contribute to the improvement of Africa's infrastructure challenge was used to partly justify why most African governments have come to solidify relations with China. Conversely, China appears to get a sense of motivation and interest to take part in it. Furthermore, it also paid China positive reward for intervening into the priorities of the region and for taking risks as well. But, in fact its roles in infrastructure development has not been a philanthropic one. It has rather been an opportunity that paid significant revenues and opportunities to its companies. Hence, infrastructure project activities gave China revenues and employment to its excess labor in Africa. Construction projects gave China markets for Chinese enterprises to sell varieties of related technologies²⁹² to be used for the construction of roads, bridges, rail ways, hydroelectric power dams, housing, water conservancy, telecommunication and expansion. Since 2000, Chinese enterprises have contracted to build more than 6,000 kilometers of roads, 3,000 km railways, and 8 large and medium sized power plants in Africa. Official Chinese statistics also indicated that the aggregate income it reaped from "contracted projects," "labor cooperation," and "design consultation" in Africa increased from \$4 billion in 2004 to \$6.3 billion in 2005. In 2006, the turnover on contract labor services went up to \$9.5 billion. With the consideration of all such cases, some argued that China has become Africa's largest business partner as its bilateral trade grew from 28 percent per year from 2001 to 2010. At the end of 2010, the value of construction projects completed by Chinese enterprises in Africa totaled \$132.5 billion representing 30 percent of the total value of completed contracts by Chinese companies.²⁹³ During the first three quarters of the 2010, for instance, the Chinese enterprises signed contracts worth of \$25.2 billion in Africa, with the accomplished turnover \$23.7 billion.

²⁹²Shenkar, O., (2005). *The Chinese Century: The Rising Chinese Economy and its Impact on the Global Economy, the Balance of Power, and Your Job*. New York: Pearson Education, Inc., p.32

²⁹³Chinese Academy of International Trade and Economic Cooperation (CAITEC). 2010. *China-Africa Trade and Economic Relationship Annual Report 2010*, p.2. Available at: http://www.fahamu.org/downloads/China_Africa_Trade_and_Economic_Relationship_Annual_Report_2010.pdf

Chapter VI: A Case Study of Ethio-China Bilateral Relations

This section presents both the qualitative and quantitative discussions on Ethio-China bilateral relations in three subsequent parts. Henceforth, part one analyzed the secondary data on Ethio-China bilateral cooperations from related literature or secondary sources, part two examined the data collected during field work from primary sources, such as from Ethiopian Ministry of Trade and Federal Investment Agency on economic issues that the two countries had been cooperating in various fields and part three presented qualitative analysis of the key informant interview.

Part One: Discussion and Presentation of Ethio-China Cooperations based on Secondary sources

6.1 Historical Overview of Ethio-China Relations

Ethiopia and China celebrated the 40th anniversary of their bilateral relations on the 24th of November 2010. The heads of states of both Ethiopia and China marked the date with exchanges of congratulatory letters and celebrations in their respective countries with commemoration of the strained relation they used to have during cold war where Ethiopia came to be an ally to Russia following Somalian invasion. They had started to renew and cultivate their current relationship since mid-1990s after the 1991 regime change in Ethiopia. As is the case in most African countries, the relations between the two get deepen and strengthened since the turn of the 21st century as a result of China's continent-wide engagement and promotion of its Africa policy marked with the Establishment of the Forum on China-Africa Cooperation (FOCAC) in 2000. The structure of their relationship is taking shape in line with multi-sectoral cooperative partnerships. According to Ethiopian government "cooperation with China was moving along a very positive track, and appreciated the latter's selfless assistance over the years." This part, therefore, presented the recent trend and impact of China's bilateral ties with Ethiopia.

Imperial Ethiopia's interest to the East Asian countries dated back to the 1920s. Japan was the first East Asian country that attracted Ethiopia's interest, with which it had maintained various forms of cooperations from 1923-1974. Until the 1960s, China was not the focal point of Ethiopia's diplomatic radar as a result of different geopolitical, historical and ideological

underpinnings.²⁹⁴ There were, however, other opportunistic circumstances that had appeared in the fore to which the two countries could have created historical relations, even with the absence of formal diplomatic ties between them. Evidences showed that, there were beginnings of cultural exchanges that were aimed at getting the peoples of China and Ethiopia to get in touch with and understand to one another. The Ethiopian music delegation, which was sent to China, quite before any formal diplomatic exchanges was a crystallizing first step to the birth and growth of their historical relations. Accordingly, Chau (2007) argued “Ethiopian music and dance group visited Beijing in 1960.”²⁹⁵

As a signal for the need to commence formal diplomatic ties between the two, Zhou Enlai had visited Ethiopia from 31 January - 1 February 1964, with which he had also articulated his eight principles of foreign aid in Ghana and Mali.²⁹⁶ But, formal diplomatic relations were up staged in 1970 followed by the state visit of Emperor Haile Selassie I of Ethiopia to China on the 24th of November 1971 (Adem 2012:2144; Thakur 2009:6).²⁹⁷ The glue that attracted China’s interest in Ethiopia was the fact that the latter was one of the Chartered and founding members of the UN that give the potential to stand up and support China in its bid to get the UN Security Council membership in the same year. The latter was one of the momentous event for China to consider Ethiopia’s diplomatic importance.

The relationship was further consolidated with agreements of economic and scientific nature, marked by specific grants and interest free loans. King (2011) noted that after two years of the Emperor’s visit to Beijing, the Chinese came to Ethiopia and started rural road construction that linked the town of Woreta, which is adjacent to Lake Tana, to the town of Woldya in the former province of Wollo in 1973. They had also been constructing water supply projects in Tigray at the same time.²⁹⁸ These historical events were bricks that laid the basis for the current profound engagement, which has been further strengthened through the establishment of the

²⁹⁴Adem, Seifudein (2012). China in Ethiopia: Diplomacy and Economics of Sino-Optimism. ‘Journal of African Studies Review, Volume 55, Number 1, pp. 143-160.

²⁹⁵Chaw D. (2007). Political Warfare in Sub-Saharan Africa. Carlisle, PA: Strategic Studies Institute. P.21

²⁹⁶King, Kenneth (2011). China’s Cooperation with Ethiopia with a Focus on Human Resources. ‘Eastern Africa Social Science Research Review,’ Vol. VIII, No. 1, Pp.88

²⁹⁷Ministry of Foreign Affairs (MOFA), PRC (2003). Bilateral Relations with Ethiopia. Cited on the 20th of June 2012. Available at: <http://www.fmprc.gov.cn/eng/wjb/zzjg/fzs/glib/2984/>

²⁹⁸King, Kenneth (2011). China’s Cooperation with Ethiopia with a Focus on Human Resources. ‘Eastern Africa Social Science Research Review,’ Vol. VIII, No. 1, P.88

China-Africa Cooperation Forum. While the relationship was about to grow, low ranking Ethiopian imperial military officers, taking advantage of the very ripe public discontent for political change, toppled the feudal imperial monarchy - the close ally of the West and declared communism to be the way forward.

Ethio-China relationship was at its standstill position during the communist military regime from 1975-1984 as a result of two factors. The first was related to communism itself and the competitive sentiments between the leading communist states. The ideological fractures within the communist bloc, particularly, China and Russia hindered the Ethio-China relationship from growing further along with the Chinese line. Secondly, Ethiopia's deteriorated national security status, particularly, due to the neighboring Somalia's invasion against Ethiopia during its fractured political movement that followed the ousting of the long serving monarchy was another momentous historical event that hinder the Ethio-China relations from consolidating further. Ethiopia required an urgent help to curve the latter's invasion and free the invaded territory in the East. Russia, even though it has been supporting the government of Somalia at the beginning of the Ethio-Somali conflict, had finally shifted its position towards supporting Ethiopia. Together with Cuba and Russia, Ethiopia was finally able to curve the aggression inflicted by Somalia deep into the heart of the country. This held Ethiopia to maintain a close relationship with Russia. As there was a rift between Russia and China, i.e., leading communist states, and Ethiopia being cementing its ties with Russia since 1977, implied that China and Ethiopia were not in a position to maintain a strong bilateral relations during Ethiopia's military regime as the communists were competing for ideological rivalry. As the military regime's relation with Russia started to fade away, Ethiopia's military regime become unable to get adequate aid from Russia and East European countries, it had started to look for alternative allies, clearly pointing to China.

Ethiopia's stalled relationship with China had then signaled to get renewed in 1988 when Ethiopia and China established a joint ministerial commission that was initiated to oversee the bilateral relations in general and technical project implementation in particular. Hence, "China made a brief reappearance in the diplomatic radar of Ethiopia in 1988 when it extended a loan of \$15 million for the design and construction of the national stadium and ring road in Addis Ababa shortly after Ethiopian leader has visited China and signed the Sino-Ethiopian

agreement for economic and technological cooperation.²⁹⁹” The commission was partially aimed at recommending measures that would contribute to further consolidate their relationship. This was the time the military regime faced difficulties to remain as USSR’s ally and hence, was looking ways to turn its face to China, but after three years, pro-Maoist rebels were reorganized themselves under the Ethiopian Peoples’ Revolutionary Democratic Front (EPRDF), a coalition based on the ethnic lines, toppled the military regime in 1991.

The Tigrean Liberation Front (TPLF), before it created EPRDF and ousting the military regime, was said to have been affiliated with what Seifudein (2012) noted “leftist ideologies, including Maoism” during the Cold War era. But, with the end of the ideological war with which leftist ideologies faded away and the West appeared as the winner, the TPLF led coalition took political power in 1991 in Ethiopia. But, after the grip on political power, EPRDF shifted its ideological affiliations towards the West.³⁰⁰ This has been partly due to the fact that it was United States (U.S.) that facilitated the power transfer from Military regime to EPRDF. Putting differently, after taking power in 1991, EPRDF did not continue its historical ideological affiliation of Maoism to become a close ally of China. It rather remained aligned with the West. But, Western pressure started to mount on EPRDF to take clear democratic and structural reform measures. As a result, the latter started looking for alternative international partners with anti-Western stances in 1995.

Ethiopia’s foreign policy direction became once again a hotly debated issue within EPRDF. As Seifudein (2012) pointed out, an agreement had been reached to “counter balance Western pressure by approaching countries whose rhetoric and policies were not always in lock-step with the leading Western powers.” As a result, Russia and China were identified as potential alternatives to be approached, but finally China was chosen for its strong economic growth and anti-West credentials (Adem 2012:145).

Ethiopia had launched a relatively free and fair election in 2005 in its history with which the Coalition for Unity and Democracy (CUD), the then strong opposition party, win the Addis

²⁹⁹Adem, Seifudein (2012). China in Ethiopia: Diplomacy and Economics of Sino-Optimism.

‘Journal of African Studies Review, Volume 55, Number 1, Pp. 143-160.

³⁰⁰ AFRODAD (2011). Mapping Chinese Development Assistance in Africa: An Analysis of the Experiences of Ethiopia, p. 17. Available at: <http://www.afrodad.org/Publications/China%20In%20Africa/china%20ethiopia.pdf>

Ababa City Administration Council in a landslide victory, including other major cities, which was finally resulted in winning a third of the peoples' house of representatives of the lower house of the bicameral parliament. The latter was the result announced by the country's election commission. But, the opposition did not accept the latter and claimed itself as a winner. This was followed by a post-election crisis whereby the opposition insisted it has won the general election and filed complaints to the federal election commission against the results in several election sites where the ruling EPRDF was said to have rigged the ballots. The opposition mobilized its constituencies to strike and press on the ruling party to respect the voices of the people and give back the stolen vote. The controversy continued and the majority of leading opposition figures boycotted parliament and continued in protesting against the flaws of the overall election. Few have joined parliament and the rest fled the country.

The government cracked down on the opposition and jailed opposition leaders, media and civil society representatives. This post-election political fever put the country under the spotlight of international scrutiny whereby the West, particularly European Union, criticized the ruling party's election irregularities through its election mission report against undemocratic handling of post-election crises, imprisonment of leaders and killing of supporters and so on. Western pressure on the ruling party went further to the extent of suspending loan arrangements with the World Bank and other bilateral supports by individual countries and packages of aid channeled through the civil society line. This increasingly strained relationship with the West made the Ethiopian government to give special emphasis to its cooperation with China.³⁰¹

6.1.1 Ethiopian Potentials for the Growth of Ethio-China Relations

The 19th and 20th century history of Ethiopia had been a key background context for the current Ethio-China relations. The latter reflected a 'symbolic image for freedom and independence' as has been seen in the earlier promotion of pan-Africanism and anti-colonialism. The single most factors whereby the city of Addis Ababa was chosen as the seat of the former Organization of African Union (OAU) in 1963, i.e., the current African Union (AU) and several other international institutions was nothing but because of the country's

³⁰¹ Anshan, Li (2007). China and Africa: Policy and Challenges. *Journal of China Security* Vol. 3 No. 3, Pp. 69-93. Adem, Seifudein (2012). China in Ethiopia: Diplomacy and Economics of Sino-Optimism. *Journal of African Studies Review*, Volume 55, Number 1, pp. 143-160, p.146

symbolic role of freedom and independence to the rest of Africa that was under colonialism and apartheid.

The reflective legacies of the last four Emperors of the Solomonic Dynasty such as Emperor Tewodros (1855-1868), Emperor Yohannes (1872-1889), Emperor Menelik II (1889-1913) and the last Emperor in the dynasty Haile Selassie I (1930-1974) put their historical footprints through their relentless efforts to keep their country free from external forces and their victories against foreign aggressions kept Ethiopia to be an independent state in the history of Africa. The victories against the Ottoman Turks, Egyptians, the Sudanese and finally the Italians were cases in point. The current diplomatic potential of Ethiopia which is said to be useful for China has been emanated from this historical self-resistance and symbolic political niche.

The legacy of its independence and contribution to the independence of other African nations was, thus, a factor that had been transmitted and reflected within African diplomatic fora through the successive generations of leaders. The last King of Ethiopian Solomonic dynasty Haile Selassie I, while he was in exile from 1936-1941 due to Italian invasion of his country, spoken for the whole of Africa for five years until colonialists get into WWII and cooperate with him to drove out invaders. But, quite before that he properly inherited his country's legacy and further promoted Ethiopia to be the member of the League of Nations (LON) in 1923. His participation in LON and his proposal for collective security, made Ethiopia to be a chartered member of the United Nations (UN) in 1945. He promoted multilateralism within intergovernmental organizations, like LON and UN. He played key roles to the establishment of the Organization for African Unity (OAU) in 1963. He denounced the injustices and crimes against the colonized Africans with other African leaders, such as Kwame Nkrumah of Ghana and Jomo Kenyatta of Kenya, through Pan-Africanism. In his speech on the 15th of April 1963, King Haile Selassie said "our liberty is meaningless unless all Africans are free" stressing his call to the then colonial powers to give the freedom and liberty back to the colonized people in the continent on the African day celebrated in Accra.

This key historical back up had helped the current leaders to be active in assuming diplomatic roles in Africa. As pointed out in the Sino-African literature, the Ethiopian spirit of "we were the symbol and voice of Africa" is the moral backdrop that gave courage to speak out about the continent by Ethiopian leaders in this century. The fact that many of the key African

political discussions and forums have been held in the heart of the capital partially denoted this historical heritage. Prime Minister Meles Zenawi had fiercely protected this national politico-diplomatic niche that Ethiopia is believed to enjoy in Africa. In his position as leader of ‘NEPAD and Chief African negotiator’ in international initiatives, like the environment, he was impliedly been asserting his country’s historical legacy in Africa and to the world.

The above background context throw light how Ethiopian historical heritage had attracted the Chinese eyes and be used as the basis for the current Sino-Ethiopian relationship after the 1991 regime change in Ethiopia. EPRDF was striving to work with any ally that can assist its efforts to consolidate its grip on power in the country after it took political power. But, its interest to remain with the West was hindered by the push for more democratization and implementation of neoliberal values by Western powers and institutions, which has become unacceptable for EPRDF leaders due to their lack of good will for an authentic democratic foundation. They were, rather, paving the ground for a protracted ethnic dominance through an Ethnic federalism – strategy that can assist them to have a grip on power.

Three factors are worth noting as drivers of Ethio-China relations after mid-1990s. The first factor that helped Ethiopia and China to come closer has been EPRDF’s intra-party dissatisfaction against Western pressures and the consequent consensus to balance the challenge through cooperating with alternative allies that have anti-Western political and ideological stances. As a result, the party took a new onset of diplomatic relations with high level ministerial visits to lobby Beijing to be an alternative ally. China’s anti-Western ideologies and approaches in the fundamental ways of governance and international relations’ frameworks was taken as the basic theme by Ethiopian authorities in their interest to work with China. Adem (2012)³⁰² has noted how Ethiopia has turned its face to the East as follows:

“In 1995 a lengthy discussion took place within the Ethiopian leadership regarding the foreign policy direction of the nation in the context of what was seen as unbearable pressure coming from the West. A consensus emerged that there was a need to counter balance this pressure by approaching countries whose rhetoric and policies were not always in lock-step with the preferences of leading Western powers. From this perspective the establishment of

³⁰²Adem, Seifudein (2012). China in Ethiopia: Diplomacy and Economics of Sino-Optimism. ‘Journal of African Studies Review, Volume 55, Number 1, Pp. 145

closer relations with Russia and China was seriously considered. China was then singled out as the best candidate by virtue of its strong anti-Western ideological stance and other considerations.”

The primary mechanism through which Ethiopia and China have been expressing their will to be closer to one another has been the official state visits of both sides in their respective countries. EPRDF members, following their own party decision of choosing a new international ally, took the first step to lobby China through launching official visits. The late Prime Minister of Ethiopia visited Beijing in 1995. China also responded to Ethiopia’s interest through President Jiang Zemin’s visit to Ethiopia in 1996³⁰³ (Thakur 2009:7; Adem 2012: 145). Furthermore, Chinese Prime Minister Wen Jiabao visited Ethiopia in 2003 and signed agreements that can affect various sectors (Ethiopian Herald 1996 and 2003 cited in Adem 2012:145). It has been argued that the foundation for the new Ethio-China relations has been paved and consolidated during the second half of the 1990s to the turn of the century (Adem 2012:145).

The second factor that supported the growth of Ethio-China bilateral relations has been the establishment of FOCAC and Ethiopia’s key roles in its successive formative periods. Ethiopia co-chaired the inaugural Beijing FOCAC summit in 2000. It has chaired the third ministerial summit in Beijing in 2006³⁰⁴ and hosted the second ministerial summit in Addis Ababa, which was the first ever FOCAC conference to be held in Africa.³⁰⁵ Furthermore, the country has also co-chaired the Addis Ababa FOCAC summit.³⁰⁶ These high level leadership roles at a FOCAC’ formative years implied the close consideration of its diplomatic potentials and real leadership roles that have shared between China and Ethiopia. They were playing the leading role in laying the pavement for the newly reformed partnership to move ahead with the socioeconomic cooperation that is warming up and continuing to grow since the turn of

³⁰³ Thakur, Monika (2009). Building on Progress? Chinese Engagement in Ethiopia: China in Africa Project Occasional Paper 38, p. 7. Available at: www.saiia.org.za/.../111-building-on-progress-china

³⁰⁴ Legwaila, Legwaila J. (2006). Briefing Report from Office of UN’s Special Advisor on Africa on the “Beijing Summit of the Forum on China-Africa Cooperation.” Available at: <https://www.un.org/africa/osaa/speeches/Briefing%20on%20China%20Africa%20Union%2020%20November%202006.pdf>

³⁰⁵ Enuke, Chuka (2010). The Forum on China-Africa Cooperation (FOCAC): A Framework for China’s Re- Engagement with Africa in the 21st Century. Pakistan Journal of Social Sciences Vol. 30, No. 2, Pp. 209-218

³⁰⁶ Ibid, p. 7

the 21st century. FOCAC was used as a discussion platform for consultations, made pledges and review progresses with rhetoric that go beyond the limits of traditional inter-state relationships. Some of the rhetoric is aimed at redressing the current global political order that has been an age old position of China to which the latter is mobilizing its African allies to share her interest cooperate for its realization.

The country's participation in FOCAC's leadership has, therefore, proved its "other" potential importance in shaping the key agendas that are critical for Africa and itself. One of the implications drawn from such high level significance could be the country's acceptance by the larger FOCAC body as well as by China. The diplomatic honeymoon in the first six FOCAC years between these two countries was very important for China. The latter, being cognizant of the historical reasons and positions held by Ethiopia in African, particularly its multilateral diplomatic credentials, has chosen Ethiopia to co-chair the inaugural 2000 FOCAC summit and Chair the strategically paramount 2006 FOCAC summits, both of which held in Beijing.³⁰⁷ This was a decision carefully crafted from the perspective of fulfilling its Africa project. Hence, the decision was made upon the recognition of diplomatic potentials of the latter. Had it not been based on the diplomatic consideration of Ethiopia, China could have had the long list of candidate countries to play this leadership role among those that have been exchanging a great deal of commercial and investment exchanges. These events, therefore, have contributed to the situation whereby the two countries come closer, know each other, develop trust and confidence for about six consecutive years which also helped to lay the basis for a more solidified relationships, and most importantly, Ethiopia was redefined to be a unique partner for China.³⁰⁸

The third momentous political factor for the solidification of Ethio-China relation has been the post-2005 Ethiopian election crises and consequent responses from major regional powers. These post-election developments, not only lead the Ethio-China relation to be founded on thrust and closeness as alternative ally, but to enjoy broader economic cooperations and political and ideological alliances and experiences as well. Ethiopia started to draw and

³⁰⁷Adem, Seifudein (2012). China in Ethiopia: Diplomacy and Economics of Sino-Optimism.

'Journal of African Studies Review, Volume 55, Number 1, P. 147.

³⁰⁸King, Kenneth (2011). China's Cooperation with Ethiopia with a Focus on Human Resources.

'Eastern Africa Social Science Research Review,' Vol. VIII, No. 1, p.88

institutionalize Chinese political experiences, such as one party rule and the developmental state ideology. Tronvoll (2011) argued EPRDF had effectively controlled the political and electoral playing field in the 2010 federal and regional council election, strategically pushing opposition parties out of the game and controlled 545 of the 546 seats (96.6 percent) of the lower house. The post-election crises led to a new political set up in which the “re-establishment of the country as a one-party state” became evident.³⁰⁹ Other emerging literatures, such as UNECA (2011)³¹⁰ and Zenawi (2006)³¹¹ provide evidences reflecting the government’s intention to adopt the East Asian, particularly China’s approach to guide development efforts in the country and in Africa at large.³¹²

The aforementioned factors could also be sub-divided into institutional and individual categories for further understanding. The institutional factors is characterized by the bi-directional, mutual and formal negotiation and execution of their relationships through official state visits and signing and implementing memorandum of understanding and project agreements on economic, social and political dynamics. Such institutional mechanisms that have been implemented within the FOCAC framework and via bilateral cooperation channels have been facilitated within the medium of diplomatic mediums. The institutional aspect of Sino-Ethiopian cooperation covers wider range of relationships such as between government to government; region to region, sector to sector; and even to party to party cooperations.³¹³ In this case, the benefits and advantages each expected from one another depends on the intensity of interests and concerns accorded to and considered by the actors. The major mechanisms for the institutional linkages are trade, investment and aid or development cooperations that include financial and technical assistances, loans or grants. In this case, both sides are responsible to the facilitation and growth of business transactions. Goodwill,

³⁰⁹Tronvoll, K (2011). “The Ethiopian 2010 Federal and Regional Election: Re-establishing the One Party State.” *Journal of African Affairs*, Article 110, Number 438, Pp. 121-136.

³¹⁰ECA (2010), *Governing Development in Africa: the Role of the State in Economic Transformation*. Economic Report on Africa 2011, Addis Ababa, Ethiopia, p.6

³¹¹Zenawi, M. (2006). *African Development: Dead Ends and New Beginnings*. Available at: http://cgt.columbia.edu/files/conferences/Zenawi_Dead_Ends_and_New_Beginnings.pdf

³¹²UNCTAD (2012). *Structural Transformation and Sustainable Development in Africa: Economic Development in Africa Report 2012*. PP. 82-86. Available at: http://unctad.org/en/PublicationsLibrary/aldcafrica2012_embargo_en.pdf

³¹³Hackenesch, Christine (2013), *Aid Donor Meets Strategic Partner? The European Union’s and China’s Relations with Ethiopia*: *Journal of Current Chinese Affairs*, Vol., 42, No. 1, Pp. 7-36.

expressions of interest, and ability to deliver and proper utilization, follow up and evaluations are all supportive mechanisms that could be mutually implemented by both sides.

The second important factor that follows the institutional collaboration is the efficacy of individual diplomatic skills. EPRDF authorities have been aligning themselves with China. Members of the ruling party and cabinet members do have pro-China stances, i.e., China enjoyed synonymous support from the Ethiopian ruling coalition. One of the key personalities through which the country's diplomatic potentials have been played out in international, national or regional venues has been the country's late Prime Minister Meles Zenawi. Though he has been popular in multilateral affairs than domestic politics, this does not prohibit him from playing a key role in advancing the Ethio-China bilateral relations. He was a strong supporter and an outspoken advocate for the Chinese role in Africa and the global south in general. His support was not simply appreciating what China has been doing in his country and in Africa, but, also questioning the validity of Western neoliberal ideology and its record in changing Africa.

He had been recommending the Chinese development experience or Beijing consensus to be the ideological base for African most awaited economic growth and transformation. In debates that question the Chinese role in the developing world, he was seen as a passionate 'defender, admirer and follower' of China's roles in Africa. He criticizes the policy prescriptions of neoliberalism and argued that "free market has cost Africa decades of development and by siding with China, this will never happen again."³¹⁴ China has been "generous" and "dependable."³¹⁵ He further saw China as a model and partner of Africa and expressed his strong support to the latter as:

China is not looting Africa (FOCAC 2006). Meles also remarked Chinese transformation disproved the pessimistic attitude that if you are poor once, you are likely to be poor forever (Ethiopian Herald 2008c). In response to those who expressed concern about the potentially adverse impacts of the flood of cheap (and in many cases, low-quality) Chinese commodities in Ethiopia, Zenawi again stood firmly in defense of the Chinese goods: the price is good. The bulk is good. So, they compete with other foreign goods

³¹⁴The Economist (August 8, 2012). Looking East: Ethiopia and China and Meles Zenawi's New Best Pal Meles Zenawi's New Best Pal. <http://www.economist.com/node/17314616>

³¹⁵Ibid

and they compete with domestic goods as well. Who wins the competition? It is the product (FOCAC 2006 cited in Adem 2012: 148).

The presence of the China-friendly government in Addis Ababa, with an articulate and media savvy Prime Minister at the helm was, thus, a major factor behind China's elevated interest in Ethiopia. The extent of Zenawi's role in advocating, defending and promoting the Chinese presence in his own country and in Africa was sometimes mocked by some as he was assuming a role of 'China's spokesperson in Africa and Africa's spokesperson of China's Africa policy' to the world at large. He was not only defending and promoting Chinese expansive presence in Africa since the turn of the 21st century, but he was also appreciating what China has done to Africa in the past to support the anti-colonial struggle. Commemorating and reconnecting its historic roles from the past to the present, he said "Africa will never forget the historical roles played by China in the struggle against colonialism" (Adem 2012:148). He even went to defend the strongest weaknesses of the China's record against human rights protection at which Western criticisms squared at, but he dared to defend it in the strongest sense saying:

I think it would be wrong for people in the West to assume that they can buy good governance in Africa. Good governance can only come from inside; it cannot be imposed from outside. That was always an illusion. What the Chinese have done is explode that illusion. It does not in any way endanger the reforms of good governance and democracy in Africa because only those were homegrown ever had a chance of success (Quoted in Adem 2012:149).

The commitment and support from Ethiopian highest ruling authorities has encouraged China to keep up its engagements in the region and took further measures to maximize the benefits of such support, even if this might cost her commercial benefits in the short term.³¹⁶ The late Premier had his second time visit to China in 2006 and consequently signed agreements with the latter to open the Chinese language training center in Addis Ababa (Ibid). This has been the consequent result of such symbiotic relationship.

³¹⁶Adem, Seifudein (2012). China in Ethiopia: Diplomacy and Economics of Sino-Optimism. 'Journal of African Studies Review, Volume 55, Number 1, P. 147.

Ethiopia has adopted the ‘Chinese model’ and this has been further strengthened by the strategic agreements signed between the two in 2008 to establish an ‘industrial zone’ in the outskirts of Addis Ababa with the geographic area of 5 square kilometers (Ibid). This special zone was expected to embrace the construction of 20 industries aimed at producing textiles, shoe, and electronics. It has also been expected to provide about twenty thousand new job opportunities, in addition to be a catalyst for further development through playing and refreshing backward and forward linkages to further energize the country’s industrialization efforts.³¹⁷

China has already been aware of the diplomatic potential advantage that it could tap from Ethiopia when it promoted its relations with the country. Ping, the former Chinese Ambassador in Addis Ababa, argued “Ethiopia has been playing a uniquely important role in both the sub-region and the continent as a whole” (Ping 2005 cited in Adem 2012:148). Supplementing to Ping’s consideration of Ethiopia’s importance to China, Michel and Beuret also saw Addis Ababa as a “den of diplomatic and military intrigue” (Michel and Beuret 2009 cited in Adem 2012:148). China, on the other hand, asserting the potential importance of Ethiopia to remain as the seat of the AU had quelled the competitive interests of other African countries by funding the construction of a new AU headquarter in Addis Ababa. Its massive financial support for latter’s construction in the country has once again reaffirmed Addis Ababa’s importance as center of African political, economic and diplomatic hub. Hence, the new state-of-the-art AU head quarter was erected with a total cost of \$200 million in Ethiopia’s capital with China’s full support that also partly explains its bilateral friendship to the host country. This is because had China did not count on Ethiopia’s importance, it could either have refused to cover the cost or agreed to build it in other African country whose bilateral trade volume is higher and/or whose oil and other natural resource exports to China is greater than Ethiopia. Chinese president’ Hu Jintao has firmly confirmed his belief on Ethiopia’s importance to his country in a most assertive and transparent way saying “Ethiopia could play a pivotal role in enabling China to consolidate its relation with other African countries” (Ethiopian Herald 2004a cited in Adem 2012). During the inauguration of the new headquarter, Prime Minister Meles has also been reflecting his view on the latter as a “symbol of the rise of Africa...despite

³¹⁷ Hackenesch, Christine (2013), Aid Donor Meets Strategic Partner? The European Union’s and China’s Relations with Ethiopia: *Journal of Current Chinese Affairs*, Vol., 42, No. 1, Pp. 7-36.

rampant hopelessness throughout the continent, China-Africa cooperation has gone from strength to strength... future prospects of our partnership are even brighter and it was, therefore, very appropriate for China to decide to build this hall.”

Why the Ethiopian Premier had come to be an ardent adherent of the Chinese policy in Ethiopia and in Africa? Interview with EPRDF members show, the basis for his strong support could be justified in two aspects. The first is the motive to build up strong political party and a regime that could sustain in the future similar to the communist party of China. The second justification why he had been striving to please the Eastern giant could also be seen from the national interest point of view. In this case, his efforts were aimed at making use of all the potential benefits that could be tapped from China as a result of its interest in Africa and Ethiopia. The thesis argued even if Ethiopia is not the major trading partner to China, and the country still has a negative trade balance with the latter, Ethiopia has been in a better shape in making use of China’s assistances for its infrastructure and economic development efforts. As Adem 2012 pointed out Ethiopian leaders were engaging China in a mutual benefits perspective so as to “squeeze as much economic benefit out of it as possible.” In this case, the Chinese financial and technical assistance has been used to bring rapid national development without any natural resource exploitation as compared to others. For this to happen, he was appearing bold enough to defend China in international arena and even on issues where China has been criticized for eroding the good past efforts made to promote human rights and democracy in Africa. He knows what the Chinese need from his position as a price for their assistance. He was fully aware of the fact that Ethiopia is not providing resources to China for its assistance the way Angola, Sudan or Nigeria have been doing. The Price for the unreserved assistance that the Chinese are giving his government was only compensated with his bold assertion of the Chinese role and record as the best for Africa and Ethiopia.

With the surge in mutually beneficial friendship characterized by trust and confidence, Ethiopia and China continued to enhance their relations for a more substantive cooperation that in the long run proved China to be the major development and trading partner for Ethiopia.³¹⁸ The latter could partly be evidenced by the increase in their bilateral trade volume

³¹⁸ Taylor, Ian (2007). The United Nations Conference on Trade and Development London: Routledge.

that grew from \$32 million in 1992 to \$100 million in 2002 (Adem 2012:147), about \$562 million in 2006 (Ethiopian herald 2007b cited in Adem 2012:146) and 1.46 Billion in 2009 (Ibid). China also responded to the solid support from the Ethiopian government through selecting “Ethiopia as one of the five countries in Africa hosting China’s overseas trade and technical cooperation zones.” The crux of this selection is that while the other four countries fit with the much token Chinese interest of resource acquisition and commercial opportunism, Ethiopia just stood different or depicted an anomalous position because it does not qualify what others do in such measurements. It has not been one of China’s largest trading partners in Africa (table-5). In other words, it is neither one of the top-ten largest importers from China nor one of the top-ten largest African exporters to the later (table-5). In this case, table-5 provides a critical evidence that Ethio-China relation is not solely based on its business or resource potentials, but because of its position and potential as center of diplomacy to stir the continent for Chinese presence.

Table-5: Top-African Importers from and Exporters to China and their Proportions of Imports and Exports

Top-ten African Exporters		Top-ten African Importers	
List of countries	Percentage of exports	List of countries	Percentage of imports
South Africa	19%	Angola	34%
Nigeria	13%	South Africa	22%
Egypt	19%	Sudan	13%
Liberia	7%	Congo	6%
Algeria	6%	D. R. Congo	4%
Ghana	4%	Zambia	4%
Morocco	4%	Libya	3%
Benin	4%	Algeria	3%
Angola	4%	Equator/Guinea	2%
Kenya	3%	Nigeria	2%
Rest of Africa	26	Rest of Africa	7%

Source: FOCAC website

Hence, the literature pointed out that its inclusion in the group was based on its historically important diplomatic potentials in the continent (Adem 2012:147). Consistent with the latter, Gill and Reilly (2007) argued that China’s current policy in Africa is “[c]ontrary to conventional but typically superficial wisdom, China’s interests in Africa go well beyond the continent’s wealth of resources and include important political and diplomatic aspects.” Putting differently, the natural resource and aid-driven argument represents only an aspect of the existing relations. The realities on the ground, however, depicted multifaceted and complex structure of economic, socio-cultural and political relations.

6.1.2 Ethio-China Economic Cooperations

6.1.2.1 Ethio-China Trade Relations

Previous analyses showed that the dynamics of China-Africa co-operations are broader in scope and include multitudes of sectors one of which is trade. China has become one of the largest trading partners of Africa with a growing trade volume of \$166.3 billion in 2011.³¹⁹ Likewise the trade relation between Ethiopia and China has also been growing in scope. This section presents an analysis of the Ethio-China trade ties since the 1990s. The analysis is divided into two parts. The first part, using quantitative data from related literature examined the growth and structure of import-export nature of Ethio-China trade since the 1990s to 2006. The second part, on the other hand, utilizes primary data and presented the structure, growth, pattern and impact of trade relations between the two countries.

6.1.2.2 Performance Indicators in Bilateral Trade

Trade became significantly important means of bilateral relations between China and other African countries since the turn of the 21st century, particularly after the establishment of the Forum on China-Africa cooperation. The Ethio-China trade link also follows a similar trend of the general Sino-African trade. Trade related data could be used as an indicator of the status of economic relationships between the two countries. The Ethio-China trade relation began in 1956, but came to grow faster due to Chinese recent measures only after 2000. The bilateral trade between Ethiopia and China was \$32 million in 1992 and after a decade, it reached at \$100 million in 2002.³²⁰ (Thakur 2009:7 and Adem 2012:147). The volume of this bilateral grew further to \$860 million by 2007 (Thakur 2009:7) and rise up to \$1.46 billion in 2009 (Adem 2012:147).

Within the first six months of 2008 alone, the bilateral trade volume between Ethiopia and china reached \$838 million (Ibid.). But, the aggregated import and export data indicated the existing trade asymmetry. Ethiopia's export to China was only at \$3.6 million, while the

³¹⁹Li, Qi (2012) China Daily: The 'Secrets' Behind the Success of China-Africa Relations. Available at: http://www.chinadaily.com.cn/opinion/2012-07/20/content_15603361.htm

³²⁰ Thakur, Monika (2009). Building on Progress? Chinese Engagement in Ethiopia: China in Africa Project Occasional Paper 38, p. 7. Available at: www.saiia.org.za/.../111-building-on-progress-chine and Adem, Seifudein (2012). China in Ethiopia: Diplomacy and Economics of Sino-Optimism.

³²¹Journal of African Studies Review, Volume 55, Number 1, Pp. 145-147.

volume of Chinese exports to Ethiopia was towered at \$93.43 million in 2002, depicting an immense difference (Adem 2012:152). After a period of 7 years, i.e., in 2009, the data on the Ethio-China bilateral trade revealed the volume of Ethiopian exports to the same country grew to \$243.43 million while Chinese exports to the latter went further up to \$1.25 billion, implying a significant growth of both countries' exports to one another, but the trade asymmetry has also persisted very significantly in favor of China (COMTRADE 2010 cited in Adem 2012:152).

Reviewing the diversity and nature of the trading items exchanged between these two countries mirrored the general characteristics, growth, pattern, and structure. Looking at the Ethiopian side, it exports the conventional agricultural commodities such as sesame seeds, leather products, coffee while the Chinese side exports to Ethiopia a diversified list of items that flooded Ethiopian consumer markets. Putting in category, China exports to Ethiopia mainly clothing, machinery, food items, pharmaceuticals, and electronics. China is the leading destination of Ethiopian exports followed by German, Japan, and United States. And Saudi Arabia is the main country where the majority of imported items are imported and China trails the latter, just as the second source of imported items followed by India and Italy (Thakur 2009:8).

The 'balance of trade'^{vii} is a key indicator in examining the trade levels between countries that maintained diverse economic interdependence. The result, therefore, could be used as an indicator for trade performance between countries. This indicator may lead countries to issue policies to further expand their trade gains and intensify their competitive advantages. But, the literature provides that the two countries have been maintaining a remarkable negative trade balance. Chinese exports \$565 million worth of trading goods and services, but only imports \$95 million worth of products from Ethiopia (Ibid). Taking a two months snapshot on the official statistics of the Commercial Bank of Ethiopia, there existed a critical trade imbalance between Ethiopia and China. According to the bank statistics, from February-March 2009, China's export volume to Ethiopia was ten times larger than that of Ethiopia's export to China.³²¹ This does not mean, however, that though far from being equal to Chinese one, the

³²¹Press release between Ethiopian Ministry of trade and its Visiting Chinese counterpart conducted in Addis Ababa. It was reported by NewBusinessEthiopia.com. Browsed on 8th of July 2010 and Available at:

Ethiopian trade volume had not been static. It has been growing depending on the changing circumstances and political incentives that affect the supply and demand nature of the business environments of the two countries. For instance, the volume of Ethiopian exports to China has been \$40 million in 2005, but has been growing very fast for the last decade. Trade exchange between Ethiopia and China has been growing at an average rate of 35.6 percent per annum in the last decade. So, for developing economies like Ethiopia, such changes have been critically important for their growth despite the persistent unequal trade volume.

Trade ministers of Ethiopia and China pointed out in their January 2010 joint press conference in that the two countries have been working to increase their bilateral trade by 2015.³²² Chen Deming, China's Commerce Minister, who was in Addis Ababa for official visit said in his press statement that the “bilateral trade between the two countries will exceed \$3 billion by 2015. In other words, the goal has been to double the size of bilateral trade by 2015 from the then level.”³²³ The bilateral trade volume in 2010 was about \$1.5 billion. As part of such a measure, the two countries have signed a bilateral trade deal in 2010 that aimed to offer Ethiopia preferential market access to its export interest to China. The agreement was hoped to increase Ethiopia's export to China with which the trade imbalance between the two nations could also be narrowed down. It was expected to give Ethiopia an opportunity to export 95 percent of its products to China free of tax.³²⁴

The negative trade balance that Ethiopia is maintaining with China is almost a common structural trade feature that any developing African country has maintained so far.

http://newbusinessethiopia.com/index.php?option=com_content&view=article&id=59:china-ethiopia-to-boost-trade-to-three-billion-usd-&catid=35:trade&Itemid=12

³²²NewBusinessEthiopia.com. New Business Ethiopia is published by New Business Media and Communications Private Limited Company registered by the Ethiopian Ministry of Trade and Industry registration number 1411/2002 and the Ethiopia Broadcasting Authority registration number 135/02 to publish Daily English Online Newspaper. Available at:

http://newbusinessethiopia.com/index.php?option=com_content&view=article&id=59:china-ethiopia-to-boost-trade-to-three-billion-usd-&catid=35:trade&Itemid=12

³²³Hackenesch, Christine (2013), Aid Donor Meets Strategic Partner? The European Union's and China's Relations with Ethiopia: Journal of Current Chinese Affairs, Vol., 42, No. 1, Pp. 7-36.

³²⁴Thakur, Monika (2009). Building on Progress? Chinese Engagement in Ethiopia: China in Africa Project Occasional Paper 38. Pp. 1-8. Available at: www.saiia.org.za/.../111-building-on-progress-chine

China's trading partners in Africa with an edge in trade volume have never taken significant measures to bring trade volume to its equilibrium, nor do the poor countries did so to make it symmetrical. It is, therefore, only the giant trade partners themselves who have the potential means to turn the page. The best example has been the U.S. initiative through African Growth and Opportunity Act (AGOA). China has tried a similar measure following the footsteps of the latter in providing tax-free export advantage to the poor countries of Africa, such as Ethiopia. The measure gave Ethiopia an opportunity to export about 442 products under the tax free quota list to China.³²⁵ In addition to its economic value, the measure is critically important in encouraging local producers and exporters to enhance their livelihoods and other related stakeholders involved in the sector. The thesis argued that such disposable income could positively affect the trading system in terms of attracting potential technologies to be introduced and applied in producing new products for tax-free market access. Hence, trade can have positive impacts in increasing the capacity of the private sector through motivating more products for more consumer markets.

The Chinese measure brought an immediate impact on Ethiopian export status and as a result, there was an increase in the volume of exports of agricultural products to Beijing. Accordingly, the quantities of sesame exports were increased with five fold in 2005. This has been a measure that China has enacted to motivate the mutually beneficial cooperations with its bilateral trade partners, such as Ethiopia. China is well versed that exporting primary agricultural products has always been putting agrarian economies in a disadvantaged position. Hence, by taking the measure, it needed to leverage and incentivize partners to diversify the composition of exportable products to global markets, such as through adding values to the products or at least exporting semi-processed products. Tariff-free quota list for export from developed economies would never be the solution to the challenges of primary agricultural exports. While the Sino-Ethiopian relation in agriculture, road construction, Information and Communication Technology (ICT), hydro-electric power construction are motivating the economy to reinvigorate for a more active growth, some exports are putting strains on its future local development. To sum up, analyzing the trade relations between two countries reveals that bilateral trade volume, trade balance, the level of imports and exports, as well as the nature

³²⁵Thakur, Monika (2009). Building on Progress? Chinese Engagement in Ethiopia: China in Africa Project Occasional Paper 38. P.6. Available at: www.saiia.org.za/.../111-building-on-progress-chine

and structure of items exchanged between the countries could be taken as key indicators of trade relations and performance.

6.1.2.3 Trade Impacts from China

The growing demand for Ethiopian exports to China has been an indicator for growing market potentials that implied increasing export opportunities for Ethiopia. Its exports in the late 1990s and early 21st century were only marginal. For instance, looking at the performance of the single year, the total share of Ethiopian exports to China in 2003 was only 0.7 percent, which was very marginal if compared with Sudan's 40.9 percent export to China in the same year. Ethiopian exports to China grew with 0.6 percent from 1998-2003.³²⁶ In view of such early lower performance indicators, we can imagine how trivial the impacts on the lives of people in the country will be. But, there has been significant progress in recent years as a result of incentivized approaches, such as tax free export opportunities to the China.

Since the commencement of the century where Sino-African relation was taking steps for deeper engagements, there have been unpatterned views over the likely export competition and structure between Africa and China. Hence, the focus of analysts has been whether or not African countries could face severe competition from China and impacts on the already negative trade balance between them. Wood (Wood 2002, cited in Jenkins and Edwards 2005: 19) argued that African exports tend to be land and/or natural resource intensive rather than labor intensive implying lesser competitive possibilities between the two hinting that the two have different products and different structure of trade. Practices on the ground, however, depicted the impacts of cheaper export items from China on African consumer markets, particularly over labor intensive African production and export items has been paramount. Jenkins and Edwards (2005) identified four types of trade related impacts that the export capacity and further growth of China and other emerging Asian economies like India will put upon local producers in Africa. Economic impacts from the export capacities of Asian economies on developing Sub-Saharan Africa, such as Ethiopia, could take the form of both opportunities and challenges. The four key possible impacts identified were found to be:

³²⁶Jenkins, Rhys and Edwards, Chris (2005). The Effect of China and India's Growth and Trade Liberalization on Poverty in Africa: Department for International Development (DFID) Final Report. Accessed on 11/07/2012. Available at: http://www.sarpn.org/documents/d0001312/P1555-China_trade_Report_May2005.pdf, P.12

- *Competitive effect* - competition from China in the home markets of DCs countries,
- *Complementarity effect* - the growth of developing countries' exports to China,
- *Competitive or complementarity effect* - effects on Foreign Direct Investment (FDI),
- *Competitive effect* - competition from China on DCs exports to third markets.

As described above, the competitive impacts from China on African export and trade potentials outweigh the complementary effects that was only incentivized by the tax-free policy for African exports offered by China to mitigate the negative trade balance.

6.1.2.4 Competition Over Imports from China

Import impacts are basically mixed in the sense that when a country/company imports manufactured goods, it is a revenue for the exporting trading partner and importing agents (private or public) will also make use of the imported items to accomplish their objectives, i.e., there are benefits to origin and destination. But, the potential impacts are not only limited to revenue, but it all also have adverse effects on broader economic prospects in the destination that produce similar products for the domestic or international markets. The case in point is Chinese labor intensive industries that imported products to the home markets. Footwear and textile imports from China, for instance, will definitely have two broader influences or impacts on consumers and local productive industries.

There is a debate whether the welfare of the consumer is enhanced through the availability of affordable imports. Lower prices of imports from China are thought to force the price of locally made products to fall down to compete with imported items. But, the prices of these goods and services are continued falling down due to the advantages of Chinese companies to get subsidies, and technological edges over the infant industries that do not get anything in Ethiopia. When the competition becomes so stronger and locally available labor intensive productions may reach at a point where they will no longer be able to compete with imported goods.

The direct implication is that consumers will not be spending too much and will get market based saving opportunities. Hence, China's growing competitiveness is sector specific and stemmed from demographic similarities and relative closeness in the level of industrialization between Ethiopia and China. Both countries need to maximize their potential return utilizing the cheap resources. This could further be worsened as a result of unemployment and poverty

features that characterize the socioeconomic feature of both counties. The next section will present and analyze this issue taking cheap and locality product impacts in the domestic markets with a brief analysis.

6.1.2.5 Cheap and Low Quality Chinese Imports and Competition in Domestic Markets

Contemporary China-Africa relations are highly weighed onto economic dimensions. These economic exchanges are best explained in terms of three broader dimensions of trade, investment and development cooperations. This part, drawing on primary data collected using field observations and key informant interview explained the nature, challenges as well as implications of China's poor-quality and cheap industrial products flooding into Ethiopian markets so as to address the question: how do low-quality and cheaper Chinese made products affect the domestic economic optimism in Ethiopia?

Trade relations between the developed world and China is an evidence for the latter's growing global performances as it is not uncommon to see Chinese made products all across the West. To express China's growing trading influence, some writers describe it as the 'Asian trading heavy weight.' But, while Chinese products imported and sold in developed counties' markets, they are filtered and managed through standard quality control mechanisms, the situation in Africa operated without such a system. For instance, European Union (EU) put standard quality control mechanisms on Chinese goods and services, weighing on quality and preventing adverse impacts on Eurozone economy, such as putting quotas for certain kinds of products. But, Africa follows an open door policy, either on the quantity or quality of Chinese products to be brought-in and sold on its markets. This has resulted in a situation where Chinese made poor-quality and cheap products continue to deluge into African markets and are swamping streets via informal vendors as well as formal small, medium and large wholesalers. The case in point is the situation in Ethiopia.

The problem emanates from failures to put quality control mechanisms and inability to engage and negotiate with those that have stakes in the business. Domestic importers, consumers and most importantly the Chinese government and business community could have their own roles to play if proper discussions could have been staged to avert the long term consequences that might be implicated on the domestic growth prospects. African governments did not consider the development impacts, but rather openly support the importation of Chinese made low quality goods to the markets of their own countries. They did not put regulations in place that

could guide the import and export practices in order to enhance the fragile economic performances. It is obvious, however, that African governments are not in a better position to negotiate on such issues as most of them are recipients of some kind of Chinese economic assistances. But, this should not be the basis to compromise over the countries' national interests.

The other contributing factor for the failure to put control mechanisms has been a structural factor that has also been hurting Africa in its relations with the outside world. Africa is just a divided continent that did not have many things in common. The name 'Africa' is just a nominal common name the 50+ states shared among themselves, but lacks unity to deal with China. They are worried for and gave priority to their individual sovereignty than thinking to do something in common as united Africa. The African Union that was established as Organization of African Unity (OAU) in 1963 and currently named as 'African Union (AU)', remained limited to unite Africa in the economic and political issues through issuing relevant policy frameworks to which all the states could adhere to, maintain its regional interests, grow more competitive that will finally solve its multifaceted problems. As a result, Africa has always been facing difficulty to deal with the outside world on trade, investment, and over all governance and economic operations as a unified body. Individual states, on the other hand, did not push a regulatory and statutory mechanisms that could guide efforts, such as integrated policies and strategies that can resonate beyond the single nation state, i.e., for the benefit of the continent. African states neither have a consensus to protect local producers all across Africa, nor do they react individually to address the problem of low quality imports that have devastating impacts on local businesses for fear of losing respective benefits from China. This has been giving Chinese companies a relative advantage to keep on their massive production of cheap export items for Africa.

Had Africa been engaging and negotiating China on how to manage low quality products and balance the flow of the latter with good quality products for the relatively affordable middle-upper class consumption, local producers would have the chance to focus on addressing the needs of the domestic markets of the broader middle-lower class and poor consumers. Seizing on the market potentials of the poor as its niche, local producers would then have the opportunity to produce quality products to expand its control of the internal market as well as getting into the export markets. The fact that a relatively managed volume of Chinese products were allowed to be imported into the country meant domestic companies would have an

aspiration to improve management, design, and overall quality to compete with the latter as controlling the middle-lower class will allow them to stay in the business. Second, they could have the desire to improve the quality of products to compete with Chinese ones. Hence, the latter would have a pulling-up effect as it will encourage them to produce more competitive quality and quantity to get higher profits. In this sense, the thesis argues that the gap or the absence of win-win regulation trade relation with China has been the reason for the overflow of low quality goods with adverse effects on long term local growth in Africa.

The majority of existing literatures do not hit the heart of the debate regarding whom to blame on the existence of cheap and low-quality Chinese products into African markets. One can easily observe these products starting from road-side, street-wide illegal venders to all levels of formal retailers. The Chinese producers would not import these products themselves to Africa without the deal, order, and payment made by African traders in the first place. They are not the one to shoulder most of the blame at the forefront. African importers and government departments regulating overseas trade as well as African chambers of commerce are responsible for the import of products having negative impacts over domestic economic prospects. But, the extent of responsibility varies widely all across the actors. Cheaper products are imported in massive quantities from China to the different African countries by private traders or companies who never feel beyond broadening their own profit margins. For instance, such public interests could have been protected by the governments through policy interventions and rules that could serve as guidelines in business operations by private traders.

The streets in Addis Ababa are getting crowded with street venders selling all sorts of low quality items imported mostly from China. Most aspects of this operation are illegal in the sense that vendors do not have trade licenses. They are not paying all sorts of taxes the legal traders are subjected to pay regularly. Hence, the street trading is made at the expense of government tax revenue as well as undercuts the selling capacity of legal venders who operate in fixed and registered stores. The overwhelming availability of the latter in every street discouraged effects and consumers become reluctant to go for shopping to legal centers as they simply buy their consumable items from streets. Those business people selling items in shops are paying Value Added Taxes (VAT) to government, employ people as sells persons, and are accountable for anything, such as consumer complaints, convenient for regulations and control by the regional and federal governments.

But, street vendors do not have fixed locations. They sold imported stuff on the streets where buyers could not check whether or not these low quality products are working properly before they paid for it and buyers are also tempted by low prices. Furthermore, vendors are always in a hurry and are not in a stable situation to make proper deals as policemen are nominally chasing them. Especially, it is hardly possible to check electronic stuff as there is no electric plug-ins on the streets. Vendors may promise consumers to simply buy things of their choice as they are available on the same place and time for buyers to bring back the items that do not work or fit properly in terms of closes. Whenever consumers buy stuffs like charger, divider, radio, they cannot test and prove that they are functional. Customers need to give back purchased stuff for at least changing with the one that is working or one that fits with the user, (getting the money back is impossible), but no one has succeeded in doing so just because of the informal nature of the operation. The number of people involved in it is so significant that one cannot be able to find and identify the seller from whom an item was bought in the first place.

The cheap Chinese products are imported by people who have import licenses. The problem began with border crossing given the land locked nature of the country. In order to maximize profits, importers have a very complex and hidden connections with border security, custom controllers, and law enforcement officers' and military apparatuses. Hence, corruption allows them to illegally smuggle these stuff without proper custom treatment. This is the primary challenge that poses on public revenue. The legal licenses that importers have mask the illegal operations, which are deliberately carried out for higher profits. They never employ sells persons, but only illegal vendors who get the amount above the minimum price the importer distributes to them. Neither importers, who illegally smuggle and distribute products, nor the unregistered and unlicensed vendors pay Value Added Taxes (VAT), income taxes and other tax codes just because of the informal nature of this operation. The size of their capital is unknown as the transactions are far from scrutiny.

The second actor to blame is the African heads of states or governments apparatuses that bypass the problem growing on their own eyes. African trade industry needs to review and revise the rule of the game, in this regard, in ways that do not affect its growing cooperation with China. The win-win solution should be devised to best manage the impact of unlimited inflow of low-quality and cheap products into African markets.

There seems to be a nominal raid against street vendors in Addis Ababa every evening by the police. But, arresting vendors could not be a solution, because it is so easy to recruit multiple vendors within a day due to higher rate of unemployment in the country. Furthermore, the latter could only touch the tiny branch of the problem and the main root causes will remain intact due to corrupt networks. The police is making deals with poor vendors behind the scene so that the two sides help each other for mutual growth. To sum up, the issue has multiple impacts. First, it squeezes the lawful business operations, dwindles down the government revenues for national development, which consequently hinders long term domestic growth through driving out domestic innovation and production as local businesses cannot afford to compete with Chinese made products and emboldens illegal practices. Hence, domestic companies that have been struggling to invent, produce and sell new items at home and abroad for a home bound development have severe been affected.

6.1.2.6 Measuring Export Competition between SSA and China Using Export Similarity Index (ESI)

Jenkins and Edwards (2005) applied two measures of export competition between China and African developing economies. The first is the Export Similarity Index (ESI) and the second is a method that identifies those products in which China is likely to be a significant competitor in international markets to estimate what proportion these products represents the exports of African countries.³²⁷

Export Similarity Index (ESI) data between two countries, like Ethiopia and China, vary within the ranges of 100 percent when they have identical export structures and 0 when they do not have any export items in common. The interpretation of ESI measure, tells us that higher indexes means the two countries have numerous similar items and hence, will have to face higher competition amongst them. But, as seen in the tale below, the sampled countries have a lower ESI rates implying lower competition is likely to exist between them. But, this does not mean necessarily that they are free from any competition. If we examine the likely competition in the domestic markets of the poor SSA countries over textile, clothing, footwear,

³²⁷Jenkins, Rhys and Edwards, Chris (2005). The Effect of China and India's Growth and Trade Liberalization on Poverty in Africa: Department for International Development (DFID) Final Report. Available at: http://www.sarpn.org/documents/d0001312/P1555-China_trade_Report_May2005.pdf, Pp. 19-20

furniture and any light industries, where local producers are actually involved in producing items for domestic and export markets, the possibility of having competition is very strong. The ESI measure will not explain the exact feature of competitions of such sort coming from Chinese involvement on the ground and hence, it does not provide a sound picture of the reality on the ground.

Ethiopian ESI value indicated in table-6 as one of those having lower indexes that accounts 4.3 percent, depicting the two countries have very few similar export products with each other. But, the existing textile, clothing and foot wear industries were one of the hard hit with the continued influx of cheap products from Asia, mainly China. As the influx continued, they become further squeezed with the unbearable completion from the Asian trading competition and are consequently left with few options. They have to decide either to stay in the market competitively through increasing product quality, labor efficiency and target consumers affordability. Such options will push their products up in prices, either for domestic and/or export markets. Finally, with lack of options, some are given up and surrender except for some political intervention that would remedied their bankruptcy. So the ESI approach does not provide all such ground level actualities. Jenkins and Edwards (2005) have already agreed with the weaknesses of ESI as a good measure of trade competitiveness:³²⁸

Although a low ESI indicates that two countries have very different export structures that implies lesser competition, this is not a good indicator of the extent of competition of small countries' from bigger ones as it did not indicate the size and levels of exports of countries compared. Seen from the difference between the scale of exports from China and those of the African countries, the latter may face considerable competition from China/India in the world market for their product that accounts for a high proportion of the African countries' exports. But, this could not be reflected from ESI records as the African product accounts for a relatively small share of China that have a far more diversified exports. Hence, the above weakness leads to the other alternative measure of competitiveness, i.e., through measuring the proportion of exports.

³²⁸Jenkins, Rhys and Edwards, Chris (2005). The Effect of China and India's Growth and Trade Liberalization on Poverty in Africa: Department for International Development (DFID) Final Report. Accessed on 11/07/2012. Available at: http://www.sarpn.org/documents/d0001312/P1555-China_trade_Report_May2005.pdf, P. 20

Table-6: Export Similarity Index (ESI) between Exports of Africa and China.

Country	Year	China
Nigeria	2003	1.7%
Sierra Leone	2002	4.5%
Rwanda	2003	8.8%
Senegal	2003	14.5%
Sudan	2003	2.6%
Ethiopia	2003	4.3%
Mozambique	2002	6.4%

Source: Jenkins and Edwards (2005). The Effect of China and India's Growth and Trade Liberalization on Poverty in Africa, Pp. 19-21

6.1.2.7 Measuring Export Competition via the Proportion of Exports

Using data from the Standard International Trade Classification (SITC), this approach focusses on the proportion of each country's exports in the SITC records in which China has shown a growing performance in trade competition. Meaning, the Chinese SITC data witnesses that it has records that demonstrate an increase in its share of the world markets over the years. As a measure of export competition, an increasing proportion of a particular country's exports, such as the Chinese or its African countries' export share to the world market depict the importance of exports and higher export competition.³²⁹

In contrast to the ESI, the data in table-7 below indicates that for most countries, China represents a greater threat to exports, i.e., higher export competition. Its performance has become a commonsense knowledge as it already proved to have a growing share of world exports for numerous export items. Table-7 provides SITC data for selected countries to provide explanation on how this approach is used to analyze export competition. Countries listed in table-7 could be seen into two categories depending on their SITC trade performance indicator. The first category refers to the lower SITC performer countries that include Nigeria, Sudan, Sierra Leone, Rwanda and Ethiopia with performance records ranging from 2-17 percent. All of them have less than 20 percent performance as per their SITC records. Their lower SITC records imply they are not facing serious competition from the Chinese side as the export items with which these African countries are highly competitive is not similar to

³²⁹ The Effect of China and India's Growth and Trade Liberalization on Poverty in Africa: Department for International Development (DFID) Final Report. Available at: http://www.sarpn.org/documents/d0001312/P1555-China_trade_Report_May2005.pdf, P. 21

the export items with which China is highly competent and hence, will not affect the African exporters seriously. On the contrary, the second category of countries, in the same table, includes Lesotho, Zambia, Mozambique, Malawi and South Africa having relatively higher export performances according to their SITC records as indicated in table-7. Higher performance from these African countries in the international market means a challenge and competition to China. The latter will also exert higher pressure upon these countries to protect its own benefits in the third markets and such higher Chinese competition will affect these African countries' current or future markets through its elaborated experience in exporting multiple products with competitive quality and value addition.

Table-7: Proportion of Exports Facing Competition from China

African Country	Year	China
Sudan	2003	2.2%
Ethiopia	2003	17.8%
Lesotho	2002	89.1%
Rwanda	2003	7.8%
Nigeria	2003	2.0%
Malawi	2003	64.0%
Sierra Leone	2002	5.4%
Mozambique	2002	73.4%
Zambia	2002	82.4%
South Africa	2003	54.4%

Source: Jenkins and Edwards (2005). The Effect of China and India's Growth and Trade Liberalization on Poverty in Africa, Pp. 19-21

China seems to have more competitive impacts, than other emerging economies, over Ethiopian domestic producers. The major competitive field has been the domestic market as the country's export capacity is only at its infancy. Chinese made products have better competitive advantages over prices and quality and these have been putting more devastating impacts against domestic producers during the initial periods of these Chinese imports that made local firms and enterprises to feel a shocking impact. The shocking stage has knocked some enterprises out of the market and forced them to change the sector. These were those with lower buffering capacity to re-bounce against the shock in their business performance due to limited know how, technology and capital. Some have gone through the shocking stage with painful competitions, but went through the learning stage to compete with imported products. The learning stage, though painful, was a good step to improve their standing in the market. They examine their positions, evaluate their weaknesses, identify their potential capacity to do their best to compete and survive in the domestic market in which imported items have competitive edges over theirs.

The major impacts of the Chinese import has been *downsizing* in which smaller business enterprises were forced to cut down production, decrease labor size and limiting working hours.³³⁰ These are measures taken by enterprises that tend to survive and evolve despite the competition. The most severe form of the Chinese import impact on local producers in Ethiopia has been *bankruptcy*, a level of the competition where local companies no longer afford to survive as a result of the blow from the imported stuff taking their niche in the market. Hence, some sell their assets and machineries before complete collapse to re-establish into a new form of business entity while others could exit the market permanently (GebreEgziabher 2006: 18). Despite this, however, those companies who undergone learning to compete became resilient even if they downsize their operations for survival mechanisms, they have also carried out market strategies in order to compete and stay in the market.

Local business enterprises with labor intensive products were searching for reliable strategies to vie with Chinese pressures. The survival strategies adopted by such enterprises, as noted in Nadvi (1995: 43)³³¹ and (Nadvi cited in GebreEgziabher, 2006:18) were of “high road and low road.” The first meant retaining competitiveness and role in the market through using improved technology and increasing product quality. More broadly, high road strategies include some broader measures that a competent entity could apply to increase its competitiveness. The measures could include using best and new product design, refining quality using state-of-the-art technology or machine, all of which could prove to attain production efficiency to sustain its existence in the market. The second strategy, on the other hand is meant ensuring resilience and improving competition against Chinese pressure through reducing prices, lowering profit margins, staying technologically stagnant, and using cheap labor (GebreEgziabher, 2006:18-19). He noted while shoe producing micro-enterprises seemed to have adopted the later, small and medium enterprises were adopting the former.

³³⁰GebreEgziabher, Tegegne (2006). The Developmental Impact of China and India on Ethiopia with Emphasis on Small Scale Footwear Producers. Unpublished, Accessed on the 18th of July 2012. Available at: <http://www.tips.org.za/files/forum/2006/papers/TheDevelopmentalimpactofChinaandIndiaonEthiopia.pdf>, Pp. 17

³³¹Nadvi, Khalid (1995). Industrial Clusters and Networks: Case Studies of SME Growth and Innovation. Small and Medium Enterprises, UNIDO program. Accessed on the 18/07/2012. Available at: http://www.unido.org/fileadmin/media/documents/pdf/SME_Cluster/Nadvi.pdf

6.1.2.8 Competition from China with African Exports to Third Markets

China, as the number-one populous country in the world, has been utilizing its own cheap labor force as an opportunity to produce labor intensive products. This alone makes itself as a strong competitor against other poor countries that have the same labor potential and see the latter as their most feasible alternative that they could consider to use in their industrialization endeavor. But, China has already become a global heavyweight that is dominating the global market for such products. Countries like Ethiopia face an immense competition to get markets in this regard. The Chinese competition could either displace exports from the poor countries and/or depresses prices for such products, and finally may force them to get out of the market for lack of capacity to compete. But, as noted in table-6 that presents data on export similarity index the below, Ethiopia and China have a very low export similarity index that indicates a lower competition between them. But, Ethiopia will face serious competition in its labor intensive export efforts when labor intensive production and export is expanding in the long term both from Asia and from Africa as well.

6.1.2.9 Ethiopian Exports to China

The analysis in this section is based on secondary statistical data from related literature, which is used to triangulate the major sets of statistical data obtained from primary sources, such as Ethiopian Ministry of Trade (MOT) and Ethiopian Investment Agency (EIA), which is presented next to this section. Exports to China from the least developing African countries have been growing in response to two sets of demand categories. First, there has been a demand to African agricultural primary commodities in China. Second, there has also been a demand for products produced by companies from developed world in China which has used raw materials from Africa that could indirectly scaled up the demand for African exports both to the developed markets and China itself. Hence, the growth of demand for African exports in the emerging Asian economies, such as China will be the result of both direct and indirect interests. Consequently the sharp increase for developing countries' exports to China will help prices to rise up and which has been an advantage for both those that directly export the products to China or anywhere else. However, such positive impacts to exporters may also be disadvantages for other developing African countries that are importers of the same. In either

ways, the significance of SSA exports to Asia will depend on the openness of the exporting country's economy and the ratio of exports to Gross Domestic Product (GDP) as well.³³²

GDP is not a good measure of economic growth unless one examined the per capita income. But, the national income gained through increased export may not be necessarily converted into, according to Jenkins and Edward (2005: 6), "...import capacity and given the import dependence of most African economies, this should be translated into higher investment, higher capacity utilization and expanded output." But, other factors always came into play against the positive impact of growing exports to China. Hence, the latter will always be dependent on the external, internal, natural and man-made factors that will sway the impact.

There were no strong evidences as to whether Ethiopia's higher rates of economic growth for the last few years has been as a result of its relations with Chinese cooperation, (result of its trade, investment, development aid, construction) or other factors. Scholars also question the authenticity of Ethiopia's growth as it was not translated into improving the income and livelihoods of the poor. Jenkins and Edwards (2005:7) argued that the "impact of growth on poverty depends not just on the rate of growth ... but also on the inclusiveness of the growth process, with which this process by itself partly depends on the domestic structures and institutions as well as the nature of the growth stimulus itself."

The level of income and income inequality among the poor could have the potential to explain the role of export growth to China. Types of exports to China could also be a pointer in understanding the impact of export growth as different products have different level of revenue to the poor. Ethiopian export items, either to China or to the West, have largely been primary agricultural commodities, like coffee, Natural gum, skins, leather and skin and leather products, oil seeds, pile fabrics, and tantalum (table-8). For instance, the impacts of coffee and sesame have differing impacts if seen their relative relevance to the poor as the former is more of a commercial crop produced by the rich that have access to technologies and financial capital. The poor, in this case, could only get seasonal employment. The income from this seasonal labor, at times, could not be able to cover the medical treatment expenses laborers

³³²Jenkins, Rhys and Edwards, Chris (2005). The Effect of China and India's Growth and Trade Liberalization on Poverty in Africa: Department for International Development (DFID) Final Report. Available at: http://www.sarpn.org/documents/d0001312/P1555-China_trade_Report_May2005.pdf, p.7

incurred for malarial treatment as sesame growing areas have mostly desert and semi desert climate with higher rates of this deadly infection. Agricultural products, such as, coffee are export crops with which many poor households' livelihood is directly affected by export growth or price rise to China or any global market place.

It is possible to assume direct correlation between the growth of coffee export to China and the rise in its price on the one hand and the income and wellbeing of individual coffee growing farmers on the other. This is because coffee has been one of the major export items for foreign exchange earnings since many years in the past (table-8). The majority of small scale farmers in the South, East, West and South-Western part of the country are producing and supplying coffee to the market, either individually or through their cooperative channels. This has led to some pragmatic experiences observable in that coffee growing cooperatives become beneficial with the growth of demand positively affecting growth of their income.

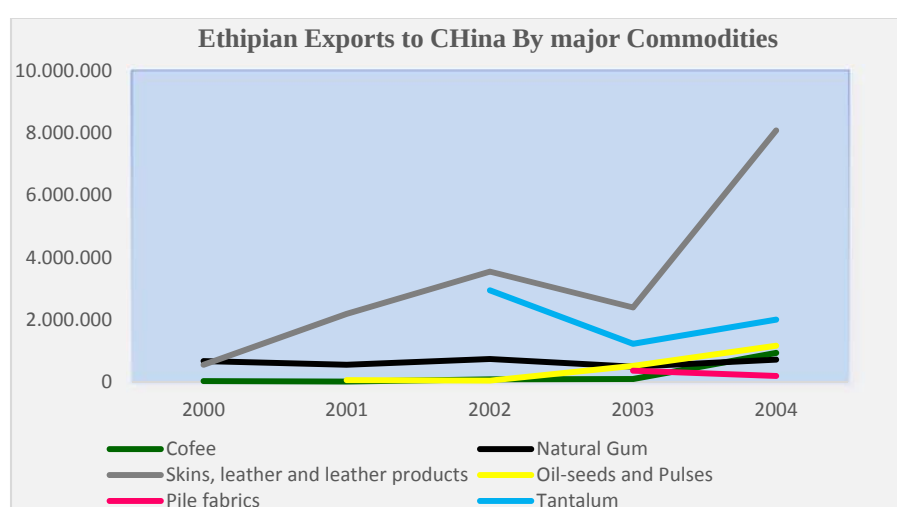
Taking total export revenue into account, table-8 depicted an export income growth of 933.1 percent between 2000 and 2004 except for a one year contraction of export volume and related income fall in the year 2003 (table-8). Hence, if we compare the export value earned in 2002 with that of the 2003, the revenue in the latter was reduced by 30.3 (table-8). The skin, leather, and related products constituted the highest major export items with foreign exchange levels ranging between 10 to 20 percent of the total foreign earnings (table-8). The latter is a semi-processed export item as hides and skins are more convenient and easy to process in the country that also increase their value in the export market.³³³ Figure-4 below depicts mixed trends of these major export items in the sense that skin and hides constitute the largest export items and tantalum follows the later. Oils seeds and pulses follows at third place with an increasing trend. Coffee, which has been the known export of Ethiopia, did not take its usual place. Export performance of agricultural commodities are, of course, weather dependent, in the sense of seasonal convenience production, such as natural rain availability and distribution over the season.

³³³Ethiopian Business Development Services Network (EBDSN): The Ethiopian Leather and Footwear Sector Accessed on 18/07/2012. Available: <http://www.bds-ethiopia.net/leather/index.html>

Table-8: Top Ethiopian Export Items to China by major commodities

Export Commodities	2000	20001	2002	2003	2004
Coffee	33,939	19,424	93,440	100,667	937,343
Natural Gum	675,928	558,501	742,894	499,388	722,426
Skins, leather and leather products	557,045	2,193,680	3,549,477	2,398,893	8,074,853
Oil seeds and Pulses		67,789	51,069	521,399	1,170,280
Pile fabrics				371,005	197,631
Tantalum			2,947,933	1,230,922	2,005,717
Others	16,071	1,666,778	32,286	49,726	145,899
Total	1,282,983	4,506,172	7,417,099	5,172,000	13,254,149

Source: Federal Ministry of Trade

Figure-4: Trend of Ethiopia's Exports by Major Commodities

Source: the graph is built upon the bases of the data in table-4

The basis for this empirical trade analysis is the claim in the literature that higher economic growth in China and other Asian countries gave rise to increasing demand for agricultural commodities and their relative prices. This emerging demand growth for imports from Africa to Asia has motivated the African countries, who used to look only for export markets in conventional Western countries, to enjoy alternative export destinations. But, despite this demand rise for commodity exports, the average percentage of Ethiopian of exports to China from 1997-2004 remained less than 2 percent (table-9). It showed a steadily minimal growth for the period as opposed to imports. But, exports to China reached at its pick in the year 2005/6 with the highest percentage of the country's export share that reached at 13.34 percent (table-9). The lower exports and minimal growth would perhaps be caused by China's interest to oil and mineral exports as the share of countries that export these items is very high compared to Ethiopia's agricultural based exports. As an evidence for the imbalance between

import-export between the two countries, Ethiopian imports from China were higher by over two fold than its exports from 1997-2004 (table-9). The import-export imbalance went in favor of China as the total values for imports are much higher in quantity and value than exports to China. Putting differently, the values gained from Ethiopian exports to China for 1997-2004/5 is less than by over half of the value gained by China (table-9).

Table-9: China's Share in Ethiopian Total Import-Export Trade 1997-2005/6

Year	Percent of total	China	Ethiopia	
		Percent of total Export	Total Import (USD)	Total Export (USD)
1997	4.36	0.12	881,244,569	463,681,523.7
1998	3.82	0.14	1,221,804,693	466,586,801.3
1999	4.53	0.21	1,302,557,621.6	411,345,953.2
2000	6.96	0.22	1,497,124,323.6	465,759,959.2
2001	7.49	1.04	1,805,151,017.8	430,468,577.8
2002	9.16	1.64	1,591,593,341.7	454,557,998.1
2003	9.53	1.24	2,716,830,897.8	417,934,179.6
2004	13.21	1.98	2,190,680,002	517,513,706
2005/	NA	13.34	NA	1,008,567,383

Source: Ministry of Trade and Industry, cited in GebreEgziabher 2006:5
(Exchange rate: 1USD=8.5 ETB)

The emergence of Asian countries, particularly China, as destination for African exports is significantly changing the global trade structure. Germany, Japan, Djibouti, Saudi Arabia, Italy, Somalia, Switzerland, USA, Israel and Belgium were the first 10 leading export destinations where the share of Ethiopian export value was over 3 percent in the year 2000 (table-10). China was not one of these ten destinations because all of them were having higher export shares than it used to have in that particular year. The latter's share of Ethiopian exports in the year 2000 was only 0.2 percent (table-10). But, in the year 2005/6, the Chinese share of total Ethiopian export soared to 13.34 percent (table-10). Parallel to the Ethiopian export growth to China, Germany, which was the major export destination for Ethiopian exports, with the highest export share in 2000 (19.6 percent) was overtaken by China and came to second place as its export share dropped by 10 percent in 2005/6. The same reduction in export share was observed for other destinations too, such as Djibouti by 4.6 percent, Japan 3.9 percent, Saudi Arabia 2.5 percent and so on. These reductions indicate that China is appearing as a major trading partner and destination with higher proportion of Ethiopian export share. The reduction in percentage share of Ethiopian exports to these major destination countries during the 2000-2004 period were attributed to the China's emergence as a growing destination for Ethiopian mainly agricultural commodities and this seemed to be partly a change in the

structure (table-10) of trade and a growing trend that needs further research in other developing countries in Africa.

Table-10: Value and Share of Ethiopian Exports by Country of Destination, 2000-2005/06

Countries	2000		2005/06	
	Value (USD)	Percentage Share	Value (USD)	Percentage Share
China	1,019,633.	0.2	134,564,96	13.3
Germany	91,163,60	19.6	99,006,345	9.8
Japan	54,641,95	11.7	78,956,777	7.8
Switzerland	27,416,95	5.9	66,743,132	6.6
Djibouti	48,070,87	10.3	57,004,518	5.7
Italy	30,418,42	6.5	55,252,643	5.5
Saudi Arabia	37,335,52	7.9	54,780,588	5.4
USA	17,059,39	3.7	47,606,515	4.7
Somalia	29,201,68	6.3	38,410,549	3.8
Netherlands	9,839,312.	2.1	38,110,477	3.8
Belgium	15,919,48	3.4	26,672,458	2.6
UK	10,468,46	2.2	26,161,167	2.6
Sudan	634,152.9	0.1	24,404,669	2.4
Yemen	6,082,840.	1.3	23,449,411	2.3
Somali Land			21,851,659	2.2
UAE	2,722,243.	0.6	21,670,515	2.1
France	14,020,88	3.0	20,419,006	2.0
Israel	16,110,39	3.5	20,055,691	2.0
Egypt	6,147,533.	1.3	14,635,679	1.4
Turkey	130,003.1	0.03	14,406,292	1.4
Singapore	2,048,484.	0.4	10,874,472	1.1
India	8,013,925.	1.7	7,563,278	0.7
Others	37,294,187	8.0	105,966,57	10.5
Total	465,759,9	100.0	1,008,567,	100.0

Source: Ministry of Trade and Industry cited by GebreEgziabher 2006:6

6.1.2.10 Ethiopian Imports from China

Ethiopian imports from China are diversified as compared to its exports to China. The former covers a wide range of items such as food stuffs, chemicals, medicines, paper, textile, iron and metals, machinery and electronics and vehicles (table-11). Textile and textile related imports were the highest in terms of value the country spent to import them (table-11). Moreover, it was also steadily growing at an increasing rate from 2000-2004 (table-11). Footwear followed a similar trend as its import value depicted consistent increment for the same period (table-11). Both textile and foot wear are labor intensive products. Their increasing import implies pressure or competition on the development of labor intensive local industries on the same. Electronics and electronic equipment were one of the most excessive imported items found in every corner of Addis Ababa. It is an imported item with a consistently increased import value,

impliedly showing its growing import quantity. Motor vehicle was the fourth imported item with a steadily increasing import trend for the same period (table-11). Other products listed as imported items also showed slight increases as well as a decrease in 2002 in value due to different factors that played out to have impacts on trade specific to the two countries. Hence, taking the aggregated value of all imports from China, the import value increased from \$87.6 million in 2000 to \$291.4 million in 2004, i.e., over a 200 percent increase (table-11).

Table-11: Ethiopia's Major Imported Commodities from China in USD

Commodities	2000	2001	2002	2003	2004
Food items	389,790	288,619	255,516	2,676,076	899,342
Chemicals	3,707,770	1,494,024	1,210,930	3,300,991	3,101,555
Medicines and	1,610,831	2,404,232	2,254,800	2,989,284	3,334,324
Paper and paper product	981,644	1,930,361	1,649,924	2,811,150	4,497,840
Textile and textile product	23,688,041	43,623,181	62,713,354	85,548,633	81,888,372
Footwear	6,620,718	11,129,832	13,589,585	16,683,236	14,123,762
Articles of iron, steel, copper, Aluminum, metals	12,132,978	17,416,591	12,764,891	18,429,126	25,268,890
Machinery	10,795,255	9,798,093	8,005,235	16,122,846	26,470,004
Electrical & electronic	10,934,990	12,278,990	14,179,701	57,824,219	66,773,934
Motor vehicle	737,981	1,103,503	1,522,017	3,324,126	17,005,596
Others	15,983,002	34,481,574	26,872,047	46,181,313	47,992,381
Total	87,576,000	135,949,00	145,018,00	255,891,00	291,356,000

Source: Ministry of Trade and Industry cited in GebreEgziabher 2006:9

6.1.3 Economic Transformation and the Role of the State

With the deepening of the China-Africa relationship, the active roles of the Asian states in managing economic growth become under the spotlight in Africa. Many states in the latter have started to believe that the market mechanisms alone will not bring economic growth, especially in facilitating development in general and industrial and technological development in particular. With this in mind, the role of the state gets a special attention in the efforts of transforming African economy. Hence, this thesis will explore how the two will be intertwined; the challenges faced and how the government adopting the ‘developmental state’ as a development paradigm will play and make a difference in the process.

The concept of economic transformation, also known as structural transformation, is perceived as “the change over time in the sectoral composition of output (GDP) and that of the sectoral pattern of the employment of labor as an economy develops.” The concept of transformation, therefore, presupposes the assumption that as the transformation process deepens, the real per capita income of an economy raises and the shares of the industry and services sectors

developed. Likewise, while the ratio of average labor productivity of the non-agriculture to agriculture is expected to increase over time, the share of agriculture in GDP and the employment share of agriculture would decline. Therefore, countries would see their own achievement in national economic transformation through examining the GDP growth and aggregate labor employment capacity across the industry-non-industry dichotomy. Such gains are also checked whether or not growth rates are sustained, if the existence of low growth volatility and higher labor demand or job creation remained the basis for international economic shock absorbing capacity and macroeconomic stability.

The Sino-African literature underscores the seemingly renewed consensus and shared understanding on the roles that states could play to materialize Africa's transformation that is currently motivated by the Chinese partnership with Africa. The African Economic Commission on Africa (ECA) economic report 2011 explained the pervasive account of the market failures with which it justified the necessities and roles of states in enhancing economic transformation in the continent. It stated that African states have crucial roles to play in "facing various current and emerging development challenges." Economic transformation requires diversification of products that are key elements of economic progress. The success of Africa's economic transformation in the 21st century should capitalize on the lessons learned from past international economic policies, national political circumstances and foreign pressures that came with aid, ideology, and international trade as well as international monetary system that Africa has passed through after the Second World War. The goal of most African states in the 21st century is, therefore, to accomplish economic transformation. But, the road to materialize this broader mission is far from being plain.

There are critical challenges that states should face at the earlier phases of the process: The first is the attributes of an African state. Do African states have the strength and/or capacity and experience to lead the transformation process? Do they have the legitimacy to motivate broader participation of their population in their respective countries? Do they have the leadership effectiveness and vision for a more sounding transformation? All such inquiries are challenges and limitations that existing African states face within the states apparatuses. The second major challenge is designing a policy that would drag-out Africa from its stagnant dependence on the production and export of primary agricultural commodities. Third, states need to ensure sustainable and reliable sources of domestic development finance as transformation will never be achieved in fully relying on foreign sources of development

inputs. Hence, raising adequate revenue to generate domestic economic growth, and ensuring effective supply of social services that satisfy the public so as it could play its part in driving the transformation forward will also be a challenge ahead.

Implementing economic transformation should also consider an aspect of environmental and ecological consideration for competitiveness and cost reduction purposes. The states' roles, in this case, lie in paving the ground for setting environmentally sound norms to make sure that industrialization of the agricultural and industrial sectors undergone a green transformation. But, setting such norms to regulate production and consumption for a green transformation needs to work with respective stakeholders that the state needs to play as a driver of such cooperation. As the transformation is moving forward, new products and services will need new markets. Hence, states are set to play a key roles in enhancing, facilitating and promoting sub-regional, inter-regional and global integration of markets for products, services and technologies.

6.1.3.1 Ethiopian Growth and Transformation: It's Nexus with the China Model

The nature of the Chinese political economy and its operational mechanisms have been designed to fit with global circumstances and its national interests of achieving economic growth under the context of globalization. The system helped to maintain stability and evolve into higher level of dynamic global integration under the Communist Party of China (CPC) that continues to be the ruling political party since Mao Zedong's establishment of the People's Republic of China in 1949. The latter's strong grip on power for over 6 decades has, therefore, become a source of attraction for other less developed regions and countries. The pure communist attributes put in place at the initial periods have smoothly been adjusted modestly to embrace liberal elements of the Western paradigm to integrate into the global economy. As a result, China opened its economic space for the global actors, including its own integration of some of the neoliberal Western policy elements, like the market and private economic ownership. The reform has helped the development of the hybrid system that succeeds in economic growth under the political leadership of a single communist party.

The remarkable success in economic growth under a dominant party rule has appeared to position itself as alternative approach competing for global acceptance. In relation to this Kurlantzick (2006) noted that Chinese success in economic growth while retaining political control could serve as an example to authoritarian-minded leaders. Likewise, Thakur (2009)

also pointed out that Chinese support to Ethiopia free of political conditionalities will help the latter to “solidify the grip on power of the incumbent Ethiopian Peoples’ Revolutionary Democratic Front (EPRDF). This leads to low political participation, shrink the political space and darken the future democratic process.” In this case, the Chinese support is believed by the ruling party to leverage Ethiopia to enhance its economic growth irrespective of its adverse impact on political processes and democratic transitions. Some scholars pointed out that adopting all of the Chinese experiences might not be a solution to Ethiopia’s entire challenges. The thesis argued that Ethiopia has peculiar socio-cultural, economic and political experiences that significantly differ from China and selective engagement of the Chinese government for its experiences would help the country to keep its fight against poverty. In this regard, the Chinese going global and economic reform policy and most importantly, its selective adoption of neoliberal policy prescriptions into a communist state’s economic vision could be first-step lesson to benefit from the process of lesson drawing.

The Chinese political experience has already been started to take its roots in Ethiopia. The ruling EPRDF has adopted “developmental state” as its development paradigm for faster economic prosperity. But, no explanation was given as to whether or not the Ethiopian government’s affiliation with the Chinese model has been taking experiences as a package or selectively focusing at political practices for the sake of organizing ‘*dominant party rule*.’ The Late Prime Minister, in his parliamentary statement, explained the financial problem in the West was caused by liberal market policy. His country has not been one of the hard hit as a result of the financial crises compared to the West because Ethiopia has not been in line with neoliberal policy directions. Analysis’s also question whether the political alignment between the two under ‘developmental state’ is either ‘demand driven’, i.e., acquired and adopted based upon the interest of Ethiopian ruling party or ‘supply driven’, i.e., prescribed for and imposed to by China, despite the much token condition free aid mechanism. Irrespective of the direction of the initiative, however, developmental state has already become an official development paradigm in the country as there are evidences that witness its application.

With the government of Ethiopia strengthening its affiliation with China and made a paradigm shift to the East Asian ‘developmental state’ model, the late Ethiopian Prime Minister has clearly stated the weaknesses of neoliberalism and the strengths of developmental state in his incomplete monograph released on-line with the title ‘African Development: Dead Ends and New Beginnings.’ He argued that developmental state, as an emerging paradigm, is set to be

the way forward for Ethiopia so as to share and apply the East Asian countries' experiences of their remarkable achievement in development. The latter, was, therefore, believed to guide the implementation of the country's five year Growth and Transformation Plan (GTP) that is being carried out at the moment. The above monograph implied Ethiopia should embrace the developmental state as an overall ideology to carry out the political and economic transformation. Despite this, however, no single country has been clearly acknowledged as the source of the new paradigm except for South Korea, Taiwan, Malaysia and others, have been repeatedly mentioned, for various exemplification and analysis.

The current circumstances of Ethiopian political and economic practices implemented by Ethiopian government on the ground showed a direct resemblance with China's practices. Furthermore, no East Asian country has established such a strong relation with Ethiopia the way China has been doing so far. The latter's relation with Ethiopia is unique in terms of closeness and intensity. Hence, the EPRDF authorities do not want to make a direct reference to China as source of the existing practices in Ethiopia for reasons of China's unpopular record on human rights and good governance, but, they are fully aware of the fact that the latter is the source of everything. The available literature also agreed with the latter that China and Ethiopian governments have strong, sustained, multi-level cooperations.

There are observable indications in the country after the 2005 Election whereby EPRDF preferred to its strong grip on power, crushed opposition parties and orchestrated to have an absolute control of the parliament in the 2010 election. With this it has made a shift from a very fragile multiparty democratic startup to an absolute monopoly on power via one-party-rule, which is similar to the CCP. Zenawi (2006) saw neoliberal paradigm as a dead end, and hence, he argued there needs to be a paradigm shift for Africa to achieve the required transformation. He ridiculed the whole issue of neoliberal paradigm as a failure, which the thesis did not agree with it as there are few elements of the Washington consensus that have already been proved workable and adopted by China itself that it has integrated as a result of its reform. China after launching its open door policy allowed private property ownership and export trade to be part of its national economic design. These elements came to work under the new developmental state model that Prime Minister Meles preferred Africa to embrace it for a much needed transformation.

The most controversial aspect of Zenawi's (2006) argument on the nature of developmental states is his endorsement of the practices and behaviors that governments embracing such a model are expected to demonstrate in order to stay in power. He pointed out that governments of developing countries adopting developmental state should control power and stay long enough to the extent it achieved the required development. This will be a very problematic argument. Firstly, the level of economic development is limitless and no country from the most developed ones in this century has so far claimed it reached the highest level and felt enough to aspire from further development. Second, even if it is given the chance to stay in power, it is hardly possible to predict the time span at which a development process led by developmental state ideology could mature and reach at a level of economic development at which it should liberalize itself and allow other stakeholders to take part in the country's political process. Also, one can never be sure whether a government with a developmental state conception and stayed for so long in power could actually be able to achieve a desired level of development in the first place. Thirdly, the culture of national political tolerance of countries, which could differ from country to country is a factor less considered in his argument as the latter has the potential to stop governments from over staying in power. This has been a recent memory of the political revolution in North Africa, such as what happened in Libya, Egypt and Tunisia.

One salient feature of the argument for the need to stay in power for a longer period according to Zenawi, has been the lack of stability in democracies because of the frequent turnover of governments that also bring changes in policies put in place by incumbents before they mature. The Chinese communist party, for instance, has been in power since the 1949 communist revolution in China. It stayed for more than six decades. It has achieved remarkable economic and technological breakthrough, reduce poverty and put an impact on other less developing African countries, such as Ethiopia through development cooperation, trade, investment and aid. Nevertheless, it still holds on power and there is a considerable pain inflicted upon its own people caused by the lack of freedom and acts repression implemented by CCP even after six decades in power. Despite this, there is no evidence whether such an approach would work for an ethnically divided, culturally diverse and politically unstable country like Ethiopia. Hence, his argument of favoring developmental states a guiding principle for his party and government with a strong grip on power to achieve the most needed development will imply the possession of people's freedom, and eroding democratic rights that should be left for the majorities of the population in many of the developing African countries.

When one political party rules over one country, depending on the ethnic, culture and solidarity and history, it may also have repercussions on the quality and level of development needed as such measures may result in discontent among sizable proportion of the country due to the lack of check and balance from an opposition political system. Such peculiar national circumstances may lead to political unrest, ethnic conflict and migration of professionals that will affect the planned development at large. Visionary and patriotic leadership always put the country to have a sustainable political future, based on the genuine will of the people. But, the practices and lessons from China tells us that any political party that holds power through any means should mercilessly crush all means of opposition in a way that deny others the chance to contribute in the development process of one's own country. Over staying in power, like for instance the practices of Ethiopia, will corrode the trust of the majority and hence, will probably result in severe instability than the volatile nature of democratic practices could do through the repeated change of governments, and their respective policy changes could harness development, according to Ethiopian Prime Minister's argument. The ideology has helped some countries in East Asia, but the question is would it fit with Africa?

Fourie (2011) noted that “emulation of East Asian development models provide a counterpoint to donor prescriptions in Ethiopia, and [e]lites from the ruling party wish to draw more lessons from East Asia than any other region and single out China, South Korea, and Taiwan” as countries from where Ethiopia is interested to share experiences. There are three reasons why the ruling Ethiopian authorities look to East Asia. These include of rapid economic growth, strong state roles and phase-based structural transformation as key basis that attract their attention towards the region. According to Fourie (2011) out of these three, rapidity of the economic growth has attracted the attention of many of the authorities. They compared the time taken by the East Asian countries to develop economically and technologically to that of the time taken by Western Europe and argue that East Asian countries were able to develop their economy and technology much faster. There is a perception to see development as a process of catching up and leapfrogging among authorities. Having a sense of urgency to reach at and achieve middle income status country, Ethiopia strives to implement developmental state model setting to score an annual double digit growth rates which is being told by the state controlled media to finally pulled it out from long held status of poverty and food insecurity.

6.1.4 Ethiopia's Infrastructure Development and China's Role

Infrastructure development has been the leading area of interest for African countries, such as Ethiopia, as a means to achieve sustainable development. It encompasses a host of several sub-infrastructure spheres, not as an end by their own but as a means to national development. This has been a sector that Africa lacks partners to deal with. Ethiopian road construction has been a typical aspect of infrastructure development which came to the fore as a result of national efforts and cooperative supports from development actors around the world. It has been undertaken in the form of projects with which the Chinese presence in the country was felt by the general public beyond the formal official relations. Road construction is being carried out everywhere and hence, all segments of rural and urban, men and women, rich and poor got the chance to put eyes on them in order to understand how they are doing their businesses. On one hand, many people was not aware of the significant size of Chinese presence and was a surprise. On the other hand, it gave an opportunity to further scrutinize their roles in the country's development process.

Both the Ethiopian public and analysts have been comparing the way the Chinese are doing these projects to understand how they could make differences into the country's efforts. They further scrutinize the lessons that could be learned and used as a lens with which local road construction could quickly adapted China's experiences. Some even went further to evaluate and show how their presence can be felt as they have been taking too much of the opportunities that should be reserved for citizens. In other words, these analysts went to deeply explain the issue and argued that projects carried out by Chinese enterprises in Ethiopia have been making things worse as their presence is escalating the rate of unemployment and migration as their number is increasing and taking the opportunities that should be left for local job seekers.^{334viii} It was only some laborers who were intermittently allowed to work on a daily basis. The reflection of the public has been so mixed and ever changing depending on their exposures and experiences on the Chinese practices.

Conversely, road construction has been an excellent engagement for the Chinese as it helped them in alleviating their population pressure at home as well as in balancing their bad images

³³⁴Reflections from a person who used to work with the Chinese road construction project, but was unemployed in 2011.

labeled to them as a result of cheap and poor quality products that flooded the streets of Addis Ababa. Road construction is the single most cooperative sector for China to have a strong attachment to the future growth of cities in the country. Among the new beginnings that gave the city hopes to the feature of the 21st century are ring roads, high ways, interchanges, bridges, squares, and the rail way lines, which have been under construction by China, with which it is stamping its identities and marks in the form of architectural designs and engineering innovations leaving its footprints that would transcend into the future.

The aerial photo graph of the ‘Goter Interchange’, as indicated in figure-5 below, name after the Amharic word “Goter” meaning a storage device mainly used to keep grains or was taken from the grain reservoir that actually located or stood on the right of the square when one drives from the city center to Southern direction is strategically located in the center of the city. Vehicles that runs to the most busy trade root, i.e., to Djibouti or Somali or to the South should pass through this Interchange. It is one of the remarkable Chinese-made road projects in the country that remedied the most challenging problem of the inner-city traffic that used to cause accidents and delays before it was re-constructed as seen in its aerial view in figure-5. The project was fully sponsored China the specific amount of which is indicated in table-12.

The construction of the ‘Goter Interchange’^{ix} was a typical project at which the challenge of traffic congestions that used to be a headache for passengers coming from about five directions for an interchange at the said square has been a reflective stamp of the Chinese cooperations with Ethiopia. It was extremely difficult to drive without the help of traffic policemen. The public used to call it ‘confusion square.’ Once vehicles came from different directions jammed in the square, it used to take hours to bring back the functional order before China reconstructed fly overs, underground interchanges and curve passages that finally brought a relief for drivers. It remains the unique mark to which Chinese commitment in the development of African infrastructure will be commemorated.

Figure-5: Gotera Interchange



Source: Ethiopian News Agency (ENA) Gotera Interchange Inauguration, Addis Ababa

The second undertaking that marks their unique engagement has been the ring roads construction as it was the first of its kind in the country as a whole. Generally, China has involved in the city's road construction projects in two ways. One is through providing grants as in the case of Ethio-China friendship road, Gotera interchange and Megenaga-British Embassy road. Secondly, both Chinese public and private companies win road construction bids with cheaper project costs lower than local bidders with sufficient quality as well as keeping their commitment to finish and handover to the project holder. Hence, in all the 11 city-bound road construction projects, both Ethiopian Government and China invested about \$190, 886,374 taking into account the project cost earmarked for ring-road phase one, which was also believed to cover the construction cost of ring-road phase two as well (table-12).

Table-12: Chinese Road Project Investment in the City of Addis Ababa

S.N.	Road segment	Cost of construction		Remark
		Birr	USD	
1	Alert Hospital- keranio	32,346,000	3,805,411.7	
2	Mekanisa square-Anbessa Garage	38,070,000	455,294.1	
3	Adwa square-CMC-Ayat	135,509,000	15,942,235.2	
4	Lafto, Libo-Mekanissa settlement area	79,262,000	9,324,941.1	
5.	Winget square-Gojam road	380,838,000	44,804,470.5	
6	Gotera interchange	108,900,000	12,811,764.7	Grant Partially
7	Megenaga-British Embassey	197,104,000	23,188,705	
8	Yekatit 12 square-Afincho-ber-Semen	50,279,000	5,915,176	
9	Ethio-China friendship road	33,426,201.9	3,932,494	Grant
10	Ring road phase 1 and phase 2	601,000,000	70,705,882	Budget is for 2 phases

Source: Addis Ababa road authority, unpublished (exchange rate was: 1USD = 8.5 ETB)

6.1.4.1 China's Role in Investment and Infrastructure Projects

There is little disagreement on the importance of Chinese assistance to African infrastructure development. But, there have relatively been few research results that provide a coherent documentation of these fragmented processes of infrastructure development management that China supports via bilateral approach with African countries. Especially, little is known about the values that each African country is benefiting from implementing various infrastructure projects in various sectors. The same has been the case in Ethiopia. The main purpose of this section is, therefore, to provide a highlight of indicative quantification on the magnitude of the financial assistance from China to carry out projects like road construction, telecommunication and hydroelectric power projects based on information from a wide range of sources and document the distribution of financial support, the types of infrastructure developed and associated modalities.

The scope of Chinese investment in Africa in general and Ethiopia in particular embraces two broader but interrelated areas which is difficult to separate. The first refers to Chinese Foreign Direct Investment in Africa that grew about fourfold between 2001 and 2005 in response to a major roles played by Chinese enterprises.³³⁵ The latter have been investing capital and technology in business opportunities in the country in response to available investment incentives. The second, area on the other hand, deals with China's broader participation in Ethiopia's infrastructure development endeavors. Ethiopia has been one of the SSA countries with low level of infrastructure and China has appeared as its important partner in the latter's development. Hence, its involvement in the infrastructure development is considered as part of the investment process where its financial resources and technologies were freely used for the fulfillment of the latter.

Chinese private or public investment or simply Chinese Foreign Direct Investment (FDI) in Ethiopia has got a warm welcome by virtue of its assumed benefits that it will contribute, directly or indirectly to poverty reduction. Investment is the source of capital and technology both of which have direct leaning to Ethiopian goal to win the fight against poverty. The

³³⁵Foster, V., et al (2008) Building Bridges? China's growing Role as Infrastructure Financier for Sub-Saharan Africa, PDF. Available at:<http://www.efic.gov.au/country/mwrd/worldriskdevelopmentsbackissues/Documents/Angola%20Mode%20Deal%20%281.31MB%29.pdf>

growing Chinese investment in the country is an ongoing process growing in every sector. But, it is very early to evaluate its overall impact that it will put upon the country's national development at the moment. Despite this however, Chinese investment in Ethiopia is generally perceived as having a positive trend, not because of its results, but China's potential commitment as an alternative development partner. This is because investment is believed to contribute to employment generation, technology transfer and/ technical know-how improvement and income. The perceptions of Chinese investment benefits make most of the African countries to compete to each other in order to attract more Chinese FDI towards their own respective country. The increase in competition will pressurize their revenues to go down because they are competing to each other through providing incentive packages, such as lower taxes, longer grace periods and access to preferential bank loans that could consequently affect their revenues.

The literature provides different evidences on the number of Chinese investments and their associated project costs. There were about 1,065 investment projects operationalizing their project activities with an investment cost of \$2.2 billion (Raine 2009 and Ethiopian Herald 2007b cited in Adem 2012:147). These projects were owned by 580 registered Chinese companies existing in Ethiopia which were active till 2010. King (2011)³³⁶ on the other hand noted that "there were 828 Chinese projects in Ethiopia, of which 621 were planned while about 207 were operational with an expected project cost of over \$1.2 billion. These investments were expected to create about 120,000 jobs.³³⁷ The World Bank/PPIAF (2008) argued China had put about \$1.5 billion on infrastructure development in Ethiopia from 2001 to 2007. The volume of China's direct public investment in Ethiopia was reached at \$900 million in 2009.³³⁸

Chinese finance to Ethiopia, either it's a grant, soft loan, or aid, has never been targeting or limited to a single sector. Currently, China is contributing to the development of numerous

³³⁶King, Kenneth (2011). China's Cooperation with Ethiopia with a Focus on Human Resources. OSSREA Bulletin, Vol. VIII, No., 1.

³³⁷Reporter Saturday 7, February (2009) 'Steadily Rising Chinese Investment.' P.7

³³⁸Press release between Ethiopian Ministry of trade and its Visiting Chinese counterpart conducted in Addis Ababa. It was reported by NewBusinessEthiopia.com. Browsed on 8th of July 2010 and Available at:

http://newbusinessethiopia.com/index.php?option=com_content&view=article&id=59:china-ethiopia-to-boost-trade-to-three-billion-usd-&catid=35:trade&Itemid=12

infrastructure, power and water development projects in the country. The sectoral distribution of its monetary assistance is, therefore, difficult to quantify as “a large share of Chinese finance is allocated to general, multi-sector infrastructure projects within the framework of broad bilateral cooperative agreements that allow resources to be allocated in accordance with government priorities (Thakur 2009:9). Despite such multi-sector distribution, few sectors, such as transport, particularly, road construction, telecommunication, and hydroelectric power construction have gotten the larger degree of government priority and hence, took larger proportion of the Chinese finance at the same time.

The structure and distribution of infrastructure financing has been uneven and highly skewed to few prioritized countries because of their perceived potential benefits for China. As a result, about 70 percent of Chinese finance has been flowing to Nigeria, Angola, Sudan, and Ethiopia (Ibid). China’s financial engagement in Africa and Ethiopia took, either of the three forms, such as loan, grant and aid. Hence, country’s relentless international efforts to mobilize support in this regard has got a response and was selected to be one of the four African countries above to receive soft loans for the development of its infrastructure from Chinese public financial institutions, which were ready to allocate \$25 billion, for the development of the same in 2007.³³⁹ In this regard, Commercial Bank of Ethiopia and the Export-Import (Exim) Bank of China have signed a \$208 loan agreement to finance a new power generator project and for the expansion of the cement factory.³⁴⁰ The literature showed that Chinese investment in Ethiopia is growing. About 435 Chinese public and private enterprises have invested about \$960 million in Ethiopia from 1992-2007.³⁴¹ This investment has also created 42,000 permanent and 49,000 temporary employment opportunities by 2008.³⁴² Scholars from the West have argued such generous financial involvement is aimed at securing consumer

³³⁹Thakur, M. (2009). Building on Progress? Chinese Engagement in Ethiopia. ‘Journal of South African Institute for International Affairs (SAIIA)’, Occasional Paper No, 38, p.9

³⁴⁰Reuter (25 September 2007) ‘Ethiopia gets \$208 million Chinese loan for Power, Cement: Available at:

http://nazret.com/blog/index.php/2007/09/25/ethiopia_gets_208 mln_china_loan_for_pow

³⁴¹Thakur, M. (2009). Building on Progress? Chinese Engagement in Ethiopia. ‘Journal of South African Institute for International Affairs (SAIIA)’, Occasional Paper No, 38, p.9

³⁴¹Reuter (25 September 2007) ‘Ethiopia gets \$208 million Chinese loan for Power, Cement: Available at:

http://nazret.com/blog/index.php/2007/09/25/ethiopia_gets_208 mln_china_loan_for_pow, P. 9

³⁴²Wenping, He (2007). The Balancing Act of China’s Africa Policy. China Security, Vol. 3 No. 3, Pp. 23 - 40

markets and raw materials for Chinese industries. But, there is an apparent difference in this prioritized group as well in the sense that while the first three Chinese infrastructure-assistance beneficiaries are major natural resource producers and exporters to China, Ethiopia is just an exception to the group, indicating that it has been prioritized because of its non-natural resource potential advantage to China.

6.1.4.2 Ethiop-China Joint-Venture Investment

Many of development projects, such as road construction, hydroelectric power, ICT and most recently, rail way construction projects and the search for minerals and oil have been won by Chinese firms due to their approach in bidding, i.e., they compete with much lower costs, even below normally established standards with which they out-compete local and international bidders. Normally, Chinese companies are preferred to others in lowering costs and completing projects as per the schedule, which are qualities appreciated in Ethiopia and in Africa at large. Several factors account for Chinese companies to outcompete local and international bidders. First, Chinese companies have an easy access to capital and technology or machinery, second, they have never been under strict control from both Chinese and Ethiopian governments to fulfill sound environmental and labor standards. They enjoyed Chinese materials and technical experts, and finally, Chinese government's subsidy for investment abroad by its public and private enterprises.³⁴³

The Chinese and Ethiopian companies were jointly working in road and bridge construction, hydropower projects, and several other arenas where companies from both countries formed a joint organization through which they impart lessons in institutional building, transfer of technologies and technical knowhow. Technology and knowledge transfer are sparkling targets having the potential to uplift the capacity of poor countries like Ethiopia. Hence, the country needs to promote international development cooperation for national economic and technological development. The thesis argued that these approaches are one of the most effective ways to share knowledge for better institutional development, technology transfer, and practical experiences gained in the course of the project life span. Institutionalizing lessons shared from a foreign counterpart into local ones and above all, sustaining, improving and

³⁴³Reuter (25 September 2007) 'Ethiopia gets \$208 million Chinese loan for Power, Cement: Available at:

http://nazret.com/blog/index.php/2007/09/25/ethiopia_gets_208 mln_china_loan_for_pow, P.10

updating this knowledge with adequate support mechanisms will be critically significant for the country's future development endeavors.

Thakur (2009)³⁴⁴ noted that so far, there have been efforts in which Chinese companies collaborated with local ones and formed a new joint company with which the latter involve in bidding for the various infrastructure development projects. Few pillars are worth mentioning. The first example is China's Road and Bridge Corporation (CBRC) in collaborating with its Ethiopian counterpart that was created by Ethiopian investors named the Road and Bridge Construction Company (RBC). As a hybrid company, RBC appears to have a legitimate profile to compete for projects in Ethiopia. As a result, it has been carried out 23 road, flyover, and bridge projects with a construction cost of \$500 million and has created 1500 employment opportunities (Thakur 2009:10). Secondly, the Chinese company named Norinco negotiated to work together with Ethiopian Lalibela Construction Company and have jointly formed a new one named Norinco-Lalibela Engineering and Construction Share Company (Nori-La) in 2004. After its re-formation, Nori-La carried out 8 projects in Oromia and Addis Ababa regions with the construction cost of \$41 million with which 500 employment opportunities were created to people who were ready to sell their labor (Thakur 2009:10). The last practical experience in the joint venture approach has been the Sino-Ethiopian joint company called Libo-Sisay joint investment PLC (Walia steel industry). Libo-Sisay is producing steel, gravel and bricks in the country.

The Tekeze Hydropower project, located on the Tekeze River, which is a tributary of the Nile, was the biggest power project fully funded by Ethiopian government that amounted to be \$350 million. This project, which was owned by Ethiopian Electric Power Corporation, produced 300 Mega Watt, i.e., 40 percent more energy to the country's central electric power system. The Tekeze Hydropower project is the tallest dam with 188 meters arch in Africa. While the project cost was the full responsibility of the Ethiopian government, the technical/engineering tasks, such as design and construction, were jointly built by China National Water Resources

and Hydro-Power Engineering Corporation, the Gezouba Group and Ethiopian Electric Power Corporation,³⁴⁵ is another instance of a joint project of hydro-electric power production.

The Sino-African literature agree on positive impacts of such joint venture investments on economic development in the short term, taking technology transfer, job creation and value-added products as its strengths. The latter, however, are pessimistic on the medium and long-term impacts insisting that the technologies transferred in the joint-ventured endeavors are outdated and will be hazardous for future development. But, the thesis do not agree fully with the latter, in the sense that local institutions that have been working with international or Chinese companies will learn the basics of institutional management and basic technical knowhow, which are essential elements of successful company development. Thakur (2009:11) noted that the impact of hardware failure would have its own impacts. Outdated technologies may have repercussions on the environment and will affect productivity and product quality. But, it is also true that what is state-of-the-art technologies today would become outdated after sometimes in the future, and hence, it is not detrimental if domestic companies working with foreign one are aware of the hardware problems and consciously manage themselves as to how to avoid such problems in the long run.

The old technologies transferred to Ethiopia today through the joint venture will not have a lasting and devastating impact upon the nation if those local companies work consciously to equip themselves with newer ones. This could be addressed in a number of measures. For instance, it is possible to institutionalize policy initiatives and support mechanisms for companies to have access to financial resources to be able to work either through technological research and development for technological innovations and improvements or just technological shopping. Policies will also be needed to guide the import and application of technologies that could be used in joint projects or in any project operated by foreign companies. This will prevent technologies that cause environmental disaster. It will not be convincing to think and believe that the country's development will be dependent upon a set of technologies transferred to local companies working with Chinese firms at one point in

³⁴⁵ ____ (2012). Invest in Ethiopia: Focus Mekelle: Millennium Cities Initiatives. Earth institute, Colombia University. Pdf. Available at: http://mci.ei.columbia.edu/files/2013/04/Mekel_English_web.pdf

time. Local companies, once they shared the best experiences of current knowledge and practices on existing technologies, they need to keep on working and broadening them to be profitable, which in turn, can help them get access to and shop state-of-the-art-technology from the market or from other technology sources for their future success. What is basic at this level is to be able to learn effectively, go through the learning phase and institutionalize the lessons and experiences.

The growth of import and export trade between Ethiopia and China has contributed for the initiation and growth of China's Foreign Direct Investment (FDI) in Ethiopia. This is because before the 1990s, the focus of Ethio-China relation had mostly been based on aid. But, after the late 1990s, and especially, since 2000, the focus was shifted to mutual economic and business development. Hence, in the period 1992-2005, there were 97 solely Chinese FDI investment projects with a capital of Ethiopian Birr (ETB) 1.4 million (table-13). These projects had contributed to 5, 230 permanent and 5, 128 temporary employment opportunities respectively. Other Chinese investors, on the other hand prefer to carry out joint investments in cooperation with local business companies that have the ability and interest to participate in investment. About 10 cooperative investments were made with a capital of ETB 351 million (table-13).

Table-13: China and Foreign Direct Investment (FDI), 1992-2005

Investment category	No of projects	Capital (Mil. ETB)	China	
			Permanent employment	Temporary employment
Wholly foreign investment	97	1,480	5,230	5,128
Joint investment between domestic and foreign investors	10	351	515	368
Total	107	1831	5,745	5,496
Percentage of China's share in country's total investment	8.2	4.8	4.0	4.7

Source: Adapted from GebreEgziabher 2006: 11

Ethiopia is becoming a major destination for Chinese investment practices.³⁴⁶ Over 250 Chin's private and state companies have invested over \$1 billion until 2010.³⁴⁷ From 2004 to 2009, the latter have invested about 7 percent of Ethiopia's total FDI,³⁴⁸ of which the higher proportion went into the manufacturing sector. The country is also one of the seven Chinese Special Economic Zones that aimed to attract investment and increase trade in the target countries. Companies from China are growing to be the major force in constructing highways, bridges, power stations, cellphone networks, light railways, housing, schools, and pharmaceutical factories. A Chinese company received a \$1.5 billion contract to upgrade telecommunications services and a new railway line from Addis Ababa to Djibouti, and the provision of nine-vessels for Ethiopian Shipping Lines.³⁴⁹

6.1.4.3 Employment Conditions in Chinese Managed Projects

Reliable data on the number of Chinese personnel working in the various development projects in Ethiopia is hard to find. The literature, however, provide some estimations on the number of Chinese workers in Ethiopia that could highlight the trend. This is because of the lack of centralized official data compilation, management and distribution. Despite this, however, it is estimated that there have been about 5000 to 10000 Chinese youth volunteers and professional experts residing in Ethiopia, both in Addis Ababa and in regional cities as well as cities adjacent to project construction sites (King, 2011:89; Adem 2012:147). The employment opportunities resulted from increasing Chinese involvement in Ethiopia have significantly been debatable in terms of the number of local people getting employment opportunities in general, and the low proportion of local experts to that of daily laborers with lower level of educational attainment in particular. The number of people with low educational attainment working in Chinese managed projects in Ethiopia are said to be relatively higher than that of trained ones. In most instances, we might see more Chinese experts working at a

³⁴⁶ Shinn, David H. (2011). China and the Horn of Africa. Middle East Studies Association, Washington, D.C. Available at the official blog of Ambassador David Shinn: <http://davidshinn.blogspot.co.at/>

³⁴⁷ Shinn, David H. (2013). China and Africa: Challenges and Predictions. Cosmopolitan Club in Manhattan, New York. Available at: <http://de.scribd.com/doc/135178744/China-and-Africa-Challenges-and-Predictions-New-York-April-2013>

³⁴⁸ Shinn, David H. (2012). China and Africa: What Do We Know? How Do We Know It? Available at: <http://www.scribd.com/doc/74854832/China-and-the-Horn-of-Africa-MESA-2011>

project where Ethiopian or other African experts can comfortably work with, and this suggests that it is not because there is a shortage of trained manpower but, it is the Chinese interest to allow its citizens to be able to work abroad and the failure of the host governments to effectively negotiate and protect such benefits to its citizens.

Wages remained low in any project related employment opportunities either by the Chinese, local companies, or in a joint venture projects as explained above. Many of the employment opportunities have been temporary due to the 'projects' nature of the work. The other reason is that Ethiopian law allows private enterprises not to have been legally bound to minimum wage, unlike the civil service offices. In addition, workers temporary or permanent do not have a culture of becoming a member to the existing labor unions to protect their rights. Therefore, wage levels will be decided only by employers and employees/laborers do not have the means to influence the former. Combinations of such factors keep the amount of wages for unskilled labor very low, which has been \$2-3.50 a day for an eight hour work and job creation has remained very limited despite the greater number of Chinese companies involvement through projects and investment in the country (Thakur 2009:10).

The general pattern that can be drawn from most projects managed by Chinese companies in Ethiopia is that they have the upper hand to protect their interests, during project agreements, such as new employment opportunities to its own people than the host country citizens. Hence, the debate on Chinese employment in Ethiopia goes beyond the numerical comparison between the number of Chinese and local people that are working on projects. It rather went into the legal arena as the problem is resulted from lack of a negotiated approach on projects given to China with regard to employment and wage rates. The absence of an effective labor law in Ethiopia that could protect the benefits to domestic laborers through applying a minimum wage level in both private and public employers has contributed to the current loopholes. Field based observations pointed out that temporary Ethiopian employees in Chinese managed projects have been working for longer hours a day, with or without breaks, for very marginal level of payment. The technical and expert level jobs are mostly preserved for the Chinese, and hence, employment benefits are biased towards China.^{350x} The problem

³⁵⁰Field Observations on the Addis Ababa road construction work carried out by Chinese company. A brief discussion with one of the workers with his spade has helped me to know all these details.

is mostly associated with failures of Ethiopian government to effectively assert its position to protect the potential benefits of any project with China to its highly unemployed local labor force during project agreements. China's financial strength to provide Ethiopia with loan, grant or aid for investment projects, gave the latter the leverage to influence project agreements in a way to give her more comparative advantages than the project owner. Furthermore, project bidders/owners do not want to disappoint China, they rather reserve a room for providing China a special treatment given their warm ties that is touching every aspect of the development efforts.

6.1.5 Ethio-China Information Communication and Technology (ICT) Cooperation

As an emerging new communication technology, the use of mobile phone has been progressing from being taken as a privilege for the rich towards the currently global spread in which it is being accessed by billions of people around the world. According to the International Telecommunications Union (ITU), since the end of 2007, about 3.3 billion people (half the world's population) have been using mobile phones.³⁵¹ The latter's expansion has been a solution for the challenges of expanding landline coverage in the African continent that brought liberating impacts. Putting differently, mobile phones have arrived not as competitors to land lines but as a fast-track solution to the frustrations of its inadequate coverage and access to ordinary people in the developing world. The ITU reported that Africa had shown the strongest growth in mobile phone usage with about 39 percent annual subscription growth from 2005 to 2007. As a result, more than 90 percent of all African telephone subscribers are going for mobile phones.³⁵²

Chinese investment in African telecommunications, Information and Communication Technology (ICT) is a growing subsector as depicted in the case of Ethiopia. According to World Bank, Chinese investment in the same sector from 2001-2007 is accounted at \$3 billion, representing 17.4 percent of China's African investment. This involvement is carried out in the form of equipment sales, either through commercial contracts or through inter-

³⁵¹Thimbu-Salter, Gregory (2009). Price Power: China's Role in the Telecommunications Sector of the Democratic Republic of Congo. Available at:

http://www.saiia.org.za/images/stories/pubs/chap/chap_rep_06_mthembu_salter_200807.pdf

³⁵²Zhao, Suisheng (2010). 'The China Model: Can it replace the Western Model of Modernization?' Journal of Contemporary China, Vol. 19, No. 65, Pp. 419-436.

governmental financing arrangements, which are tied to the purchase of Chinese equipment by African telecommunications growth efforts.

The ICT project agreement between Ethiopian Telecommunications Corporation (ETC) and China's Zhong Xing Telecommunications Equipment Company limited (ZTE), which is said to be the major telecommunications Company with the financial support from the Exim Bank was aimed at upgrading Ethiopian telecommunications system during the 2006-2009 periods with a project cost of \$822 million. This Chinese investment project has been a "significant part of the \$2.4 billion plan by the Ethiopian government to improve the country's telecommunication infrastructure" (Thakur 2009:11).

Chinese firms have been emerging as key players in the supply of technology and equipment for national telecommunications. So far, the largest Sino-African ICT project has been the Ethio-China telecom project signed with a cost of \$1.5 billion to bolster the country's mobile coverage in rural areas.³⁵³ This biggest deal, which was signed in the form of memorandum of understanding in 2006 as a four year ICT project between Ethiopia and China, was aimed to "create a fiber optic transmission backbone across the country and roll out the expansion of cellular network with an estimated 8, 500,000 new connections" (world Bank/PPIAF cited in Kenneth, 2011:92). This project was one of the largest project deal resulted from 'request based' project financing categorized under the bilateral line. According to the agreement, the operation was undertaken by China's ZTE, Huawei Technologies, and Chinese International Telecommunication Construction Corporation (CITCC). The former is a state owned enterprise, and the latter two are a mix of private and public ownership. Despite the variance in ownership, all of them have access to funds from China's state-owned banks that have directly providing money for Chinese telecommunications equipment to be supplied to African governments. In other cases, Chinese telecommunications companies have been able to finance deals through their own lines of credit. ZTE has a \$500 million line of credit with China's Export-Import Bank, issued in 2004, while Huawei has a \$600 million credit from the same bank issued in 2006, and a massive \$10 billion credit line from the China Development

³⁵³ ERA, 2009. China in Africa: A Strategic Overview: Available at: http://www.ide.go.jp/English/Data/Africa_file/Manualreport/pdf/china_all.pdf, p. 58

Bank, issued in 2004. This money is not simply, or even primarily for Africa, but is intended to finance these companies' global operations.

The agreement stipulated above between ETC and three Chinese companies, i.e., ZTE, Huawei and CITCC was set to achieve three distinct telecommunications service expansion projects in Ethiopia, namely, fiber optic transmission, mobile telephone and wireless telephone services in the country in general, and service expansion in the major 14 cities, including the capital Addis Ababa, in particular.³⁵⁴ Telecommunication is becoming the biggest project in the country more than the seemingly largest road construction. As the literature argued both the telecom and road construction projects are resulted from high level bilateral friendly consultations between Ethiopia and China as they are also in line with China's priority to expand infrastructure development in Africa. The point to note here is that the initiations of such remarkable projects are the result of bilateral relations and not a result of China's multilateral engagements with Africa.

6.1.6 The Role of China in Oil Exploration in Ethiopia

Ethiopia has paid due attention to oil exploration in the country since the Derg regime. Various international companies have been involved in oil exploration in the country. Many have left the country after expectations were at their height due to various factors that are still played significantly in this regard. Likewise, the Chinese company, SINOPEC, which is a state owned company of Zhongyuan Petroleum Exploration Bureau, has left the country following an attack on its exploration at Ogaden site, where 74 people were killed, out of which 9 victims were Chinese and six other Chinese were also kidnapped. The Ogaden National Liberation front (ONLF) took the responsibility for the disaster. The Chinese government has confirmed that such attacks will never deter its roles in Africa. As a result, Zhongyuan Petroleum Exploration Bureau has started exploring oil in the Western region of Ethiopia, particularly in Gambella region where there was also a conflict between Ethiopian government and Anuaks,

³⁵⁴Thakur, M. (2009). Building on Progress? Chinese Engagement in Ethiopia. 'Journal of South African Institute for International Affairs (SAIIA)', Occasional Paper No, 38, Pp.11

³⁵⁴Reuter (25 September 2007) 'Ethiopia gets \$208 million Chinese loan for Power, Cement: Available at:

http://nazret.com/blog/index.php/2007/09/25/ethiopia_gets_208 mln_china_loan_for_pow

an Ethnic group not in good terms with the ruling EPRDF as the latter helps Nuers to have access to power.

6.1.7 Chinese Aid in Ethiopia

Aid is a well-known economic variable, next to trade and investment, in which the thesis has sought to explain the role, extent, meaning and implications of Ethio-China current bilateral cooperations. This section is therefore aimed to briefly explain both the general North-South aspect of aid in a comparable way with that of the emerging aspects of the South-South aid focusing on Sino-Ethiopian cooperations to explain its structure in particular.

The rationales for the beginning of Chinese aid in the global south emanated from its 1949 communist revolution. It used to receive aid packages from Soviet Union till Khrushchev cut-off Russia's aid to China in 1960. USSR also withdrew Russian experts and technicians who were providing technical assistances. These developments pushed China to examine a bipolar global political divide headed by USA and USSR. National actions were since then put in place to ensure independent global political and economic actions. The choices left for China were to draw a counter political line against both the communist hegemony and the imperialist block. It has then designed its own, but difficult independent path with which it has to compete with the leading powers. Having conceived the latter as a way forward, it has started to strategically cultivate a fertile friendship with the newly independent nations in order to get supporters to insure its own international aspirations. China observed that the latter were urgently securing their UN membership to solidify their independence. This implied that China can develop the support of all those countries in an exchange for political, economic, military and technical aid. Securing the African support also pre-supposed the possibility of re-taking the UN Security Council membership held by Taiwan. Liberation movements were advanced in many colonized nations seeking independence, but were in need of variety of assistances that China could bridge many of their gaps. This new global political coincidence fitted with China's strategic interest to reassure its possible international position. China and Africa for the time being feel a sort of ideological convergence and the feeling of similar political vulnerability for further solidarity.

This new ideological and political alliance was framed as South-South cooperation, which also marked the redefinition of modern China as a donor country in Africa. From 1961-1970 China maneuvered vigorous political visits, diplomatic establishments followed by aid agreements

that it has signed with African countries. In 1963 and 1965, China's premier Zhou Enlai visited 11 African countries to underscore the continent's importance to China's national interests. As a result, China secured the 5th key seat of the UN Security Council that used to be seized by Taiwan in 1971.³⁵⁵ Many African countries had shifted their diplomatic relations from Taipei to Beijing with the realization of China's growing support to African partners that reassures its mission to win the UN position and as a country that had taken hard stances against colonialism and imperialism. The most famous aid China given to Africa was the rail way that links Tanzania with Zambia (Tanzam) was signed in 1967 and completed in 1975 with an expense of \$600 million (George T. Yu, cited in Brautigam 1998: 40).

The aftermath of the Second World War commemorates the history of North America's aid to war-torn Western Europe through its Marshal plan. But, aid to Africa states did not repeat the way it has been executed to the latter. Hence, aid after the Marshal plan is understood as something that carries with it the donor's interests. The rich countries of Europe, North America, Japan, Australia, and New Zealand have been the main bilateral donors. Aid receivers, on the other hand, have been the countries of Africa, Latin America, Middle East, and the poorer parts of Asia, all of them in the global South. Hence, the direction of aid and its structure has been from the rich to the poor and from the North to the South until the last decade of 20th century. But, in the 21st century, as some countries in the south are catching up the development ladder, this structure and composition of aid came to be changed.³⁵⁶

China and India are emerging as the leading Southern countries whose aid programs started to be taken as an alternative to the traditional Western aid programs. Chinese aid to Ethiopia was born with Haile Selassie's official state visit to Beijing in 1971 (GebreEgziabher, 2006:12; Thakur, Monica, 2009:6). As McCormick (2008) argued "China offers a wider range of monetary and non-monetary aid packages, which include grants and loans for infrastructure, plant and equipment, as well as scholarships, training opportunities, and technical

³⁵⁵Brautigam, Deborah (1998). *Chinese Aid and African Development: Exporting Green Revolution*. New York, Palgrave MacMillan. P.39

³⁵⁶McCormick, Dorothy (2008). *China and India as Africa's New Donors: The Impact of Aid on Development*, 'Review of African Political Economy', Article, 35, No.,115, Pp.73-92

assurances.”³⁵⁷ Similarly, GebreEgziabher (2006)³⁵⁸ has also seen the Ethio-China cooperation as broadly consisting of economic and technical assistance categories. While the economic aspect of aid or monetary aid, embraces both soft loans and grants, the non-financial part of Chinese aid or technical assistance, encompasses short term trainings and scholarships for graduate and post-graduate studies on the one hand and other technical contribution, such as dispatching Chinese medical team, provision of facilities and medicines to the various health institutions (Ibid).

Similar to Western aid experiences and practices, it has also been noted that Chinese monetary aid is also “tied to the use of Chinese goods and services, and requires adherence to the ‘One China’ policy.”³⁵⁹ Hence, aid packages of the North and the South have both carried with them their own respective aspects of conditionalities. But, while implementing conditionalities from the North has not been attractive to aid receivers, particularly by African governments, the Chinese one is simply seen as condition free because it has never been a painful punch for the receivers. Chinese aid is also based on the South-South cooperation and win-win business condition as different from the former which is only based on the perception of supporting the poor countries provided the fulfillment of preconditions.

Ethio-China diplomatic relation, which was established in early 1970s, was followed by an ‘interest-free \$84’³⁶⁰ million loan. The latter had also sent several technical assistance providing teams, one of which was the medical services experts in 1974. China’s aid to Ethiopia went further and in late 1970s, China had assisted the country to build a “diesel power station and constructed a 185-mile road that became widely known as the China road” (Ibid).

³⁵⁷McCormick, Dorothy (2008). China and India as Africa's New Donors: The Impact of Aid on Development, ‘Review of African Political Economy’, Article, 35, No.,115, P. 73

³⁵⁸GebreEgziabher, Tegegne (2006). The Developmental Impact of China and India on Ethiopia with Emphasis on Small Scale Footwear Producers. Unpublished, Accessed on the 18th of July 2012. Available at:

<http://www.tips.org.za/files/forum/2006/papers/TheDevelopmentalimpactofChinaandIndiaonEthiopia.pdf>

³⁵⁹GebreEgziabher, Tegegne (2006). The Developmental Impact of China and India on Ethiopia with Emphasis on Small Scale Footwear Producers. Unpublished, Accessed on the 18th of July 2012. Available at:

<http://www.tips.org.za/files/forum/2006/papers/TheDevelopmentalimpactofChinaandIndiaonEthiopia.pdf>, p. 73

³⁶⁰Shinn, David H. (2011). China and the Horn of Africa. Middle East Studies Association, Elliott School of International Affairs, George Washington University, Washington, D.C.

China began providing scholarship program to Ethiopian students in 1988 (Ibid). The latter had also funded technical and vocational education training program through its \$12 million aid and assigned 200 agricultural experts in the country (Ibid). Similar to the U.S. Peace Corps, Ethiopia received a group of young Chinese volunteers with which it became the first African country to host such initiative. In the most recent experience, China invested about \$30 million to establish the Ethio-China Polytechnic College and established a Confucius Institute in Addis Ababa and signed agreements to open Chinese language centers at Addis Ababa and Hawassa Universities. The country had also signed loan agreements with the EXIM bank of China that amounted over \$3 billion (Ibid).

6.1.7.1 Aid Ineffectiveness: Exploring Causalities/factors

Foreign aid has been taken as one of the key channels with which political and economic policies and strategies, ideologies and development models have been diffused into developing countries for a more aspired level of influence. Despite this, however, as Brautigam (1998) argued “new ideas, new technologies and new practices” have proven surprisingly difficult to transfer.”³⁶¹ Aid effectiveness has always been a niggling issue where international development specialists and policy makers, donors and recipients rarely come to terms. For over six decades after the WWII, neither recipients nor donors effectively and mutually work together to make it more result oriented and effective, nor stopped in its entirety as a failed instrument of international development. The aid literature provides several reasons as to why aid has failed to bring development in the developing world.

The literature provides justifications as to why aid has been ineffective in Africa. The predicament that enfolds foreign aid practices, which also hinder its efficacy in achieving its objectives, emanated from the two ends of the aid continuum, namely origin and destination. The quandaries from the donors’ side, which are seen as factors responsible for the failure of anticipated aid results at the destination countries are perceived collectively as “international factors”, by Brautigam 1998. These donor related factors, according to Brautigam, include: donor agency leverage and conditionality, giving aid for commercial, security and political aims, giving tied aid, in which the recipient country is forced to buy the goods and services

³⁶¹Brautigam, Deborah (1998). Chinese Aid and African Development: Exporting Green Revolution. New York, Palgrave McMillan. P.13-14

necessary during the implementation of the project from the aid giving country; the inappropriate choice of technology or project strategies by donors as well as institutional failures by funding countries and/or agencies.³⁶² But, the observation from the donors' side will not provide a full account of the problem as there are also peculiar hindrances in the side of the recipients that withhold aid from going far to make a difference in the lives of the end users of aid.

On the other side of the aid continuum are factors related to destination contexts. Culture, as a totality of all learned behavior and practices, is a factor having the potential to play both positive and negative roles in foreign aid management at the destination. But, earlier foreign aid literatures had seen 'traditional cultures' as resistant to change, and hence, as hindrances for foreign aid to effectively achieve intended results. They seize on the modern-traditional cultural dichotomy as adherents of the latter were believed to have personal psychological characteristics, such as educational level and informal way of communication channels that tend to contain aid related ideas and technologies from effective diffusion and assimilation. The thesis argued that aid receiver's culture may not have the potential to negatively affect the result of aid if socioeconomic and cultural contexts were significantly considered at the planning stage. Failure to have an adequate understanding of the particular cultural environment may lead to inappropriate choice of technologies and poor implementation strategies, which are critical to aid failure. As Brautigam put, "... cultural clashes were based, in large part, on the friction caused by dissonant ideas."³⁶³ Undermining the cultural aspects of aid recipient communities is like putting the aid program on its head, which will lead to loss of support to it and hence, may restrain from attaining outcomes. But, culture is just a single variable to note in the aide receiving contexts as there are also other issues that could have influences on aid effectiveness, such as technology, economic situation, institutional settings, interests and ideas.

Technology has been a factor of the aid debate. Analysts in aid related literature argued that agricultural technologies that had been introduced as green revolution technologies by China

³⁶²Brautigam, Deborah (1998). *Chinese Aid and African Development: Exporting Green Revolution*. New York, Palgrave McMillan. P.13-16,

³⁶³Zhao, Suisheng (2010). 'The China Model: Can it replace the Western Model of Modernization?' *Journal of Contemporary China*, Vol. 19, No. 65, Pp. 419-436.

in West Africa, were affected by the extent of receiver communities and its appropriateness in view of possible adoption and utilization by ordinary members of society. Environmental, geographical and other agro-climatic factors do maintain the potential effects in such agricultural technologies given some of them were not meant to be applied in the tropical context. The mere technological availability, by itself, may not guarantee effective utilization as neither the old nor the latest might be appropriate for certain recipients. Diligent efforts to make technological appropriateness and quality that can fit with the labor utilization capacity, culture and environment are key issues that will help increase productivity by the intended users. If we look at broader contexts to which foreign aid is primarily linked with, we found that economic policies, specifically those having direct repercussions on economic growth have profound impacts on aid results as well. World Bank, (1981)³⁶⁴ argued that Africa's poor economic performances were caused by policy mistakes that include "inward oriented strategy of SSA as compared with the outward oriented policies of East Asia, anti-export bias, lack of openness, inter- sectoral price distortions (notably urban bias) were taken as the main causes for an economic decline in Africa. In the same token, the Berg Report (1981)³⁶⁵ also pointed out "poor price incentives" as contributory to failures of economic performance in general and foreign aid based project intervention in particular. Some of these economic policies are no more active to affect economic performance today as compared to their influence before, but might still have setbacks on foreign aid effectiveness even in this century. However, the factors affecting foreign aid are interwoven and complex which could have gone far beyond the economic sphere, and may require the existence of functioning institutional setups as well.

6.1.7.2 Aid Structure and Category

Chinese cooperations with Ethiopia could be divided in to two major categories, i.e., financial and technical assistances. While the financial line includes loans (concessional, soft), and grants to be used by the receiver country, the technical assistances category comprises professional and skill training, dispatching Chinese medical personnel, supply of

³⁶⁴Akyuz Y., and Gore C., (2001). African Economic Development in Comparative Perspective. 'Cambridge Journal of Economics, No. 25, 265-288.'

³⁶⁵World Bank (1981). Accelerated Economic development in Sub-Saharan Africa: An Agenda for Action, Washington DC, World Bank

pharmaceuticals, medical facilities, schools and material and technical provisions.³⁶⁶ Through the bilateral line, the Chinese government has been sending medical teams to contribute to the provision of health care services through working in Ethiopian health facilities for the last 26 years. They have been working in Jimma hospital, Debre Berhan hospital, Adama hospital, Black lion hospital and the Dental health training department of Addis Ababa University.³⁶⁷ Through the multilateral category, China delivered eight point commitments during the 2006 Beijing summit to help Africa develop its own independent capacity for the most aspired development. For instance, China agreed to train 15000 African professionals, send 100 senior agricultural experts, set up 10 special agricultural technology demonstration centers, build 30 malaria prevention and treatment centers, build 100 rural schools, and increase the number of Chinese annual scholarships to Africans to 4000.³⁶⁸ Most of these specific commitments were typical manifestations of technical assistances. Some of these technical assistances trickled down to Ethiopia through FOCAC's cooperative frameworks.

The financial aid category comprises mostly loans and grants used to assist key development and/or infrastructure projects implemented in Ethiopia. Several cases can be taken to explain financial cooperation. A simple recent case could be the \$23 million grant and soft loan agreement signed between China and Ethiopia on the 5th of September 2012.³⁶⁹ This grant was intended to assist of Ethiopia's development programs carried out in the country.^{xi}

6.1.7.3 Chinese Aid on Education and Training

Ethiopian Ministry of Education did not have organized data base/archive on the number of Ethiopians sent to China both for a short-term and professional training under the Chinese Scholarships for Bachelor', Master's or PhD awards in China during the field work in May

³⁶⁶GebreEgziabher, Tegene. 2006. The Developmental Impact of China and India on Ethiopia with Emphasis on Small Scale Footwear Producers. Paper prepared for OECD in the Framework of 'Development Impact of the Economic Ascendancy of China and India on other Developing Countries', 18-20 October 2006, Johannesburg, South Africa. p.12

³⁶⁷GebreEgziabher, Tegene. 2006. The Developmental Impact of China and India on Ethiopia with Emphasis on Small Scale Footwear Producers. Paper prepared for OECD in the Framework of 'Development Impact of the Economic Ascendancy of China and India on other Developing Countries', 18-20 October 2006, Johannesburg, South Africa, p.13

³⁶⁸Wen Jiabao. 2006. Speech Made in the Opening Ceremony of the Third Forum for China-Africa Cooperation (FOCAC) Held in Beijing, and the Second Conference of Chinese and African Entrepreneurs. Available at: <http://www.focac.org/eng/ltada/dscbjhy/SP32009/t607552.htm>

³⁶⁹Ethiopian Embassy in China. 2012. China Grants \$23 Million in Support of Ethiopia's Development. Available at: http://www.ethiopiaemb.org.cn/pdf/Microsoft_Word_-_China_grants.pdf

2011. Despite this, however, King (2011) had indicated some estimates in this regard. Accordingly, about 620 people went to China for a short term training opportunity from 2006-2008. Furthermore, there were about 100 Ethiopian students benefited from the regular Chinese scholarship (including those for Master's degree training) from 2007/8 to 2008/9. While these short-term training programs and scholarship opportunities are organized under the broader FOCAC framework, there are also other educational aid and assistance programs initiated and organized under the bilateral line. The roles of such initiatives went beyond the spheres of education as they could also contribute to foster other social roles, such as promoting Ethio-China cultural relation or people to people interactions. Data on the number of individuals getting trained in China was not available on a consistent basis, and the available one is far from showing any sort of meaningful trend in the subsector.

King (2011:92) noted that part of the Ethio-China cooperation has been in "*response mode*." In light of this, the thesis prefers to connote projects operated with the Chinese bilateral support in Ethiopia as 'request based.' King argued that "what China is undertaking in Ethiopia is as much the result of government requests as what China regards as its own development priorities in the country."³⁷⁰ But, the term request-based does not imply that China would respond positively to every query from Ethiopia. The outcome is rather determined through high level negotiations to make sure whether the request fits with the interest and priority of China as well. The idea is China has responded positively to some of the prioritized assistance requests from the Ethiopian Government as might be the case with other African countries as well. There are some prominent projects, which can be cited as evidence to the results of requests made by Ethiopian government to the government of China, and such projects are seen as results of the request-based approach.

The first project under the *request-based* approach has been Ethio-China Polytechnic College (ECPC), which has been one of the largest education projects that China supported in Africa. It was built with a total investment cost of 100 million Yuan, or about \$15million. It is aimed to provide key request based training services for domestic enterprises, Chinese companies in Ethiopia and/or other requests to ECPC for skills training. So, request based interactions are

³⁷⁰King, Kenneth. 2011. China's Cooperation with Ethiopia-with a Focus on Human Resources. Organization for Social Science Research in Eastern and Southern Africa (OSSREA) Bulletin, Vol. 8, No.1, Pp. 88-112.

made at two levels, i.e., providing services to bilateral projects between Ethiopia and China and secondly, at an enterprise level based on agreements between ECPC and its potential organizations as customers.

The Addis Ababa Confucius Institute (AACI)^{xiii} is another major educational institution organized under ‘the request-based approach’ via the bilateral cooperation between Ethiopia and China.³⁷¹ This was the result of FOCAC decision that had deliberately left the task of arranging and instituting CI through the direct negotiation and consultation between the respective institutions/universities in demand from Africa and their respective counterparts in China. As a result, the first Confucius Institute in Ethiopia was established through the cooperative efforts between Tianjin University of Technology and Education (TUTE) in China in cooperation with Ethio-China Polytechnic College in Addis Ababa. This first ever institute is located within ECPC compound in Addis Ababa, but it has its own quarters and facilities to train Chinese language, culture, history and the arts.³⁷² The latter began to carry out its roles through the provision of the Chinese language training as a compulsory course requirement to about 250 ECPC students since the 30th of November 2009.³⁷³ Official inauguration of the AACI, which was held on the 23rd of February 2010, raised the total number of CIs in Africa to 24 as compared to that of 360 CIs globally.³⁷⁴ Hence, it was set to carryout cultural programs and activities to enhance Chinese influence in Ethiopia as has been the case in the West.

Part Two: Discussion and Presentation of Primary Data on Ethio-China Bilateral Relations

6.2 Export-Import Relations and Trade Balance

This sub-section presents both quantitative and qualitative data. The former, which was obtained from primary sources, is analyzed with descriptive statistics using simple statistical methods, tables and graphs. The qualitative analysis, on the other hand, was based on data

³⁷¹King, Kenneth. 2011. China’s Cooperation with Ethiopia-with a Focus on Human Resources. Organization for Social Science Research in Eastern and Southern Africa (OSSREA) Bulletin, Vol. 8, No.1, Pp. 88-112.

³⁷²Addis Ababa Confucius Institute (AACI). Available at: http://ethiopiacy.chinese.cn/en/article/2011-02/25/content_230260.htm

³⁷³Addis Ababa Confucius Institute (AACI). Available at: http://ethiopiacy.chinese.cn/en/article/2011-02/25/content_230260.htm

³⁷⁴King, Kenneth. 2011. China’s Cooperation with Ethiopia-with a Focus on Human Resources. Organization for Social Science Research in Eastern and Southern Africa (OSSREA) Bulletin, Vol. 8, No.1, p.93

collected through key-informant interview with experts working institutions related to the Ethio-China relations, such as political and economic diplomats working in the Chinese Embassy in Addis Ababa. The qualitative data analysis was mostly aimed at clarifying non-quantifiable issue areas so as to further analyze their relationship in broader terms. The quantitative part, however, was mostly focused at presenting quantifiable aspect of the latter, particularly on trade, investment, aid, labor, employment and the like that contributes to easily understand the extent and magnitude of these dimensions.

Trade related data was the first quantitative information the thesis found evidences for the unique feature of Ethio-China relations. Table-14 presented Ethiopian import-export values and the Ethio-China export-import trade balance from 2004-2010. Using these values, this section examined the size, growth or decline of Ethiopia's export revenue for basic commodities it exported to China and its import values, i.e., extent of expenditures the country spent for the goods and services it imported from the latter, as well as the export-import trade balance the two countries have had in the same period. One of the key issue table-14 depicted below is Ethiopian exports to China. Taking 2004 as a base year, the export value grew from 2004 to 2005 by over 5 fold, i.e., 435.8 percentage increase,³⁷⁵ but was not consistent as it fell down for the following two consecutive years with the lowest being in 2007 (table-14). The factors that explained this export fall might be related to reductions in the production of export crops as a result of bad weather conditions that might cause poor harvest as exports from Ethiopia to China are mostly agricultural in nature. But, from 2007-2010, the data in table-14 showed steady growth of export revenues with significant margins. The extent of Ethiopian export in 2009 was rising as the growth rate measured from 2008 to 2009 grew well over 80 percent (table-14). Over all, table-14 portrayed the trend of export-growth for most of the 2004-2010 Ethiopian export trade values to China, except a slight decline in 2006 and 2007. This growth trend was uneven and did not steadily improving over these years.

Ethiopia's imports from China is the second key trade dimension table-14 is presenting in terms of the values of these two countries' bilateral trade for about seven years (2004-2010).

³⁷⁵Percentage Increase- is one indicator of import and export values between two different time periods. If we calculate Ethiopian export value changes between two consecutive years - y1 and y2, then the procedure is $y2 - y1$ divided by $y1$ and multiply by 100. The result tell the percentage change increase or decrease.

The latter explained the growth of Ethiopian imports from China, i.e., the values of trading goods and services China exported to Ethiopian markets grew from \$395,753,004.05 in 2004 to \$556,564,693.50 in 2005 by 40.63 percent. There is a general trend of increasing Ethiopian import values from China for indicated years. The pick import value was registered in 2007 and 2008 consecutively. Ethiopian import value exceeded \$1 trillion for the first time in 2007. The growth of import values from 2006 to 2007 was found to be 56.76 percent and was the second highest level of import values registered. The pick import growth level from China under the same observation period (2004-2010) was measured at 57.95 percent in 2008. Generally, the data depicted that import values showed growth trends except for a contraction in 2010.

The third key variable presented in table-14 was the Ethio-China balance of trade that compared their export and import values from 2004-2010 periods. Ethiopia's export-import values in table-14 showed a negative trade balance, implying Ethiopia's unfavorable position as it spends too much for the items it imported from China every year than the amount it gained from its exports to the same. Hence, the Ethio-China trade relations have always been in China's favors. The trend was not only negative, but the margin was growing very broadly from 2004 to 2008. Within these years, the highest negative trade balance being 64.13 percent and 60.57 percent in 2007 and 2008 respectively (table-14). The negative import trade balance exceeded \$1 trillion for the first time in 2007 and was the highest level in the observation period. The data in table-14 also showed a downward trend from 2008-2010, coming down from over 60 percent in the 2007 and 2008 to as low as 4.35 percent and minus 4.93 percent in 2009 and 2010 respectively. But, in such an instance where the trade balance falls to the minimum, the actual import values remained higher than the corresponding Ethiopian export values in the same year. Even at times where Ethiopia's record high export value gain was recorded in 2009, the trade balance remained negative as the import values Ethiopia paid were higher in amount than the latter. To sum up, the table-14 presented the existence of a negative export-import trade balance between Ethiopia and China. More so, within this negative trend, two sub-trends are embedded, i.e., upward (growth) and down (fall) trends as variations in this generally negative trade balance.

Table -14: Ethio-China Import-Export Value and Trade Balance (2004-2010 Nov.)

Year	Ethio's Export to China (USD)	Export growth (%)	Eth's Import from China (USD)	Import Growth (%)	Eth's Exp.-Imp. Trade Balance	Growth (%)
2004	14.871.561,36		395.753.004,05		-380.881.442,69	
2005	79.684.378,23	435,82	556.564.693,50	40,63	-476.880.315,27	25,20
2006	72.385.623,68	-9,16	686.083.607,90	23,27	-613.697.984,22	28,69
2007	68.225.452,41	-5,75	1.075.485.715,06	56,76	-1.007.260.262,65	64,13
2008	81.351.785,21	19,24	1.698.686.454,65	57,95	-1.617.334.669,44	60,57
2009	147.173.339,61	80,91	1.834.918.906,87	8,02	-1.687.745.567,26	4,35
2010	221.615.770,45	50,58	1.826.100.357,06	-0,48	-1.604.484.586,61	-4,93
Aver.	97.901.130,13	95,27	1.153.370.391,30	31,02	-1.167.900.564,22	29,67

Source: Ethiopian Ministry of Trade and Industry

6.2.1 Ethiopia's Export and Import Trade Value and China's Share

6.2.1.1 Ethiopia's Overall Export Value and China's Share

Table-15 presented the overall values of Ethiopia's export trade to all destinations, the size of its export to China, and China's share of Ethiopian export to the world from 2004-2010. Two of the key observations from table-15 were: (1) Ethiopian overall export growth trend except a fall by 3.2 percent from 2008 to 2009. The latter also depicted an uneven trend that the highest growth rate was 47 percent in 2005 followed by 33.9 percent and 30.45 percent in 2010 and 2008 respectively, but all of them were above the average growth rate (23 percent). Despite the highest percentage growth in 2005, the actual growth of export values from 2006-2010 were over one trillion, i.e., much higher than the stated highest growth rate. (2) The Chinese share in Ethiopian overall export, i.e., the ratio of Ethiopian export to China with that of the disaggregated Ethiopian export to the world. Hence, the data depicted positive growth trend for the Chinese share as well. The actual values showed that the highest Ethiopian export to China was recorded in 2010, i.e., \$221.615.770.45 (table-15) and the percentage growth rate for the latter calculated from the previous year (2009) was 10.98 percent (table-15). The other peak years for Ethiopian export to China were indicated with growth rates of 8.8 percent and 9.8 percent in 2005 and 2009 respectively (table-15). The Chinese share of Ethiopian exports was better in terms of showing relative consistency and lesser extent of variability.

Table-15: Ethiopia's Overall Export Value and China's share

Year	Ethiopia's Overall export (USD)	Growth (%)	Eth's Export to China (USD)	China's share in Eth's overall export (%)
2004	615.039.901,77		14.871.561,36	2,42
2005	905.180.818,55	47,17	79.684.378,23	8,80
2006	1.009.091.629,20	11,48	72.385.623,68	7,17
2007	1.193.490.951,00	18,27	68.225.452,41	5,72
2008	1.556.870.600,29	30,45	81.351.785,21	5,23
2009	1.507.062.117,47	-3,20	147.173.339,61	9,77
2010	2.017.898.539,50	33,90	221.615.770,45	10,98
Average	1.257.804.936,83	23,01	97.901.130,13	7,15

Source: Ethiopian Ministry of Trade and Industry

6.2.1.2 Ethiopia's Overall Import Value and China's share

While the overall export has been motivated by the duty free measure of Chinese government, Ethiopian imports have also been responsive to the growing domestic consumer market, economic growth, and aggressive infrastructure and construction sectors that demands goods and services from abroad. Examining the extent and trend of Ethiopian overall import values from the various import sources and measuring the size of China's own share, (table-16) depicts that the overall size of Ethiopia's import volume growth from 2004-2010 was extraordinarily higher, i.e., 177.98 percent. The latter's growth was over twofold as compared with the 2004 overall import volume. Despite this, however, import size was dropped by about 45 percent in 2006 and significantly rose up in 2007 and 2008 respectively. Table-16 also showed a downward spiral as the overall import volume fell by sizable margins in 2009 and 2010 from its bounce in 2008. Thus, what is seen in table-16 was the uneven trend of overall import value in Ethiopia.

Table-16 also denoted China's share of Ethiopian imports, i.e., the proportion of Ethiopian imports from China to that of its overall imports globally for the year 2004 was 13.02 percent. But, the 2005 share of Ethiopian imports from the latter decreased to 6.59 percent, not because the actual import size was lower, but because the overall import values, which is used as the dominator to calculate the Chinese share grew by 177.98 percent. In other words, the 2005 Chinese share or import value from China was divided by higher denominator meant that the resulting ratio was found to be lower. The percentage of Chinese share of Ethiopian imports, as pointed out in table-16, showed an increasingly growing trend from 2006-2010. Similarly, the latter also pointed out a significant share of about 20 percent from 2007-2010. Hence, the percentages of China's share in Ethiopia's overall imports for the years following 2005

depicted an increasingly growing trend, ranging from 14.93 percent in 2006; 19.81 percent in 2007; 20.51 percent in 2008; 24.08 percent in 2009 and 24 percent in 2010.

Table-16: Ethiopia's overall import and China's share

Year	Ethiopia's total import (USD)	Growth (%)	Ethiopia's import from China (USD)	China's share (%)	Total Trade Turnover with China	Growth (%)
2004	3.039.876.259,11		395.753.004,05	13,02	410.624.565,41	
2005	8.450.155.206,18	177,98	556.564.693,50	6,59	636.249.071,73	54,95
2006	4.596.440.258,00	-45,61	686.083.607,90	14,93	758.469.231,57	19,21
2007	5.427.900.025,42	18,09	1.075.485.715,06	19,81	1.143.711.167,47	50,79
2008	8.283.386.364,61	52,61	1.698.686.454,65	20,51	1.780.038.239,86	55,64
2009	7.621.632.931,75	-7,99	1.834.918.906,87	24,08	1.982.092.246,47	11,35
2010	7.613.444.479,13	-0,11	1.826.100.357,06	24,00	2.047.716.127,51	3,31
Aver.	6.433.262.217,74	32,50	1.153.370.391,30	17,56	1.251.271.521,43	32,54

Source: Ministry of Trade and Industry

6.2.2 Ethiopia's Top-Ten Export Items to China

We have seen the aggregated overall values of Ethiopian exports to China and China's share to the latter in the previous section. While the extent, growth and trend of export value is an important indicator as regards to trade relations between two countries, examining such value with the corresponding items exported in different timespans will help to enhance the understanding on the export sub-section. Thus, table-17 provides the list of the top-ten items and their associated values exported to China in their order of importance since the 2004-2010 so as to uphold the data in the previous section in table-16. Sesame or Sesamum seeds were the top/ number-one Ethiopian export item to China with the highest export value. There is huge gap in terms of the value gained from the export of Sesame as top export commodity, which is more than 17 times higher than the second top export items, which includes Niobium, Tantalum, and Vanadium. The other issue table-17 presented below is that there is a slim diversity in the composition of export items as they are purely agricultural products except for value-added and semi-processed leather exports, and tantalum and other minerals which are the second and third in this top ten export items.

The key related issue here is that export revenue seemed dependent only on the export of few items that are of high in demand in the destination as the gap in the values generated by each export item has been explained in table-17. Secondly, the top export items have been in competition amongst each other to be the number one export. Coffee used to be the top export items in and around 2004/5/6, but in 2010, Coffee was not even listed as one of the ten top

exportable agricultural products. But, the competition was still only between agricultural products. As a signal to economic transformation, it would be good to see labor-intensive products to come to the top export items and hence, see agricultural commodities leaving space for industrial one, which was not the case in the table-17.

Table -17: Top-Ten Ethiopian Export-Items to China (Till Nov. 2010)

HS_Code	HS_Description	Value in USD
12074000	Sesamum seeds	180.460.471,40
26159000	Niobium, tantalum and vanadium ores and concentrates	10.438.010,26
41062200	Tanned/Crust Hides/Skins of Goats or Kids in the Dry State (Crust)	8.135.064,63
13019000	Natural Gums, Resins, Gum-Resins, Natural Oleor'ins/Balsams (Excluding Gum Arabic)	2.791.205,53
41120000	Leather Prepared After Tanning/Crusting Including Parchment Dressed Leather.	2.676.243,73
07129010	Chat	2.501.303,76
23064100	Oil-Cake and other Solid Residues of Rape or Colza Seeds of Low Erucic.	2.280.755,06
41053000	Tanned/Crust Skins of Sheep/Lamps in the Dry state (Crust)	2.157.986,39
07099020	Fresh Chat	1.909.134,11
12059000	Rape or Colza Seeds (Excluding Low Erucic Acid Rape/ Colza)	1.678.272,53

Source: Ethiopian Ministry of Trade and Industry

6.2.3 Ethiopia's Top-Ten Imported Items from China

Similar to the top-ten-exported-items from Ethiopia, were the top-ten-imported-items from China, which are at stake to be examined in a comparative-lens as the differences embedded in these two groups help to explain where the countries stand in terms of transforming their cooperations. Spare parts have been the top imported items with the highest demand in the country. The value that the country paid for the various spare parts, as indicated in table-18 has been over three times larger than the second item from the list of these top ten imported ones. Symmetrically opposite to the top-ten-exported items, the top-ten-imported items from China can be categorized as non-agricultural outputs. Putting differently, they are all industrial and manufacturing products.

Footwear and textile products used to be the top imported items in the previous analysis in terms of volume and cost. But, with regard to table-18 below, which presented relatively different list of the top imported items, the former left its position for the new items, which there appeared with a growing demand in the market. Hence, foot wear went down to 9th place as spare parts, machineries, electronics, steel and the like took the lead. Table-18 also implied that the economic structure of China went too far in transforming its economy from agriculture

towards industrial/manufacturing levels. Hence, the implication was that the two countries will have lesser degree of competition with each other, at least in the short term, both in exporting their products to third countries' markets as well as each other's internal markets depicting complementarity than facing competitive impacts as they have mostly different items for export. On the other hand, the demand for all these industrial products (machineries, electronics and the like) can also partly imply the need for a policy intervention to transform the agricultural economic base of Ethiopia.

Table-18: Top-Ten Items Ethiopia Imported from China (Nov.2010)

HS Code	Description	Value in USD
851770	Parts	295.170.420,29
730890	Structures and Parts of Structure, NES of Iron or Steel	92.361.080,31
851762	Machines for the reception, conversion & transmission or regeneration of voice, image...	85.162.183,02
540769	Woven Fabrics of Synth'c Yarn $\geq$ 85% Textrd/non-Textrd Polyester Filmnt	55.652.090,54
851769	Other machines for the reception conversion and transmission or regeneration...	40.995.443,15
401120	New Pneumatic Tyres of Rubber of a Kind Used on Buses or Lorries	36.134.627,54
870410	Dumpers for Off-Highway Use	24.789.135,66
850680	Other Primary Cells and Primary Batteries, NES	21.976.817,52
640299	Footwear, NES, not Covering the Ankle, of Rubber or Plastics	18.224.795,50
854420	Co-axial cable and other co-axial electric conductors	17.060.839,74

Source: Ministry of Trade and Industry

6.2.4 China's Investment in Ethiopia

Investment is one of the three key analytical variables that explain the status of Ethio-China relations. Through analyzing the data obtained from Ethiopian Investment Agency (EIA) on South-South FDI and/or joint investment performance in Ethiopia from 1998 to 2011, this section focusses on analyzing and highlighting the role, extent and implication of Chinese investment in the country. The data indicated that the feature of the bilateral investment endeavor takes either the form of Foreign Direct Investment (FDI), where Chinese public or private companies directly invest in any sector of their choice or invest in as a Joint Venture Investment (JVI) in which companies from China cooperatively work with domestic enterprises whereby they combine their capital, technology, know-how and labor together for mutual benefits.^{376xiii}

³⁷⁶Interview with Director of Promotion and Research Directorate of Ethiopian Investment Agency

The data regarding the existing status of investment projects, during the time of data collection, were divided into three categories of investment project stages that includes pre-implementation, operation and implementation.³⁷⁷ Projects in the three stages have already gotten their investment license and were doing preparatory activities. The difference amongst them was related to whether or not securing investment land and moving a step forward to accomplish their investment objective. Thus, some of the investment projects' are at the stage of pre-implementation where investors were granted investment licenses, but did not secure the required land. The other two stages were implementation and operation, which were aggregately taken as 'active investment stages' in which investors are granted license and investment land.³⁷⁸ The difference that lie between the last two levels of investment stages categorized as 'active' stages will be whether or not an investor has taken a step forward to produce the key output that it sought to achieve as an objective. In a scenario where an investor put together the material and human elements of the investment practice and already produced the planned product or goods and services, then such a case is said to be in an implementation stage. Some other investors would be preoccupied with carrying out necessary steps to assemble the main inputs or could have already been commenced the main investment work, but still would be far from getting the real result of their endeavor is called the stage of operation.

This investment subsection analyzes four tabular statistical data that presented the different aspects of investment projects in Ethiopia. The first table provides the summary of licensed investment projects by country of origin that traced the major source of investment in Ethiopia. The second table showed the distribution of investment projects by time period and gave the lens to identify the year at which higher investment flow was recorded. The third highlighted the distribution of investment projects by sector and depicted major investment flows via strategic sectors that will contribute to poverty reduction and growth. The fourth and last one presented the distribution of investment by Ethiopian administrative regions and implied whether or not investment is concentrated in few regions or is fairly dispersed among the federal regions.

³⁷⁷Interview with Director of Promotion and Research Directorate of Ethiopian Investment Agency

³⁷⁸Lavers, Tom (2012): 'Land Grab' as Development Strategy? The Political Economy of Agricultural Investment in Ethiopia. *Journal of Peasant Studies*, Vol. 39, No.1 Pp.105-132.

6.2.5 Investment Projects by Country of Origin and Status

China is becoming the dominant partner of Ethiopia both in terms of FDI and joint investment performance (table-19). The relevance of its investment projects can be relatively measured by the number of FDI projects and/or joint investment projects, the size of investment capital and the number of employment opportunities created in the host country. The existence of such indicators of China's investment endeavors in Ethiopia signaled that the latter came to be a key partner to the country. The credibility of its relevance is further measured in terms of taking initiations, its positive response to the request for its assistance and its exemplary roles for the countries efforts to follow its footsteps. Out of the 18 sources of FDI and joint venture investment projects, as indicated in the table-19, China is the only country that has been active both as an independent FDI source as well as joint venture investments with which it has paired 17 times with other countries that are investing in Ethiopia.

Specific to the quantitative indicators on China's FDI, China, as an emerging international actor, has invested in 975 projects that were at different stages of the investment project life cycle in Ethiopia. About 47 of its investment projects were at full-fledged implementation stage, 238 projects at a stage of operation and 690 at pre-implementation stage (table-19). Furthermore, China was also working jointly with other countries in general as it was the only country that had involved itself in the joint investment endeavors in Ethiopia no matter the number of investment projects was insignificant (table-19). The latter has shown relatively better joint investment efforts with the host country's companies too. Accordingly, about 146 investment projects were made by the Ethio-China joint investment effort, out of which 11 projects were at a stage of implementation, 21 projects at a stage of operation and 114 projects at a pre-implementation stage. Hence, FDI and Joint ventures were the major mechanisms China has been participating in Ethiopian investment performance as indicated in table-19.

Overall, China has directly and jointly invested in 1143 investment projects in Ethiopia. But, this could be explained in so many ways. The first element to be explained is the nature and structure of investment projects in general, one of which could be looking into the proportion of performances in each stage to the overall performances to understand the actual investment status. In aggregate, about 5.2 percent of investment projects were at an implementation level, 23.1 percent were at the operations stage and finally, 71.7 percent were at the pre-implementation stage (table-19). The proportion of full-fledged investment projects in the implementation stage was very small as compared to the proportion in pre-implementation

phase. Furthermore, the combined proportion of the two active stages (operational and implementation) was only about 28.3 percent of all investment projects, which was not significantly contributing to the efforts made to change realities in the host country. This implies their contribution towards technology and knowledge transfer remained limited. In other words, limited number of investment projects on the ground will also imply that the consequent impacts in reducing poverty and motivating overall growth remained limited as well. It seemed that many of the projects were not able to start implementation as a result of the barriers hindering them from moving forward.

The size of investment capital is another key element that affects both actual and potential investment impacts. This can be explained in different ways. The proportion of investment capital allocated and used in each level of the three investment phases, i.e., the amount used in implementation, operation and pre-implementation phases to that of the total investment capital of the three stages altogether varied significantly. Given the statistical evidences, China is the single most source of FDI including joint investment practices in Ethiopia with which it strives to play exemplary roles relevant to the development endeavors in the host country. The assumption is that the higher the actual investment capital which is being infused in the country in either of the ways explained above, the higher and the better the extent of benefits a given project is expected to contribute to the destination. Hence, the proportion of investment capital of projects in the implementation stage to that of the combined sum of investment capital of the three stages altogether was 26.8 percent while the investment cost for those in the pre-implementation and operation stages were 65.8 percent and 7.4 percent respectively. Comparing the proportion of investment capital of the ‘active stages’ with that of projects in the ‘pre-implementation-stage’³⁷⁹, the data indicated the former two altogether accounts only 34.2 percent, as compared to the latter’s 65.8 percent. Hence, the proportion of investment capital for active projects, which are slightly ahead a step forward in providing investment benefits for both the investor and for the host country were found limited in extent as compared to higher proportion of investment capital in pre-implementation stage.

³⁷⁹ ‘Inactive Investment Projects’ refers to those that have taken investment license, but were not given land and hence, did not start implementation. They are categorized under pre-implementation stage.

The second way to understand and explain the size and significance of investment capital, which is being invested by China, both as an independent investor and as joint venture investment in each of the three investment stages has been the proportion of China's own investment capital to that of the total investment cost in the respective investment stages of implementation, operation and pre-implementation was found to be 60.7 percent, 84.3 percent and 29.4 percent respectively. The indicated the extent of China's investment capital utilized in the active investment stages is somehow relatively significant. In other words no significant amount of China's investment capital has been kept in the non-active investment phase of reimplementation stage.

The extent of Ethio-China-China joint venture investment capital, which is relatively higher than Ethiopia's joint venture investment efforts with other countries, as shown in table-19, was found 5.6 percent in implementation, 13 .6 percent in operation and 16.3 percent in pre-implementation. Hence, China's investment performance in the joint venture sub-sector is just statistically not significant. But, the latter, though low as shown by the statistical indicators above, is relatively better in terms of both the number of projects as well as and the size of its investment capital compared to the joint investment efforts that Ethiopia managed to have with other countries. It is believed that the higher the extent of joint investment efforts, the better the chance for local companies to draw lessons in investment planning and management, better knowledge transfer and technological adaptation for the required technologically induced growth in Ethiopia. In this case, the existing statistical data does not support too much of such a trend, but relative to other countries' performances in joint venture, China has tried its best.

Employment is the other key indicator of investment benefits both through FDI and joint venture performances. Similar to investment capital, the proportion of the number of employment opportunities in each of the three stages to that of the aggregate employment opportunities of the three stages altogether could be an indicator for the role, extent and implication of investment projects to the host. But, even if table-19 highlighted both permanent and temporary employment opportunities, the thesis prefers to consider only the permanent employments of investment practices in Ethiopia as the relevance of temporary employment has been difficult quantify and explain its impact on the lives of employees. Furthermore, the data in table-19 did not give any clue as to what is meant by temporary employment. On what time bases the latter was seen as temporary? Is a person working for one hour or a day, or, month? For sure there might have been people who have got the chance to work only for hours

on a daily basis. Besides, the thesis also did not get supportive evidences the data on the rate of wages for on investment related employments. Given the above reasons, the thesis explained only permanent employment.

The proportion of permanent employments created by investment projects in the implementation stage was found to be 14.7 percent, 22.9 percent in the operation stage, and finally, the contribution of projects in the pre-implementation stages on permanent employment benefits was found to be 62.4 percent. Statistically, the employment benefits of investment projects at implementation and operation stages were insignificance. The latter might possibly that fact that the number of Chinese people working in the latter was higher than the number of Ethiopians working as permanent workers. The proportion of permanent employees working in the pre-implementation-stage projects was much higher than the former two combined together (37.6 percent). The employment opportunities are important irrespective of which investment stages they were created. But, according the key-informant interview with Ethiopian Investment Authority (EIA),^{xiv} Chinese investment projects that were at the pre-implementation phase, did not give too much of the jobs to domestic workers. Many of those employed by investment projects at this stage were Chinese experts engaged in paving the ground for better investment. The same interview has also pointed out that such projects employ people with temporary terms of employment who are unskilled and less educated. When these projects are staged to the full implementation phases, they will start to employ mid-level Ethiopian professionals and many unskilled labor. Hence, the higher statistical indicator in the number of employments in the pre-implementation stage could be in response to the number of investment projects, which is far greater in size than in this stage than in the operation and implementation stages. But, many investment projects cease to proceed to the next higher project phases of operation and implementation due to a number of factors, such as for instance the endeavor wound not be sustainable due to market problems or due to the challenges or barriers faced to stay in the business, changing the investment field and so on. Hence, the number of projects slimmed down as we go to the next two stages to which the proportion of employment opportunities could also be lower too.

Finally, the thesis analyzed the ‘Chinese investment contribution by itself’ in each of the three stages independently so as to understand the significance of the Chinese investment performance in Ethiopia. Accordingly, out of 60 investment projects in the implementation stage, 78.33 percent were investments from China alone. The latter covered 60.7 percent of

the financial resources utilized in the implementation stage. The Chinese FDI at the same stage created 10126 permanent employment opportunities (table-19). In addition to the FDI projects, China was also investing jointly, in which about 28.33 percent of investment projects in the same category were made by Ethio-China joint investment endeavors and therefore, the extent of their contribution in these two forms has been significant as compared to other countries (table-19). Hence, the question of how significant the role of the Chinese investment was found relative, but as per the indicators pointed out, it is significant in terms of the number of investment projects, the size investment cattail and the contribution of permanent employment contributions as its contributions in these three forms is better than other countries that are working in Ethiopia.

Table-19: Summary of Licensed Chinese Investment Projects by Country of Origin and Status from 27th of August 1998 -25th of March, 2011

Investment origin	Implementation				Operation				Pre-Implementation				Total		
	No of Pro	Capital in '000' Birr	Per. Emp.	Temp. Emp.	No of Pro	Capital in '000' Birr	Per. Emp.	Temp. Emp.	No of Pro	Capital in '000' Birr	Per. Emp.	Temp. Emp.	No of Pro	Capital in '000' Birr	Per. Emp.
Australia/China					1	57000	10	15					1	57000	10
/Ethiopia															
Canada/China									2	9062	47	0	2	9062	47
Canada/China					1	3800	10	2	3	72000	260	510	4	75800	270
/Ethiopia															
China	47	6862307	10126	11721	238	2619171	12665	17581	690	8172848	31671	41834	975	17654326	54462
China/Australia									1	725000	80	35	1	725000	80
China/Canada					1	1.000	10	10	1	132600	150	10	2	133600	160
China/Ethiopia	11	629832	546	1075	21	423319	4374	1599	114	4542109	10467	14041	146	5595260	15387
China/Pakistan					1	1500	40	10					1	1500	40
China/Saudi Arabia									1	14000000	2500	1500	1	14000000	2500
China/South Africa									1	50000	1500	2000	1	50.000	1500
Ethiopia															
China/Sweden									1	10000	75	400	1	10000	75
/Ethiopia															
France/China									1	10500	20	15	1	10500	20
Malaysia/China	1	3761232	210										1	3761232	210
/Ethiopia															
Netherlands/China					1	1000	100	10					1	1000	100
South Africa/China	1	45000	200	40									1	45000	200
Sudan/China									1	41000	10	30	1	41000	10
/Ethiopia															
USA/China									2	13124	99	30	2	13124	99
USA/China									1	20000	20	10	1	20000	20
/Ethiopia															
Grand Total	60	11298371	11082	12836	264	3106790	17209	19227	819	27798243	46899	60415	1143	42203404	75190

Source: Ministry of Trade and Industry

6.2.6 Investment Projects by Year and Status (27/08/1998-25/03/2011)

The success and failures of investment performance can also be measured in terms of time taken to do so. The Ethiopian investment authority (EIA) has summarized the performance of investment projects over several years and the summaries indicated that project performances differ significantly across the years from 1998-2011. In examining the performance of

investment performances, time is just one important variable to explain the trend of progresses and/or decline investment activities. This section is aimed to analyze investment performance over a period of time so as to draw a trend and infer the implications. Part of the reason why we need to analyze investment in time is because performance differs if seen through a period of time even within the same policy environment and incentive packages. Hence, time matters and appears as good measurement indicator in identifying the peak year or years at which the number of projects grow or decline, the number and trend of employment opportunities and budget distribution and implications. Table-20 below displays the various aspects of investment performance in Ethiopia taking “time or investment years” as an explanatory variable. If we partially see part of the investment years under observation from 1998-2006 in the implementation stage, the total number of projects was only 10 and the average number of investment project in these years was just 1.1 per year as in 4 of these years there was not any investment at all. But, the years from 2007-2010 in the same stage witnessed growing investment performance as the average number of investment projects rose from 1.1 projects per year in the previous years to 12.5 projects in the latter. The minimum and maximum number of actual investment projects from 2007-2010, as seen in the table-20 were 8 and 17 respectively. The years from 2009 to 2010 were the peak period at which highest number of investment projects was registered.

The number of projects in the first 5 consecutive years of the operation stage (1998-2002) was only 6, which was insignificant. The period from 2003-2009 was the time where greater number of investment projects were registered with which the average number of the latter rose to 36.3 projects per year. In the same operation stage, the years from 2006-2008 was the peak as significant number of projects were registered, i.e., about there were 40 projects in 2006, 59 in 2007 and 63 in 2008. In the period of 1998-2002, the number of investment projects in all the three stages were insignificant, i.e., there was only one investment project in the pre-investment stage, 6 investment projects in the operation and no project was registered in the pre-investment stage. Projects began to appear in latter after 2003. The number of investment projects in the pre-implementation stage of 2003-2011 was 817, and the mean number of investment projects was 125 per year. But, there has been significant variance in between these years as well. Within this period, the highest number of projects was registered in the three consecutive years, i.e., 241 projects in 2008, 239 in 2009 (the peak year) and, 146 in 2010. Taking the total number of investment projects in each of the three stages over this 14 years period into account, we found out that the average numbers of investment

projects in the implementation, operation and pre-implementation stages were 4, 19 and 60 respectively. These indicators imply that the number of projects in the period between 1998-2006 was too low, but it has started to grow from 2007 to 2011. Both the total and the average number of projects in each of the three investment phases indicated growth. Overall, what was common to all across the three investment project stages were two *temporal trends*. The first has been from 1998 to 2002 where the number of investment projects has either been scanty or very low. Investment capital and permanent employment got the same trend. The second temporal observational trend was the time period from 2006-2010 whereby there was a relatively higher number of projects registered in each of the three stages. In relation to the latter, investment capital and employment opportunities were also higher and significant in all of three stages too.

Table-20: Summary of Licensed Chinese Investment Projects by Year and Status

Year	Implementation				Operation				Pre-Implementation					Total		
	N P	Capital in '000' Birr	Per. Emp.	Temp Emp	No of Pro	Capital in '000' Birr	Per Emp	Temp Emp.	No of Pro	Capital in '000' Birr	Per. Emp	Temp Emp.	No. of Pro	Capita in '000' Birr	Per. Emp	Temp Emp
1998					1	10277	54	8					1	10277	54	8
1999					1	27412	14	40					1	27412	14	40
2000	1	14642	160	0	1	5325	68	0					2	19967	228	0
2001					2	21462	323	0					2	21462	323	0
2002					1	7921	30	0					1	7921	30	0
2003	2	12032	33	120	20	11757 3	1057	256	2	10372	77	0	24	139976	1167	376
2004	3	75820	115	526	16	43981 2	1148	2177	11	26778	297	235	30	542410	1560	2938
2005	2	64000	222	64	25	10880 7	615	976	21	151280	921	666	48	324087	1758	1706
2006	2	344915	260	700	40	13907 4	4604	1056	45	1182168	2847	4294	87	1666157	7711	6050
2007	8	115020	373	940	59	44190 4	2135	2719	95	1248539	5726	8129	162	1805463	8234	11788
2008	8	297000	1437	2519	63	15195 00	5738	10.681	24 1	4133084	1634 3	2416 3	312	5949584	23518	37363
2009	1 7	3291808	5350	2482	31	244.0 23	1273	1144	23 9	17731802	1253 5	1416 1	287	21267633	19158	17787
2010	1 7	7083135	3132	5485	4	23.70 0	150	170	14 6	2861750	7109	7873	167	9968585	10391	13528
2011									19	452470	1044	894	19	452470	1044	894
Total	60	11298371	1108 2	12836	26 4	310679 0	17209	19227	81 9	27798243	4689 9	6041 5	1143	42203404	75190	92478

Source: Ministry of Trade and Industry

6.2.7 Investment Projects by Sector and Status (27/08/1998-25/03/2011)

Examining the distribution of investment performance from the *sectoral point of view* will help to highlight and identify the strategic sectors that have been attracting foreign investors. Hence, this section will explain the size, extent and trend of the number of investment projects and the relative distribution of investment capital, and permanent employment opportunities across the functional sectors. The thesis saw that *manufacturing* has been the sector to which

the highest number of investment projects was made (table-21). For a predominantly agricultural economy characterized by subsistence based household farming, the shift towards manufacturing seemed an optimistic direction country need to work on.

The proportion of investment projects in the manufacturing sector to that of the total number of investment projects in each of the three investment stages was a good indicator to understand how the sector has come to be prioritized by investors. As a result, 68.3 percent of investment projects in the implementation stage were in the manufacturing sub-sector. The second and the third prioritized sectors within this investment stage were contract based construction and water well drilling with 8 projects and real state, machinery and equipment rental and consultancy services with 5 projects. With the other two investment stages, 56.8 percent of investment projects in the operation stage and 60 percent in the pre-implementation were investments in the manufacturing sector respectively. The second prioritized sector in the operation stage that attracts and hosts 19 percent of investment projects, i.e., next to manufacturing was real estate, machinery and equipment rental and consultancy services. Similar to the operation, the same sector was also the second prioritized one with 11.6 percent of projects in the pre-implementation stage.

The number of investment projects can be taken as an indicator for sectoral investment prioritization. Sectoral priority could be one of the reasons why some investors are attracted to invest in some sectors than others. One can also ask whether or not sectoral prioritization, as can be indicated by the number of projects, could be followed by higher investment capital and greater number of employment opportunities. The result, however, may or may not be in line with such proposition. But, practically, a sector with higher number of investment projects may or may be the same in attracting higher investment capital and/or significant number of employment opportunities. This is because sometimes few investment projects may have gotten higher investment capital and/or greater number of permanent employments. Table-21 below provides evidences for the above statement. For instance, agriculture is the 4th with the number of projects (only 2 investment projects), but it stands 2nd in terms of the amount of budget allocated to it. In Addition, the agriculture is the 3rd sector in terms of the number of permanent employments in which its 2 projects have created within the implementation stage. But, manufacturing, as the most prioritized sector to invest, holds the momentum with 68.33 percent of the number of investment projects, 63.2 percent of the investment capital and 88.3 percent of permanent employment opportunities in the investment stage of implementation.

But, the proportion of the number of investment projects in operation and pre-implementation stages were 56.8 percent and 60.07 percent, i.e. lower than the levels indicated for the implementation stage. The proportion of investment capital utilized in the manufacturing sector under the operation and pre-implementation stages were 52.4 percent and 88.7 percent respectively. Hence, the pre-implementation stage has got higher proportion of investment capital compared with the amount invested in implementation and operation stages. Manufacturing as the most prioritized sector contributing significant proportion of permanent employment in the implementation stage, i.e., 88.3 percent compared to 48.35 and 72 percent in the operation and pre-implementation stages respectively. According to table-21, next to the manufacturing sector, 'real estate, machinery and equipment rental and consultancy services' and 'construction contracting and water-well-drilling' sectors came to be the second and third prioritized sectors with 19 percent (50 projects) and 11.7 percent (31 investment projects) in the operation stage. But, with regard to budget size, the former and the latter took their reverse positions that they have in the number of investment projects. Hence, while the former stood at the third place with 12.4 percent of its budget, the latter stood at second place with 30.9 percent of its total budget.

The same applies to the pre-implementation stage, in which real state was the second among all sectors in terms of number of projects, but it went down to third place when it was compared with other sectors on the bases of investment capital. Likewise, the construction sector was at a 4th place in terms of the number of projects, but it came second next to manufacturing on investment capital and employment in the same pre-implementation stage. But, one cannot be sure as to whether the number of projects or the size of the budget or employment as a good indicator for a particular sector to be the most prioritized investment area. The thesis assumes that in a situation where a particular sector attracts both higher number of investment projects matched with higher proportion of total investment capital and higher number of jobs as compared to other sectors, the situation indicated that it is the most prioritized one. The statistical indicators shown in table-21 suggested that manufacturing has been the most prioritized sector as it was witnessed by its ability to attract relatively higher number of investment projects, higher proportion of investment capital as well as its relative proportion of employment benefits. As indicated by the statistics in the same table, the two sectors, namely 'real estate, machinery and equipment rental and consultancy service and construction contracting including water well drilling' followed the former as the second and third prioritized sectors as evidenced by most statistical measurements of the key variables.

Table-21: Summary of Licensed Chinese Investment Projects by Sector and Status from 27th of August 1998 -25th of March, 2011

Sector	Implementation				Operation				Pre-Implementation				Total			
	N of P	Capital in '000' Birr	Per. Emp.	Temp. Emp.	N of P	Capital in '000' Birr	Per. Emp.	Temp. Emp.	No of P	Capital In '000' Birr	Per. Emp.	Temp. Emp.	No. of P.	Capital in '000' Birr	Per. Emp.	Temp. Emp.
Agriculture	2	3767103	290	100	2	11073	121	200	53	388102	3239	9369	57	4166278	3650	9669
Manufacturing	41	7139628	9787	10637	150	1627272	8322	4922	492	22429653	33717	29072	683	31196553	51826	44631
Mining	1	6550	28	45	2	32950	55	25	9	133338	386	1195	12	172838	469	1265
Education	1	1.000	2	4	1	530	6	4	3	3900	19	17	5	5430	27	25
Health					8	8080	38	38	12	36985	145	113	20	45065	183	151
Hotels, and restaurants	2	8200	35	25	15	24970	201	150	76	886675	2256	1926	93	919845	2492	2101
Real estate, machinery & equipment rental & consultancy services	5	188500	95	460	50	387067	4418	3994	95	915977	1900	2998	150	1491544	6413	7452
Tour operation, eco-tourism, cold storage service, etc.					3	3300	171	45	9	21185	131	210	12	24485	302	255
Construction contracting, water well drilling	8	187390	845	1565	31	959548	3817	9609	64	2970798	5073	15440	103	4117736	9735	26614
Others*	0	0	0	0	2	52000	60	240	6	11630	33	75	8	63630	93	315
Total	60	1129837	11082	12836	264	3106790	17209	19227	819	27798243	46899	60415	1143	42203404	75190	92478

Source: Ministry of Trade and Industry

6.2.8 Investment Projects by Region and Status (27/08/1998-25/03/2011)

Ethiopia has been pursuing a federal system that was structured under Ethnic lines since the 1991 regime change. There are 9 ethnic based administrative regional states that include: Afar, Amhara, Oromia, Tigray, Gambella, Harari, Somali, Benshangul-Gumuz, Southern Nations and Nationalities and Peoples Region (SNNPR), representing major Ethnicities and Addis Ababa and Dire Dawa as the only non-Ethnic based city states, both of which constituted under the Federal Democratic Republic of Ethiopia (FDRE). The rationale to see the distribution of investment projects in terms of the 9 regional states and two city administrative councils is because there has been marked difference in development and infrastructure amongst them. In addition, there is also a natural tendency of investors towards the most accessible and relatively developed regions whereby security, logistical and managerial costs are convenient. Third, there are different incentive packages provided by the federal and state investment authorities in addition to the differences in environmental and geographical issues, such as climate, topography, and so on specific to each region. There are also differences in interests by the regions that made them compete among each other to attract more investors. The effort bring fair distribution of investments, such as providing pre-developed investment guideline that highlights the potentials of all regions is also an issue to be noted. Hence, this section will

examine the investment distribution across the regions so as to understand regional distribution of investment projects, investment capital and employment.

As the statistical indicators in table-22 showed, the distribution of the number of investment projects among administrative regions has been highly skewed to Addis Ababa City and Oromia regional state. Accordingly, Addis Ababa hosts the highest proportion of the number of investment projects in all the three investment stages, i.e., 27 percent of the number of projects in implementation stage; 75.8 percent of projects in the operation stage and 65.4 percent of the number of investment projects in the pre-implementation stage. Oromia region was the second, next to Addis Ababa. It hosts 38 percent of the projects in the implementation stage, 10.2 percent and 21.4 percent of the projects in the operation and pre-implementation stages. The outright reason why these two regions received the highest number of investment projects is because Addis Ababa city is circumscribed by Oromia region and it is the capital city with all the criteria that foreign investors need to have for the success of their business. But, their position in having the higher number of projects will not hold true in terms of comparing regions with the investment capital.

Addis Ababa and Oromia held the highest number of investment projects, but, the SNNPR and Gambela regional states that each held only one investment project received significant proportions of 33.3 percent and 27 percent of the investment capital respectively. Oromia received 32.6 percent of the investment capital, which was the second highest of all regions in the implementation stages. The distribution of the number of employment opportunities gained from these investment projects depicted a similar scenario to that of capital, in which Oromia enjoyed relatively higher proportion of permanent jobs (64 percent) and received the second higher jobs in the implementation stage (18 percent). The evidences in table-22 on the distribution of investment capital and jobs in the operation stage depicted that both Addis Ababa and Oromia maintained and repeated their leading positions on the number of projects and both in the size of investment capital and the number of jobs as well. They received 68.8 percent and 20.9 percent of the investment capital and 53.7 percent and 31.6 percent of the jobs in the operation stage respectively. Hence, in this stage, the evidences proved the number of investment projects was also followed by the size of investment capital and employment opportunities.

In the pre-implementation stage, however, the distribution of these variables did not follow the same scenario. It rather came to be similar to that of the implementation stage, in which

the City state of Dire Dawa, which stood at 4th place with the number of investment projects, excluding ‘multiregional projects’³⁸⁰, appeared to be the first region to receive 51.7 percent of investment capital, which is the highest proportion, followed by Addis Ababa with 22.6 percent and Oromia with 16.1 percent of the proportion of the investment capital in the pre-implementation stage. But, when we see the distribution of jobs, Addis Ababa, despite its relatively smaller size of investment capital, maintained 40.3 percent of all jobs created in the pre-implementation stage followed by 31 percent in Oromia. To sum up, regional distribution of the aggregate values and number of investment projects, investment capital and the number of jobs created in the three investment stages altogether as a result of FDI, Addis Ababa, Oromia and SNNPR are the preferred destination for most of the investment projects consecutively. But, in terms of the size of the investment capital, Dire Dawa is the first beneficiary with highest investment finance followed by Oromia and Addis Ababa. The key message behind the regional distribution of investment flow in Ethiopia is not proportionally distributed investment benefits among regions, but higher concentration in the center. The implication is that there seems a lack of confidence among investors to go out into the regional states that will require confidence building measures.

Table 22: Summary of Licensed Chinese Investment Projects by Region and Status from 27th of August 1998 -25th of March, 2011

Region	Implementation					Operation			Pre-Implementation				Total			
	N Pro	Capital in '000' Birr	Per. Emp.	Temp. Emp.	No Proj	Capital '000' Birr	Per. Emp.	Temp. Emp.	No. of Proj	Capital '000' Birr	Per. Emp.	Temp. Emp.	No. Proj	Capital in '000' Birr	Per. Emp.	Temp. Emp.
Addis Ababa	27	342932	1380	2223	200	2137775	9242	16194	536	6291888	18880	29320	763	8772595	29502	47737
Afar					2	1.800	5	35					2	1.800	5	35
Amhara	1	10020	30	200	4	26467	1280	235	4	59900	1760	2160	9	96387	3070	2595
B/Gumze									3	144.238	510	550	3	144238	510	550
Dire Dawa	1	307.915	210	100					10	14377800	3308	2820	11	14685715	3518	2920
Gambella	1	3044803	2000	5000									1	3044803	2000	5000
Harari									1	2500	8	5	1	2500	8	5
Multi-regional	6	151300	165	315	28	207490	1198	1146	72	1399479	6767	6979	106	1758269	8130	8440
Oromia	23	3680170	7087	4998	27	649258	5444	1437	175	4466221	14509	14450	225	8795649	27040	20885
SNNPR	1	3761232	210		1	26000	25	150	14	244217	955	3636	16	031449	1190	3786
Somali									1	42000	33	400	1	42.000	33	400
Tigray					2	58000	15	30	3	770000	169	95	5	828000	184	125
Total	60	11298371	11082	12836	264	3106790	17209	19227	819	27798243	46899	60415	1143	42203404	75190	92.478

Source: Ministry of Trade and Industry

³⁸⁰Multiregional projects: as the name implies, are investments in more than two and more regions and are not exclusively in a single regional state or city administration. In the descriptive statistics that is being used in the analysis, the statistical values of multiregional projects are excluded as it is difficult to which region to count their values.

6.2.9 Political, Military and Security Relations

China and Ethiopia were on opposite sides of the 1950-1953 Korean conflict. While Ethiopia has been participating with The UN mission in South Korea contributing peacekeeping forces, China was supporting North Korea. China has been covertly supplied weapons in the 1960s to Eritrean rebels who were fighting to secede from main land Ethiopia. Furthermore, Eritrea's current President, Isaias Afwerki, received military training in China from 1966 to 1967.³⁸¹ The country had quitted supporting Eritrean rebel group following Ethiopia's recognition of Beijing in 1970. The second similar factor that pulls apart the two countries was China's military assistance to the Somalia. This is partly because the United States was providing military assistance to Ethiopia that continued until Emperor Haile Selassie I was ousted from power as a result of the 1974 Ethiopian revolution. After the king was overthrown, the military regime that replaced Haile Selassie turned its face from Capitalist Western allies to the communist Russia and the Soviets became the principal source of military support for Colonel Mengistu Haile Mariam's military regime. The relationship worsened further because by the time the new communist leaders become an ally to USSR, China was at the height of its conflict with Russia, and hence, Ethiopia did not prefer to stay closer to East Asian Giant. But, at the end of the 1980s, the Ethio-Russian relations become frozen and Russia become unable to provide Ethiopia with the aid it requires from the latter. The declining influence of the Soviets in the late 1980s forced Mengistu to reconsider his relations with China in the late 80s. But, he was overthrown by the guerrilla fighters from Tigray in 1991, which after five years had opened a new chance for the two countries to renew their relationship on a new basis. During the recent Ethio-Eritrean war that broke out in 1998, the latter became an important supplier of arms to both countries. This had also led to an increase in high level military exchanges, especially with Ethiopia that continues to the present time.³⁸²

The United States become the highest influential partner of the EPRDF government at the beginning following its takeover of power from Mengistu. But, due to the pressure for real structural reform and for more democratic measures directed from the West and USA, Ethiopian Government turn its face in the late 1990s to China and the latter become

³⁸¹Shinn, David H. (2011). China and the Horn of Africa. Middle East Studies Association, Washington, D.C. Available at: <http://de.scribd.com/doc/74854832/China-and-the-Horn-of-Africa-MESA-2011>

³⁸²“China, Ethiopia Vow to Build Closer Military Ties.” Xinhua, 28 June 2010.

significantly influential over Ethiopia. This is because China did not criticize EPRDF, do not interfere in the internal affairs, and provide interest-free loans and non-strings attached aid to infrastructural development initiatives. Overall, it avoids criticism over Ethiopia's democratization and human rights practices. Its growing trade, investment, and development assistance is becoming a significant part of the latter's development efforts. The EPRDF has developed a good relationship with the CPC at party level. Ethiopia has expressed support for China's policy in Tibet as well.³⁸³ This does not mean that the relationship is always smooth.

In 2010, Ethiopia's State Minister for foreign affairs argued that "the golden age of Africa-China relations is ahead of us. But, this does not preclude, for both, developing real partnerships with others."³⁸⁴ The relationship is not free of problems. Ethiopia expressed its concerns over the trade deficit with China and sometimes acts defensively when China sends Chinese laborers to implement projects that could be carried out by Ethiopians.³⁸⁵ But trade deficit has been the common characteristics for countries in the sub-region. Kenya, Ethiopia, and Djibouti import large quantities of goods from China and, as a result, have huge trade deficits. Furthermore, Ethiopia, Djibouti, Kenya, and Sudan have experienced growth in their imports from China. Only Sudan and, to a lesser extent, Ethiopia have been able to increase their exports to China. Hence, China-East Africa trade poses a long-term problem for the bilateral relationships with China. Ethiopia has been particularly concerned about the large trade deficit with China.³⁸⁶ As the second most populous country in Africa after Nigeria, Ethiopia is highly important to China because of its location as the headquarters of the African Union and its potential market size. But, the Ethiopian government seems unable to negotiate on the large importation of people from China and on how to reduce the big trade deficit. This has been under scrutiny by actors outside of the Ethiopian government apparatus. Civil society groups and opposition political criticized the impact of China's influence.

³⁸³Prime Minister's Views on the possible link between Beijing Olympics and China the Tibet issue is an internal affair of China and objected any external interference in China's internal affairs. Xinhua's news release on 26 April 2008 entitled "PM of Ethiopia Objects to Politicizing Olympics." Available:

³⁸⁴The Views of State Minister of Ethiopian Ministry of Foreign Affairs

³⁸⁵Shinn, David H. (2011). China and the Horn of Africa. Middle East Studies Association, Washington, D.C. Available at: <http://de.scribd.com/doc/74854832/China-and-the-Horn-of-Africa-MESA-2011>

³⁸⁶International Monetary Fund, Directory of Trade Statistics Yearbook 2011

Part three: Discussions Based on Data from Interview

6.3 Key Informant Interview

This section presents discussions and analysis of the primary data collected through key informant interview. Informants were experts or officials working in institutions having roles related to the Ethio-China bilateral cooperations. Part of the data collected by interview had been used in the previous chapters to support specific arguments. But, the remaining and broader part is provided in this section. The analysis used responses made by informants to the four pages questionnaire attached in the appendices. The order of the analysis is made in line with the questionnaire. The responses analyzed herewith related to the informants' official roles of their respective institutions. As the aim of the research geared to analyze the roles, dimensions, and meaning of China's extended presence in Ethiopia, most of the institutions and respondents included in the research were from Ethiopia. Due to the financial limitation, the research only included the views of Chinese diplomats in Addis Ababa. Hence, the institutions from which informants were identified include: (1) PRC's Embassy in Addis Ababa, (2) Ministry of Foreign Affairs, (3) Ministry of Trade; (4) Ministry of Finance and Economic Development; (5) Infrastructure related government offices; such as Ministry of Transport, Ethiopian Telecommunications and Electric Power Corporations; (6) Ethiopian Investment Agency, (7) Revenues and Custom Authority, (8) Ethiopian Chamber of commerce and (9) African Union FOCAC unit. A total of 15 informants were selected and interviewed from nine institutions. Their responses are presented with three major headlines that include: the historical relationship between China and Africa and that of Ethiopia in the second half of 20th century. The second category covers Sino-African relations after the 21st century focusing on FOCAC and the third and final one covers Ethio-China bilateral relations in same 21st century. The analysis was made on the basis of the questions in the questionnaire under the above categories.

6.3.1 The Development of Sino-African Relations

Sino-African relation was the result of the combined effect of global political phenomena and national interests of both Africa and China. According to the Ministry of Foreign Affairs, the most influential factors for the birth and growth of Sino-African friendships were the desire for change and progress came out as a response to colonialism in the global south and Chinese national interest and initiation to support independence movements, which had latter on played

significant contribution for China and Africa to develop friendships.³⁸⁷ The other contributive factor was the 1949 communist revolution in China.³⁸⁸ With the establishment of PRC, the commitment for growth and transformation increased in China. The latter was made with long term visions. The interview with Chinese embassy also underlined commonalities in development measurements in the sense that both had common problems of as poverty and backwardness and secondly, both were under Western political and economic influence. The specific point at which the relationship had commenced was the Bandung conference in Indonesia. The relationship between Asia and Africa, by then, was not as such strong as both sides were not strong too. But, Bandung threw a green light for the birth and possible growth of friendship between the latter. The packed sentiment burst in the conference from both sides of the participants and the responses later took shape and progressed through time. The focus of the then relationship, however, was only aimed at colonialism and imperialism and their adverse impacts on people of Asia and Africa.³⁸⁹

The proliferations of liberation struggles gave China a chance to move a step forward to advance its relations with Africa. Following the aid and support from China, the relationship took the form of mostly political and ideological structures. China's aid by then was not aimed to develop Africa, but just to strengthen the latter against colonialists.³⁹⁰ This earlier relationship has faced a challenge of capacity limitations by China and the feeling of dependence by African countries as most were intended to get more aid from the latter. China's attempt to support larger number of African liberation fighters and newly independent countries made itself to feel stretched. Despite this, however, this initial phase of their cooperation has partly achieved part of its aims as it assisted more liberation movements with armaments, trainings and other aid packages.³⁹¹ The major weakness of the then relationship, however, was the fact that it was based on confrontational mechanisms than cooperation and

³⁸⁷Interview with Asia and Oceania Affairs Directorate Director, Ethiopian Ministry of Foreign Affairs (KKI-3)

³⁸⁸China's political Diplomat in PRC's Embassy (KII-1)

³⁸⁹China's Political Diplomat in PRC's Embassy (KII-1)

³⁹⁰Chinese Affair Officer, in Ethiopian Ministry of Foreign Affairs, Chinese Affairs Officer (KII-4)

³⁹¹Interview with Asia and Oceania Affairs directorate, Ethiopian Ministry of Foreign Affairs (KKI-3)

negotiation. The Chinese interest, soon beard its fruits as independent African countries took UN's membership swiftly and gave their voice to China.³⁹²

Ethio-China relation was not the key part of the earlier form of Sino-African relations. The strongest actors that shaped in the earlier part of this period include countries like Egypt, Algeria, Mali or Ghana. This was because of Ethiopia's cooperation with the West was stringing. It was taking part in the then multilateral activities under the UN flagship with the as evidenced by its contribution of peacekeeping forces to in South Korea while China was on the other side of the aisle in support of North Korean during the Korean conflict, which appeared latter as a barrier for the two to come closer. China put its eye historically on Ethiopia because it was the Chartered member of the UN and the Seat of the Organization of African Union that was established in 1963. But, the formal relationship was not materialized until Emperor Haile Selassie's visit to Beijing in 1970. Ethio-China relation was not strong like the Sino-Egyptian and Sino-Algerian or China's relation with other African countries in mid-20th century. This could be clear if seen along the historical reigns. Imperial Ethiopia under Emperor Tewodros, Yohannes, Menelik II and Haile Selassie I were all tried to be an ally with the West. Due to such cooperation and relationship between Ethiopia with the West, the country did not have strong relation with other Asian countries except for Japan. Hence, imperial Ethiopia under Haile Selassie I has established its first contact through the king's official visit to Beijing in 1970, just four years before he was to be deposed by the military.

The 1960s and 1970s were the years of turmoil in Ethiopian politics. International politics, particularly, the cold war related political alliance formation was the broader reason for China and Ethiopia to remain far apart. In addition, domestic reasons were also contributed to the latter. Separatist groups that were fighting against the central government of Ethiopia were getting stronger. The Eritrean separatist movement was the one supported by China around 1974. That has created a gap. Somali's invasion of East Ethiopia in 1969 and 1970 and Chinese military support to the latter was another factor that widened the gap between the two.³⁹³ The invasion was curved with the support from USSR and Cuba. But, about 1969, Sino-Soviet rift has already been clear. So, Ethiopian alliance with USSR was a disappointment for China. It

³⁹² Chinese Affair Officer, in Ethiopian Ministry of Foreign Affairs, Chinese Affairs Officer (KII-4)

³⁹³ Interview with Asia and Oceania Affairs directorate, Ethiopian Ministry of Foreign Affairs (KKI-3)

was only in 1984 that the two countries came closer following Colonel Mengistu's official visit to Beijing as he felt cold from USSR and the various motivations and support were drained. Following his visit, a joint commission was established to pave for mutual cooperations and signed some cooperative projects.³⁹⁴

While the ruling communist military regime allied with USSR and Cuba, the other northern separatist movement was organized under the Maoist line. The Tigrean Peoples Liberation Front (TPLF) that form a coalition movement named Ethiopian People's Revolutionary Democratic Front (ERDF), in 1991, deposed the military regime. The latter's accession to power was facilitated by United States and in their first 4-5 years under the transitional government, they remained closer to the West abandoning their Maoist ideological orientations. The ruling EPRDF soon started a new form of relationship with China around 1995. The current strong relationship between China and Ethiopia, has therefore, been progressively developed from imperial period and military regime towards the highest level of their bilateral relationship under EPRDF leadership at the moment.³⁹⁵ The period from 1984 to 1994 has been transitional time at which Ethio-China relations started to grow further in general and the 1995-1999 was the time where by concrete bases were laid for a strong Ethio-China relation in particular. Since then, the relationship flourished forward and China has been playing a role in the national efforts for development.

6.3.2 Sino-African Relations after the 21st Century

This section dealt with answering 'why Africa and China were motivated to renew their existing relations into a new form of cooperations called the Forum for China-Africa Relations (FOCAC).' The response from the Chinese experts pointed out that the rationales that were felt by the two sides to renew their relations were related to three perspectives: the Chinese national economic and political factors, the African economic and political realities and the international political and economic contexts such as globalizations and hegemonism³⁹⁶ The new form of cooperation was, thus, thought to facilitate strong economic and political cooperations that are unfolding in the 21st century.

³⁹⁴ Chinese Affair Officer, in Ethiopian Ministry of Foreign Affairs, Chinese Affairs Officer (KII-4)

³⁹⁵ Interview with Asia and Oceania Affairs directorate, Ethiopian Ministry of Foreign Affairs (KII-3)

³⁹⁶ China's Political Diplomat working in Embassy of PRC in Addis Ababa (KKI-I)

The African version of the rationales for the need to renew traditional China-Africa relations, noted that it was the need to bridge a big-missed-link in the history of Sino-African relations. That relational gap has been the absence of the multilateral form of China-Africa relations.³⁹⁷ The African response further pointed out that the Organization of African Unity was somehow to be progressed into the African Union. It was, therefore, imperative to devise a framework that treats Africa as one entity. The bilateral cooperation was still continued except for the depth and scope of the relationships that could go further depending on the relative strengths of the specific economic interactions. As a result, the Forum for China Africa cooperation was established in 2000 with a summit held in Beijing.

FOCAC, as seen by informants, has been a mutual institution that bridges China-Africa relations. Representatives gather every three year for a common dialogue and negotiation, evaluate past performances and set future plans. Hence, it is a common platform whereby members from Africa and China, civil society groups, international multilateral institutions and international non-governmental organizations gather and discuss issues that matter to the two main actors and to the world at large.³⁹⁸ The African Union is represented as a single member in FOCAC in 2010. FOCAC in the 21st century, therefore, seeks to provide a forum to find out common solutions to common problems, enhance sharing experiences, lessons and resources between them.

FOCAC differs from the traditional China-Africa relations in several ways.³⁹⁹ Generally speaking, the former offers a one to one cooperation, but the latter has been a one to many, i.e., China is relating with every African country and the issues dealt between them varies significantly depending on the respective country's specific issues that it wants to cooperate with China. With FOCAC, the programs and cooperative commitments are similar to all its members. In fact, depending on the agreement, some programs benefits might be offered only to specific countries. It has fixed modes of operations: it gathered every three years in an interchange between China and Africa. The main form of FOCAC is the summit attended by leaders and ministers from both sides. Side by side with the larger summit, China-Africa business conference is carried out every three year to promote trade between the business

³⁹⁷ Strategic Policy Planning, Monitoring and Evaluation Directorate African Union (KII-14)

³⁹⁸ Strategic Policy Planning, Monitoring and Evaluation Directorate of AU (KII-14)

³⁹⁹ China's Economic Diplomat working in Embassy of PRC in Addis Ababa (KKI-2)

communities. The main summit should also be preceded by senior experts' meeting tasked to set the agendas ahead of the summit. FOCAC's programs should also be supervised by follow up mechanisms. Such features have not been the characteristics of the traditional relations.

FOCAC's achievements were best expressed with its promotional roles on trade with which China that allows poor African nations to export their products free of tax. Financial resource commitment by China to be used by its public and private enterprises to participate in investment practices in Africa was a new approach facilitated by FOCAC. Hence, development cooperations as part of FOCAC reduced the financial resource limitations by African governments for infrastructure development. Technical assistances have been the major aspects of cooperations in the FOCAC platform. Experts are allocated to every country in every sector to share experiences. Short-term in-house trainings and scholarships are arranged as part of FOCAC to enhance capacity limitations in Africa.

If we examine the earlier China-Africa relations, the defining feature has been bilateral in character.⁴⁰⁰ The latter determine the intensity of the relationship between China every African country depending on the extent they need to each other. Hence, there might not been fixed frameworks. For every kind of engagement or of relations, there should be a felt needs initiated by either side of the parties so that the issue could be resolved in cooperations and the initiation may come from either side. There has not been institutions to facilitate the relationship as opposed to FOCAC. There has not been binding procedures and frameworks to regulate the relationship unless otherwise the two signed some form of agreements on specific issues. Except for anti-colonial support, the earlier Sino-African relations did not have the mechanism to share the impacts/experiences gained as a result of China's relations with any African country to resonate beyond the countries concerned.

Respondents were not comfortable to measure the benefits of FOCAC. In principle, FOCAC works to achieve a win-win development.⁴⁰¹ As to the responses of respondents to the question of "to whom FOCAC has been beneficial", the African side argued that FOCAC brought benefits both to Africa and China. But, if one considers Africa-China trade balance, he would conclude that FOCA is just an instrument for China to reap more benefits from Africa. The

⁴⁰⁰Interview with Import and Export Coordination Directorate, Representative (KKI-6)

⁴⁰¹ Chinese Affair Officer, Ministry of Foreign Affairs (KII-4)

respondent added that the negative trade balance is just the reflection of the differences embedded in the economies of China and Africa.⁴⁰² China's economy is becoming more industrial and/or manufacturing oriented. It is pro-export, capable of producing multitudes of industrial outputs. The latter is meant, for African traders who imports items from China, China's economy offers a wide variety of affordable goods and services that other countries could not deliver to the world. The business community finds it profitable to import more imports from China. This pragmatic economic reality widens the trade balance in favor of China.⁴⁰³

Africa's economies are more of agricultural and the prices of agricultural commodities are less expensive as compared to industrial products. Agriculture based economies are not yet configured to produce sophisticated products and different varieties for export. These differences should not be overlooked in talking the trade benefits between China and Africa. China being aware of this gap took some measures to narrow the negative trade balance even though the real solutions should come from the growth of the African economies themselves. Hence, which side has FOCAC been brought more benefits was not the sensible question, according to one respondent, the question, should rather be whether it brought benefits to both regardless of the relative differences in the size of benefits harnessed by each of them.⁴⁰⁴

In relation to the above, there has also been a difference in the responses to the question of whether FOFAC is set to facilitate the development of the African continent or was it only aimed to help China get benefits such as resources for its growing economy. The underlined premise behind the establishment of FOCAC is win-win approach and common development. As to key informants, FOCAC has been impacting the development trajectory of Africa in a significant way. They agreed that after FOCAC has been put in place, African development shows motivations. The rise of prices to agricultural exports increased the revenues of African countries. GDP growth records in some African countries, like Ethiopia, has been become impressive. China's position to be used as an alternative source of finance, technology and knowhow to African efforts for more development was found complementary to the latter's development. More finance was channeled in the form of soft or concessional loan, interest

⁴⁰² Trade Relation and Negotiation Directorate Director (KII-)

⁴⁰³ Head of Ethio-China cooperation Unit (KII)

⁴⁰⁴ China's Economic Diplomat working in Embassy of PRC in Addis Ababa (KKI-2)

free loan, grants and aid as well. Technical assistances were offered significantly. Africans have been getting practical training in China. Trained Chinese experts have been deployed in different African countries to assist some sectoral development efforts. Model industrial centers were established and instituted to facilitate transformations. In these and other way, FOCAC is trying to affect economic development in Africa.⁴⁰⁵

Informants did not believe that FOCAC has any kind of weakness whatsoever. But, if it is taken as a weakness, one respondent argued, he believes that African Union did not take the lead to stand, represent and deal with China on behalf of African countries. That did not happen until now and may not be so in the near future. AU's membership in the FOCAC framework is in fact helpful, but it would have been more fruitful if Africa has come to the level in which AU represents the continent more effectively and deal with China as an umbrella body. So, the weakness may be either the forum does not discuss this point bluntly and push AU to assume responsibility to cooperate with China on behalf of the continent. Otherwise, the weakness should be seen from the African countries' themselves for their failure to fully come under their union and leave the responsibility to AU engage China in FOCAC platform.⁴⁰⁶

The assumption to take the former Sino-African relation as more of ideological and political in nature compared to the current relationship under FOCAC, which is seen more highly biased to economic relations is debatable. Generally, this observation has been a feature in Sino-African literature. But, for key-informant interviewees, the response had been the belief that both have had economic and political features. The dynamics of relations under FOCA even become broader. It has economic, sociocultural, political, and ideological and security features as a component to be dealt by the two sides. But, this question has been based on the fact that the primary agendas discussed between Asian and African leaders in 1950s were more of ideological and political at the beginning. That has been in response to the political climate of the time. Cooperations with China during independence efforts against colonialism were more of political. China was also promoting Maoism and some have had the tendency to affiliate with the later. But, all such historical events were due to the effect of the cold war. Despite the latter, such relationships were also accompanied by economic cooperations. China's financing

⁴⁰⁵ Head of Ethio-China cooperation Unit, Ministry of Finance and Economic development (KII-7)

⁴⁰⁶ Asia and Oceania Affairs Directorate Director, Ministry of Foreign Affairs (KKI-3)

and technical assistance to build the railway that connects Tanzania and Zambia was the biggest economic feature of the time.

FOCAC as a current platform for Sino-African relations, while seen mainly as mostly dominated by economic relations, was broadly aimed at facilitating the consensus to transform the UN and other multilateral political agendas. To the other political issues that FOCAC was indirectly facilitating in Africa, respondents were asked to comment on what is called “Beijing consensus”, but informants both from China and Ethiopia were not willing to discuss this issue in detail. But, public opinion during the field work asserts that Chinese development model is openly implemented in Africa, Ethiopia in particular. What the Chinese side argued was China has been willing to share to its African counterparts whatever the latter were interested to share to their country. But, he argued it is not China’s wish to deliberately trying to sell political ideology. It respects the priorities of its friends.⁴⁰⁷ The goal that FOCAC seeks to achieve is to promote friendly negotiations and work to achieve economic growth and assist each other to find solutions to common problems.⁴⁰⁸

FOCAC has been allowing its members to equally participate in every aspect of its events. Members have equal vote, they can suggest new agendas, participate in negotiations and get fair access to resources that came out as pledges under the FOCAC framework. There are controlling mechanisms, and committees that inspect the flow of events and activities. Members have the right to take part in all such processes. Ethiopia’s participation as a member of FOCA is a good example to understand how other members are entitled to participate in FOCAC processes. The latter has hosted and co-chaired the second FOCAC summit. It has chaired the third Summit in Beijing. It coordinated the training programs pledged by China to be carried out under FOCAC following the decision of the second summit in Addis Ababa. Similarly Egypt hosted the fourth FOCAC summit at Sharm-El-sheikh in 2009. The same will be with the rest of Africa in the future.

Regarding the likely impacts to other regions other than China and Africa depends on the effectiveness of FOCAC. It has already put pressure on other major actors in Africa. The United States, European Union, Japan, Germany, United Kingdom and France and others do

⁴⁰⁷ China’s Political Diplomat working in Embassy of PRC in Addis Ababa (KKI-I)

⁴⁰⁸ China’s Affair Officer, Ministry of Foreign Affairs (KII-4)

have some form of mechanisms to work with Africa. But, the Chinese cooperation is more sincere, generous and committed to change the infrastructure development that these actors neglected to involve. The emerging changes on developing Africa is making them to question their commitment, roles and results that they made in Africa. This psychological pressure is already clear that they should revise their policies and approaches. Hence, the current performance is hoped to have a positive impact on other actors to have measurable roles to participate in Africa's own priority and FOCAC looks to the future with a hope of better development through facilitating smooth cooperations.

6.3.3 Ethio-China Bilateral Relations as Seen by Respondents

The current Ethio-China bilateral relation is one of the strongest cooperations in Africa.⁴⁰⁹ It is an outgrowth of intermittent cooperation both in the imperial and military regimes. Ethiopia and China had paved the current relations in the 1990s. There have been some contextual factors for them to attract each other. The growth of the Chinese economy, and Ethiopia's interest to improve infrastructure and economic development were firsthand factors for them to cooperate to one another. Ethiopia was also looking for sincere cooperative partner following the faded away of Western interests to cooperate with Africa at the end of the cold war. Then U.S. has lost its interest to work with Africa after the cold war to the same extent it used to do during the cold war. In addition, there has also been a felt dissatisfaction on the preconditions countries were required to fulfill to get development assistance from the latter. Furthermore, cooperations did not consider the development priorities of African countries that seek development assistance. The end of the cold war and the coming into play of unipolar political power system was, on the other hand, a concern for China as it has been trying to fight hegemonism since the 20th century. The combination of these and similar conditions led the two to strengthen their bilateral relations.

According to many of the responses, Ethiopia is currently one of China's key cooperative partners in Africa. This assertion has led to the key issues of why it was so while it is not one of the major natural resource producers and exporters to China? The respondents argued China is not only looking for oil or other natural resources. It needs diplomatic support and Ethiopia under Prime Minister Meles Zenawi has been the defender and promoter of Chinese roles in

⁴⁰⁹ Head of Ethio-China cooperation Unit, Ministry of Finance and Economic development (KII-7)

Africa.⁴¹⁰ Ethiopia as the seat of AU possesses a unique diplomatic potential that is vital to China. China needs to cooperate in Africa on diverse spheres of arenas one of which is regional and international diplomacy.⁴¹¹ Ethiopian historic and symbolic importance in Africa still resonates when it comes to issues that requires consensus in the continent.⁴¹² Their relationship stretched from national and regional to international level as well. There have been issues that the two could cooperate on the international stages.

China is also becoming the most strategic partner to Ethiopia. The country's massive infrastructure development projects, such as roads, railways, hydroelectric power dams, telecom service expansions were effectively implemented with Chinese participation. It has been financing huge projects either solely covering the expenses for free or for low interest rate loans and grants. Its participation was also critical in terms of technical cooperations as well. Hence, the relationship is mutual, but the sectors they are cooperating with have not been different from the one in FOCAC. Chinese participation in Ethiopia is so diverse and touches quite several spheres. There has been an aggressive search for natural resources and minerals. There has been a very fruitful cooperation in education, health, agriculture, industry, information and communication, transport, technology, culture, politics and diplomacy and so on. Hence, the cooperation is multifaceted and diverse.⁴¹³ Trade, FDI or joint venture investment and related technological and know-how transfer is another area that China is contributing positively. Informants also argued that, even though it has a negative trade balance with China, Ethiopia's trade revenue has been increasing.⁴¹⁴ China's FDI in Ethiopia is growing.⁴¹⁵

Ethiopia is getting every benefit that China offers to its key partners in Africa. The Ethiopian experience indicated that China's present engagement with Ethiopia is aimed, not only on oil or natural resources, but also on diverse sectors as indicated above. The Depth of Ethio-China bilateral relations, according to responses from Ministry of Finance and Economic

⁴¹⁰ Asia and Oceania Affairs Directorate Director, Ministry of Foreign Affairs (KKI-3)

⁴¹¹ Communications and International Relations Department, Ethiopian Chamber of commerce (KII-13)

⁴¹² China's Affair Officer, Ministry of Foreign Affairs (KII-4)

⁴¹³ Head of Ethio-China cooperation Unit, Ministry of Finance and Economic development (KII-7)

⁴¹⁴ Custom Operations and Program Development Directorate, (KII-10)

⁴¹⁵ Investment Projects Facilitation Directorate of Ethiopian Investment Agency (KII-9)

Development, is that it is multilayer that ranges from party level to local, regional and national governments and sectors. Agreements are signed, experiences are shared, lessons are learned and cooperations are made at each level. This does not mean that there are not issues that are the concern, especially on the side of Ethiopia. The areas of concern in Ethiopia's relation with China include the negative trade balance, the impact of Chinese made low quality and cheap products and importation of Chinese workers to work under Chinese contracted projects in the country of high unemployment and related migration.

Whether China would like to cooperate with other non-natural resource producer and exporter African countries with the same extent that it is doing with Ethiopia is an issue that requires further research. But, in Ethiopia its engagement is getting deeper and stronger. One manifestation of such assertion is the ideological relationship that is getting stronger too. But, despite this, respondents were not directly asserting the country's current adherence to 'Developmental State' (DS) as that of China's experience. Only few have agreed to the assertion directly but, some others said they did not know from which East Asian country did the latter was shared in the first place. All of them agreed that this ideology is becoming the one that is being an approach to guide the country's national development endeavors. Respondents from the Chinese Embassy were not willing to comment on Ethiopian internal political situation and the impact of developmental state on governance and democratization. Respondents from Ethiopian state sectors playing bilateral roles with China deny that there is any governance problem or human rights violations. What they had affirmed is the pragmatic economic and technological experiences that China is sharing with Ethiopia. The respondent from the African Union, however, has straight responses that Ethiopian current situation is related to the government's rejection of political plurality in the country and its development first-approach.

Field observations depicted that the Chinese experience is clearly influencing the country's political system. People in the neighborhoods, cafeterias, restaurants, churches and other community based associations have been asserting that China's experience is implicated clearly in the political system. Civil society organizations, political party members, students and civil servants have been openly discussing the impact of China after the adoption of developmental state by Ethiopian government. A political science professor in Addis Ababa University has argued EPRDF is acting like the Chinese communist party. The party's intention is to prioritize development than addressing human rights, freedom of expression

and justice to the people. The participation of the state in infrastructure development as seen in its five year Growth and Transformation Plan (GTP) is higher. Participation of opposition parties and the people and civil society groups is limited. Hence, though, key informants were not interested to discuss ideological and political implication of Chinese influence in Ethiopia, non-political member respondents explained fully that the latter was the reason for the party to avoid participatory politics and imprisonment of journalists and politicians. Hence, there appears the difference as party member and affiliates and non-EPRDF member citizens in explaining the Chinese ideological and political implications over Ethiopia at the moment. To sum up, developmental state is now EPRDF's ideology. Its grip on political power is getting stronger and avoids opposition political parties from participating in the countries national politics. Development is a priority than freedom and rights and hence, EPRDF is acting like the Chinese Communist Party in its political actions.

Chapter VII: Summary, Conclusion and Implications

This section is aimed to synthesis issues of the subsequent parts for viewers to be able to get a snapshot of the ideas explained in the body at their convenience. In so doing, an attempt is made to provide a general summary that began with introducing on what inspires the research, statements of the problem, methodological details, such as research questions, methods of data collection, analysis and hypothesis. It also reflected a concise summary of theories as well as summary of findings, conclusions and implications.

7.1 General Summary

- Consultation of pertinent Sino-African literature, has thus, helped to identify gaps between the existing understanding and practices on the ground. The research was, therefore, aimed to contribute to the current body of knowledge through exploring the current Sino-African relationship via the two case studies. The first was the “Forum for China Africa Cooperation (FOCAC) with a particular focus on the ‘second and third summits’ held in Addis Ababa and Beijing in 2003 and 2006 respectively. The second case study, on the other hand, was made on Ethio-China bilateral cooperations to find out evidences as to why China has been cooperating with Ethiopia while the latter has been a non-natural resource producer and exporter country.

The problem statements this research seeks to address were emanated from observations in the literature that argued China’s presence in Africa was meant for raw materials or natural resources to satisfy its energy demands for the growing industrial economy. But, the thesis provided evidences from the case studies that China has been significantly cooperating with non-natural resources producer and exporter countries like Ethiopia as argument against the latter. Hence, the thesis took this view as reductionist in its nature as it overlooks the scope and meaning of the current policy of China in Africa and/or Ethiopia. The other aspect of the problem that this research sought to address has been the position in the literature that argues China is providing aid and development assistance to African countries without strings or preconditions to be fulfilled by the receivers. The latter was further used to justify that China’s roles have been encouraging dictatorship in Africa, worsening the lack of good governance and democratization in general. This has flaws in it as strings based cooperation in Africa maneuvered by the West for several decades did not achieve development, and democracy and good governance.

Thirdly, the literature also failed to address and explain the recently emerging paradigm or ideological shift from neoliberalism to the East Asian developmental state approach in Africa and its impacts on democratization and human rights protection. Hence, the research sought to bridge this gap through taking the case study of Ethiopia and examining its emerging political and economic development contours to find out evidences and/or indicators as to what causes the erosion of fragile gains on democracy and governance improvements. Finally, drawing on the same case study, the research also attempted to throw light on how the erosion of democratic gains and human rights protections were resulted from inconsistencies in the foreign policies of Western powers, particularly the United States itself for its failure to effectively take strict measures, such as sanctions, strings or other element of its power, against dictatorial regimes. The U.S. contradicts with its novel position of standing for democratization and protection of human rights through becoming an ally with dictatorial regimes for calculating short-term national interests than keeping on increasing its commitment for the development of democratic governance elsewhere. The case in point is the American relation with Ethiopia that came into light in the aftermath of 9/11 terrorist attacks. Through supporting Ethiopian government, U.S. had contributed adversely to the current dictatorial and undemocratic practices in the latter.

The research sought to answer one leading question that stated ‘how does the 21st century Sino-African relation is affecting Africa and/or Ethiopia’? The latter was, however, best explained by the sub-questions that include the following: The first was ‘how does the policy shift from the traditional China-Africa cooperation to the 21st century’s FOCAC is affecting sectoral performances in Africa/Ethiopia’? The second was ‘how does FOCAC as a multilateral framework is aimed to transform Africa’? The third one was ‘why Ethiopia, while it is a non-natural resources producing country, is attracting China’s attention’? And the fourth and final one was how do Ethio-China bilateral cooperation and emerging ideological convergence between the two are affecting the country’s economic development and governance?

The thesis has made four main tentative conjectures that were pending to be verified or disproved as a result of evidences from discussion and analysis of the data. The first hypothesis states that ‘the current China-Africa relations are broad-based and/or multidimensional in scope designed on a scaled-up strategy of nesting broader cooperations on economic, political or diplomatic, socio-cultural, and security and other related dynamics.’ The second conjecture,

on the other hand was ‘infrastructure related cooperations, such as the hydroelectric power development/dam construction, transportation facility, such as road and rail way development as well as information and communication technology, particularly telecom services were significantly increasing and positively correlated with Ethio-China bilateral cooperations.’ Third, ‘Ethiopia’s bilateral relation with China is motivating Ethiopia’s export performance, enabled to receive increasing investment opportunities, capacitate the government’s ability to push for further development using China’s financial resources that came in the form of interest free/concessional or low interest rate loans, grants, or aid with no-strings attached approaches.’ The fourth and final hypothesis was related to the ‘East-Asian developmental state, in general, and China’s development and political governance practices in particular are strongly implicating on Ethiopian economic development and political activities.’

Methodological pluralism, which is best explained in the form of interdisciplinarity and mixed methods research, was used as to guide the research process. Pluralistic research is emanated from the growing understanding that no single best design or superior method does exist to be applied in every research practice. In other words, there is a growing consensus on mono-method research as a threat to the advancement of the social sciences. Every method has its own weaknesses and strengths. Hence, the importance of pluralistic approach cannot be disputed. But, with regard to the three grand foundations, this research is in line with interpretivist and/or constructivist positions on ontological assumptions and epistemological viewpoints. Hence, Interdisciplinarity was considered from methodological perspectives only, i.e., flexibility to take methods of data collection and analysis from quantitative approaches.

The types of data used in the research include primary and secondary as well as qualitative and quantitative types. Key informant interview, field observations, and survey of secondary sources or desk review were the methods used to collect the required data for the research. The analysis plan takes into account two levels of analytical frameworks. The first focuses on higher level frameworks on policies, strategic approaches and perspectives used on multilateral aspects of cooperations on the Forum for China Africa Cooperations. The second, on the other hand, focuses on country level frameworks taking into account pragmatic cooperations as the basis for the analysis. In line with these frameworks, descriptive statistical analysis, qualitative analysis, comparative analysis and discourse analysis were used in the research.

The research has identified four grand contextual phenomena that define how China-Africa relations have been growing since the mid-twentieth century. The first contextual factor was China's own policy reform measures that pulled out the country from failed-Maoist-communist programs as a result of Deng Xiaoping's reform initiatives which consequently helped the Chinese economy to have a remarkable growth rates till the present time. The second was the global geopolitical changes in the cold war politics in the early 1990s that consequently affected the interest of leading powers to consider African countries as cooperative partners for expanding their ideologies. The third one was post-cold war Africa's own fragile situations of poverty, conflict, disease and so on that still calls for a new cooperative player in the continent. The final and fourth context was China's significantly growing need for raw materials for its burgeoning industrial economy.

Four theoretical perspectives were used in the thesis. China threat theory assumed that the rising power of China is potentially disruptive against the unipolar power system. The latter also saw the growing economic and military power of China as a threat to America's national interests in the South East Asia sub-region. Hence, this theory was used in the thesis as a lens to explain American concerns on China-Africa relations that implied the same fear of losing its influence in Africa as a result of China's growing presence. Dependency theory was the second theoretical conception used to explain Sino-African relations under the classic center-periphery lens. Sino-African relationship manifests some form of similarity with that of the dependency narrative in line with the transfer of technology, finance and knowhow from the former to the latter. The theory, however, did not fully explain this new relationship in that China does not fulfill the feature of core countries. Second, the relationship was defined with rhetorical rubrics of equality, friendliness and respect for sovereignty or non-interference, which are quite different from the notions of center-periphery differences. Hence, the theory only provides mixed analytical utility. The third theoretical consideration was the theory of soft power. Under Nye's narrow definition, the Chinese soft power in Africa has been insignificant at the moment compared to the soft power of established players in the region. But, the emerging perception of this theory in South East Asia went beyond culture and includes economic cooperations as defining elements. In that sense, the Chinese role started to get the hearts and minds in Africa, but is still elite bound and does not come to the ground. The fourth and final one has been the South-South Cooperation (SSC) which was an extension of established sense of dialectical perception of the sense of 'we belong to the same oppressed category of the South. Hence, SSC was used to counter the global domination of the affluent

states of the North against the developing global South. In this sense, it does have a strong analytical implication on current China-Africa relations.

7.2 Summary of Findings

This research seeks to introduce readers with the following findings. The first finding deals with the relational policy shift from the 20th century Sino-African relation to that of the 21st century's FOCAC, which was by itself an aspect of a transformation of international relations. This policy shift was felt in Africa/Ethiopia in terms China's readiness to understand the priority of the latter and show commitment to aboard their efforts being made to bridge the gap in development through sharing its economic development experiences through making financial and technological or technical assistances. In other words, it has made access to resources easier for diverse sectoral initiatives in a structured manner that both sides could review and measure their joint performances and mitigate limitations in their mutual platform. The key reflective case has been cooperations on the development of infrastructure. This has been largely the result of its cooperations both at the regional level or country level cooperations.

This policy shift brought with it newer form of structural set up uncommon in the history of China-Africa relations. The change in structure significantly altered the scope, roles, and dynamics of relations as well as implications to other global players. The earlier form of relation was initially designed to enable China to have an independent path for an international geopolitical position different from hegemonic powers as evidenced by its foreign policy principles of non-interference, respect to the sovereignty of other states and so on. The latter made the country to have a competitive, and at times, contradictory course of international relations that showed deviations from the hegemonic system. In line with this, China had been maintaining relations with Africa from 1950 -1970s focused on ideological and political dimensions. This earlier form of relations has, thus, achieved its aim as China's support to Africa's fight against colonialism has been helped her to have an independent and competitive global political position in addition to the multilateral level diplomatic supports it secured from Africa in return to its aid packages to the latter. Thus, the relationship was largely political or ideological and has little economic characteristics.

Since the 1980s, this earlier form of relation was frozen for over a decade following China's own national policy reform aimed to integrate China with the developed world that helped the

growth of its economy. With the earlier relationship, China appeared to be committed to cooperate with Africa in its liberation struggles against colonialism as evidenced by its aid to liberation fighters.

The policy shift that culminated with the creation of a new cooperative structure called FOCAC at the turn of the new century was, thus, a comeback that renewed the meaning and scope of its cooperation with the continent in the past. This is because in the looming of the new century, the agenda of colonialism was over, but Africa was never liberated from poverty. In this sense, China itself needs to have economic cooperations to continue its economic growth and reduce poverty similar to Africa. This appears to be a common ground and on aggregate, a major driver of Sino-African cooperations today. FOCAC, as a final result of the policy shift, has been focused on facilitating and assisting Africa to liberate itself from the burden of poverty through promoting economic growth. Overall, this policy shift displays a change in position from ideological and politically aimed relations towards the one that focuses mainly on pragmatic economic relations based on win-win development gains under the South-South framework that also underpinned diverse cooperation frameworks.

China, in addition to advancing diverse economic cooperations with Africa through the FOCAC structure, appeared to prove its sincerity through a commitment to support Africa's infrastructural development efforts, as this has been a sector the West was criticized for its consistent negligence to contribute. In so doing, China underscored stark differences with Western approaches and practices once again in Africa. The scope of cooperations via FOCAC has been multi-sectoral and diverse despite its increased focus on economic sphere.

Second, this thesis found out that the current Ethio-China relation is beyond the natural resources argument. Ethiopia without being oil-producer and exporter was able to be a priority country and has been benefiting from Chinese assistances in almost all functional sectors. Ethio-China cooperation, through looks like it gave emphasis to economic dimensions like trade, investment and development cooperations (financial and technical), has also been significantly covering broader spheres of economic, socio-cultural, industrial, political and ideological and security dimensions. It is hard to find a sector that has not been benefiting from Chinese financial and/or technical assistances in recent years. The evidence for this assertion could easily be understood via having a glimpse of China's sectoral commitments to Ethiopia. The country's hydroelectric power dam projects were developed by Chinese assistances. It has been supporting the development of infrastructure, such as in road and rail

way constructions, information and communication technologies, such as telecommunication services and technologies have been provided by China. Ethiopia was also selected by China to be one of the six African countries to which ‘trade and industrial cooperation zones’ were developed. The latter was established in the outskirts of Addis Ababa with the geographic area of 5 square kilometers. This special zone was expected to embrace the construction of 20 industries aimed at producing textiles, shoe, and electronics with which it is expected to provide about twenty thousand new jobs. Ethiopia was also identified as a priority country to benefit from the China-Africa Development Fond with which a huge cement factory is being constructed. The establishment of Ethio-China Polytechnic College and Confucius Institute in Addis Ababa, selection of the country to get Approved Destination Status for Chinese tourists and so on were partly aimed to promote industrialization and cultural promotion through people to people relations. China has been involved in an aggressive mineral oil discovery, constructed agricultural demonstration center, constructed rural schools and hospitals in addition to the short term capacity building and training measures and scholarships for Ethiopian students to study in China. It has invested in housing development projects for the poor or ‘condominium’ housing, deployment of experts to provide technical assistances in different sectors and the huge glass factory, to mention some.

Third, the thesis found that the development paradigm shift away from the neoliberal development approach and orientation to the East Asian developmental state in Ethiopia was found to be a key causal factor threatening fragile multi-party democracy and human rights protection in the country. The literature’s focus on China’s non-strings attached aid practices as causing the latter does not hold true in Ethiopia. Ethiopia’s adoption and acceptance of the East Asian state centric approach as a paradigm has significantly changed the government’s governance patterns and behaviors. The latter has been best expressed in terms of the need to have a strong grip on power for unspecified time limit, practice of one party rule through excluding opposition parties from the national politics, the tendency to give attention to economic development-first than respecting the rule of law and human or democratic rights, which are core to good governance, the development of intolerance on freedom of expressions and organizations and so on. As a result, journalists and opposition political party members and members of civil society organizations have been jailed for reasons of expressing their opinions. In this case, China’s close coordination with Ethiopia has contributed to the deterioration of good governance and the development of dictatorship not through its non-

strings aid or development assistance, but as a result of sharing of its pragmatic political exemplars and development management experiences.

The plight of good governance and human rights protection has equally been endangered from the roles and behaviors of major Western actors too, particularly the U.S. In relation to the paradigm shift to DS, EPRDF's chairman, Meles Zenawi, who had been in power since 1991 up until he died in 2012, played key roles in this ideological shift. He was a close American ally in the war on terror that enables him to receive varieties of aid packages. He has also been receiving direct budgetary support from the UK as well as other European Union and member states. Despite these Western supports, he was strictly adhered to developmental state as a paradigm for his government. In the aftermath of Ethiopian 2005 election, the ex-premier suspended the constitution and unlawfully blocked the democratic aspiration of the people through rigging election results and finally imprisoned opposition leaders that won overwhelming majority votes. He killed over 200 protesters on the streets of Addis Ababa who were protesting against rigged election results and demand the government to respect their votes. Through these measures, he and his government violated Universal Human Rights. The U.S. has, thus, been appeasing to him and failed to take strict measures in the form of "strings" if the latter were meant for a pure democratization aims. It kept a tight lip even to criticize such violations as undemocratic. In this sense, his own dictatorial practices were emanated, not only from his cooperations with the East, but from his cooperation with the West as well. Therefore, what endangers liberal values in general and the fragile gains in governance and democratic practices in particular, according to this thesis, was not the non-strings attached approach of the China with Africa or with Ethiopia, but rather, adherence to the East Asian developmental state model as well as the inconsistency in the West, particularly the U.S. The latter promotes dictatorship that endangers liberal values for calculations of its own short-term national interests and benefits it predicted to be achieved in being an ally with dictatorial regimes. The latter could only be gained at the cost of the democratic thirst of the majorities elsewhere.

The fourth finding in the research, that explains why Ethiopia was selected to get every benefit at Chinese disposal, has been the country's historically embedded and symbolically important national, regional and international diplomatic potentials. The latter enabled the country to have strong bilateral cooperative relations with China. This could best be analyzed in line with the history of country. The country's 'symbolic importance to fight for freedom and

independence to the rest of Africa was evidenced by its victories against colonialist expansions, its role as the voice of Africa first in the League of Nations and later in the UN, and its contribution to pan-Africanism were cases in point. If we saw briefly these historical legacies in terms of the last four Emperors of the Solomonic Dynasty, such as Emperor Tewodros (1855-1868), Emperor Yohannes (1872-1889), Emperor Menelik II (1889-1913) and the last Emperor in the dynasty Haile Selassie I (1930-1974) all of them put their historical footprints through their relentless efforts to keep their country free from external forces and scored victories against foreign aggressions, which consequently help Ethiopia to be an independent state in the history of Africa. The victories against the Ottoman Turks, Egyptians, the Sudanese and finally the Italians were cases in point.

Haile Selassie I enabled Ethiopia to be the member of the League of Nations (LON) in 1923. His participation in LON and his proposal for collective security made Ethiopia to be a chartered member of the United Nations (UN) in 1945, i.e., the only African country to join the UN in that early days. He was speaking for the whole of Africa and denounced the injustice and crime against the colonized people. He promoted Pan-Africanism with the then emerged African leaders, such as Kwame Nkrumah of Ghana and Jomo Kenyatta of Kenya. Ethiopia trained Nelson Mandela to lead the fight against Apartheid and Assisted Robert Mugabe to fight for his country's freedom against colonialists. Haile Selassie promoted multilateralism within intergovernmental organizations, like LON and UN. He played key roles to the establishment of Organization for African Unity (OAU) in 1963 and Addis Ababa was chosen to be the seat of Organization of African Unity (OAU), the current African Union (AU) for reasons of the country's symbolic role for freedom and independence to the rest of Africa that was under colonialism and apartheid. In his speech made on the African day celebrated in Accra on the 15th of April 1963, Haile Selassie stated that "our liberty is meaningless unless all Africans are free" stressing his call to the then colonial powers to give the freedom and liberty back to the colonized people in the continent.

The Ethiopian spirit of 'we were the symbol and voice of Africa' is the moral backdrop that has been used as a key historical backup and heritage for the current leaders to be active in assuming diplomatic roles in regional and international milieu. The fact that many of the key African political discussions and forums have been held in the heart of Ethiopian capital partially pointed to this historical legacy. Prime Minister Meles Zenawi was protecting, and also playing out the historically symbolic politico-diplomatic heritage as leader of NEPAD

and Chief African negotiator in international initiatives, like the environment. His roles were impliedly asserting the country's historical legacy in Africa and to the world.

The current diplomatic potential of Ethiopia, which has been emanated from a legacy of self-resistance for an independent national political system, was critically considered by China as a useful resource to stir up Africa for its deeper cooperations. One of the key manifestations of such Chinese recognition was the selection and inclusion of Ethiopia to benefit from pledges to Africa in the FOCAC platform. Ethiopia also responded to the latter through supports and protections to its involvement in Africa. Prime Minister Meles Zenawi was ardently defending and promoting what China has been doing in Africa on national, regional and international platforms. In so doing, Ethiopia was able to grab as much assistances as possible to be used as a driver for national development without providing any natural resources to the latter. The ex-premiere was appearing bold enough to defend China even on issues it has been criticized by the West for encouraging dictatorship and endangering past gains in Africa. He was aware of the fact that his country has been unable to offer China the way Angola, Sudan or Nigeria have been doing. Thus, the price for the unreserved assistance that the Chinese are giving his government was only compensated with his bold assertion of the Chinese roles as the best for Africa/Ethiopia. A key evidence of the latter was China's selection of Ethiopia as one of the five countries in Africa hosting China's overseas trade and technical cooperation zones was based on the consideration of the above as a critical resource. The other four countries fulfill the much token natural resource and market criteria. But, Ethiopia, was neither one of the top-ten African importers from China nor is one of the top-ten African exporters though its trade exchanges depicted remarkable growth over the years. China's strong cooperation with Ethiopia is, thus, based on its historically and symbolically important diplomatic potentials.

7.3 Conclusions

The data in the thesis points that trade relations were motivated by China's tax-free treatments and quota related measures and Ethiopian export performance kept on increasing with an increasing trend. Despite this, Ethiopia still stick to exporting mainly agricultural exports except for some value-addition efforts to have some exports with semi-processed qualities for export, like leather and tantalum. Over all, Ethiopia maintained a negative trade balance in favor of China, with the volume of import is increasing significantly than the volume of export. The growth of imports from China is mainly responsive to the aggressive infrastructure development activities.

Chinese-made-low-quality and cheap imports continued to flood the local markets. This incidence, in fact, was not the Chinese problem, but the problems of local business community members themselves. The latter have deliberately opted to import extra ordinarily cheap and low quality items to attract consumers and increase their profit margins. The impacts associated with the latter were diverse. These poor quality and cheap imports have been negatively affecting local businesses, particularly, local companies working on textile and foot wear. Some have ceased to exist due to the higher intensity of competition. Others have changed business sectors and some more others cope with the competition and survive using either the 'high road or low road strategies.' But, what has been common to all local businesses has been that these imports were significantly sharing the market, i.e., some proportion of consumers have been taken away from local businesses. This has put pressure on their revenues to grow and reinvest. This is because local products, like foot wear were made from genuine materials that made the prices to go higher than imported shoes made of plastic or synthetic materials. This was aggravated by low level of income by significant proportion of the local people who voluntarily opt for Chinese made low quality and cheap materials for reasons of affordability. In this sense, these items even if they are sometimes taken as good to the welfare of consumers, put serious repercussions in terms of harnessing local development.

Their existence has affected consumers' behavior as well. The latter seem to have reduced the frequency of consumers' visits to local shops after their abundant presence in the local markets. Since these items become common, consumers become less motivated to go to shops for minor stuffs that can easily be spotted and collected from roadside vendors. Setting a schedule for shopping, as consumers' modes of operation to visit local markets and businesses, has only been reserved for selected and serious matters. The mode of negotiation has been significantly changed, too. If a vendor selling these stuff told a consumer to take an item, such as rechargeable lamp, with ETB 100, it become a norm by consumers to offer back a price like 70 percent less than what the vendor told.

China is the major country investing in Ethiopia. China's FDI in Ethiopia was growing with related financial, technological and employment benefits. China's assistances to Ethiopia have been very interrelated and this has confounded the relationship between trade, investment and cooperative projects and aid, and hence, remains difficult to clearly spell out their differences. Despite, this however, the share of Chinese investment and its FDI is growing in the country. Chinese related data is erratic, particularly aid related data and the data on the number of

Chinese people in Ethiopia or Africa is difficult to capture. Given the indicators and the evidences analyzed, the thesis has come up with the following conclusive statements as follows:

First, the policy shift from the earlier form of China-Africa relations to the current cooperations with the FOCAC framework was felt in Africa and/or Ethiopia via China's willingness to be in line with the latter's priority and leverage economic development efforts through making financial, technological or technical resources accessible to diverse sectoral initiatives in a structured manner that both sides could review, measure and mitigate limitations using their new mutual platform. China's commitment to bridge the gap in infrastructure development, through financial and technological contributions, reflects the effect of the policy shift in a strong sense.

Second, the country level analysis on Ethiopia as a case study depicted that the current Ethio-China relation went beyond the natural resources argument. Ethiopia without being oil-producer and exporter was able to cooperate with China and has been one of the priority countries in benefiting China's assistances to its almost all functional sectors. This implies that Chinese perception of resource is more diverse that what is indicated in the literature. The notion of the literature looks like that China is just in Africa for natural resources, such as oil. But, how many of the African countries are oil and natural resource exporters? And how much of China's aid and development assistances are consumed by natural resource producers and exporter countries only? The majority of African countries, except Burkina Faso, Malawi, Gambia, Swaziland and Sao Tome and Principe that recognize Taiwan, are cooperating with China on the bases of any type of potential resources that they have without being neglected on the basis of their oil or other natural resources ownership status.

Thirdly, as per the evidence in Ethiopia, the development paradigm shift away from the neoliberal orientation to the East Asian developmental state was found to have a strong correlation with the development of dictatorial state behaviors. The current political economy of the country witnesses practical similarities between China and Ethiopia. Particularly, Ethiopian Peoples' Revolutionary Democratic Party appears to be similar to the Chinese Communist party. In other words, the Ethiopian case pointed out that the ruling party went far to the right and exclude opposition political actors, intend to give more priority to development than people's rights and freedom and depicted intolerant behavior. The effect of non-strings attached aid by China seems to have less impact as compared to the latter.

The fourth and final conclusion in this research has been the answer to the question of why Ethiopia was able to get every benefit from China. This has been in response by to China's recognition of Ethiopian historically embedded and symbolically important diplomatic potential in regional and international arenas. China needs Ethiopia to mobilize support in Africa on its position as a seat of African Union. It has also been benefiting from the ardent support and protection of its roles in Africa from the countries leaders, such as Meles Zenawi. It seems China has been taking diplomatic support as a resource to engage Africa.

7.4 Implications

Low level of technological and technical knowhow transfer, and low level of financial viability have been critical limitations that driver African countries to look for cooperative partners. Africa was unable to effectively benefit from the considerable years of cooperations with the West since the Second World War in sharing meaningful technological and knowhow transfer for it to avoid dependence on others and maintain self-sufficient growth. The Multifaceted relations with China is another chance for the latter, but need to be seriously conscious not to repeat the same mistake this time. So, it would be vital to devise strategies so that local companies should work and get the technologies and institutionalize them in a local bound context and make sure continuity. Joint venture business experiences, if supported as a norm in Ethio-China/Sino-African cooperations, would help to share knowhow and technology.

Sharing the Chinese pragmatic experiences in economic management could be vitally an important exemplar that Ethiopia may share from China to reduce poverty, and achieve economic growth. But, the two countries have different historical, socio-cultural, economic, as well as political and demographic contexts. In that respect, a strategy that has been working for China may not necessarily be working for Ethiopia. The tendency to replicate one party rule similar to the Chinese communist party and the intolerant political behavior for a culturally and ethnically diverse country could be threatening to the peace and stability of the nation. The tendency of the government to play critical role in development without allowing broad based local participation in the country would not be a sustainable solution for the country's problems. Hence, adherence to DS could have been paralleled by democratic practices, tolerance and accommodative political system.

China's contractual based participation in infrastructure related projects in Ethiopia has not been contributing to reduce the country's higher unemployment rate. This has been a problem

partly related to China as it kept bringing its own people for every single project it won to execute. It is not clear as to whether China's generous financial and technical assistances to Ethiopia gave China a leverage to negotiate to bring its people or the Ethiopian government did not insist or failed to protect the national benefits that should be preserved to its own citizen. In either way, the number of Chinese community working and living on Chinese contracted projects in Ethiopia is growing even though it was difficult to indicate the exact number. Chinese participation did not trickledown effect on the level of unemployment and youth migration that Ethiopia is known for.

Cheap and low quality items from China is affecting the legal mode of business operations. This particular problem, in addition to putting serious repercussions on local bound development through incapacitating local companies, is negatively affecting healthy relationship between producers and retailers. On the one hand, it becomes hard to keep law and order in the city of Addis Ababa. On the other hand, it is affecting the government's right to collect revenue. Road-side business as an informal activity is becoming hard to inspect and control. Consumers are losing trust on retailers and developed a negative image as anything brought from a road side vendor does not function after a while. Appropriate corrective measures need to be taken to bring back the normal and legal mode of business environment and mitigate impacts on local companies and consumers.

7.5 Insights for Future Research.

Given the subsequent discussions in the aforementioned chapters of this research, the following issues were identified as areas of future research. These include:

- The policy space between Ethiopia and China for a win-win settlement of employment opportunities in Chinese projects in Ethiopia,
- Policy options and strategic approaches for better technological transfer and technical knowhow in Ethio-China relations,
- The relationship between Chinese soft power and its image problems as a result of low-quality and cheap Chinese imports in Ethiopia, and
- Long term Challenges for Ethio-China bilateral relations and the growth of Ethiopian potentials to produce and export of textile and footwear products: a scenario of home bound completion and a completion in third markets.

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Annexes:

Annex 1: End Notes

ⁱ Interview and related discussions with civil society leader why Western efforts to grow democracy in the 1980s and 1990s in Africa were not able to achieve the required change in continent, the respondent think, the majority of the population remained unaware about what has been going on regarding negotiations and discussions of this type as they have been either on party or government levels.

ⁱⁱ Interviewee (went beyond Ethiopia) has argued the U.S. itself was responsible for everything. It has been cooperating with Mubarak of Egypt for 30 years, Perverse Musharraf of Pakistan and Our Meles Zenawi to get what it wants and had it been worried with Democracy and human rights, it could have stood with the majority population of such countries.

ⁱⁱⁱ Field observation notes, interview with key informant interviewee and FGI data conducted in Addis Ababa from April 2011 to October 2012 showed that economic relations and equal treatment by China of Africa leaders and Health cooperation as the main source of Chinese soft power in Africa

^{iv} Peoples' perception in Addis Ababa is very commonly symbolizes anything that causes burning sensation with Chinese made shoe. Or anything that does not fairly last long with the quality that it believed to have is believed to have is seen as Chinese. One respondent in Addis Ababa said if you buy Chinese made pant, then you may likely to see either side of your pant get short for being washed.

^v Kurlantzick, Joshua was visiting scholar in the Carnegie Endowment for International Peace, which is a private, nonprofit organization dedicated to advancing cooperation between nations and promoting active international engagement by the United States.

^{vi} While Egypt and South Africa considered their recognition for PRC, Haile Selassie of Ethiopia withheld it for political reason. But, the deployment of Ethiopia's military under the UN contingent force in South Korea seemed a measure that can further strain the relations

between the two countries (Richard, cited in Larkin 1971: 16). In 1964, however the two sides considered to take measures to improve and normalize relations among themselves, but formal diplomatic ties were to wait till 1970.

^{vii} Balance of trade: The difference between a country's imports and its exports. A country will have a trade deficit if it imports more than it exports and if the same country faces the opposite scenario, then it will have a trade surplus.

^{viii} Personal reflection from a person who used to work in Chinese contracted road construction project that was unemployed during the 2011 field observation.

^{ix} The Gotera Interchange: was a point at which the traffic flow over four opposite directions were jammed one another before the construction. This open place was reconstructed by a road construction company from China called 'Shanghai Construction.' The interchange was constructed with a project budget of Ethiopian Birr 160 million about that was fully funded by Chinese government. The interchange covers 8.1km or about 40 hectares of land. It is the first of its kind both in the city and nation as a whole. It was named as the nations, nationalities and peoples square.

^x Field Observations on the Addis Ababa road construction work carried out by Chinese company. A brief discussion with one of the workers with his spade has helped me to know all these details.

^{xi} The bilateral dialogue was held between Ethiopian Deputy Prime Minister and Foreign Affairs Minister Haile Mariam Dessalegn and the Chinese delegation led by Vice Premier Hui Liangyu in Addis Ababa on Monday. This bilateral negotiation resulted in China's agreement to provide a grant and soft loan amounting to \$23 million USD to support the development endeavors in Ethiopia. Available at: http://www.ethiopiaemb.org.cn/pdf/Microsoft_Word_-_China_grants.pdf

^{xii} The Addis Ababa Confucius Institute (AACI) is located in the compound of Ethio-China Polytechnic College (ECPC) and it owns 6 classrooms, Chinese Culture Center, lecture hall, library, reading room, meeting hall and staff offices, with the total area of more than 1200 sqm to promote Chinese influence in Ethiopia.

^{xiii} Interview with Director of Promotion and Research Directorate of Ethiopian Investment Agency

^{xiv} Key-informant interviewee working in Ethiopian Investment Agency.

Annex 2: Questionnaire

Key Informant Interview Guide on the Sino-African and Sino-Ethiopian Relations

Prepared by:

Alemu Azmeraw, Doctoral Candidate, Department of Political Science, University of Vienna, Austria, 2011.

Purpose of the Interview

This questionnaire was prepared with the aim of collecting primary data on the historical and current forms of Sino-Africa and Ethio-China relations to be used as an input in this doctoral research entitled ‘Sino-African Relations in the 21st century- the case study of Ethio-China bilateral relations.’ Hence, these questions will be administered on pre-identified key-informants working in institutions that have roles on the various forms their cooperations with the aim of contributing to the body of public knowledge on Sino-African relations in general and Ethio-China cooperations in particular.

List of Questions:

A. Questions on Sino-African and Ethio-China Relations during the 2nd half of 20th century (1956-2000)

A1. How do you explain the history of Sino-African relations in the second half of 20th century?

1. How do you see the commencement of this first form of modern day relationship?
2. What forms of cooperations have been staged in this period?
3. What were the driving themes behind its establishment?
4. What were the aims that it sought to achieve?
5. What challenges and strengths it has faced?
6. How do you explain its achievement in this period?
7. What were its weaknesses, if any?
8. What were the respective interests of both China and Africa in this period?
9. Has Ethiopia been important within Sino-African relations before the 21st century?

A2. How do you explain the historical bilateral relations between China and Ethiopia in the period of 1956-2000?

10. How was the nature of Ethio-China relationships during the different political economy of Ethiopia’s modern day history?
 - a. During the imperial period (1916-1974)?
 - b. During its military communist period of 1975-1990?

-
- c. During the first 10 years of Ethiopian Peoples' Revolutionary Democratic Front (EPRDF) that toppled by the military regime in 1991?

11. When do the two countries have started their formal and informal relations?
12. What were the rationales that make Ethiopia to become closer to China before the 21st century?
13. When was the time that China becomes Ethiopia's strong ally in this period?
14. What were the achievements and/or, strengths for the bilateral relations to succeed?
15. Were there any the national, regional or international factors contributed to the weaknesses/ failure of Ethiopia's relations with China before the 21st century?

B. Questions Aimed to Answer Sino-African and Ethio-China Relations After the 21st Century

16. Why do China and Africa need to renew their historical friendships into a newer form of relations called the Forum for China-Africa Cooperations (FOCAC)?
17. What is FOCAC?
 - a. How can you explain its operationalization since its inauguration in 2000 at Beijing?
 - b. To what extent it differs from its older form of Sino-African relations?
 - c. What are its goals and/or objectives, strategies and operating mechanisms?
 - d. What are its achievements, weaknesses and strengths?
 - e. What is its contribution in enhancing Sino-African relations in terms of trade, investment, and technical and financial cooperations as compared with its older form of cooperations?
18. How can you explain the difference between China's relations with Africa on the FOCAC platform with that of the bilaterally relations with each African country?
19. To which side FOCAC become a beneficial platform, i.e., to China? Africa? Both?
20. How is FOCAC impacting the development trajectory of the continent as a whole?
21. How do you explain the developmental influence of FOCAC on the various functional sectors in Africa? (Health, Education, Trade, Investment/FDI, agriculture, infrastructure and so on)
22. What follow up and inspection mechanisms are put in place for FOCAC to function properly?

-
23. What are the major weaknesses that FOCAC faced since its formation in 2000?
 24. What are the major achievements it has made to its constituent members, i.e., China African countries and African Union?
 25. The current China-Africa relation is generally said to have economic roles as compared to its past records on ideological and political roles. So, does it mean that the current FOCAC framework is not playing any political or ideological function?
 26. If yes, then what sorts of global or regional political or ideological themes or goals are set to be achieved through this framework?
 27. Would you explain how such ideological and political roles are going to be attained at the individual country level?
 28. Is FOCAC as a multilateral stage designed to increase the acceptability or soft power of China?
 29. How FOCAC seek to mitigate the policy fragment and lack of unity among African countries to engage China and make use of that alternative cooperation it offers to the continent?
 30. Is African Union's membership into FOCAC platform as a separate member a failure/confusion or a confirmation of the African fragment in dealing with external Actors?
 31. How this framework controls the overlap of countries direct participation at the FOCAC level with that of their direct individual relations with China at a country level?
 32. What are the mechanisms FOCAC has been using to ensure equity and fairness among its constituent members?
 33. How do individual African countries participate in the FOCAC framework?
 34. How can you describe Ethiopia's participation as member of FOCAC?
 35. What will be the implications of this platform on major players, China and Africa?
 36. How this multilateral relation is looking into the future?

C. Questions aimed at answering the Current Ethio-China bilateral relations (since 2000)

37. How do you explain the beginning of Ethiopia's relations with China after the turn of the 21st century?
38. What factors have contributed to their bilateral relations to commence?
39. Who take the initiation (China or Ethiopia) to forge a relationship in the 21st century?
40. Is it possible to believe, on the basis of their current bilateral relations, that Ethiopia one of China's key cooperative partners in Africa?
41. If yes, why do you think that Ethiopia as a non-natural resource producing or exporting nation, at least at the moment, except for basic agricultural and some minor resources like tantalum, become a key or strategic partner?

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42. How can we understand this so called 'Ethiopia's presumed position as China's strategic partner?
 43. Is it not an anomaly as compared to other key partners of China in Africa as all of them are larger natural resource exporters?
 44. How do see the way the two countries are cooperating to one another in regional and international stages?
 45. How can we explain Ethiopia's importance to China and vice versa?
 46. In what strategic sectors are these two countries cooperating with one another as different from the commitments in FOCAC?
 47. Is Ethiopia's relationship with China on trade, investment/FDI, and development aid comparable with China's other strategic partners in Africa?
 48. If not how can we measure its level of key partnership with the later?
 49. Does the Ethio- China model of relationship lead to believe that China embraces the continent and trying to establish wider relationship with non-resource producing countries at large?
 50. How can one explain the depth of their bilateral relationship?
 51. Ethiopia's EPRDF is said to copy and follow the foot prints of the Communist party of China in the managing the country's internal political affairs. How do you comment on that?
 52. On other level the literature pointed out that Ethiopia has rejected the Western neoliberal paradigm and adopted the East Asian Developmental state approach. How do you comment on that?
 53. An analyst pointed out that Ethiopian acceptance of the Eastern approach is explained by the experience of dominant party system and development – first mentality that is leading the nation into crises. Do you agree?
 54. Do you think the current situation in the country is the result of Ethiopia's acceptance of the Chinese experience in managing development and governance?
 55. Do believe that development without respecting the rights and freedom of the people work for a diverse country like Ethiopia?
 56. So what are the critical political and ideological or paradigm based relations that Ethiopia adopted from China?
 57. What do you think will be the implication on of aligning to the East as the country is also cooperating with many countries in the West?
 58. Is it possible to explain the likely implication of Ethiopian bilateral relations with China in both positive and negative aspects?
 59. What is your overall opinion on Sino-Africa and Sino Ethiopian relations?

Thank you!!!

Annex 3: Profile of Institutions and Key Informant Interviewees

S. N.	Major institutions	Sub-departments/division from which key informants were selected and interviewed	Code	Location
1	PRC's Embassy in Addis Ababa,	▪ China's political Diplomat in PRC's Embassy	Key Informant Interview One (KII-1)	Addis Ababa
		▪ China's Economic Diplomat in PRC's Embassy	Key Informant Interview two (KII-2)	
2	Ministry of Foreign Affairs,	Asia and Oceania Affairs directorate director	KII-3	Addis Ababa
		▪ Chinese Affair Officer	KII-4	
3	Ministry of Trade	▪ Trade relation and negotiation directorate director	KII-5	Addis Ababa
		▪ Import and export coordination directorate, representative	KII-6	
4	Ministry of Finance and Economic Development;	▪ Head of Ethio-China cooperation Unit	KII-7	Addis Ababa
5	Ethiopian Investment Agency,	▪ Information and Investment Promotion Directorate Director	KII-8	Addis Ababa
		▪ Investment Projects Facilitation Directorate A/Director	KII-9	
6	Revenues and Custom Authority,	▪ Custom operations and program development directorate	KII-10	Addis Ababa
		▪ Planning and performance monitoring directorate	KII-11	
7	Ethiopian Chamber of commerce	▪ Advocacy and Research department	KII-12	Addis Ababa
		▪ Communications and international relations department	KII-13	
8	African Union FOCAC unit	▪ Directorate of Strategic Policy Planning, Monitoring and Evaluation	KII-14	Addis Ababa
9	Infrastructure related Ministries	▪ Government offices; such as Ministry of Transport, Ethiopian Telecommunications and Electric Power Corporations	KII-15i KII-15ii KII-15iii	Addis Ababa

Curriculum Vitae

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Interests: International cooperations and development, integrated and participatory development, governance and human rights, elections, legislatures, parliaments and political parties

Work Experience

Dates	2008-present
Occupation or position held	PhD Candidate, Department of Political Science
Name and Address of Employer	University of Vienna Vienna, Austria
Dates	2006-2007
Occupation or position held	Program Officer of PEPFAR Funded Program
Name and Address of Employer	Maedot, National NGO, Addis Ababa, Ethiopia
Dates	2005-2006
Occupation or position held	Program Manager
Name and Address of Employer	Cooperazion Internazionale, Italian Development Cooperation, Addis Ababa, Ethiopia

Dates	2004-2005
Occupation or position held	T/Leader Social and NGO's Program Coordinator
Name and Address of Employer	Addis Ababa City Administration Social and NGO's Affairs Office, Addis Ababa, Ethiopia
Dates	2003-2004
Occupation or position held	Population Program Coordinator
Name and Address of Employer	Planning and Economic Development Bureau Amhara Region, Bahir Dar
Dates	2002-2003
Occupation or position held	Researcher of Cooperatives and Unit Head of Social and Labor Affairs Bureaus
Name and Address of Employer	Addis Ababa City Administration Cooperatives and Labor and Social Affairs Bureau Addis Ababa, Ethiopia
Dates	1999-2002
Occupation or position held	Acting Team leader of Housing Affairs and Housing Cooperatives organization team
Name and Address of Employer	Works and Urban Development Bureau, Amhara region, Bahir Dar