

ADDIS ABABA UNIVERSITY
SCHOOL OF GRADUATE STUDIES

CHINA-ETHIOPIA ECONOMIC AND POLITICAL RELATIONS
POST 1991 PERIOD

BY
WANG XIAOGUANG

ADDIS ABABA

JUNE 2014

CHINA-ETHIOPIA ECONOMIC AND POLITICAL RELATIONS

POST 1991PERIOD

BY

WANG XIAO GUANG

A THESIS SUBMITTED TO THE SCHOOL OF GRADUATE
STUDIES OF ADDIS ABABA UNIVERSITY IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE
DEGREE OF MASTER OF ART IN INTERNATIONAL RELATIONS.

ADVISOR

Professor K. Mathews

ADDIS ABABA UNIVERSITY

SCHOOL OF GRADUATE STUDIES

COLLEGE OF SOCIAL SCIENCES AND HUMANITIES

DEPARTMENT OF POLITICAL SCIENCE AND

INTERNATIONAL RELATIONS

ADDIS ABABA

ADDIS ABABA UNIVERSITY
SCHOOL OF GRADUATE STUDIES

CHINA-ETHIOPIA ECONOMIC AND POLITICAL RELATIONS
POST 1991PERIOD

BY
WANG XIAOGUANG

Approved by Board of Examiners:

Advisor

Signature

Date

Internal Examiner

Signature

Date

External Examiner

Signature

Date

Declaration

I, the undersigned, declare that this thesis is my own original work and has not been presented for a degree in any other University and that all sources of material used for the thesis have been duly acknowledged.

Wang Xiaoguang

June 2014

This thesis is submitted for examination with my approval as an advisor of the candidate.

Prof. K. Mathews

June 2014

Acknowledgments

Above all, I am thankful to Almighty God to guide me and give me wisdom. Then, I wish to express my special gratitude to my advisor Prof. K.Mathews for his constructive comments and advices throughout the preparation of this paper. I also want to express my gratitude to my family in China for their material and moral support during my stay in university. Most of all, I would like to express my heartfelt gratitude, especially, to my husband Charles Cao for all his contribution.

It is also my pleasure to extend my appreciation to my classmate Liu Chen, who exchanged academic ideas with me and kindly reminded me on the date of submitting the paper. And other contributions from my classmates and help from friends are also appreciated and acknowledged.

I really thank you all !!

Wang Xiaoguang

Table of Contents	Page
Acknowledgments.....	I
Table of Contents.....	II
List of Abbreviations.....	IV
Abstract.....	VI
CHAPTER ONE.....	1
1. INTRODUCTION.....	1
1.1 Background of China-Africa/Ethiopia Relations.....	1
1.2 Statement of the Problem.....	5
1.3 Research Questions.....	6
1.4 Objective of the Study.....	7
1.5 Hypothesis.....	7
1.6 Methodology and Methods of Data Collection.....	7
1.7 Significance of the Study.....	8
1.8 Scope and Limitations of the Research.....	9
1.9 Organization of the Study.....	10
CHAPTER TWO.....	11
2. CONCEPTUAL FRAMEWORK AND LITERATURE REVIEW.....	11
2.1 Conceptual Framework.....	11
2.1.1 South-South Cooperation (SSC).....	11
2.1.2 National Interest.....	12
2.1.3 Foreign Policy.....	14
2.1.4 Harmonious World.....	16
2.1.5 Confucius and Confucianism.....	17
2.2 Literature Review.....	19
2.2.1 China’s Foreign Policy.....	19
2.2.2 China-Africa Relations.....	20
2.2.3 Forum on China - Africa Cooperation (FOCAC).....	22
CHAPTER THREE.....	24
3. DEVELOPMENT OF CHINA-ETHIOPIA RELATIONS 1949-1991.....	24
3.1 Political and Diplomatic Relations between China and Ethiopia.....	24
3.1.1 Contacts and Challenges 1949 – 1970.....	24
3.1.2 Developing Political Relations in the 1970s.....	30
3.1.3 Renewed Relations in the 1980s.....	31
3.2 Economic Cooperation and Trade Relations.....	32
3.2.1 Trade Interactions and Exchanges.....	32
3.2.2 Economic and Technical Cooperation Agreements.....	36

3.2.3	The Implementation of Economic and Technical Assistance.....	36
3.2.4	Air Traffic Agreement between China and Ethiopia.....	38
3.3	Interest Free Loan between China and Ethiopia.....	38
CHAPTER FOUR.....		40
4.	THE CURRENT STATE OF ECONOMIC AND POLITICAL RELATIONS.....	40
4.1	China-Ethiopia Economic and Political Relations since 1991.....	40
4.1.1	Political Relations and China's development assistance to Ethiopia.....	40
4.1.2	Economic and Trade Relations.....	42
4.1.3	Eastern Industrial Zone (EIZ).....	44
4.1.4	Agricultural cooperation between China and Ethiopia.....	45
4.1.5	Fincha-Amerti-Neshe Hydropower Project and Gilgel Gibe III Dam Project.....	49
4.1.6	Adama Phase I Wind Farm.....	50
4.1.7	Addis to Adama (Nazret) Toll Expressway.....	50
4.1.8	Ethio-Djibouti Railway.....	51
4.1.9	Telecommunication Project about upgrading Internet from 3G to 4G.....	52
4.2	Main Factors Driving Development of Relations between China and Ethiopia.....	53
4.3	Forum on China- Africa Cooperation.....	57
4.3.1	FOCAC and African Opportunity.....	58
4.3.2	FOCAC: What Does Ethiopia Benefit From It?.....	59
4.4	Challenges facing the Sino-Ethiopia Relations.....	67
CHAPTER FIVE.....		71
5.	CONCLUSIONS.....	71

References

Appendices

List of Abbreviations

AU	African Union
AAU	Addis Ababa University
AHRDF	African Humanitarian Resource Development Fund
CCCC	China Communications Construction Consultancy
CCECC	China Civil Engineering Construction Cooperation
CCS	Center for Chinese Study
CGGC	China Gezhouba Group Company
CREC	China Railway Engineering Corporation
CSIS	Center for Strategic & International Studies
ECOSOC	United Nations Economic and Social Council
EIZ	Eastern Industry Zone
EPLF	Eritrean People's Liberation Front
ETCA	Economic and Technical Cooperation Agreements
FAO	Food and Agriculture Organization
FDI	Foreign Direct Investment
FOCAC	Forum on China-Africa Cooperation
GTP	Growth and Transformation Plan
HIPC	Heavily Indebted Poor Countries
IR	International Relations
MoFED	Ministry of Finance and Economic Development
OAU	Organization of African Unity
OSAA	Office of the Special Adviser on Africa
PASDP	Poverty Alleviation and Sustainable Development Program
PRC	People's Republic of China
RMB	Ren Minbi (Chinese currency)
SEZ	Chinese Special Economic Zones
SME	Small and Medium Size Enterprise

SPFS	Special Program for Food Security
SSC	South-South Cooperation
TVET	Technical and Vocational Education and Training
UN	United Nations
WB	World Bank
WTO	World Trade Organization
ZTE	ZhongXing Telecommunications Equipment Company Limited

Abstract

Since the establishment of diplomatic ties in 1970, particularly since the creation of Forum on China-Africa Cooperation in 2000, China and Ethiopia have forged fruitful exchanges and all-round interaction in the political, economic and cultural areas and also enjoyed closer cooperation in international and regional affairs. Based on this, the main objective of this study is to examine the economic and political relations between China and Ethiopia post 1991. The study used both quantitative and qualitative methodologies to assess the economic and political ties. Data were also collected both from primary and secondary sources. The economic and political cooperation between the two countries has shown improvement particularly since 1991.

Bilateral political relations have been undergoing healthy and sustainable development and exchanging high level visits are made frequently. Economic cooperation between China and Ethiopia has also expanded rapidly, especially in the areas like agricultural cooperation, renewable and clean energy industry, railway and expressway constructions, and telecommunications. Four important factors have strengthened the current bilateral political and economic relations between China and Ethiopia, and make the bilateral relations indeed bright and promising. However, there have been many challenges to the bilateral relationship between the two countries. FOCAC reflects the form and content of Sino-African relations. Mapping a future for both sides to achieve common prosperity, and Ethiopia greatly benefits from FOCAC, especially from the binding mechanism of FOCAC, diversifying product and export market, financial cooperation, debt relief and cancellations, job creation and poverty alleviation, tourism development, health sector development, human resources development and so on. Further cooperation between China and Ethiopia and China's experience of its own development shows that a country cannot develop through dependence on aid, and as a result China's cooperation with Ethiopia is based on trade and investment over aid for development. Ethiopia can benefit from pro-business cooperation investments with China. Finally, some suggestions are given to Ethiopian government in order to enable Ethiopia secure the full benefits following the Chinese development model.

CHAPTER ONE

1. INTRODUCTION

1.1 Background of China-Ethiopia Relations

The contacts between China and the continent, from the simple trade of silk and porcelain in the ancient times to the complex investment and economic cooperation at present, from the ingenuous trust to political mutual support, that makes more and more increasingly close relations between China and Africa, it has now become a hot topic in international relations.

Though not well documented as China's relations with Asia and Europe, various sources reveal that China and Africa have a long and unofficial history of relations dating back as far as 202 BC (Gamora and K.Mathews, 2010), which was through Silk Road. But the first contact of China with the Horn of Africa particularly with Ethiopia has begun around 1000 AD, when the Chinese started to import rhinoceros horn from Ethiopia. It was under the Ming (1368-1644) that Sino-African relations achieved their historical climax through a series of expeditions that reached the East African coast under the command of Admiral Zheng He (1405-1433). In the early 20th century new China-Africa contacts were made when Chinese laborers were brought to work in mines and plantations in Europe's African colonies.

The establishment of relations between China and African countries was closely related to African countries surge for independence and economic development and Chinese drive for recognition. However that of Ethiopia, a country which was not colonized, except for the brief period of Italian occupation during the Second World War, underwent a different pattern .

In this context, after the establishment of the People's Republic of China (PRC) in 1949, it coincided with the quest for African independence. The Five Principles of Peaceful Co-existence¹ were proposed at the Bandung Conference² 1955 in context of Chinese diplomatic efforts to establish official contacts with newly independent countries in Africa. Ethiopia attended this conference as one important independent African country. Following the Conference China sent its first delegation to Africa in 1956. One of the countries visited by this cultural delegation was Ethiopia. It was the beginning of people to people relations between the two countries.

At the height of their interactions and Chinese activism, during 1963—1965, a major campaign included visits to Africa by Premier Zhou Enlai and Marshal Chen Yi to win African countries' recognition and support. The visits covered eleven countries of Africa, both with or without diplomatic relations with China. The Chinese Premier's visit to Africa also included Ethiopia. Though it was not planned beforehand, the visit to Ethiopia came at the time when Ethiopia was trying to strengthen relations with all the countries including China and the two super powers. While America, despite China's condemnations of US imperialist domination, was firmly established in Ethiopia, meanwhile Ethiopia was also on the way of improving ties with the Soviet Union. Zhou Enlai's visit to Ethiopia thus had the key objective of wooing the country for its geopolitical importance as the seat of the newly established Organization of African Unity.

¹ Five Principles of Peaceful Co-existence: mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence.

² Bandung Conference, The first large-scale Asian–African or Afro–Asian Conference, it was a meeting of Asian and African states, most of which were newly independent, which took place on April 18–24, 1955 in Bandung, Indonesia.

Formal diplomatic relations with Ethiopia was established after 15 years from Bandung Conference. Immediately following the Bandung Conference, Ethiopia and Japan restored diplomatic relations and Emperor Haile Selassie made a historic visit to Japan in 1956. Since China and Japan were not on friendly terms by that time. Ethiopia's move must have overshadowed the-would-be friendly contacts between Beijing and Addis Abba. Due to Ethiopian relations with the US and some other international factors, Ethiopia was not among the first African countries to establish formal relations with China. So relations were poor during the regime of Emperor Haile Sellassie, when Ethiopia was allied with the western powers during the Cold War. Chinese support to the Eritrean People's Liberation Front (EPLF) now the government of Eritrea, contributed to the tension from 1967. However, the two countries established formal diplomatic relations on December 1, 1970, when China agreed to recognize Eritrea as part of Ethiopia in exchange for Haile Selassie's recognition of Taiwan as part of China. The establishment of diplomatic ties was a breakthrough for fledgling links between the two countries. The exchanges and cooperation in the political, economic and social fields in the first few years after the establishment of diplomatic relations were encouraging and fruitful.

Ethiopian Emperor Haile Selassie visited China in 1971 and got warm welcome by the first Chairmen of new China Mao Zedong and the first nonstop airline between China and Africa from Shanghai to Addis Ababa was put into operation on February 21, 1973. However, relations improved for a short period after the Ethiopian revolution of 1974, but became strained as the Ethiopian military junta developed increasingly close ties with the USSR. In short, Sino-Ethiopian relationship was still not strong due to ideological differences.

Smooth interactions between the two countries came into being only as of the late 1980s. In that period, while the changing international environment and Ethiopia's need for alternative way out of its crisis were the major factors, China's self-confidence and ambition to fill the gaps left by the USSR had contributed to improved ties.

In the last decade of the 20th century both China and Ethiopia had undergone remarkable historical events. While China was defending herself from Western threats of isolation, Ethiopia experienced a radical change of government and system of development. With such transformation both wanted each other for mutual assistance. Owing to the changes, relations between the two countries were strengthened.

Economically, the trade and economic and technological agreements was signed on October 9, 1991 in Beijing. China provided an interest free loan of about US\$ 6.5 million (RMB ¥ 50 million) to the new Ethiopian government and showed its willingness to assist Ethiopia in times of financial problem. Economic ties were further strengthened when China was determined to complete the projects which were already underway in Ethiopia. One of those was the completion and handover of the water supply project on January 1993. Trade exchanges between the two countries grew relatively faster reaching US\$ 88.9 million by the end of the last century.

The relations between the two countries had steadily improved with increasing diplomatic contacts and high-level ministerial visits. The 1995 Ethiopian Prime Minister's visit to China was reciprocated by the Chinese president Jiang Zemin's visit to Ethiopia later in 1996. The diplomatic ties between the two states have become closer when Ethiopia hosted the second ministerial meetings of the Forum on China-Africa Cooperation (FOCAC; launched in

2000) as a mechanism for collective dialogue and multilateral co-operation between China and Africa) in December 2003, presided by Ethiopian Prime Minister Meles Zenawi and Chinese Premier Wen Jiabao, and attracting six African presidents. This was the first time the ministerial conference was held on the African continent. The founding of the Forum on China-Africa Cooperation provided all opportunities for Sino-Ethiopian interaction on a new perspective. In the six years following the creation of the Forum, China became widely visible all around Africa including Ethiopia, particularly in agriculture, infrastructure construction, trade, investment, development aid, human and natural resources development and debt relief. 2010 marked 40th anniversary of the establishment of diplomatic ties between the People's Republic of China and Ethiopia. It was celebrated both in Addis Ababa (November 24) and Beijing (December 16).

In sum, ever after the dawn of the new Millennium, bilateral ties between China and Ethiopia have registered new progress with the joint effort of both sides among others in the economic and political fields. At the Beijing Summit (November 2006), when Hu Jintao announced a number of policy measures including zero tariff for African goods, debt cancellation and joint infrastructure projects, Ethiopia was the only country that has benefited from all. These clearly showed the future prospect of the relations between the two countries to continue and even to consolidate further.

1.2 Statement of the Problem

Politically, Ethiopia has a special position in Africa due to the fact that it is the only country in Africa to successfully resist colonization. Besides, the headquarters of African Union is located in Addis Ababa, the capital of Ethiopia. Economically, data shows that Ethiopia is one of the fastest growing developing countries in Africa, and it has potential to develop and catch up

with any other African countries. Ethiopia has been playing an important role in the world and Africa in particular.

However, China's early historical contacts and current relations with Ethiopia are little documented than those with the West, but are important and enduring. Generally, the contacts which began in the second half of the twentieth century attracted the attentions of academicians , politicians and media and it is found that relations between China and Ethiopia are reflected in terms of complementary mutual support both politically and economically .

This study, therefore, analyzes the development of economic and political relations between the two states, especially post 1991 period and challenges, as well as draw a new vision for long-term stable partnership between China and Ethiopia, specially through Forum on China—Africa Cooperation. This paper also focus on getting the answers to the question that the main factors which prompted bilateral political and economic relations between the two countries, and attempts to explore a regular pattern or reference for further cooperation from past-experience already gained.

1.3 Research Questions

The major research questions that this study attempts to answer are as follows:

- ⊗ What are the factors which prompted the bilateral political and economic relations between China and Ethiopia?
- ⊗ What are the challenges of bilateral political and economic relations?
- ⊗ Forum on China—Africa Cooperation :What is in it for Ethiopia? How does Ethiopia benefit from it?
- ⊗ What can Ethiopian government learn from Chinese development model?

1.4 Objective of the Study

The general objective of this study is to understand and analyze China-Ethiopia political and economic relations, particularly post 1991 period;

The specific objectives of this study include the following:

- ✘ To analyze the main factors which enhanced the bilateral political and economic relations between China and Ethiopia;
- ✘ To examine trade, loan, grant, investment and commercial activities;
- ✘ To explain the challenges of bilateral political and economic relations;
- ✘ To draw a new vision for long-term stable partnership between China and Ethiopia, specially through Forum on China—Africa Cooperation;
- ✘ To give some suggestions for Ethiopian government from Chinese development model.

1.5 Hypothesis

Despite there are some main factors driving the bilateral political and economic relations between China and Ethiopia, the bilateral economic and political relations between the two countries face challenges, but long-term stable partnership can be built.

1.6 Methodology and Methods of Data Collection

1.6.1 Methodology

This research is based on both qualitative and quantitative approaches. A qualitative approach is informed by multi—disciplinary orientation . It employs both the “social scientific” approach of collecting qualitative data and the conventional approach of historians to identify the dynamics of change which

include descriptive and analytical accounts of events .Apparently as the topic is mixed with the history of international relations , issues of diplomatic history within the contemporary quest for the creation of a fair and reasonable new international political and economic order had been taken into consideration in channelizing the data .

1.6.2 Methods of Data Collection

The researcher used both primary and secondary sources of data to carry out the study. Basically multi-method data collection techniques are employed for the various chapters of the study. The survey on the overview of China-Ethiopia relations was mainly based on secondary sources collected from libraries both in China and Ethiopia. The data still have included secondary sources are mainly dependent on government archives, reports and electronic databases. As a primary source, the structured and semi-structured interviews with concerned bodies working at Ethiopian Ministry of Industry, Ethiopian Ministry of Industry and China Embassy in Ethiopia are mainly used. A major methodological challenge of this study is to collect unbiased data .

1.7 Significance of the Study

The political and economic relations between China and Africa are informed in international relations. These views range from “mutual support” to China’s “disguised neo-colonialist” adventure . This study focuses on the economic and political relations between China and Ethiopia, especially post 1991 period and give readers a vivid perspective of China-Africa relations as a case study from the perspective of Chinese foreign student in Ethiopia. Sino-Ethiopian relations are not studied as more as the relations between China and Africa, so this thesis also fills the gap in the existing knowledge in the relations between the two

countries and thereby provides new information in the study of international relations. Moreover, it may help other researchers in undertaking further investigation in relation to the issue in question.

1.8 Scope and Limitations of the Research

The relations between China and African countries, Ethiopia in particular, has a historical background, the economic and political relations post 1991 period are chosen to be covered by this study. From the historical development to the current state of the relations between the two countries, from the factors which enhanced the bilateral economic and political relations to the challenges the two countries face, the relevant analysis and exploration are concerned. A vivid perspective is also given in this research which is how does Ethiopia benefit from Forum on China—Africa Cooperation. Valuable conclusion and recommendations are necessarily put forward as well.

With regard to the limitation of this research, since the topic of the paper focuses on a recent period, availability of sufficient material is the main limiting factor. When we see researches conducted on this issue from Chinese side there are few authorities . From the Ethiopian side few sources are worth mentioning. Most of the works on China-Africa relations have been conducted by foreign writers mainly from the West. But none of them have conducted study Sino- Ethiopian ties as the main area . So it would be of relevance to review only those important works regarding China and Africa. A further challenge is the time and resource allotted for carrying out the paper.

1.9 Organization of the Study

The study consists of five major chapters. The first chapter is an introduction under which background of the study, statement of the problem, research questions, objectives of the study, hypothesis, methodology, significance of the study, scope and limitations of the research, and organization of the study. The second chapter covered the review of related literature, the theoretical and conceptual frameworks. Chapter three is devoted to development of China-Ethiopia relations from 1949 to 1991, and through time period as a line to see the development. The fourth chapter touches upon the current state of economic and political relations between the two states. Main factors which enhanced the bilateral economic and political relations between China and Ethiopia are analyzed and challenges are discussed as well. One important point is also focused, which is how does Ethiopia benefit from Forum on China—Africa Cooperation. The last chapter gives conclusion and recommendations, especially to get the lessons which Ethiopian government can learn from Chinese development model.

CHAPTER TWO

2. CONCEPTUAL FRAMEWORK AND LITERATURE REVIEW

2.1 Conceptual Framework

2.1.1 South-South Cooperation (SSC)

South-South cooperation is an important complement to international development cooperation. South-South cooperation is traditionally viewed as encompassing technical and cooperation among developing countries, with a focus on sharing of experiences or exchanges in capacity-building and technical assistance, and economic cooperation among developing countries, covering financial, investment, trade and technology flows. Hence, “South-South” is often used as a synonym for “economic and technical cooperation among the developing countries”(OSAA, 2004). South-South cooperation can be conducted between two regions at the bilateral and multilateral levels. There is also triangular South-South cooperation that involves two developing countries arranged or supported by a third partner – usually a United Nations organization or a developed country.

The history of South-South cooperation dates back to 1955 Bandung conference in African and Asian nations agreed to promote economic and cultural cooperation. It provided impetus for the development of various South-South organizations in the 1960s and 1970s, with Non-Aligned Movement (1961) and Group of 77 (1964) being the most important among them.

UN has played a crucial role in supporting South-South Cooperation, and strengthened South-South cooperation as an additional mechanism for enhancing growth and addressing the challenges facing developing countries (Albert Khamatshin, 2011).

2.1.2 National Interest

In modern political life, “national interest” has become a common term among politicians and political scientists. But there is no accepted common standard or definition of the concept of national interest, so the understanding of the role or meaning of national interest is totally different from one user of the term to another. But it is necessary to establish common standards for defining national interests. Without common standards, it will be impossible to make the study of foreign policy scientific; it will also be difficult to have meaningful discussions on foreign policy.

In the Chinese language the concept of “national interest” has two meanings. One is national interest in the context of international politics, meaning the interests of a nation state in a global arena. This concept must be contrasted with group interests, international interests or global interests. The other is state interest or interests of state as the highest level in domestic politics, meaning governmental interest or a government that represents the peoples’ interest. Interests of state are more important than local interests, collective interests or individual interests. In 1954, Chairman Mao, at an extended meeting of the Chinese Communist Party, said “our policy toward farmers is not like the Soviet’s, but it is one that takes care of both the interest of farmers and the interests of the state”(Works of Mao Zedong, 1977:274). The national interest that Mao Zedong was talking about is in the category of domestic politics. In 1989, when Deng Xiaoping met with the Thai prime minister, he said, “China wants to maintain its own national interest, sovereignty and territorial integrity. China also believes that a socialist country cannot violate other countries’ interests, sovereignty or territory.”(Works of Deng Xiaoping, 1993: 328-329). The national interest that Deng Xiaoping was talking about here meant national interest in the context of international politics. Premier Zhou Enlai said in 1949: “When no war or violation takes place, national interests need to be protected

domestically and internationally, and in the international arena, diplomacy has become front line work” (Chinese Foreign Affairs Documents, 1990). Obviously the national interest in this sentence includes both types of interests.

Usually, national interests include something like these: Table 1.1

National Interest Breakdown Chart: A Partial List

Security Interests	Economic Interests	Ideological Interests
<ul style="list-style-type: none"> • protecting national borders • ensuring the safety of citizens from harm by foreign enemies • protecting allies • protecting areas of military importance (military supply routes, allies that host military bases, etc.) • protecting bases and sources of national power • preventing foreign intrusions into your national territorial regions • maintaining military power and capacity to project power where and as needed to protect national sovereignty and security interests • maintaining knowledge regarding potential threats to national security 	<ul style="list-style-type: none"> • protecting and/or promoting an adequate standard of living for domestic citizens • protecting and/or promoting adequate levels of domestic employment • ensuring economic development and growth • establishing trade relations with other nations • protecting economic investment abroad and at home • protecting the means and routes of trade • protecting the competitiveness of key domestic industries • maintaining economic power to ensure economic self-determination 	<ul style="list-style-type: none"> • protecting and/or promoting a just/moral way of life • protecting and/or promoting a just/moral system of politics, law, and government • protecting and/or promoting a just/moral economic system • protecting and/or promoting the cultural and/or religious values of a nation or a people • advancing and protecting a universal conception of freedom, justice, progress and/or human dignity

Source: 2013 close up foundation | www.closeup.org

2.1.3 Foreign Policy

Although many students of international relations (IR) have conceptualized foreign policy (Meehan, 1971:265-294), it is not easy to find agreement about the meaning of the concept (Hermann, 1972:58-79). This is perhaps attributed to the fact that as a process it is a complex phenomenon and therefore subject to many interpretations. As one IR scholar suggests, even the simplest foreign policy action such as the announcement that a head of state will be travelling abroad can bring multiple interpretations. It can be interpreted as reflecting “the decision of an individual, the deliberations of a committee, the outcome of a policy-making process, the sum of clashing interests groups, the values of a dominant elite, the product of a society’s aspirations, the reinforcement of a historical tradition, the response to an opportunity or challenge elsewhere in the world” (Rosenau, 1987:2).

Rosenau conceived of foreign policy as authoritative actions taken by governments or are committed to take in order either to maintain the desirable aspects of the international environment or to amend its undesirable aspects.

Others view it consisting of “official actions (and reactions) which sovereign states initiate (or receive and subsequently react to) for the purpose of altering or creating a condition (or problem) outside their territorial –sovereign boundaries” (Wilkenfeld et al., 1980:100).

Apart from actions, Holsti (1983:97), suggests that it also incorporates ideas that are planned by policy makers in order to solve a problem or uphold some changes in the environment, which can be in the forms of policies, attitudes, or actions of another state or states.

Slightly different from these scholars, however, Modelski defines it as ‘the system of activities’ that are evolved by communities with the purpose of altering the behavior of other states and of adjusting their own activities to the international environment (Modelski, 1962:6).

However, non-state actors could have had considerable impact on the overall form and dynamics of the international system. Although it can still be said that foreign policy is the sum of statements and actions by a state’s policy -makers to promote or control the impact of changes in the states’ external environment that was traditionally made up of policies, attitudes and actions of other states, these must now be added by the role of non -state actors (Nossal, 1988:117-180); Mansbach, 2000:133-195; Kegley&Wittkopf, 2004: 135 -185; Russet et al, 2006:65-72). Therefore, the first target of foreign policy is a foreign actor, state or non -state actor (Wurfel& Burton, 1990:5).

For the purpose of analysis, the concept of foreign policy consists of statements and actions taken by a state subject to its relations with other external actors, states or non-state actors. It is responsive to the actions of other states and is taken to fulfil national interests outside territorial boundary. Equally, foreign policy is a continuation of domestic policy because it serves and reflects national interests (Plano & Olton, 1969:127; Morgenthau, 1978:553), as it is argued by Kissinger, “foreign policy begins when domestic policy ends” (Kissinger, 1971: 22). Foreign policy is also considered as “the point at which influences arising in the international system cross into the domestic arena and at which domestic politics is transformed into international behavior” (Hopkins & Mansbach, 1973:133).

2.1.4 Harmonious World

Chinese President Hu Jintao called for a “harmonious world” at the summit for the 60th anniversary of the establishment of the United Nations (UN) On September 15, 2005. President Hu’s commitment to a ‘harmonious world’ is outlined as follows:

To promote the concept of a harmonious world, an important aspect is to consolidate and develop relationships with big countries, especially with the United States, Russia and the European Union. Therefore, the key to building a harmonious world is building a harmonious relationship with big countries. Meanwhile, due to China’s geographic location, we should strengthen harmonious co-existence with neighboring countries, engage in full cooperation with them on the issues of our common interests, and strive to build a harmonious relationship with neighboring countries. As the world’s largest developing country, China should take the lead among developing countries, pro-actively develop economic and trade cooperation and friendly exchanges with developing countries, and strive to build harmonious partnerships (Study Times,5 March 2008).

Qing Yaqing (2006) pointed out that the so-called harmonious world is a new conception of international order. It refers to:

- (1) Harmonious world means a state of peaceful coexistence. In this state, different countries live in a harmonious and equal environment and respect one another's status, rights and unique features.
- (2) Harmonious world means a state of order, justice and fairness. A harmonious state itself has profound connotations of justice, because only when justice becomes the basic norm for state-to-state relations is it possible to

reach a harmonious order within the international community. (3) Harmonious world is a state of order which continuously resolves conflicts. As the international community is a society without a unified central government, the lack of a domestic legal system will lead to more difficulties in solving contradictions (Qing Yaqing, 2006: 30- 31).

According to Chinese scholars, a harmonious world is a diversified world. Most importantly, it is a de-hegemonised world, and a harmonious world should be one without hegemony where big powers set the example, fulfil their duties and shoulder their responsibilities while small ones enjoy equality, democracy and when necessary aid from the big powers.

In the harmonious world discourse, the Chinese leadership and foreign policy officials often mention the importance of China's relations with other developing countries especially African nations by stressing common prosperity or common development with them (Lanham, 2008:21-379). In order to achieve common prosperity, developed countries should shoulder a greater responsibility for universal, coordinated and balanced development in the world while developing countries should make fuller use of their own advantages to develop themselves. It is fair to say that China gives special attention to developing countries in the discourse on the harmonious world concept.

2.1.5 Confucius and Confucianism

Confucius, an ancient Chinese sage, influenced Chinese thought and the cultures of many East Asian countries for over two thousand years. John Braithwaite (2002): "Confucius is the most important philosopher of restorative justice". The core concepts of Confucius' philosophy and his legal cultural principles are including:

- (1) *Ren* and *Li*: The Core Concepts of Confucianism Philosophy
- (2) *Li* and *Fa*: The Restorative Emphasis in Administration of Law
- (3) Harmony: the goal of justice
- (4) *Tian li renqing* (fair and consistency with human feelings): a Concept of Justice

Confucianism is a broad system of thought, consisting of many concepts and ideas. However, the most fundamental concept, which is usually used as a starting point for understanding and summarizing Confucius's system of thought, is the concept of *ren*. *Ren* means loving others. The concept reflects the fundamental idea of humanity and secularism in Confucianism. Humanity and the human world were the focus of Confucian philosophy. *Li* is central to the Chinese traditional legal culture and legal system. *Li* embodies Confucius's idea of social order and social relations in a harmonious and just society, which stresses that *li* is taught to people through moral education. In the Chinese legal tradition, the major early rival with Confucianism was legalism. Legalists advocated using *fa*, or formal law, as the main means of social control. Confucius pointed, *fa*, or formal law, focuses on punishment, while *li*, or moral code, emphasizes prevention. Howard Zehr (1990) stressed that the conventional Western concept of justice is allocating blame and punishment. In contrast with the conventional Western conception of justice, the paramount principle of justice in traditional China was that resolution must be fair and consistent with human feelings (*tian li renqing*), and the core of rights was moral rather than legal.

2.2 Literature Review

2.2.1 China's Foreign Policy

Officially, China defines its foreign policy objectives as follows: first, domestic political stability; second, sovereign security, territorial integrity and national unification; and third, China's sustainable economic and social development (Dai Bingguo, 2010). It is noteworthy that the primary objective is domestic stability, which means ensuring that the Communist Party stays in power and the socialist system remains intact (Wang Jisi, 2011).

Garth Shelton and Farhana Paruk (2008) argued that China's foreign policy is also focused on peaceful development, which means China is trying to rise peacefully to develop by taking advantage of the peaceful international environment, and at the same time to maintain world peace through its development. The 'peaceful development' of China is complemented by a commitment to advance harmonious world.

Center for Strategic & International Studies (CSIS): China characterizes its foreign policy and national security goals in terms of a series of principles and slogans. Since the 1980s under Deng Xiaoping, Beijing has said it pursues an "independent foreign policy of peace" under which China's "fundamental" foreign policy goals are:

(1) *"To preserve China's independence, sovereignty and territorial integrity,"*

(2) *"To create a favorable international environment for China's reform and opening up and modernization."*

According to China's Foreign Policy towards Africa, Li Anshan (2006) argued that China's African policy emphasis is put on cooperation, bilateralism and

win-win pattern, followed by the change of China's aid pattern, from the unitary aid given gratis to multiple forms, such as government deducted interest loan on favorable terms, aid combined with co-investment, and aid gratis.

2.2.2 China-Africa Relations

Since the commencement of the Cold War, literatures on the development of Sino-Africa relationships have been largely characterized by debates that reflect sharply divided perspectives. From the contending views, dominant perspectives can be roughly grouped into three schools; the China threat, the win-win and the mixed impact schools.

Many literatures by Western scholars on Sino-African relation are characterized by a preponderant focus on the negative forms of China's engagement in the continent as constituting a threat to African development (Large 2008, Mohan 2008). Leading debates include, but not limited to, Lessing (1962), Scalapino (1964), Legum (1965), while subsequent interpretations in this school have also emphasized how China's strategy in Africa reverses Western attempts at building up the basic structures on which sustainable developments in Africa can firmly take roots. In their views, China is intensely criticized for its Africa policies that advance exploitation, imperialism and self-serving agenda. They hold that China's Africa policies clearly embolden authoritarian regimes in Africa as well as discourage transparency and accountability. Also, China has been under seemingly coordinated attacks from this school for what has been termed support for the violations of the environment, human rights, democracy and exacerbation of Africa's dependency status as exporter of primary products, etc. (Lake & Whiteman 2006) (Navarro 2011), etc.

While the China threat school is primarily concerned with the negatives, the win-win school has maintained the opposite stance. They insist that Sino-Africa relation is a viable form of partnership for development. The school maintains that the relationship is poised to encourage positive development, rather than imperialism, not just in China and Africa, but across the Third World (Han-Chen 1965). Robert (2008) contends that:

China's current thrust into sub-Saharan Africa promises to do more for economic growth and poverty alleviation there than anything attempted by Western colonialism or the massive initiatives of the international lending agencies and other donors.

The central message of win-win school of thought is that China is neither altruistic nor is it playing a zero-sum game in its relations with Africa. They argue that the transformatory power of China's relations with Africa will draw from the comparative advantages of both sides, in which each side balances its deficits with surplus values accessible from the other partner, hence encouraging healthy developments for both sides.

The third school in this debate is of the view that the impacts of China in Africa are mixed. That is, much as it has very positive influences in the continent, some of Chinese strategies are less positive with varying degrees of consequences on Africa's sustainable development. Therefore it is neither gloomy nor glorious as the earlier schools mostly contend. Published in 2007, a report on China in Africa concludes China's economic profile in Africa has produced a "mixed bag" of effects and responses among all groups of stakeholders (Africappractice 2007). Also, Tull (2006) agrees that Beijing's economic impact on Africa is perhaps a mixed blessing, but he describes the political impact as ultimately deleterious. Further, this school seems to suggest that the intensification of strategies that produce the positive impacts should be encouraged while those that culminate in negative consequences must be

addressed through a review of the rules and processes of engagement.

2.2.3 Forum on China - Africa Cooperation (FOCAC)

The Forum for China-Africa Cooperation (FOCAC) is a multilateral platform for collective, pragmatic consultation and dialogue established jointly by Chinese and African leaders in 2000.

Dr. Li Anshan, Professor of School of International Studies, Peking University, argued that the purpose of FOCAC is to strengthen the China-Africa strategic cooperation in the context of economic globalization, so as to drive bilateral relations in a stable and sustainable direction. The sustainability of FOCAC contributes to the development of China-Africa cooperation, while the stable and healthy development of China-African cooperation adds vitality to FOCAC (Anshan Li, 2010).

Scholar Hellstrom argued that the lynchpin of Sino-African relations is the Forum on China-Africa Cooperation (FOCAC), initiated at the Ministerial Conference in Beijing in 2000. The Forum, driven by a joint Ministerial Conference held every three years since 2000, aims at fostering solidarity and cooperation based on equality, consultation, consensus, friendship, partnership and mutual benefit (Hellstrom 2009).

Alden argued that from the historical perspective, FOCAC should be seen as a continuum of the spirit of the Bandung Conference held in Indonesia in 1955 (Alden 2007). What the participating nations had in common was their shared history and perception of white dominance by the West (Foster et al, 2009; Looy, 2006).

Garth Shelton and FarhanaParukargued that the FOCAC process provides a unique diplomatic mechanism to promote dialogue between China and Africa, while at the same time it facilitates thedevelopment of a common political and economic agenda which will advance constructive South-South cooperation for mutual benefit. FOCAC is the arena for developing Sino-African cooperation and problem solving and also provides an important framework for developing a common development agenda in a rapidly globalizing international system. The FOCAC deliberations have brought African and Chinese leaders closer together and crafted a shared vision for policy coordination, expanded commercial interaction and common prosperity(Garth Shelton and FarhanaParuk, 2008).

CHAPTER THREE

3. DEVELOPMENT OF CHINA-ETHIOPIA RELATIONS 1949-1991

3.1 Political and Diplomatic Relations between China and Ethiopia

3.1.1 Contacts and Challenges 1949 - 1970

Though domestic goals were directly intertwined with foreign policy, both China's and Ethiopia's foreign policies were immensely influenced by the East-West split and the Cold War between the United States and the Soviet Union. While Ethiopia was closely allied with the USA, China in the 1950s identified herself with the Soviet bloc. As it has been stated by Mao Zedong in 1949, China was to "lean to one side" (George T Yu,1977), which was an alliance with the Communist bloc against imperialism. Meanwhile, though it was not a capitalist state by itself, Ethiopia chose to be friendly with the West. Such differences in ways of outlook and political linkage determined the development of the two countries on different systems.

Accordingly while China's alliance with the Soviet Union and her revolutionary orientation placed her in the socialist camp, her anti-imperialist policy and the outbreak of the Korean War (1950-1953) put her in direct conflict with the United States, which of course was in good terms with Ethiopia. While China entered the war supporting the North, Ethiopia was by the side of South Korea. As such the Korean War was one of the first incidents where China and Ethiopia took different sides on the international arena. In terms of principles both China and Ethiopia adhered to peaceful coexistence. But differences in perceptions, forces of alignment and interests seemed to have played a major role to have different stands. This basically came from ideological differences.

Later on the consolidation of internal power and stable relation with the Soviet Union paved way for China to maneuver into winning international recognition and widen political allies. The Bandung Conference of April 1955 was attended by 29 countries of which 6 were from Africa. They were Egypt, Ethiopia, Gold Coast (later Ghana), Liberia, Libya and the Sudan (Gordon,2003). The Bandung marked a watershed in Chinese diplomacy especially in regard to its evolutionary relations with Africa. As such it was the first opportunity for Chinese and Ethiopian delegates to discuss on commonalty of interests and solidarity. Despite China's alliance with the Soviet Union and Ethiopia's friendly relations with the United States, both countries were determined to adhere to non-alignment policy, a movement which had brought most of the developing countries under one umbrella during the Cold War.

Following the Conference, China sent its first delegation to Africa in 1956 (Brace D. Larkin, 1970). One of the countries visited by this cultural delegation was Ethiopia. It was the first people-to people relations between the two countries. The arrival of the Chinese culture and arts delegation was praised as a step to further relations between the two countries. It marked the first ever presence of Chinese delegates in Ethiopia. Three years after the arrival of the first cultural delegation, China sent its second cultural troupe, an acrobatic troupe to Sudan, Ethiopia, Guinea and Morocco in 1959/1960.

After 1958 Ethiopia started to express some sort of independent views. This was partly reflected in its stand of initial abstention in the question of admission of the People's Republic of China to the UN as a sole representative of all the Chinese people. Concurrently, from 1960 onwards, though it had no official relations with China, Ethiopia voted for Chinese representation in the UN (Olajide O. Aluko, 1977). With the Sino-Soviet split, Ethiopia became one of the ardent supporters of China in the UN together with Albania and Cambodia.

A change in Ethiopian foreign policy regarding China was partly centered on Washington's indifference with Ethiopia's local interests and the Emperor decided to come closer with the Communist countries of the Soviet Union and China (United States Department of State, Africa Volume XVII, 1955-1957). Meanwhile, following the independence of Somalia, China established diplomatic relations with Somalia. Ethiopia was thus forced to reconsider its policy towards China which was willing to forge relations with countries on the basis of equality and respect for territorial integrity with non-interference in the internal affairs of states. Thus, regional situation in the Horn of Africa contributed to the rapprochement between Ethiopia and China.

However, rapprochement is not so easy. On one hand, after coming closer with Japan in 1955, Ethiopia established ties with Japan at an ambassadorial level in 1958, a disgrace for Chinese interest against traditional adversary. On the other hand, Ethiopia's relations with China were also not to the interest of the United States. The main interest of the U.S. was to strengthen American information and cultural exchanges in the Horn of Africa and make sure unhampered use of Western Sea and air communications in the general area of the Horn of Africa (Glenn W. LaFantasie, 1958). The Horn of Africa where Ethiopia was the center got greater geopolitical importance. The Emperor's acceptance of assistance from the Eastern bloc especially the USSR was taken as a sign of Ethiopia's neutrality. Thus the US was against any effort of China-Ethiopia rapprochement. Moreover, a difference in force of alignment was also observed during the Congo Crisis. When fighting broke out between the newly established government of Congo and a secessionist group in 1960, the United Nations intervened in support of the government of Congo. Based on its policy of collective security and its interest of playing a vital role in African affairs, Ethiopia was one of the countries to contribute troops for the mission. However, China was against UN action in the country (T.R.Kanza, 1968). According to China, for UN's intervention was against the right of the Congolese to

determine their fate by themselves. Based on this though they did not confront each other the event revealed that Ethiopia and China had still greater differences on some of the international issues which had contributed to the delay of establishing formal relations.

Even though regional and international situations militated against Sino-Ethiopian relations the two countries were inclined to build upon cultural diplomacy. To complement the coming of cultural troupes to Addis Ababa in the previous years, a 71 member Ethiopian cultural delegation arrived in Beijing in August 1961. The cultural missions went to China for three weeks performance in the major cities of the country including Beijing, Shanghai, Hangzhou and others. On the other hand, sending journalists with the cultural delegation was already underway as a symbol of strengthening ties. To diversify such a beginning the Chinese government had already started sending its journalists to Addis Ababa on different occasions. Subsequently the Ethiopian government also began dispatching its journalists as of early 1960s to China on yearly basis. While journalists from the Ethiopian Economic Review were the first to go to China on official invitations, they were followed by representatives from the Ethiopian Herald in 1964. China Journalists Association and the China-Africa Friendship Association were founded in 1960. On that basis exchanges between the two countries had made slight improvements.

The mid 1960s marked greater interaction between Ethiopia and China. As part of its foreign policy China launched a new move to strengthen its relations with Africa. Both internal and external objective realities played a substantial role for China's renewed foreign policy towards the African continent. With 31 of African unities achieving independence and the formation of the organization of African Unity (OAU), China contemplated on actively engaging in the continent. Ethiopia, where the OAU opened its Headquarters, was one of the

focus countries.

In 1963/64 a high level Chinese delegation led by Premier Zhou Enlai visited ten African countries, including Ethiopia. The visit was described by the Chinese as a “good will mission”. It was the first high-ranking official mission to tour the principal independent states of Africa. The main aim of China was to build up on common interests. In addition, it was a very important trip aimed to gain African support for Beijing not only in matters of general politics but also for her admission to the United Nations. Moreover, it was a campaign to assure the Africans that China would still stand by the side of the Africans in their struggle for independence and national sovereignty. The visit by the delegation to Ethiopia was thus part of China’s overall endeavor to strengthen ties with Africa.

Interactions which showed improvements in the first half of the 1960’s, however, were no avail. They were hampered and slowed down by those events which occurred being in China in the second half of the 1960s and its foreign policy towards the Horn of Africa. In the late sixties the Cultural Revolution had forced the authorities in Beijing to focus inward and China had to slow down its role in international matters. Its influence on Chinese foreign policy was dramatic with regard to China’s relation with African countries. For instance, between 1967 and 1969 China’s relations with some African countries have either deteriorated or slowed down (Bruce D. Larkin, 1971). Under this turmoil it must have been difficult for China to make all aggressive moves to forge diplomatic relations with Ethiopia.

Domestic challenges and disorders related to the Great Proletarian Cultural Revolution, however proved to be only temporary. The 1970s showed dramatic changes and improvements in Chinese role in international arena. Besides regaining its place in the UN, China established diplomatic relations with most

of the African countries including Ethiopia on 24 November 1970. It was a great achievement for both in the sense that they arrived at the agreement after protracted friendly negotiations. It was praised as a turning point in opening a new chapter in the history of their diplomatic relations, friendship and cooperation. During the signing of formal diplomatic ties, the two countries have agreed on the basic principles of diplomacy as a guideline for friendly and cooperative relations. These included the Bandung Conference tenets:

- Mutual respect for sovereignty and territorial integrity,
- Mutual non-aggression,
- Mutual non-interference in other's internal affairs,
- Equality and mutual benefit and,
- Peaceful coexistence.

These principles were all extension of values which China usually enunciates while forging diplomatic relations with different countries. They became the basis for future relations between China and Ethiopia.

In sum, Ethiopia-China relations during 1949 to 1970 were influenced by international, regional and domestic factors, externally and internally. The years before the actual contact at Bandung were when grounds of interaction were set forth. Meanwhile the course towards the closer relationships between the two drew a twisted road and reflected the features of the developing countries ties in the time of the Cold War which was highly dominated by ideological orientations. But overall, both as developing countries, as developing players in the international arena and as important nations in the respective continents, China and Ethiopia had made an effort to use common ground basis in obtaining their interests towards forging diplomatic ties.

3.1.2 Developing Political Relations in the 1970s

In terms of political and diplomatic interactions, Ethiopia's adherence to the One China Policy and its common views with China on the issues of anti-imperialism and anti-colonialism laid a basis for strong ties and understanding. The new military regime adopted a foreign policy which had some basic shared objectives with the old imperial regime. During the military regime, as was stated by Amare Tekle:

The present Ethiopian Government has steadfastly pursued three intimately-linked foreign-policy goals; national security, in order to guarantee territorial integrity and national unity; the defense and legitimacy of the regime, so that it can continue in power and be accepted at home and abroad; and a restructured Ethiopian society.

(Amare Tekle, 1989:479).

These policy goals were in line with China's principle of peaceful coexistence and non-interference in the internal affairs of others. Above all, they both adhered to the idea of non-alignment. In contrast to the imperial regime's alliance with the US, the Dergue regime gradually distanced itself from the West, which of course conformed to the position of the Chinese.

Smooth political relations were cultivated through multi-directional ties between China and Ethiopia in the first few years since the Dergue regime came to power. For example, cultural ties were stronger by exchanging youth football team by China and Ethiopia in 1974 and 1976. However, closer Sino-Ethiopian relations were short lived. They started to deteriorate as of the late 1970s. Domestic, regional and international conditions had contributed to the rift between these countries. Two major factors could be taken as the main ones. One of these was the stiffening of differences and competitions between China and the Soviet Union, and Addis Ababa's closer relations with Moscow.

The second factor being the outbreak of Ethiopia-Somalia war (1977-1978) and strengthening of relations between China and Somalia.

Not only these, the successive deaths of China's political leaders, such as Zhou Enlai, Zhu De, and Mao Zedong in 1976, and the ensuing power struggle between what was called the Gang of Four and the reformist group which resulted in the arrest of the Gang of Four and the aftermath of these internal struggles had greater impact on Chinese foreign policy of the period.

3.1.3 Renewed Relations in the 1980s

In early 1980s, relations between Ethiopia and China gradually improved, owing to changing domestic, regional and international situations. China adopted an independent foreign policy and the opening up economic policy and China appeared ready to normalize relations with Moscow. As the Chinese Premier at that time, Zhao Ziyang proved to Africans during his eleven states visit, China would no longer oppose African states or liberation groups which enjoyed close linkages with the Soviet Union; Africa no longer had to choose between China and the USSR. For Ethiopia it was an opportunity to look into diversifying her international ties. Strengthening relations with China was thus considered as all assets among the top leaders.

A high level Chinese delegation headed by the Chinese Minister of Communication arrived in Addis Ababa on 27 December 1983 (the first official visit from China since 1977). The main purpose of the visit was to attend the handing over of the first highway built by China, it ushered renewed interactions between the two countries. It could be discerned that both sides showed willingness to come closer in terms of bilateral cooperation. In response, Ethiopian government delegation led by the Finance Minister which of course included various other ministries flew to Beijing in January 1984.

The delegation exchanged views on further improvement of Sino-Ethiopian economic cooperation and trade relations.

In terms of economic ties improvements were observed as of 1984. The signing of China-Ethiopia Trade Protocol for 1984-1985(China Data Base: 1984.05.16) ushered renewal of economic relations in the decade. Initially China and Ethiopia agreed to renew the trade protocol on annual basis. Nevertheless deterioration of relations in the period observed earlier became an obstacle. Hence the signing of the May 1984 annual trade protocol in Addis Ababa was the first of its kind since 1976. The agreement covered the export of textiles, tea, building materials, metals, farm machineries and tools by China in exchange for coffee, pulses, hides and gum from Ethiopia. Accordingly new windows for expanding trade exchanges had been opened between the two countries.

3.2 Economic Cooperation and Trade Relations

3.2.1 Trade Interactions and Exchanges

Economic interests remain the basis to bringing states closer to each other. These could be either through trade, aid and investment or one or two of them. Predominantly improvement of relations between Ethiopia and China was clearly observed in the development of trade relations. Even though the two countries had no agreement on trade relations, there were trade exchanges underway on a limited scale. Trade relations between the two countries flourished since Bandung conference and the visit of the Chinese cultural mission to Ethiopia in 1964. But exchanges from both sides were so limited that it could provide little benefit to both countries. As it is shown in the following table, there was continuity of exchanges between the two countries.

Table 3.1 China-Ethiopia Export-Import Trade 1962-1969 (US\$ '000's)
(GetahunWatumo, 1980:17)

country		1962	1963	1964	1965	1966	1967	1968	1969
Ethiopia	Imports	1290	1700	2070	2770	2920	2530	2990	2470
	Exports	10	0	60	...*	...*	1170	510	600
	Total	1300	1700	2130	2770	2920	3700	3500	3070
	Balance	-128	-170	-201	-277	-292	-136	-248	-187
		0	0	0	0	0	0	0	0

...* Data not available

The table shows that there was a general increase in the volume of trade exchange. Ethiopia which remained recipient of Chinese goods with exporting her commodities started to show improvement since 1967. From the Chinese side while exports to Ethiopia were showing smooth increase, a decline of trade exchanges were observed in the period from 1967 onwards. The year 1968 was all exception for Chinese exports whereby they reached the highest level of the decade. However, two-way exchange which reached its highest level in 1966 faced sharp decline. It is because the trade volume between China and Ethiopia was also an outcome of the general weak interactions between them. To promote economic ties between the two countries, China organized its ever first exposition in Ethiopia in 1964. Accordingly the Chinese vice chairman of the Promotion of International Trade Minister first arrived in Ethiopia on 29 October 1964 (China Data Base: 1964.10.3). It was to prepare the preliminaries for the trade exhibition to be held in November. It appeared that China was looking for both market and bilateral relations to be built upon economic and trade interactions. Hence the move for economic relations after the Premier's visit to Ethiopia was considered as great step forward in their relations.

The interactions in various fields facilitated trade exchanges between China and Ethiopia. The total bilateral trade was only about US\$10 million in 1971

and grew to US\$17.3 million in 1977, a US \$ 1million increase year by year. According to GetahanWatamo (1980), it indicated in table 3.2 below the trade volume during the imperial era though was on decline, it was in favor of Ethiopia. But following the change of government in Ethiopia in 1974, China took the lead and greatly benefited from the interactions.

Table 3.2 China-Ethiopia Trade Exchanges 1971-1977(Value in 000'S US\$)
(GetahanWatamo 1980:17)

Country	Exchange	1971	1972	1973	1974	1975	1976	1977
Ethiopia	Import	2286	3086	4179	5620	4965	5361	9600
	Export	8666	5103	7141	2123	1473	2882	7700
	Total	10952	8189	11320	7743	6438	8243	17300
	Balance	+1420	+2017	+2962	-3497	-3492	-2779	-1900

Source : Compiled by GetahunWatumo from UN Yearbook of International Trade and Ministry of Finance of Ethiopia.

After the signing of diplomatic relations and agreements on trade exchanges, commodities trade showed increase. Agreements on transits and tariffs encouraged these countries to increase the size of commodities they used to import and export. Though it was only 3.75% of the total trade exchanges between China and Africa in 1977(US\$720 million). The bilateral trade between Ethiopia and China had shown remarkable improvement. From table 3.2 above we can see that in the first three years following diplomatic ties the trade balance was in favor of Ethiopia, Addis Ababa earned bigger foreign currency from the export to China. Nevertheless in the final three years the balance came in favor of China.

The year 1977 in particular observed greatly increase in the export of Chinese goods to Ethiopia. The amount of export which was only US\$ 5. 361 million in

1976 grew to US\$ 9.6 million in one year. For China, that might come due to the favorable conditions created following the signing of trade agreements and a protocol for the year 1976/1977 and 1977/1978 in Beijing (China Data Base: 1977.07). According to the protocol, China was to import Ethiopian coffee, oilseeds, pulses, leather, rubber and cotton; Ethiopia imported from China such goods like textiles and clothing, daily consumer goods, tea, stationeries, chemical products, medicines and medical equipments, building materials, metal and steel machinery, agricultural machinery and tools. Thus encouraged by the ground work, China was able to show great changes in the size of its export. Though it was overwhelmed by Chinese goods, Ethiopia's export also grew from US\$ 2.8 million in 1976 to US\$ 7.7 million in 1977.

The years from 1974 through to 1978 in Ethiopia were one of intense internal conflict and violence, involving not only the overthrow of the old regime, but also the struggle for power among groups of would-be successors and the war with Somalia in 1977/78. During this period, the government's overriding concern was for physical survival and political control, and the economy was badly disrupted (Clapham, 1987:153). Exports of goods to China dwindled especially in the first three years that followed the fall of the ancient regime.

Generally economic relations between China and Ethiopia persisted under strenuous regional and international situations. Though the scale and the fields of relations were limited, performances of that scale in the absence of formal diplomatic relations need to be appreciated. On the whole, the relations between the two countries have to be seen within the general context of China-Africa ties. While common interests towards economic ties and anti-colonialism/imperialism were the pull factors, differences in force of alignment, political system and internal situations became the push factors destructing further interactions.

3.2.2 Economic and Technical Cooperation Agreements

The first Economic and Technical Cooperation Agreement was signed in October 1971 and stated that Ethiopia and China agreed to forge trade relations on equal and mutual basis. The agreement laid down a formal ground for exchanges in terms of import-export without contradicting the domestic laws and regulations of the two countries. Furthermore it provided for a mutual consent on the commodities to be imported and exported, and on the transits, utilization of warehouses, shipment, aspect of customs duty, taxes and other expenses levied giving the most-favored nations treatment. Most favored nation, also called normal trade relations was a status awarded by one nation to another in international trade. It means that the receiving nation would be granted all trade advantages-such as low tariffs. Accordingly, Ethiopia and China agreed to treat one another to the lowest tariffs in their import-export trade, a further improvement in their bilateral relations. The agreement was to be valid for one year with provision of renewal and protocol to its implementation.

3.2.3 The Implementation of Economic and Technical Assistance

In the subsequent years a protocol for the implementation of the economic and technical assistance was signed on 20 February 1973 in Addis Ababa between the two parties (The Ethiopian Herald: 21 February, 1973). The main constituent of the protocol was the construction of four development projects in Ethiopia. These were the Waldaya-Warata Road project, the construction of about twenty water wells and their distribution system for provincial towns, a veterinary station and eight diesel power stations for similar towns. For Ethiopia that was the first time to get economic development assistance from China. It provided for a strong base for the improvement of relations between the two countries.

Practical implementation of the projects however had to wait for some time, due mainly to changes that took place in Ethiopia following the revolutionary upheaval. Construction of the 300 km long Waldaya-Warata road was thus launched in June 1975 and expected to be completed in 1984 (The China Quarterly, March,1979). The construction of the road had a vital importance since it connected the Gonder-Bahir Dar and Dessie-Tendaho areas. That was in the northern part of Ethiopia where a cotton processing and textile plants were built. The construction of the road was completed in December 1983 before schedule and handed over to the Ethiopian government (China Data Base: 1983.11.04). The cotton mill at Waldaya was built jointly by the governments of Ethiopia and China.

The hydro-geological investigation project aimed at water drilling and construction of the distribution system for the provincial towns was another important project under the agreement of 1973 (GetahunWatamo). As part of Chinese commitment based on the economic and technical assistance protocol, the drilling and construction of 45 (instead of the previous 20) water wells provided an important multi-dimensional perspective in China-Ethiopia relations. The weak economic power of China did not dissuade Beijing from accomplishing its promise. With the success of one project after the other the country increased cooperation with Ethiopia. The projects were carried out smoothly within the designated time frameworks.

As part of the designated projects, a power station in Fiche, in Shoa administrative region, was inaugurated on 4 September 1976. It was reported that this was the first of eight diesel power stations to be built with China's assistance. In 1978 two additional diesel power stations were handed over to the Ethiopian Government. In February the Bonga diesel station and in August the Bati diesel station was handed over (Gail A. Eadie and Denise M. Grizzell).

3.2.4 Air Traffic Agreement between China and Ethiopia

The establishment of diplomatic ties in 1970 also paved the way for further multi-dimensional interactions between the two countries. One of these was the signing of air traffic agreement in Beijing on 30 July 1972 (China Data Base: 1972, 07, 30). Based on the five principles guiding the diplomatic ties, the two agreed for two ways passengers and cargo transportation. The civil aviation agreement with destinations and stopovers in two cities of both countries (Addis Ababa and Asmara in Ethiopia, and Shanghai and Beijing in China) gave all additional input to the flourishing political and economic ties between the two countries.

Following the opening of the direct air transportations, trade relations showed a great progress. The inaugural flight of Ethiopian airlines to China took place on 22 February 1973 when the plane carrying about 90 Ethiopian delegates and passengers arrived in Shanghai (China Data Base, 1973, 02, 24). The opening of the air route between Ethiopia and China was a breakthrough not only in the relations between the two countries but also an impetus to the Afro-Asian solidarity. Addis Ababa being the headquarters of the Organization of African Unity served as a junction for Chinese and African leaders. To that effect the Chinese leaders started speaking highly of the Imperial Government of Ethiopia for their efforts in opposing imperialism and colonialism, upholding African unity and supporting national liberation movements in Africa.

3.3 Interest Free Loan between China and Ethiopia

The periods following the forging of diplomatic ties had shown interest free loan between China and Ethiopia. One of the major outcomes of the Emperor's visit to China was the signing of Economic and Technical Cooperation Agreement between the two countries on October 1971. In article of the

agreement, it was stipulated that:

In accordance with the needs of the Imperial Government of Ethiopia to develop her national economy, the Government of the People's Republic of China agrees to provide Ethiopia with an interest free loan of (RMB) ¥200 million. (Ethiopian Ministry of Foreign Affairs Archive: October 9, 1971).

The loan was granted to be used within a period of five years from January 1, 1972 to December 31, 1976. Apart from the Tanzania-Zambia railway project agreement, it was the largest single loan agreement. As agreed the loan was provided in form of complete project itself, single equipment, technical cooperation as well as general commodities. In the agreement it was stipulated that the loan would help to defray the local expenses for construction projects in Ethiopia.

During the visit by President Mengistu to Beijing in 1988, he first met the Chinese Foreign Minister Qian Qichen and hoped for further strengthening of relations between the two countries and appreciated China's reform and opening up policy. President Mengistu was given an interest free loan of RMB¥100 million by Beijing, and it marked the biggest assistance ever allocated to the communist government of Ethiopia by China.

In addition, China has contributed food aid on several occasions. During Ethiopia's drought in 1984 and 1985, China donated at least 25,000 metric tons (mt) of maize. Other contributions during this period include 1,000 blankets for refugees and 20 mt of the insecticide diazinon to combat locusts in 1986 (Bartke 1989, 63).

CHAPTER FOUR
4. THE CURRENT STATE OF ECONOMIC AND POLITICAL
RELATIONS

4.1 China-Ethiopia Economic and Political Relations since 1991

Since the establishment of diplomatic ties in 1970, particularly since the creation of Forum on China-Africa Cooperation in 2000, China and Ethiopia have forged fruitful exchanges and all-round interaction in the political, economic and cultural areas and also enjoyed closer cooperation in international and regional affairs.

4.1.1 Political Relations and China's development assistance to Ethiopia

Bilateral political relations between China and Ethiopia have been undergoing a healthy and sustainable development since 1991. Since 1991 period, there were 21 times totally high level visits to Ethiopia from Chinese government and the latest example was the visit of Chinese Premier Li Keqiang to Ethiopia (May 2014). In the same period, Ethiopia paid 20 times high level visits which sent by governments and official institutions to China and the highest visit was that Ethiopian Prime Minister Haile Mariam visited to China in June 2013 (Document of Minister of Foreign Affairs of China).

The diplomatic ties between the two states become closer when Ethiopia hosted the 2nd Ministerial Meetings of the Forum on China-Africa Cooperation in 2003 (Thakur, 2009). At the 3rd Ministerial Meetings of the Forum on China-Africa Cooperation in 2006, when Hu Jintao announced a number of policy measures including zero tariff for African goods, debt cancellation and joint infrastructure projects, Ethiopia was the only country to benefit from all (Thakur, 2009).

In addition, both countries have an understanding to support each other diplomatically at international forums. Ethiopia supports China's long-standing policy of reinforcing domestic policy in the international arena, especially when the issues of Taiwan and Tibet are raised. In 'return', China has reciprocated by lending its diplomatic and economic support to the Ethiopian government.

Following the collapse of the Dergue regime in 1991 and the dismantling of the socialist state, China significantly increased its aid, trade and investment activities in Ethiopia (Afrodad, 2011). China is providing assistance to Ethiopia in various fields. Soft loans, grants, technical cooperation, human resources development and urban planning are all part of the Chinese support, and this has made China an important development partner for Ethiopia, especially the Government's Five Year Poverty Alleviation and Sustainable Development Program (PASDP). The PASDP has six priority areas: agriculture, food security, health, water, education, and infrastructure including power, roads, industry and cement. Ethiopia cannot mobilize finance domestically and is looking for external partners to help meet its goals under the current five year national development plan (Martyn Davies, 2008).

According to the Ethiopian Ministry of Trade, in early 2006, the Ethiopian Ministry of Finance and Economic Development sought to approach the China EXIM bank for a concessional loan. For the purpose of approaching the EXIM Bank and securing the loan, a Development Cooperation Framework was signed with the Chinese Ministry of Foreign Affairs and Commerce (MOFCOM).

The contribution of Chinese development assistance remained increasingly, it gained a much higher profile in the Ethiopian economy from the mid-1990s onwards (Afrodad, 2011). This could be primarily due to two reasons:

Firstly, Ethiopia is one of the largest countries in Africa with a population of

about 100 million people. It is also potentially rich in a variety of natural resources, including productive agricultural lands and possibility of oil deposits. It thus constitutes both a good market for Chinese goods and a source of raw materials for the booming Chinese economy. Ethiopia is also home to the African Union (AU) headquarters, making it a strategic location in terms of Chinese diplomacy which has long been rooted in South-South cooperation.

Secondly, Ethiopian economic and political transition since the mid-1990s occurred at exactly the same time that China was increasing its foreign aid, trade and investment activities (Woods, 2009). For Ethiopia, China provides a ready market for its primary agricultural products and a relatively more generous and attractive foreign aid (compared to Western aid) given its lack of aid conditionality, diverse and general terms of its development assistance – grants, interest free loans, subsidized loans, preferential trade agreements and commercial investments.

4.1.2 Economic and Trade Relations

China's economic cooperation with Ethiopia has expanded rapidly after 1991, especially over the past decade. Mulu Solomon, ex-President of the Ethiopian Chamber of Commerce and Sectorial Association said,

China has proven itself to be a true and dependable friend to Ethiopia. The economic relations between the two countries bear a remarkable witness to the ever electrifying level and strength of cooperation between them. (Capital, July 19, 2012).

In 2011, China was both the largest import and largest export trading partner of Ethiopia (World Bank, 2012). According to China's Ministry of Commerce, bilateral trade volume between China and Ethiopia was increased from \$ 17.5 million in 1994 to \$ 860 million in 2007 with the average annual growth rate of

35%; in 2008, it was \$ 1.31 billion, an increase of 51.8%; in 2009, China's imports from Ethiopia reached more than 200 million U.S. dollars with the growth rate up to 202%; Ethiopia's exports to China have registered over \$ 280 million in 2011; annual bilateral trade in 2012 amounted to \$ 1.839 billion and the annual bilateral trade volume reached nearly \$ 1.5 billion up to October 2013 (Document of Ministry of Commerce of China). The expansion of economic ties between the two countries reflects the structural change happening in both the Chinese and the Ethiopian economies. China mainly exports to Ethiopia light industrial products, high-tech products, machinery and equipment, textiles and pharmaceutical and chemical products. China mainly imports from Ethiopia sesame seeds, frankincense, myrrh (a plant herbs), leather, cotton and coffee, as argued by GebreEgzibher(2006),

The major types of products exported to China are agricultural products which are unprocessed or semi-processed. These include skins, leather and leather products, oil seeds, pulses, coffee, and tantalum. The bulk of leather, skin, and hides are semi-processed. Ethiopia has huge potential in other products which are allowed to be exported to China. These include coffee, natural gum, bee wax, edible oil, horticultural and textile products, precious stones, and other organic products.

The Chinese government has continued to expand the scale of bilateral cooperation with Ethiopia all these years by the use of tariff-free policies and measures, increasing imports from Ethiopia, supporting Ethiopian development of wind, solar and other clean energy, promoting the development of aid programs to support the development of infrastructure in Ethiopia, livelihood projects and help improving self-development capability within Ethiopian states. With the aim of promoting the development of trade between China and Ethiopia, a memorandum of understanding signing ceremony was held between the two countries on Friday July 13, 2012 (Capital, July19, 2012). The two

parties agreed to exchange information on general economic status, taxation, investment opportunities, trade policies and legislative changes of their respective countries.

Bilateral relations between China and Ethiopia will strengthen more under the newly elected president, MulatuTeshome³, Positive political relations between the two will provide support for this growing and mutually beneficial economic relationship. MulatuTeshome specifically mentioned the construction of roads, railways, and the telecommunication sector and in the hydroelectric power sector as crucial for Ethiopia. On top of these sectors, cooperation between the two nations is also likely to continue in the agricultural sector (MargauxSchreurs, 2013).

4.1.3 Eastern IndustrialZone (EIZ)

The Ethiopia Eastern Industrial Zone is located 30 kilometers south of Addis Ababa (See Photos I). The original plans established at the 2007 MOFCOM-tender included plans of a 5 square kilometer zone of a \$146 million investment operated by the Yonggang Group and the Qiyuan Group, that would attract 80 investment projects in five years and create up to 20 000 jobs for Ethiopians (Brautigam 2011, Geda&Meskel 2009).For Ethiopia, EIZ is the first and largest-scale industrial park of the nation, and the Ethiopian Government has prioritized this project in their “Sustainable Development and Poverty Reduction Program” to promote its industrial sector development (World Bank Survey, 2012). Brautigam (2011) state that the focus on the EIZ is on steel production, while Geiger and Goh (2012b) states that the focus is on textile, apparel and agricultural products, which is in line with Geda

³MulatuTeshome, an alumnus of both Beijing Language and Culture University and Peking University, as he has a good understanding of China and speaks the language. The president-elect received his Bachelor's, Master's and Doctoral degrees at PKU, writing his doctorate in international law under Professor Zhao Baoxu, a renowned political scientist in China.

and Meskel's (2009) view of the zone.

One of China's biggest shoe manufacturers operating in this industrial park is Huajian factory. Numerous Ethiopian local workers are working at every assembly; more than 1,000 local people are hired at present. Each assembly line consists of 5-6 workers, trainees, a quality controller and a supervisor. Most supervisors are Chinese, but several Ethiopian locals working as supervisors were also seen. The modern factory and well-ordered assembly line were notable. As a manager stated, local workers are undergoing job training and some people are even sent to China (CCS, 2012).

4.1.4 Agricultural cooperation between China and Ethiopia

China's engagement in Africa involves trade, investment, foreign aid, and government-sponsored bilateral cooperation based on mutual benefit (Brautigam and Tang 2009). China has also been engaged in agriculture and rural development in Ethiopia since official diplomatic relations began in 1970. Recent years, agricultural co-operation has taken the form of multilateral projects, in which the Chinese Ministry of Agriculture, the Ethiopian Ministry of Agriculture, and the UN's Food and Agriculture Organization conducted tripartite co-operation. As of late 2011, the Chinese government was sponsoring programs of cooperation in agricultural vocational training and South-South Cooperation, building a standard agro-technology demonstration center, and supplying senior Chinese agricultural experts to provide technical assistance. China's agricultural aid program in Ethiopia has remained fairly modest, but the number of programs has increased. These include Chinese contributions to the Food and Agriculture Organization's (FAO's) South-South Cooperation Program, a zero-interest loan for machinery for a rural cotton textile plant, youth volunteers, agricultural training in Ethiopia and in China, and the construction of three rural schools, as well as a large agro-technology

demonstration center outside of the town of Ginchi. Some of the important programs are discussed below:

(a) South–South Cooperation Program (1998–2006)

In 1996, China joined the Food and Agriculture Organization’s (FAO’s) “South–South Cooperation Program.” Under this program, China has sent more than 700 Chinese agricultural experts and technicians to seven African countries (Li, 2011). Ethiopia was one of the earliest participants in the program, with Chinese technicians arriving in 1998 to work in the area of small-scale irrigation, at Ethiopia’s request, as part of a larger Special Program for Food Security (SPFS) targeting areas of Tigray and Amhara. Six Chinese experts and one interpreter served from December 2000 to December 2002 and another seven experts and two interpreters served from October 2003 to July 2005 (FAO, 2006:25). According to an FAO official, the Chinese were seen as delivering practical assistance: “In Amhara, the rice they introduced was greatly accepted by the community because the Chinese were right down there with them” (Pers. Comm: 2011). South–South Cooperation Program is currently being finalized between China, Ethiopia, and the FAO and started early in 2012. According to the FAO, the new program was integrated in and complementary to Ethiopia’s Agricultural Growth Program and focused on the high-productivity areas in Oromia, Amhara, and Tigray.

(b) Agricultural Technical and Vocational Training Program (Since 2001)

The Ethiopian Agricultural Technical and Vocational Education and Training (TVET) system was reformed in 2001, when 25 agricultural TVET schools were established, in part with advice from Chinese experts. Each year since 2001, Ethiopia has selected around 20 agricultural professors from China to teach in Ethiopia’s rural agricultural TVET schools (Pers. Comm: 2011). More than 200 Chinese teachers have served in this program, and about half have stayed more than a year. Ethiopians at the Ministry of Agriculture were

enthusiastic about the program, despite the language barriers. Each Chinese instructor is assigned five Ethiopian instructors to “share experience.”

(c) Youth Volunteer Program (2005–2010)

China has sent several rounds of youth volunteers to Ethiopia, the first African country to receive volunteers under the Youth Volunteer Program organized by the Ministry of Commerce, the Central Committee of the Chinese Communist Youth League, and the Chinese Youth Volunteers Association (CYVA). The first round in 2005 sent 12 youth volunteers for six months. Some were located in rural areas, working on biogas and crop improvement. In the most recent round of volunteers, the period of stay was extended to one year, from July 2009 to June 2010. So far, Ethiopia has received 72 youth volunteers, although there have been no volunteers since the last group left in 2010. The program is expected to continue, although it will remain small scale for the foreseeable future, and at least one Chinese official thought that it was not very successful, possibly because it was too passive and only responded to needs identified by the Ethiopian side (Pers. comm. 2011 and ENA 2009).

(d) Ethiopia–China Agricultural Technology Demonstration Center Program (Since 2006)

Ethiopia requested one of the agricultural technology demonstration centers pledged to Africa in the 2006 FOCAC meetings. The center comprises a cluster of buildings, training facilities, and dormitories. Finance for the RMB 40 million (\$6.25 million) construction draw on two separate Economic and Technical Cooperation Agreements (ETCAs), half from the December 18, 2006, and half from the March 20, 2007. The construction was done by Guangxi International Construction Engineering Company, with subcontracts to several other Chinese companies (for the road, for example). Guangxi is employing 32 Chinese engineers and technicians and more than 200 Ethiopians; their road subcontractor, who has been working in Ethiopia for many years, has

a team of 4 Chinese, 7 or 8 skilled permanent Ethiopian staff, and 80–90 temporary workers (Pers. comm. 2011). When the center was completed, it turned over to Guangxi Agricultural Science and Technology Company which managed it for three years under finance from the Chinese government. During this period, the center has three goals, according to Liang Gaosheng (The manager of Guangxi Agricultural Science and Technology Company): "The first is to conduct research under the local conditions to ensure what works in China also is effective here. The second is to train local technicians. In three years, we hope to have worked with at least 500 local agricultural professionals, and the third is to ensure when we hand over the center the local partners have the capacity to continue running it successfully" (Clark 2011).

(e) Food Aid Program (Various Years)

Historically, China has contributed food aid on several occasions to Ethiopia. During Ethiopia's drought in 1984 and 1985, China donated at least 25,000 metric tons (mt) of maize. Other contributions during this period include 1,000 blankets for refugees in 1986 (Bartke, 1989:63). China has delivered food aid several times to Ethiopia in the past decade. In August 2008, China provided a cash contribution of \$400,000 in response to the Ethiopian government's request for assistance, and the Chinese Red Cross contributed \$30,000 (Chinese Embassy in Ethiopia 2009). In September and October 2011, China again delivered food aid to Ethiopia; this time mainly in kind. The Chinese will be shipping at least two batches of food aid comprising rice, wheat, flour, and edible oils, amounting to about \$38 million or 20,000 mt; \$24 million of this is intended for Ethiopia. A Chinese private company, Huajin Group, has also donated \$100,000 for food aid in Ethiopia (Xinhua, 2011). China does have food security interests in Africa and focuses on boosting agricultural production in general — a policy that Ethiopia (and African governments) should take full advantage of in order to encourage overall development (Monika Thaur, 2009).

4.1.5 Fincha-Amerti-Neshe Hydropower Project and Gilgel Gibe III Dam Project

The cooperation between Ethiopia and China in the power sector has registered remarkable achievements in hydro and wind power construction projects, said Alemayehu Tegen, Ethiopian Minister of Water and Energy (Xinhua, August 15, 2012). Fincha-Amerti-Neshe Hydropower project (2007-2011), is built on the Neshe River in Oromia Region, about 250 km northwest of Addis Ababa (See Photos II). It cost 1.2 billion birr (\$70.6 million) and was partly financed by a commercial project loan from China Exim-bank (Capital-Ethiopia FAN, 2011). The project was carried out by China Gezhouba Group Company (CGGC), which involved with the construction of the China Three Gorges Project, the largest hydropower project in the world. In Ethiopia CGGC has also played a major role in the construction of the Tekeze Hydroelectric project. The irrigated portion of the project will be used for sugarcane cultivation for the state-owned Fincha Sugar Factory (Mekuria 2006). Additional dams are also planned to be built in the course of the five year period, including the Gibe III with a capacity of 1,870 mw. The Gilgel Gibe III Dam Power Project (since 2010) which cost \$1.95 billion, is located about 190 km southwest of Addis Ababa, on the Omo River, and will affect the traditional homelands of several of Ethiopia's more traditional tribes. China Exim-bank is providing an export credit to finance 85 percent of the \$34 million cost of power distribution lines for the dam, and a Chinese company will carry out this work (Gibe3.com.et 2011). A sub-contract for the turbines and electromechanical works was given to Dongfang Electric Corporation, a Sichuan Chinese firm, and Industrial and Commercial Bank of China, China's largest commercial bank, appeared likely to finance 85 percent of the estimated \$495 million cost (Penwell 2010).

4.1.6 Adama Phase I Wind Farm

A windfarm billed as the biggest in sub-Saharan Africa has been opened by Ethiopia's prime minister, HailemariamDesalegn, a potentially crucial step for the continent's renewable energy industry (Smith, 2013). China Exim-bank is financing, at least in part, the approximately \$157 million cost of the construction of the first 51 mw phase of the Adama Wind Farm (See Photos III). The wind turbines project was launched in June of 2011 and is expected to be finalized by the coming June according to MiskirNegash, Head of Public Relations with the Ethiopian Electric Power Corporation. The wind farm will have a potential capacity of 51 MW with a total of 34 wind turbines each generating 1.5 MW. The foundation work for the 34 towers has been completed with 25 towers already built by a Chinese company (Capital-Ethiopia, 2011 and Hydro-china.net, 2011). Two large Chinese construction firms, Hydro-China and CGCOC, are carrying out the work with consultancy services being done by Addis Ababa University, Faculty of Technology. Hydro-China Corporation, CGCOC Group and the Ministry of Water and Energy build up a strategic partnership in field of wind power, and will extend substantial support for setup of joint venture in Ethiopia in order to serve the Ethiopian government, owners and construction units in a comprehensive way to projects relating to renewable energy development and to open a new chapter of cooperation in wind power.

4.1.7 Addis to Adama (Nazret) Toll Expressway

Ethiopia is one of the fastest growing nations in the world, but poor transportation facilities have become a bottleneck to the growth of agriculture in the country thereby affecting economic development. The Ethiopian Government has undertaken projects to improve the country's transportation network. According to Addis Adaba-Adama (Nazareth) expressway (since 2010)(See Photos IV), the first expressway in Ethiopia and East Africa and also the first toll road in the nation, this 80 km, six-lane toll expressway project plans to cut the travel time on Ethiopia's main route to the ports of Djibouti

that link the land-locked country to the sea. The current route out of Addis Ababa is extremely congested. This \$612 million project is partially financed by \$349 million from China Exim-bank, its first preferential export buyer's credit to Ethiopia (Chinese Embassy in Ethiopia 2010). A Chinese firm, China Communications Construction Consultancy (CCCC) Ltd., received a no-bid contract for the highway. Construction of the expressway started on 21 April 2010 and finished by April 2014⁴. The expressway will be able to accommodate 15,000 vehicles per day. The new route will help speed up the development of the country and provide job opportunities (Gebreselassie, 2011).

4.1.8Ethio-Djibouti Railway

As a land-locked country, Ethiopia depends on imports and exports on the port of Djibouti. It takes around one week for cargo to be transported between Djibouti and Addis Ababa by road. In order to reduce time, the first Ethiopian overseas electric railway is built to Chinese standards. The 756kms long electrified railway, which links Addis Ababa to the Port of Doraleh in Djibouti, is a priority project within the Growth and Transformation Plan (GTP).The construction is divided into three segments with two Chinese companies undertaking the constructions in both countries. China Railway Engineering Corporation (CREC) is undertaking the construction of the 317km segment from Sebeta to Mieso. The remaining 339km line, from Meiso to the border town of Dawale, and a further 100kms to the Red Sea port of Doraleh in Djibouti is being constructed by the China Civil Engineering Construction Cooperation (CCECC). The railway will have 17 major stations and passes through major cities including Bishoftu, Adama, Metehara and Dire Dawa.This project cost a total investment of 4 billion U.S. dollars, and Ethiopian

⁴Addis Adaba-Adama (Nazareth) expresswaywas started the construction on 21 April 2010 and finished by April 2014, but it has not been transported by the date of submission of this paper (June.2014).

government covers 40% of the cost, with the Chinese investor securing the 60% left, a US\$2billion loan, from China Exim Bank, China Development Bank and Industrial and Commercial Bank of China. The construction is the second transnational railway to be built by Chinese enterprises after the landmark Tanzania-Zambia construction in the 1970s (Xinhua, September 2013). Moreover, this project will create 5,000 local jobs, and allow Ethiopia to boost exports of key commodities such as coffee and sesame. It also offers the opportunity to get Ethiopian workers trained by engineers from the CCECC (Global, March 2013). It is believed that Ethio-Djibouti Railway, a part of a proposed transportation corridor linking the East African nation of Djibouti to Libreville, Gabon (West Africa), will improve the Ethiopian economy and play a central role in East Africa.

4.1.9 Telecommunication Project about upgrading Internet from 3G to 4G

Africa's rapidly expanding telecoms industry has come to symbolize its economic growth, with subscribers across the continent totaling almost 650 million in 2012, up from just 25 million in 2001, according to the World Bank. According to Ethiopian telecommunication company, it signed an \$800m (£510m) deal with Chinese telecom giant ZhongXing Telecommunications Equipment Company Limited (ZTE), the world's second largest telecom equipment maker, to expand its mobile phone network. This agreement can help double the number of mobile phone subscribers to more than 50 million and increase 3G Internet access nationwide. The project aims to introduce 4G Broadband Internet in the capital, Addis Ababa, and increase mobile phone and 3G Internets across the country. In August 2012, the government signed a \$1.6billion deal with Chinese vendors ZTE and Huawei Technologies Co Ltd, in a bid to expand mobile phone infrastructure and introduce 4G Broadband Internet to the capital Addis Ababa. The deal will also see the rollout of a 3G service across the rest of the country. Abdurahim Ahmed, Ethio-Telecom's

Head of communications argued that in terms of the allocation, Chinese vendors Huawei took responsible for the expansion of 4G in Addis Ababa, including other mobile services - the 2G, 3G, and IP and it is expected to benefit more than 400,000 subscribers (BBC, August 2013).

4.2 Main Factors Driving Development of Relations between China and Ethiopia

The question was what were the driving factors for these two countries to come closer to a top level government visit and economic ties? Obviously, a number of factors have strengthened the current bilateral political and economic relations between China and Ethiopia, and make the bilateral relations indeed bright and promising.

First, the bright and promising development of relations between the two countries has been facilitated by the strong political support from both governments. Both China and Ethiopia have the same historical background and both of them are the developing countries. Following the political disturbances in the spring of 1989, China not only suffered from political and economic sanctions imposed by Western countries, but also became a target as a major competitor to the US. Faced with growing challenges on the international arena, China emphasized both safeguarding its national political interest and seeking national economic benefits in its foreign strategy. During that hardship, African countries including Ethiopia were the first countries to stand by the side of China. As the Chinese proved and reiterated “a friend in need is a friend in deed” (He Wenping, 2006) . African countries friendship with China on that issue which had a direct relation with the interpretation on human rights showed their commonality with the country against the Western outlook (Denis M. Tull, 2006).

The new Ethiopian leadership after 1991, which was trying to establish itself amid volatile political atmosphere and worst economic situation, was ready to inherit and stay consistent with the pledges and agreements signed by its predecessor. Immediately after the establishment of a transitional government in Ethiopia in 1991, Meles Zenawi the new leader met the representatives of the diplomatic corps in Addis Ababa including Chinese ambassador, and confirmed that his party and country would abide by the agreements or treaties signed between the former government of Ethiopia and foreign countries (China Daily Data Base: 1991.06.03). That means the new government got the diplomatic recognition from China and which was expected by them. Now, China is also a diplomatic ally of Ethiopia on different issues such as democratization process and human rights at international forums like the United Nations and G-77⁵.

The second driver is economic interest. The growing China's economy practically needed resources and market to prosper. In order to secure and sustain this growth, and provide resources for the arising living standards and increased consumption needed by its population, China needed global markets, suppliers and investment outlets, including in Africa (Emma Mawdsley, 2007:2). Similarly the new Ethiopian government wanted to strengthen economic ties with China, both for trade exchanges and assistance. That was approved when the two parties signed the first Economic and Technical Agreement on 09 October 1991 in Beijing (China Daily Data Base: 1991.10.11). It seems that Ethiopia presented quite ambitious plans for economic and political systemic changes. It advocated for the future of the economy, not only to retain public ownership, but also actively encourage private investment, by attracting foreign investment and assistance. Thereafter

⁵G-77: The Group of 77 at the United Nations is a loose coalition of developing nations, designed to promote its members' collective economic interests and create an enhanced joint negotiating capacity in the United Nations. There were 77 founding members of the organization, but by November 2013 the organization had since expanded to 133 member countries.

the country adopted a set of active measures to push forward the pace of privatization, open to international trade, and reform of her economy.

So during the last decade, Ethiopian government has provided a stable political environment for the investors to do business smoothly. At the same time, the Ethiopian government continuously provided FDI incentives, such as tax holidays and tariff-free policies for FDI equipment imports. On the other hand, the Chinese government has also adopted the “China Go Out policy,”⁶ which awards Chinese firms investing abroad with tax credits in China. These incentives have proved to be a large motivation for Chinese firms’ investment in Ethiopia, especially for the manufacturing industry.

In addition, Chinese economic success brings with it rising labor costs across all segments of the labor market, thereby eroding competitiveness in low skill, labor intensive production in China. Estimates show that China’s graduation from low-skilled manufacturing jobs could free up nearly 100 million jobs, more than double the number of manufacturing employment in low-income countries. Ethiopia needs to get ready to step into this opportunity with both its huge population and low labor costs. So Chinese firms have taken advantage of the perceived opportunities provided by the current state of the Ethiopian economy, and this includes the limited market capacity and market competition, cheap labor, cheap land, and an expanding Ethiopian market (The World Bank, November 2012).

The third driver is economic assistance. In recent years, Ethiopia has made effort to seek foreign aid, loans, investment and arms supply from China. No doubt, in all of Ethiopian effort at economic development, China has helped in areas such as aid, debt reduction, loan and technical assistances without any

⁶“Go Out policy” is the People's Republic of China's current strategy to encourage its enterprises to invest overseas.

political strings attached. Currently, Ethiopia's quest for development has led it to forge closer relations with China. Ethiopia has received over US \$ 500 million in concessional loans from the Chinese government and a further US \$ 1.5 billion of investments in telecoms infrastructure, as well as US \$ 1.5 billion in short-term trade credits (Gedion 2009). In addition, China and Ethiopia also commenced cooperation under FOCAC since 2000 (See Appendix I). According to the 2nd FOCAC Ministerial Meeting, zero-tariff export items to China increased from 130 to over 440 (See Appendix II). China has financed a number of development projects in Ethiopia, including the Gotera flyover project in Addis Ababa which is under construction with RMB ¥ 60 million and construction of Maganagna-Kebena-Menelik Hospital and Kebena Bridge-AratKillo Road Project with 40 million RMBY. The light rail project in Addis Ababa, which started in January 2012, expecting to be completed in January 2015, has been spent \$ 475 million on by the Ethiopian government, of which 85% provided by the loans from Export-Import Bank of China. On January 11, 2013, the China Development Bank and the Ethiopia Development Bank signed a special loan agreement for the development of SMEs, which is worthy of \$ 25 million for Ethiopia to support local SMEs (Document of Ministry of Trade of China, January 6, 2013).

The fourth driver is learning and referencing the advanced technology and governance, which is learning lessons from Chinese development model. Ethiopia's main objectives for allowing Chinese investment to operate in country are to have access to high technology, to increase employment, to acquire know-how, to increase foreign exchange through export, and to benefit from both backward and forward linkages. The process of inviting foreign investors to developing countries is a means to increase the valued-added exports of the host country. Based on the Sino-Ethiopia Associate Africa pharmaceutical joint venture company, it is possible to argue that both partners handle the international marketing sector. Since the Chinese marketing officers

are well versed in some aspects of the international marketing, they might have trained local employees in export management and foreign marketing strategies. Also, it is possible that local firms could have acquired international marketing techniques by hiring some of the Ethiopian workers who might have left the Sino-Ethiopian joint venture to start their own businesses. When Ethiopia and China signed an agreement on trade and economic cooperation at the Ministry of Finance and Economic Development (MoFED) in Addis Ababa, Ethiopia in November, 2011, Sufian Ahmed, Ethiopian Minister of Finance and Economic Development, argued that the cooperation between the two countries would continue, particularly at this time when Ethiopia is implementing the five-year Growth and Transformation Plan (GTP)⁷ for which China has similar experience (Xinhua, November 16, 2011). So the Ethiopian government is very keen on looking for insights from Chinese development model and expects to learn much from China's experience over the past three decades to further its own economic development.

4.3 Forum on China- Africa Cooperation

From the historical perspective, the Forum on China-Africa Cooperation (FOCAC) should be seen as a continuum of the spirit of the Bandung Conference held in Indonesia in 1955 (Alden 2007). FOCAC was established in 2000, for creating a platform for dialogue based on respectful, equal, mutually beneficial, realistic and pragmatic principles between China and African countries that have formal diplomatic relationships with China, also a multilateral platform for exchange and cooperation. The Forum has evolved from a loosely organized structure into a flexible but more strategic mechanism that can impact the China-Africa relationship and South-South cooperation. The forum straddles various fields of cooperation including politics, economics,

⁷The Growth and Transformation Plan (GTP) is a national five-year plan created by the Ethiopian Government to improve the country's economy by achieving a projected gross domestic product (GDP) growth of 11-15% per year from 2010 to 2015.

social issues, culture, environment, peace and security. Since 2000 there have been five ministerial conferences, alternatively in China and a host African country. The ministerial conferences and follow-up actions have led to a deepening of the cooperation between China and African countries and development of the FOCAC mechanism. The sustainability of FOCAC contributes to the development of China-Africa cooperation, while the stable and healthy development of China-African cooperation adds vitality to FOCAC.

4.3.1 FOCAC and African Opportunity

Through the FOCAC process, China has cancelled Africa's debt, facilitated expanded market access and provided a wide range of new opportunities for positive engagement. FOCAC reflects the form and content of Sino-African relations while mapping a future for both sides to achieve common prosperity. Over the 14 years of FOCAC's creation, China has through it, augmented its presence as an important trade and investment partner to Africa. Following the establishment of FOCAC in 2000, bilateral trade flows between China and the African continent has soared to approximately 40 billion US dollars in 2005, an eight-fold increase from 5 billion US dollars recorded in 1995 (Naidu 2007). It got to 100 billion US dollars in 2009 (Hellstrom 2009). This placed China as Africa's third largest trading partner after the European Union and the United States. Within the same period, Chinese imports from Africa rose by 1380 percent (Princeton 2005).

While FOCAC has strengthened China's economic interests in Africa, it also provided Beijing with a platform to become a serious humanitarian benefactor to Africa. Since the formation of FOCAC in 2000, Beijing has waived more than 2 billion US dollars in debt of more than thirty African countries and trained more than 10,000 African personnel in both civilian and security sectors.

It granted zero tariff rates for 190 products exported to China from sub-Saharan Africa, and engaged in peacekeeping operations in Democratic Republic of Congo, Liberia etc. It has also supported the African Union's peace keeping mission in Sudan (Dijk 2009). Under the African Humanitarian Resource Development Fund (AHRDF) established after the first FOCAC in 2000, the Chinese government has offered about 1,500 scholarships every year for Africans to study in China, dispatched around 16,000 medical doctors to work in rural areas, and deployed 700 teachers to work in rural schools across the continent.

China's commitment to non-intervention in Africa's domestic affairs and a determination to build partnerships based on equality and mutual respect are widely welcomed. Africa is not treated as a needy aid recipient, as Beijing rather seeks trade and investment partners on a continent predicted to have significant growth potential.

4.3.2 FOCAC: What Does Ethiopia Benefit From It?

As we have discussed above, FOCAC provided Africa opportunities, and Ethiopia as a political capital of Africa with a significant role, the question is what does Ethiopia benefit from FOCAC? No doubt, the founding of the Forum on China-Africa Cooperation provided all opportunities for Sino-Ethiopian interaction from a new perspective.

(a) The Binding Mechanism of FOCAC

Ethiopia benefits from the binding mechanism of FOCAC. While the forum helped China to deal with African countries jointly, the founding of FOCAC served as a binding mechanism between China and Ethiopia as well. Since the first meeting both followed closely to the forum's follow-up action. Ethiopia played a constructive role in implementing the follow-up actions of the Forum

and in preparing for its Fourth Senior Officials' Meeting in China in August 2005 (The Eye on the Ethiopia and the Horn of Africa, November 2005). China pledged a multi-billion-dollar development package to Africa in the 3rd Ministerial Conference of FOCAC that essentially includes the following promises: provide US\$3 billion in preferential loans and US\$2 billion in preferential export buyers' credits over the next three years; the doubling of its 2006 aid assistance by 2009; initiating a China-Africa development fund amount to US\$5 billion to encourage Chinese companies to invest in Africa; the setting up of 10 agricultural technology demonstration centers on the continent over the next three years; the dispatching of 100 senior agricultural experts; and to forgive all interest-free loans that matured at the end of 2005 owed by the most heavily indebted and underdeveloped African nations. Apparently, Ethiopia as one of the partner was the beneficiary from all those provisions, which served as a sign of China's commitment to stand alongside the Ethiopia government. That might be why the Ethiopian Prime Minister said during the meeting that

We are very comfortable to see China's increasing influence in Africa. So for Africa, the influence of China is not a source of concern or danger, African countries are happy to see the rise of China. (Kenneth King, 2006:4)

(b) Diversifying Both Product and Export Market

Ethiopia benefits from bilateral trade interaction, particular in diversifying both product and export market. The trade interaction helped as a pull factor whereby in the year 2005 China became the first market destination for Ethiopian export products. In previous years in terms of market for example, more than half of Ethiopia's export was directed to four countries namely, European Union, Japan, Djibouti and Saudi Arabia. As of 2005 China superseded these countries. That partly helped Ethiopia to diversify both

product and export market. Diversification of market in turn was important for Ethiopia in terms of prices and financial possibilities. At the November 2006, Summit Meeting on Forum for China Africa Cooperation, China announced that it would offer \$3 billion in preferential loans and \$2 billion in export credits over the next three years, and it would double the number of items on the duty-free list for 30 African least developed countries' to more than 440 items (BBC, November 2006, Corkin& Burke, 2008, Yang Lihua, 2006:27-28). That helped to widen the items to be exported to China. Recent years, Ethiopia's exports to China have registered over \$ 280 million in 2011; annual bilateral trade in 2012 was amounted to \$ 1.839 billion and the annual bilateral trade volume reached nearly \$ 1.5 billion up to October 2013 (Document of Minister of Commerce of China).

(c) Financial Cooperation

Ethiopia have also benefited from financial cooperation through FOCAC . In 2005 China announced in the General Assembly of the UN that it would mobilize an additional 10 billion US\$ in three years for concessional loans. In December 2006 in Beijing, during the conference of Heads of States from Africa, China announced it would probably be Africa's biggest donor by 2010 (La letter des economistes No. 15, Janvier 2007).

The development assistances were mainly used to finance project costs that would be jointly identified by China and Ethiopia. Among these road construction (such as Addis Ababa Ring Road, Wollo Safar-Gotera road), Addis Ababa housing constructions, textile factories machinery (Edget Thread Factory, Awassa Textile Factory, consultancy service in research on Ethiopian textile industrial development and the like), procurement of equipment for Technical Vocational Education Training institutes and the like were few of the activities (Document of Ministry of Foreign Affairs of Ethiopia, 2006:25-26). Despite the smaller size of the endeavor, it represented Chinese sympathy with

Ethiopia within its capacity. So the rise of China and its interaction with Ethiopia was hoped to assistance and alternative development strategies.

In the years from 2001 to 2006, China provided an interest free assistance and preferential loan of RMB¥317million (US\$40.9million) (Document of Foreign Affairs of Ethiopia, 2006:29-30). Out of that, RMB¥150million was a loan, the rest was given as free assistance, which of course was given whenever either of the official exchange visits. China and Ethiopia signed an agreement on trade and economic cooperation at the Ministry of Finance and Economic Development (MoFED) in Addis Ababa, Ethiopia in November, 2011. With the agreement, China provided loan of 100 million U. S. dollars and donate 90 vehicles to Ethiopia. According to MoFED, the loan would be used to finance implementation of the Addis Ababa Deep Well Water Supply projects while the vehicles will serve the state guests (Xinhua, November 2011). Besides, China and Ethiopia signed an economic and technical cooperation agreement in 2012, and the agreement showed China contributed at least 25 million US dollars towards Ethiopia's development, and over half the amount was pure grants, while the rest was interest free loans. The funds were expected to go towards infrastructure and technology. Ahmed Shide, Ethiopia's State Minister of finance and economic development, argued that,

China is currently one of the largest donors to Ethiopia. A significant share of the improvement in the overall infrastructure sectors of Ethiopia over the last ten years was because of the support and engagement of the Chinese government. We have implemented a lot of projects in infrastructure, energy transmission, capacity building, with Chinese finance and experience of Chinese companies these two came together has helped grow our infrastructure tremendously.(CCTV, October31, 2012)

Moreover, China signed a raft of agreements with Ethiopia as Chinese Premier

Li Keqiang, arrived for the first leg of his four-nation Africa tour and gave a speech on the topic of “Bring about a Better Future for China-Africa Cooperation” at the AU Conference Center on 5 May, 2014(See Appendix III). Chinese ministers and company executives accompanying Li signed 16 deals with their Ethiopian counterparts, including loans and cooperation agreements for the construction of roads and industrial zones. This is the Chinese premier's first visit to Africa and follows a trip to the continent by President Xi Jinping in March 2013, when he renewed an offer of \$US20 billion in loans to Africa between 2013 and 2015 (Australia Network News).

The financial assistance to Ethiopia, it helped to ties between the two countries and also helped Ethiopia to tackle some of its problems and leverage the effort for poverty reduction and alleviation. Through the aid programs which focused on financing different projects, China showed its willingness and cooperation with Ethiopia.

(d) Debt Relief and Cancellations

Ethiopia also benefits from debt relief and cancellations through FOCAC. Without leaving issues related to finance, within the China-Africa/Ethiopia cooperation framework, it would be necessary to see debt relief and cancellations. The Forum on China-Africa Cooperation resulted in a three year action plan. Besides doubling aid by 2009 (to about 1 billion US\$), China has also cancelled 1 billion euro of African debt and announced it would cancel another 1 billion euro (Financial Times, 2007). It has set up a 5 billion US\$ development fund for Africa and promised to reduce tariffs on selected African imports. The Africa aid package will be tied to Chinese projects, however (Financial Times, 26-6-2007). During meetings of FOCAC the ministers made the issue of debt remission one of the main points of mutual understanding. Accordingly, during the First Ministerial Meeting of FOCAC:

The Chinese side undertook to reduce or cancel debt amounting to 10 billion RMB Yuan owed by the heavily indebted poor countries and least developed countries in Africa... (The African Economics, 2003:14).

That was put into effect in the consecutive years which African countries applauded as great commitment of China. Ethiopia was one of the beneficiaries of the debt relief. During the three-days working visit to Ethiopia by a Chinese delegation headed by Zhou Keren, vice-minister of Foreign Trade and Economic Cooperation of June 2001, China signed a protocol with Ethiopia on the remission of partial matured debt, and Ethiopia and China signed a debt relief agreement amounting to 18.5 million U.S. dollars in May 2007 (Document of Ministry of Foreign Affairs of Ethiopia, 2008). It was stated on the occasion that the money drawn from the debt relief would be used to finance poverty reduction program in Ethiopia.

(e) Job Creation and Poverty Alleviation

Ethiopia benefits from job creation and poverty alleviation from Chinese FDIs. Chinese investment has shown a significant expansion both in quality and quantity over the years between 2000 and 2012, Chinese investors obtained a license for 938 projects with a registered capital of over USD 2.4 billion, most of the investment projects are in the manufacturing sector followed by real estate, machinery and equipment rental and consultancy services. These projects have created 146 thousand permanent and temporary employment opportunities. By the end of 2011, Chinese companies employed 18,368 permanent, full-time employees from both China and Ethiopia. The employment size has increased by 19 percent since the end of 2008. Among the full-time permanent employees, 15,910 are Ethiopians. In addition, Chinese firms also hired 7,813 seasonal or temporary workers in 2011 (World Bank, May 2012). The average monthly salary for Ethiopian employees hired by Chinese firms is ETB 1,445 (US\$85). This is above earnings seen in domestic

companies and businesses. Unofficial estimates show that the average monthly salary in Ethiopia is about US\$75 (in Zambia, as a comparison, estimates are about US\$133). For instance, in Addis Ababa, unskilled workers in Government and state-owned companies earn from ETB 300 (cleaner) to ETB 950 (security); skilled workers earn from ETB 1,114 and up (International Finance Corporation's Enterprise Surveys of 2006). So besides job creation, Ethiopia also benefits from poverty alleviation from Chinese FDI's under the framework of FOCAC.

(f) Tourism Development

Besides such assistances, ties have been reflected through people-to-people interactions in terms of tourism, in turn a source of foreign currency to African countries. Based on the agreements reached at the FOCAC China signed the memorandum of understanding on tourism with Ethiopia on 28 June 2004 (Document of Ministry of Tourism of Ethiopia, 2004). Ethiopia and China signed the agreement on approved tourist destination status to encourage Chinese tourists to visit Ethiopia. The potential for expanding bilateral relations in this area are enormous. The capacity of the Chinese people to travel abroad is growing rapidly and is expected to reach tens of millions. Ethiopia's tourist industry will certainly benefit, now visitor numbers to Ethiopia are growing by 10% each year, according to the Ethiopian Ministry of Culture and Tourism.

(j) Health Sector Development

Ethiopia benefits from the health sector as well. China had a long history in health diplomacy in Africa, with the first medical team having started in Algeria in 1963. In terms of China-Ethiopia health relations, China has been sending medical missions to Ethiopia for decades, and the first agreement to dispatch Chinese medical team was reached in November 1973. While China sent two personnel for the first time in 1974, then more than 13 batches of medical teams have been dispatched to Ethiopia with each batch consisting

more than ten medical personnel (Kenneth King, 2006:8). During the FOCAC ministerial meeting and consecutive summits, China agreed to continue to provide medical personnel, equipment, medicine, and training for more training personnel and the like to ensure more fruitful results from such cooperation. Based on the agreement reached at between Ethiopia and China, Chinese medical team composed of 15 members was sent to Ethiopia in January 2005 (Ethiopian Ministry of Foreign Affairs, Jan.11, 2005). Now, the 17th batch of the Chinese medical team is deployed at Tirunesh-Beijing Hospital, also known as Ethio-China Friendship Hospital, located in Akaki, about 25 km south of Ethiopia's capital Addis Ababa. The hospital was built and equipped with the support of the Chinese government (English.news.cn, 2013-08-22). That made greater contribution for the ties between the two countries and Ethiopia's effort to safeguard its health coverage, a good impetus in its endeavor of achieving the Millennium Development Goal.

(h) Human Resources Development

Ethiopia benefits from human development through FOCAC too. With the founding of FOCAC education become one of the priorities with components of educational establishments, human resources development and cooperation in higher education and TVET as an impetus in China-Ethiopia relations. The cooperation between the two which was laid down at the first FOCAC in 2000 had been reinforced by the Addis Ababa Action Plan of the Forum on China Africa Cooperation in 2003. On that enlargement in 2003, 6000 personnel were trained and 1,500 students came to China on scholarship and educational exchange programs. In fact another important commitment in the ministerial meeting of 2003 was the pledge by China to train 10,000 African professionals in a whole series of technical, scientific and administrative fields. The Beijing Summit of 2006 made a new and increased pledge of training 15,000 African professionals to be completed within the following three years period, 2007-2009. After the 2006 FOCAC Conference, China granted scholarships to

52 Ethiopian students in 2007 to sponsor their study in civil engineering, architecture and political science in China. In August 2010, another 41 Ethiopian Students got scholarship. In December 2012, Chinese government offered scholarship for about 50 students of Addis Ababa University (AAU) and a total of 250 students in five years who will get scholarship (Document of China Embassy, 2013).

Not only that, educational professionals and personnel were also sent to China for short term trainings. Besides the scholarships and assistance to the students from universities and technical vocational schools, China had also sent teachers to participate in the actual training processes. It was conducted under the provision of the agreement signed in 2000 between the ministries of agriculture and education of the two countries for developing vocational education and training, as we have discussed above in Chapter 4.1.4.

Overall these measures which were strengthened following the FOCAC showed Ethiopia benefits from the multiplicity of interactions and it was served as a strategy aimed at creating a long-term relationship based on mutual respect, understanding and friendship between China and Ethiopia.

4.4 Challenges facing the Sino-Ethiopia Relations

The bilateral relations between Ethiopia and China have been greatly developed especially in political and economic fields since 1991. However, there have been many challenges to the bilateral relationship between the two countries.

Chinese interest into Ethiopia has brought about controversies with the local community. Not surprisingly there are segments in the Ethiopian society—with vested interests—that are expressing anxiety given the sheer intensity of bilateral relations (Adem, 2012). Some other more specific issues that came up over the recent past vis-à-vis Chinese investment is the perception that Chinese

companies seldom engage in joint ventures with Ethiopian counterparts (Gebre-Egziabher, 2006) and tend to hire Chinese contract labor rather than local workers (Alden, 2005; and Brautigam, 2009); such practices would prevent the necessary technological transfer and prevent economic engagement to trickle down to the broader public. And indeed, Brautigam and Tang (2011) examined all Chinese Special Economic Zones (SEZs) in Africa and concluded that “inadequate local learning and local participation could affect the ability of the zones to catalyze African industrialization.” Besides it was also affecting local industry by displacing local producers and instigating unemployment.

Moreover, though export to China was growing much faster than the import, since the volume of Ethiopian export was very small, the trade balance had been in favor of China. As it can be observed from Table 4.1, in terms of imports from China, the main commodities Ethiopia imports include parts, structures and steel, machines, and woven fabrics. Ethiopia’s expenditure to import parts from China took worth of US \$ 295.17 million followed by structures and parts of structure, and machines with US \$ 92.36 million and US \$ 85.16 million respectively. Although trade figures show that the volume of Ethiopian exports to China has increased over time, the trade imbalance remains a structural problem in the trade relations between the two countries. The imbalance generally raised concerns in the Ethiopian government, which of course the Chinese government also took into consideration. Up to the 4th FOCAC Meeting, China granted Special Preferential Tariff treatment from 187 goods to 440 goods, and China has become the largest export country of Ethiopia. Since Ethiopia’s capacity to export commodities on scale and variety was so limited, there needed to be other ways of complementing the deficit (Gebre-Egziabher).

Table 4.1 Top 10 Ethiopia’s Export Items to China (2010)&
Top 10 Ethiopia’s Import Items from China (2010)

	Items	Value in US \$(million)	Items	Value in US \$ (million)
1	Sesame seeds	180.46	Parts	295.17
2	Niobium, tantalum and vanadium ores and concentrates	10.43	Structures and parts of structures, iron or steel	92.36
3	Tanned /crust Hides/skins of Goats or kids in the dry state (Curst)	8.13	Machines for the reception, conversion and transmission or regeneration of voice	85.16
4	Natural Gums Resins Gum Resins Natural Oleor'ins/Balsams / EXCL. Gum Arabic)	2.79	Other woven fabrics or synthetic yarn >=80% Textrd/Non-TextrdpolystrFilmnt	55.65
5	Leather prepared After Tanning /Crusting includes parchment Dressed leather	2.67	Other machines for the reception conversion and transmission or regeneration	40.99
6	Chat	2.50	Other machines for the reception conversion and transmission	36.13
7	Oil-cake and other solid residuals of rape or colza seeds of low Erucic	2.28	Dumpers for off-Highway use	24.78
8	Tanned /crust skins of sheep/ lamps in the dry state (crust)	2.16	Other primary cues and primary Batteries	21.97
9	Fresh chat	1.91	Fottwear, Not covering the Ankle of Rubber or Plastics	18.22
10	Rape or colza seeds, (EXCL, low crucic Acid Rape or Colza	1.68	Co-axial cable and other Co-axial electric conductors	17.06

Source: Ethiopian Ministry of Trade (November 2010)

Another challenge is the environmental and social dimensions of foreign investment have become a matter of intense controversy between certain home

and host countries. For example in Ethiopia, to attract the Chinese investors, the Ethiopian government seems to covertly relax the enforcement of the environmental standards. The Chinese contractual-based projects, wholly owned, and the joint venture cases analyzed are large operating in ecologically sensitive regions. They are facing serious environmental problems because the Ethiopian Government seems to have prioritized its short-term economic growth over the achievement of environmentally sustainable economic growth in the long run. Ethiopian environmental protection officers at each level of the political system do not seem to fine Chinese investors for their transgressions or for negatively imprinting their environmental footprints on the country, or they fail to encourage the Chinese investors to adopt production techniques that are less harmful to the Ethiopian environment (Bosshard, 2008). Undoubtedly, Chinese investments in Ethiopia are an indispensable part of the economic system (they have contributed to infrastructural development, provide capital, new technologies, modern management know-how, and enhanced demonstration effects). Nevertheless, little or no attention is paid by the Ethiopian Government to check the environmental implications of most of the undertaken Sino-Ethiopian investment. But recent years, Chinese government has concerned this issue. China will keep stepping up the cooperation on ecological and environmental protection and actively develop clean energy and renewable energy. The aim of the effort is to pursue development and environmental protection in a holistic way and build a green Africa, particular Ethiopia that enjoys sustainable development.

CHAPTER FIVE

5. CONCLUSIONS

This paper mainly elaborated the development of economic and political relations between China and Ethiopia especially post 1991. For the last 20 years, Ethiopia has achieved a high and sustained rate of growth. The presence and activities of China in Ethiopia since 2000 is fast becoming one of the key factors in reshaping Ethiopia's economic landscape. Given the fact that Ethiopia has been the major beneficiary of Chinese investment and development cooperation projects, there are many export-import and typical economic and trade interactions between the two countries. In this paper, some are singled out to explain, such as agricultural cooperation, hydroelectric power project, wind farm project, expressway project, railways project and telecommunication project, which were also highlighted by Mulatu Teshome, the new president of Ethiopia in 2013.

In recent years, agricultural co-operation has taken the form of multilateral projects, such as South-South Cooperation Program (1998-2006), Agricultural Technical and Vocational Training Program (Since 2001), Youth Volunteer Program (2005-2010), Agricultural Experts Program (2009-2010), Ethiopia-China Agricultural Technology Demonstration Center Program (Since 2006) and Food Aid Program (Various Years). The cooperation between China and Ethiopia in the power sector has registered remarkable achievements in hydro and wind power construction projects, such as Fincha-Amerti-Neshe Hydropower Project, Gilgel Gibe III Dam Project and Adama Wind Farm Project. China and Ethiopia also registered deep cooperation on road constructions, especially the expressway and railway. Another sector as described in this paper is Telecommunication Project, which helps Ethiopia to enjoy 4G Broadband Internet in Addis Ababa. China and Ethiopia cooperation projects are not only related to agricultural projects and capacity building but are very vital for generating the harmonization of common strategies for the two countries.

In this paper, four main factors driving the bilateral relations between China and Ethiopia have been elaborated:

Firstly, the bright and promising development between the two countries has been facilitated by the strong political support from both governments. Ethiopian government provided a stable political environment for the investors to do business smoothly, and Chinese government has also encouraged the economic interactions with Ethiopia through official policy, like White Paper (2013).

Secondly, economic interest is indeed the strongest wing of the two countries' cooperation. On the one hand, China needed global markets, suppliers and investment outlets, including in Africa; on the other hand, Ethiopia needs to open to international trade to develop her economy to implement Ethiopia's endeavor at poverty reduction and alleviation.

Thirdly, economic assistance also plays an important role on boosting the development of China-Ethiopia relations. In the 13 years following the creation of FOCAC, Ethiopia became a widely visible beneficiary from China, not only in agriculture, infrastructure, construction, trade, investment, but also in development aid, debt reduction, loan and technical assistances, and human resource development without any political strings attached.

Fourthly, it has also facilitated transfer of technology. Ethiopia is learning lessons from Chinese development model. The Ethiopian government anchored its approach of closer cooperation with China when it drew its first foreign affairs and security policy and strategy in 2002, which stated China, shared its development experience and provides technical support.

As elaborated in chapter four, this study has also examined the Forum on China-Africa Cooperation and highlighted how Ethiopia benefits from it. Since

the founding of Forum on China-Africa Cooperation in 2000, China-Ethiopian relations have been the result of common political and economic strategic interests that were bolstered by common experiences base on principles of mutual respect. China and Africa and Ethiopia also developed political interactions through exchanging high level visits, consultation mechanisms and mutual support on international issues including human rights; stronger economic cooperation which offered immense opportunities for strengthening their ties. In addition to increased trade and investment, debt relief and grants from the Chinese side is believed to contribute to Ethiopia's attempts at poverty reduction and eradication. This paper concludes that Ethiopia benefits from:

- * The Binding Mechanism of FOCAC,
- * Diversifying both Product and Export Market,
- * Job Creation and Poverty Alleviation,
- * Financial Cooperation,
- * Debt Relief and Cancellations,
- * Tourism Development,
- * Health Sector Development,
- * Human Resources Development, among others.

This paper has also pointed out the challenges for the future of Sino-Ethiopia relations. The bilateral relations between Ethiopia and China have been greatly developed especially in political and economic fields since 1991. However, there have been many challenges to the bilateral relationship between the two countries. Chinese interest in Ethiopia has brought about controversies with the local community. The trade balance between the countries had been in favor of China. Moreover, the environmental problem is another serious challenge.

China is also providing as a model for Africa's particularly Ethiopia's approaches to international and domestic development problems, and brings a development model that offers hope for poverty reduction and long-term

prosperity. This paper stresses the lessons from Chinese development model for Ethiopian development. Further cooperation between China and Ethiopia, and China's experience of its own development shows that a country cannot develop through dependence on aid, and as a result China's cooperation with Ethiopia is based on trade and investment over aid for development. Ethiopia can benefit from pro-business cooperation investments with China.

In order to enable Ethiopia secure the full benefits following the Chinese development model, Ethiopia should firstly reach a certain threshold level in terms of educational attainment, provision of infrastructure services, local technological capabilities and development of local financial markets. As an essential element of avoiding economic and social disparities among the different regions, some suggestions are given in this paper. Ethiopian government needs to enhance the attractiveness of Ethiopia's hinterland and other relatively neglected regions by:

- 1) Undertaking fundamental infrastructural development (i.e., electricity, water, good transport, and telecommunications),
- 2) Improving and encouraging labor mobility to the undeveloped regions by creating schools, hospitals, parks, etc.,
- 3) Creating local development agencies to promote FDI in each region.

In sum, the relations between China and Africa in general and Ethiopia in particular are harvesting fruitful achievements in the last two decades. Challenges cannot be the obstacle or barrier to the thriving of growing cooperation between China and Ethiopia. More political and economic interactions and cooperation between the two countries are expected to prospect, under these conditions China and Ethiopia Economic and political relations are definite to witness a bright future.

References

Books

- Alden, C. (2007). *China into Africa*. London: Zed Books
- Anshan, Li. (2008). *China's New Policy Toward Africa* in Rotberg, R (2008) (ed) *China*
- Bartke, W. 1989. *The Economic Aid of the PR China to Developing and Socialist Countries*, 2nd ed. Munich: K. G. Saur.
- Brautigam, D. (2011), *China's Investment in Special Economic Zones in Africa*, pp. 60-100 in *Special Economic Zones: Progress, Emerging Challenges, and Future Directions*, Eds. Farole, T. and Akinci, G. World Bank, Washington
- Bruce D. Larkin, (1997), *China and Africa 1949-1970, 1st ed*, Berkeley Los Angeles:
- Chin-mingHou, (1995), *External Trade, Foreign Investment and Domestic Development: The Chinese Experience 1940-1990s*, USA: The University of Chicago Press
- Foster, Butterfield, Chen, Pushak, eds, (2008), *China's Growing Role as Infrastructure Financier for Sub-Saharan Africa*, Melbourne: The World Bank
- Gamora, K.Mathews, (2010), '*Ethio-China relations: Challenges and prospects*', in *Chinese and African Perspectives on China in Africa*, edsHarneit-Sievers,Marks, Naidu: Pambazuka Press.
- Geda and Meskel (2009), *Impact of China-Africa Investment Relations: Case Study of Ethiopia*,African Economic Research Consortium. AERC, Nairobi
- GetahunWatumo, *Chinese Relations with Red Sea Bordering African Countries*,Addis Ababa University (July 1 980) , P.17, unpublished.
- Han-Chen, N. (1965), *Resolutely Struggle Against Imperialism and Neo-Colonialism and for the Economic Emancipation of the Afro-Asian Peoples*, Foreign Language Press, Peking
- Hellstrom, J. (2009). *China's Emerging Role in Africa: A Strategic Overview Into*

- Africa: Trade, Aid, and Influence*, Washington: Brookings
- Hermann, Charles F., 'Policy Classification: A Key to the Comparative Study of Foreign Policy,' in James N. Rosenau et al (eds.), *The Analysis of International Politics*, (New York: Free Press, 1972).
- Hopkins, Raymond F. & Richard W. Mansbach, *Structure and Process in International Politics* (New York: Harper & Row, 1973).
- Kegley Jr, Charles W. & Eugene R. Wittkopf, *World Politics, Trends & Transformation*, 9th edition, (Belmont, CA. USA: Thomson Wadsworth, 2004).
- Kenneth A.Reinert, (2009), *Ethiopia in the World Economy: Trade, Private Capital Flows, and Migration*, School of Public Policy, Geogre Mason University Press.
- Kinfe Abraham, (2005), *China Comes to Africa: The political Economy and Diplomatic History of China's Relation with Africa*, EIIPD and HADAD
- Large, D. (2008), *Beyond the 'Dragon in the Bush': the Study of China-Africa Relations*, *African Affairs*, 107(426), Oxford University Press.
- Meehan, Eugene J., 'The Concept Foreign Policy,' in Wolfram F. Hanrieder (ed.), *Comparative Foreign Policy, Theoretical Essay*, (New York: David McKay, 1971).
- Modelski, George, *A Theory of Foreign Policy*, (New York: Praeger, 1962).
- Morgenthau, Hans J., *Politics Among Nations: The Struggle for Power and Peace*, 4th edition, (New York: Alfred A. Knopf, 1978).
- Nossal, Kim Richard, *The Patterns of World Politics*, (Scarborough, Ontario: Prentice Hall Allyn & Bacon Canada, 1998).
- Plano, Jack C. & Ray Olton, *International Relations Dictionary*, (New York: Holt, Rinehart & Winston, 1969).
- Rosenau, James N., "Introduction: New Directions and Recurrent Questions in the Comparative Study of Foreign Policy," in Charles F. Hermann, Charles W. Kegley Jr., James N. Rosenau (eds.), *New Directions in the Study of Foreign Policy*, (Boston: Allen & Unwin, 1987).

- Rotberg, R. I. (ed.) (2008), *China into Africa; Trade, Aid and Influence*, Brookings Institution Press, Washington, D.C.
- Taylor, I. (2006). *China and Africa: Engagement and Compromise*. London: Routledge University of California Press.
- Wilkenfeld, Jonathan et al., *Foreign Policy Behaviour, the Interstate Behaviour Analysis Model* (London: Sage, 1980).
- Works of Deng Xiaoping*, vol. 3, People's Press, 1993, p. 328-329.
- Works of Mao Zedong*, vol. 5, People's Press, 1977, p. 274.
- Wurfel, David & Bruce Burton, 'Introduction: A Foreign Policy Framework for Southeast Asian States', in Timothy M. Shaw (ed.), *The Political Economy of Foreign Policy in Southeast Asia* (London: Macmillan, 1990).

Journal Articles

- Africappractice, (2007), *The Impact of the Chinese Presence in Africa*, JETRO, London
- Afrodad (2011), *Mapping Chinese development assistance in Africa, an analysis of the experiences of Ethiopia*, African Forum and Network on Debt and Development
- Anshan Li, (2007), *China and Africa: Policy and Challenges*, China Security Review, vol.3
- Anshan Li, (2010), *The Forum on China-Africa Cooperation: From a Sustainable Perspective*, Centre for African Studies Peking University
- Anshan, Li. (2005), *African Studies in China in the Twentieth Century: A Historiographical Survey*
- Anshan, Li . *Transformation of China's Policy towards Africa, Paper Presented at International Conference "China-African Links" Center on China's Transnational Relations*, Working Paper No.20. (Honk Kong University of Science and Technology, 2006)
- CCS (2012), Chinese-led SEZs in Ethiopia yet to bear

<http://www.ccs.org.za/wp-content/uploads/2012/11/YK-Chinese-led-SEZs-in-Ethiopia.pdf>

Denis M.Tull, (2006), *Chinese engagement in Africa: Scope, Significance and Consequence*, Journal of Modern African Studies, vol.44

Gail A. Eadie and Denise M. Grizzell, *China's Foreign Aid, 1975-78*. The China Quarterly, No.77 (Mar. 1979), P.230 .

Garth Shelton and FarhanaParuk, (2008), *The Forum on China– Africa cooperation- A strategic opportunity*, Monograph 156 ,December 200

Geiger, Michael; Goh, Chorching. (2012b) *Chinese FDI in Ethiopia : a World Bank survey*. Washington DC : World Bank..

Looy, J. (2006), *Africa and China: A Strategic Partnership?*A.S.C Working Paper, 6/2006, African Studies Centre, Leidan, Netherlands.

Mansbach, Richard W., *The Global Puzzle, Issues and Actors in World Politics*, (Boston & New York: Houghton Mifflin, 2000).

Martyn Davies (2008), *How China delivers development assistance to Africa*. A research undertaking by the Centre for Chinese Studies, prepared for the Department for International, Centre for Chinese Studies, University of Stellenbosch

Mohammed Marafe, (2009), *Africa's Business and Development Relationship with China*, Sweden: NordiskaAfrikainstitute.

Mohan, G. (2008), *China in Africa: A Review Essay*, *Review of African Political Economy*, 35(1)

Navarro, P. (2011), *Death by China, Confronting the Dragon- A call to action f or the Western World*, Pearson Education Inc., New Jersey

Tegegne,GebreEgziabher. *Impact of Chinese Imports and Coping Strategies of Local Producers : the Case of Small Scale Footwear Enterprises in Ethiopia* [J] . The Journalof Modern African Studies, 2007, 45(4): 647-679.

The Ethiopian Herald [N] . Addis Ababa(June 1, 1953) .

The Ethiopian Herald [N] . Addis Ababa(November 8,1 959) .

Tull, M. D. (2006). *China's engagement in Africa: Scope, significance and consequences*. Journal of Modern African Studies, 44(3)

United States Department of State/*Foreign relations of the United States, 1955-1957 Africa Volume XVII (1955-1957)*, Ethiopia.

United States Department of States , Glenn W. LaFantasie , (ed .), *US Policy towards the Horn of Africa and the Sudan: U.S.Relations with Ethiopia,Somalia,and the Sudan, 1958-1960* .

Woods, N. (2008)*Whose aid? Whose influence? China, emerging donors and the silent revolution in development assistance*, International Affairs 84: 6

Reports

Berthelemy, (2009), *Impact of China's engagement on the sectorial allocation of resources and aid effectiveness in Africa*, African Economic Conference: African Development Bank Group and Economic Commission for Africa.

Forum on China–Africa Cooperation-Addis Ababa Action Plan (2004-2006). Pretoria: Embassy of the People's Republic of China, 2003.

Forum on China–Africa Cooperation-Beijing summit.Documents and speeches III, 4–5 November, 2006.

Foster, V. et al. (2009). *Building Bridges: China's Growing Roles as Infrastructure Financier for Sub-Saharan Africa*. Washington: World Bank

Lake A. and Whitman C. T. (2006), *More than Humanitarianism: A Strategic U.S. Approach Towards Africa*, Report of an Independent Taskforce sponsored by the Council on Foreign Relations, New York

Legum, C. (1965), *Peking's Strategic Priorities, Africa Report*, 10(1)

Lessing, P. (1962), *Africa's Red Harvest*, Michael Joseph Publishers, London

Ministry of Finance and Economic Development, (2006), *Study on Ethiopia's Industrial Sector Effective Rate of Protection*.

Ministry of Foreign Affairs of Ethiopia-Federal Democratic Republic of Ethiopia

- Foreign Affairs and National Security Policy and Strategy **【M】** . Addis Ababa, Nov . 2002 .
- Ministry of Foreign Affairs, (2006), *Brief on Ethio-China Relations*, Addis Ababa: MFA.
- Scalapino, R. (1964), *On the Trail of Chou En-Lai in Africa*, Rand Corporation
- World Bank Survey, *Chinese FDI in Ethiopia* (May 2012); and interview with Eastern Industry Zone.
- World Bank. (2012a). *World Development Indicators 2012*, The World Bank, Washington, DC.
- World Bank. (2012b). *Connecting to Compete 2012: Trade Logistics in the Global Economy: The Logistics Performance Index and Its Indicators*, The World Bank, Washington, DC.
- World Bank. (2013). *Doing Business 2013: Smarter Regulations for Small and Medium-Size Enterprises*, The World Bank, Washington, DC.

Newspaper & Networks

- Australia Network News, *China signs deals with Ethiopia as premier Li Keqiang begins Africa tour* Mon 5 May 2014, <http://www.abc.net.au/news/2014-05-05/an-china-signs-deals-with-ethiopia-as-premier-li-keqiang-begins/5429506>
- Capital-Ethiopia FAN, (2011), *Hydropower Project Starts Generating Power*, China Daily Data Base
- China Granting Tariff-free Treatment to Some Goods Exported-to China by the Least Developed Countries*,
- David H. Shinn, (2005), *China's Approach to East, North and the Horn of Africa*. Available at http://www.uscc.gov/hearings/2005hearings/written_testimonies/05_07_21_22_wrts/shin_david_wrt.pdf Accessed 24 November 2010. Development Data Group. Available at <http://publications.worldbank.org/ecommerce/catalog/product?item-id=631625>. Accessed 27 November 2010.

<http://20-2 . -198 . 141 . 11:957/web/index . htm .>

http://www.ethiopiainvestor.com/index.php?view=article&catid=1%252525253Alatest-news&id=2289%252525253Afan-hydropower-project-starts-generating-power-&option=com_content

Ministry of Foreign Affairs of the People's Republic of China, *China's Africa Policy*, Jan. 2006. Available at:

<http://chinese-embassy.org.za/eng/zxxx/t230615.htm>

The Ethiopian Herald, *Ethiopia and the People's Republic of China signed a Protocol to the Agreement of Economic and Technical Cooperation*, (AddisAbaba 21 February 1973).

World Bank, (2002), *World Development Indicators 2002*, The World Bank

Xinhua. (2009). *China-Africa trade, economic cooperation create "win-win" situation for both sides.* [Online] Available:

http://news.xinhuanet.com/english/2009-11/06/content_12400149.htm

人民日报图文数据库【EB/OL】<http://20-2 . -198 . 141 . 11:957/web/index . htm .>

“第二届中非合作论坛—法律论坛总结报告”，2010年10月29日，外交部网站：

<http://www.focac.org/chn/zxxx/t765096.htm>。

第四届部长级会议后续行动：“中国将立即启动对非合作八项新举措落实工作”，

2009年11月12日，

<http://www.fmprc.gov.cn/zflt/chn/dsjbjzjhy/bzhyhxxd/t626477.htm>。

第四届部长级会议后续行动：“中非科技伙伴计划”正式启动”，2009年11月25日，

<http://www.fmprc.gov.cn/zflt/chn/dsjbjzjhy/bzhyhxxd/t629214.htm>。

第四届部长级会议后续行动：“中非联合研究交流计划正式启动”，2010年3月31

日，<http://www.fmprc.gov.cn/zflt/chn/dsjbjzjhy/bzhyhxxd/t676518.htm>。

论坛档案：“中国政府在《亚的斯亚贝巴行动计划》中的重要承诺”，

<http://www.focac.org/chn/ltada/dejbzjhy/hyqk22009/t155407.htm>。

Appendix I: The First Ministerial Conference of the FOCAC

1. Introduction

The First Ministerial Conference of FOCAC was held on October 12-14, 2000 in Beijing, China. More than 80 ministers from China and 44 African countries, representatives from 17 regional and international organizations, and many Chinese and African Entrepreneurs were invited to attend the conference. Countries that attended the conference were China, Algeria, Angola, Benin, Botswana, Burundi, Cameroon, Cape Verde, Central African Republic, Comoros, Congo (Brazzaville), Congo (Kinshasa), Côte d'Ivoire, Djibouti, Egypt, Equatorial Guinea, Eritrea, Ethiopia, Gabon, Ghana, Guinea, Kenya, Lesotho, Libya, Madagascar, Mali, Mauritania, Mauritius, Morocco, Mozambique, Namibia, Niger, Nigeria, Rwanda, Seychelles, Sierra Leone, South Africa, The Sudan, Tanzania, Togo, Tunisia, Uganda, Zambia, Zimbabwe and Somalia. The Organization of African Unity, the African Export-Import Bank, the Economic Community of West African States, the Economic Community of Central African States, the Central African Economic and Monetary Community, the Common Market for Eastern and Southern Africa, the East African Community, the Sahel - Saharan States, the Intergovernmental Authority on Development, the League of Arab States, the Southern African Development Community, the Arab Maghreb Union, the United Nations Development Programme (UNDP), the United Nations Economic Commission for Africa (UNECA), the Eastern and Southern African Trade and Development Bank (South Africa), the Afro-Asian Association, and the International Institute of Entomology and Ecology⁸⁸ were also invited to the conference. The conference published the Beijing Declaration of the Forum on China-Africa Cooperation and the Guideline of China-Africa Cooperation in Economic and Social Development.

Ministers from China and 44 African countries exchanged ideas and established a new, dynamic, and strategic partnership between the African continent and China. On the basis of equality and mutual respect, the Ministers committed themselves to cooperate in all fields, especially in social and economic development, with a view of renewing, developing and expanding China-Africa cooperation in the 21st century. Furthermore, the Ministers agreed to promote high-level visits, to conduct regular inter-governmental dialogues and cooperation, and to create a favorable environment for China-Africa business affiliation and trade.

The Chinese government promised to continuously cooperate with African countries, to provide development assistance, and also to focus on the promotion of local industrial development, the use of local materials, and the increase of local employment. Moreover, within the ability of Chinese government and the framework of South-South cooperation, the Chinese government agreed to continue providing assistance for African countries, according to their specific economic situations.

China committed to give preference to imported African products in the light of the demands and conditions of the Chinese market, to ensure the smooth operation of the “Investment and Trade Promotion Centers” in Africa and to coordinate the establishment of similar centers for African countries in China. China agreed to make sure that these centers could play an effective bridging role in coordinating exchanges and communications between enterprises of both sides. In addition, the Chinese government promised to establish the China-Africa Joint Business Council in coordination with the Chambers of Commerce of African countries and the professional organizations, creating a system of dialogue and consultation with African enterprises, and to promote economic cooperation and trade between them. The establishment of a “China- Africa Products Exhibition Center” in China would help to promote bilateral trade and to facilitate access for African products into the Chinese market. China would provide special funds to support and to encourage well-established Chinese enterprises to invest in African countries. China also promised to reduce or cancel debts up to RMB10 billion for the Heavily Indebted Poor Countries and the Least Developed Countries in Africa in the two years following FOCAC.

China promised to send extra medical teams to African countries and to provide them with more medical equipment, facilities, medicines and training. China also pledged to increase the number of scholarships to African students who study in China, and continue to send teachers to Africa to help local institutions of higher learning to improve their disciplines and specialties. China would also set up means of communications between universities of the two sides for the study of Chinese and African civilizations, and the establishment of an “African Human Resources Development Fund” (AHRDF) to gradually increase financial contribution and to train professionals of different fields in African countries. In order to ensure economic and sustainable human development, China and Africa agreed to cooperate in all fields of environmental management, including pollution control, biodiversity conservation, forest ecological system protection, and fisheries and wildlife management.

2. Follow-up Action of the First FOCAC

In the political arena, political exchanges and cooperation continued to be strengthened between China and Africa from 2001 to 2003, and bi-lateral high-level visits and communications increased. Chinese leaders visited Africa 20 times in this period, while more than 30 African Presidents, Vice Presidents, Premiers and Speakers visited China. China supported the efforts of the African countries to maintain regional peace and stability.

The Chinese government sent peacekeeping forces to take part in the United Nations’ Peacekeeping Operation (UNPKO) in the Democratic Republic of Congo (DRC) and Liberia in 2003. African countries adhered to the “One China” policy and supported the reunification of China, and the Chinese government supported the establishment of African Union and the implementation of the New Partnership for

African Development (NEPAD).

The Chinese government fulfilled its promise of reducing African debts ahead of schedule. By June 2002, China had signed the protocol on debt relief with 31 African countries, exempting 156 items of debts maturity, a total of RMB10.5 billion. Moreover, the total volume of China-Africa trade rose each year. In 2003, the volume of trade between China and Africa reached US\$18.5 billion, an increase of 49.7% over the previous year, and up 75% in comparison to the year 2000. The significant growth of African exports to China contributed to the decrease of the trade deficit between China and Africa. The investment cooperation also developed rapidly: China signed the Bilateral Investment Protection Treaty with more than 20 African countries; established Centers for the Promotion of Chinese Investment and Trade in 11 countries; and set up 117 new enterprises in Africa.

China continued to provide assistance for African countries within its ability and without any political conditions. There were 245 new economic-assistance agreements signed between China and African countries, accounting for 44 % of China's total foreign assistance. China established the African Human Resources Development Fund (AHRDF), and held facilitated 300 training programs. More than 6,000 African professionals were trained in the fields of diplomacy, economic management, national defense, agriculture, medicine and health, education, technology and culture. With the founding of AHRDF, China sent more than 500 specialists and teachers to African countries. Additionally, China donated money to the "Construction of African Capacity Foundation" which was established by International Monetary Fund (IMF), and started 20 technological seminars, under the Technical Cooperation among Developing Countries project which was specially designed for African students.

The Chinese government increased the number of scholarships for African students to study in China, and several Chinese universities established relationships with African universities. The Chinese universities sent teachers to teach at African universities, and implemented cooperation projects for building laboratories and computer centers. China signed or renewed agreements of medical assistance with 40 African countries, continued to offer medicines, medical apparatus and instruments, and medical materials. China began to cooperate with African countries in preventing and treating AIDS, malaria and pulmonary tuberculosis.

China began joint tourism efforts with Egypt, South Africa, and Morocco, which became the Approved Destination for Chinese citizens traveling abroad.

The content above is mostly from "The Archives of the FOCAC" at the www.focac.org.

Appendix II: The Second Ministerial Conference of the FOCAC

1. Introduction

The Second Ministerial Conference of the FOCAC was held on December 15-16, 2003 in Addis Ababa, Ethiopia. More than 70 Ministers of Foreign Affairs and International Economic Cooperation from China and 44 African countries attended the conference, including China, Algeria, Angola, Benin, Botswana, Burundi, Cameroon, Cape Verde, Central African Republic, Comoros, Congo (Brazzaville), Congo (Kinshasa), Côte d'Ivoire, Djibouti, Egypt, Equatorial Guinea, Eritrea, Ethiopia, Gabon, Ghana, Guinea, Kenya, Lesotho, Libya, Madagascar, Mali, Mauritania, Mauritius, Morocco, Mozambique, Namibia, Niger, Nigeria, Rwanda, Seychelles, Sierra Leone, South Africa, The Sudan, Tanzania, Togo, Tunisia, Uganda, Zambia, Zimbabwe and Somalia. The African Union (AU) also attended the conference representing the African regional organizations. The theme of the conference was "action-oriented pragmatic cooperation". The Forum on China-Africa Cooperation-Addis Ababa Action Plan (2004-2006) was issued by the conference.

In The FOCAC-Addis Ababa Action Plan (2004-2006), the Chinese government committed to increasing assistance for African countries within the FOCAC framework; enhancing cooperation with African in regards to developing human resources, including a commitment to train up to 10,000 African personnel in the following three years; and increase people-to-people exchanges with Africa, hosting a "China-Africa Youth Festival" in 2004. China also committed to opening up markets and granting free tariff access for some commodities from the least developed countries in Africa; expand tourism cooperation with Africa, and name Ethiopia, Kenya, Tanzania, Zambia, Mauritius, Seychelles, Zimbabwe and Tunisia as Approved Destinations for Chinese tourist groups who cover their own travel expenses; and to sponsor the "Meeting in Beijing," an international art festival focusing on African arts and the "Voyage of Chinese Culture to Africa."

2. Follow-up action of the second FOCAC

From 2004 to 2006, Chinese President Hu Jintao, Chairman of the Standing Committee of the National People's Congress Wu Bangguo, Premier Wen Jiabao, Vice Premier Huang Ju and Zeng Peiyan visited African countries. In the same time period, 22 presidents, 7 Prime Ministers, and 5 Vice Presidents of various African countries visited China.

Cooperation in peace and security continued to be enhanced. In May 2006, 435 Chinese were sent to Sudan to support UN Peace Keeping Force (UNPKO). China sent 1,273 Chinese peacekeeping personnel to Africa and took part in 7 peacekeeping actions led by the UN. Further, the China-Africa trade and economic cooperation achieved fruitful results. In 2005, the volume of bilateral trade reached US\$ 39.8 billion, an increase of 34.9 % compared to the previous year. By the end of 2005,

Chinese direct investments in Africa had hit US\$1.595billion. There were also new developments in financial cooperation. Moreover, the task of giving tariff-free to the exports of the Least Developed African Countries (LDACs) had been finished. In addition, as of this time, 28 African countries enjoyed zero tariffs on 190 commodity items that were exported to China.

China increased investment in human resources development in Africa, enlarged the scale of training, and set up the “Inter-department Coordinating Mechanism of Foreign Human Resources Development and Cooperation”. From January 2004 to June 2006, China trained more than 7,600 people, sent several hundred experts to train local people in various forms, and began an aid program sending young volunteers to African countries. The “Meeting in Beijing” and the “Voyage of Chinese Culture to Africa” were held from the end of April to the beginning of May 2004 and also in August 2006 respectively. A further 17 African countries became Approved Destinations for tourist groups of Chinese citizens.

The “Meeting in Beijing” and the “Voyage of Chinese Culture to Africa” were held from the end of April to the beginning of May 2004 and also in August 2006 respectively. A further 17 African countries became Approved Destinations for tourist groups of Chinese citizens.

The content above is mostly from “The Archives of the FOCAC” at the www.focac.org.

Appendix III

Speech by H.E. Li Keqiang Premier of the State Council of the People's Republic of China at the AU Conference Center

Addis Ababa, 5 May 2014

Your Excellency Prime Minister Hailemariam,
Your Excellency Chairperson Zuma,
Dear Friends,
Ladies and Gentlemen,

Good morning! I am very happy to be here in Addis Ababa, known as the political capital of Africa, and speak at the AU Conference Center, a symbol of China-Africa friendship, among friends who have long supported and worked to promote China-Africa cooperation. I want to thank Chairperson Zuma and Prime Minister Hailemariam for their heart-warming remarks. My thanks also go to the Ethiopian government and the AU Commission for their thoughtful arrangements. On behalf of the Chinese government and people, let me extend cordial greetings and best wishes to the governments and peoples of African countries!

This is my first visit to Africa as Chinese premier, and the second time for me to set foot on this fascinating continent. For Chinese people of my generation, the independence movement of African nations and the construction of Tazara Railway were familiar stories as we grew up. Five years ago, I visited Egypt, the land of the Pharaohs. Today, I am here in Ethiopia, the “roof of Africa”. I am deeply impressed by the similarity between the Chinese and African people in their historical experiences, development tasks and aspirations. We are encouraged by the new achievements of African countries in their endeavor to seek strength through unity. China-Africa cooperation has also entered a new stage of development featuring higher quality and enjoys broad prospects. People now see Africa as a continent full of vitality that plays a critical role in the global political and economic landscape. And to me, Africa could be considered as a “pole” in three aspects:

First, with a total of 54 countries, Africa occupies a quarter of the United Nations seats and plays an important role in maintaining peace and stability in the world. While steadily increasing their overall strength thanks to an accelerated integration process, African countries have stood together on such major issues as global development, climate change and reforms of international governance systems, and spoken with one voice. With the rise of developing countries, the whole world needs to heed Africa's voice and give full respect to Africa's role as Africa has become a key force contributing to a multi-polar world and greater democracy in international relations. Africa is indeed a significant pole in the political stage of the world.

Second, boasting vast geographical expanse, abundant resources and industrious population, Africa's huge development potential as a community of one billion people is being vigorously unleashed. Since the beginning of the 21st century, Africa's economic growth has picked up speed. With an average annual growth rate of over 5%, Africa now ranks among the fastest growing regions in the world, a bright spot in the gloomy global economy under the impact of the financial crisis. With an economic aggregate of US\$2 trillion, Africa is commonly recognized as a major emerging global market. Africa is indeed the latest pole in global economic growth.

Third, Africa has a time-honored history and brilliant culture. It is the origin of human civilization and has had a far-reaching impact on the world's cultural diversity, exchanges and dissemination. Mankind's common "grandmother" Lucy, the ancient Pyramids, the simple but rhythmic drumbeats and the rustic and passionate dances are all held up as shining brand names of Africa. African civilization has shed brilliant lights on the present-day music, sculpture, painting and other art forms of the world. Africa is indeed a colorful pole in world civilizations.

"When spiders unite, they can tie down a lion." This Ethiopian proverb vividly portrays a simple truth that unity is strength. Today's Africa is marching towards integration. Today's AU is playing an increasingly important role in African and world affairs. China will continue to strengthen relations with the AU and firmly support it in spearheading African integration and upholding peace and security in Africa, and in playing an even bigger role in regional and international affairs. China is ready to provide assistance to the AU to the best of its ability. We have high esteem for the great people living on this continent. And we have full confidence in the bright future of Africa.

Ladies and Gentlemen,

Half a century ago, during his visit to 10 African countries, the late Premier Zhou Enlai proposed the five principles for China's relations with African and Arab countries and the eight principles for China's economic aid and technical assistance to other countries, which need to be commemorated and carried forward. Over the past five decades, Chinese and African people have helped each other and fostered an unbreakable bond of friendship. As a poet once said, "You may have forgotten the person whom you laughed with; but you will never forget the one whom you wept with." In the 1960s and 70s, to support the cause of national liberation in southern Africa and smash the blockade imposed by the apartheid regime, the Chinese people assisted the construction of the Tazara Railway against great odds. Sixty-five fine sons and daughters of China gave their lives for the construction of the railway and were laid to rest on the African continent. In the same vein, when China's lawful seat was restored in the UN, our African brothers burst into tears of happiness, celebrating this as a great victory of developing countries. The history of our common struggle for a common destiny will always be our precious memory and inspiration and an

inexhaustible driver for the future growth of China-Africa relations.

In the 21st century, China and Africa have enjoyed growing political mutual trust and frequent high-level exchanges. Last year, the successful visit of President Xi Jinping to Africa and the visits of many African heads of state and government to China lifted the new type of China-Africa strategic partnership to a new height. In the same year, China-Africa trade reached US\$210.2 billion, registering an increase of more than 2,000 times over the 1960 figure. For five years in a row, China has been Africa's largest trading partner. China's FDI in Africa has grown from zero to over US\$25 billion in accumulative terms, delivering tangible benefits to both the Chinese and African peoples. Both history and reality tell us that when China develops well, Africa will get opportunities; when Africa develops well, China will stand to benefit; and when China and Africa all make progress in development, the world will become a better place for mankind to live in.

The present-day world is undergoing profound and complex transformation. The AU is drawing up an ambitious blueprint, Agenda 2063, for the continent's next 50 years of development. And China is working hard to realize the Chinese dream of the great renewal of the Chinese nation. With both sides facing the task of achieving modernization, China-Africa relations have entered a new period of development. During his visit to Africa last year, President Xi Jinping made a commitment to developing relations with Africa with sincerity, real results, affinity and good faith. China will always honor the commitment and work together with Africa to upgrade China-Africa relations. The relationship between China and Africa is one marked by shared interests, common development and cultural exchanges. To further deepen China-Africa cooperation, I believe we need to stick to the following four principles.

First, treat each other with full sincerity and as complete equals. Chinese and African civilizations have a close affinity as they both abound with distinctive cultural features, both cherish ancestral roots and both advocate equality, sharing, solidarity and collaboration. We could be called "close neighbors" in a cultural sense. Nelson Mandela, the proud "Son of Africa", once said, "Western civilization did not completely erase my African origin." The perseverance with which he tenaciously pursued equality commands our admiration. Both China and Africa were subjected to aggression and oppression by colonialism and imperialism in the past, and we both deeply value independence and equality. Neither of us has imposed our own will on others or interfered in each other's internal affairs. We both stand for resolving problems arising from cooperation through equal consultation. China's aid to Africa has never been attached with political strings. All this has constituted a defining cornerstone for the ever growing friendship between China and Africa.

Second, enhance solidarity and mutual trust. As an ancient Chinese philosopher said, "Those who want to establish themselves in society should begin by helping others to do so; those who want to become prosperous should help others to get rich first; and

no one should do to others what he does not want others to do to himself.” As mutual respect is a crucial prerequisite for enhanced mutual trust, China and Africa have treated each other’s core interests and major concerns with consistent respect. China has spoken out in support of Africa’s just cause and legitimate positions. And Africa has consistently supported China in its efforts to uphold its major interests. By coordinating and collaborating closely in regional and international affairs, China and Africa have effectively safeguarded the common interests of developing countries. With respect to multilateral issues, China and Africa have often found themselves having either common or similar concerns and positions; with respect to issues concerning security and stability at the regional level, China and Africa have always maintained effective communication and dialogue. China has contributed more personnel to UN peacekeeping operations in Africa than other permanent members of the UN Security Council, and Chinese peacekeepers are serving their duties in multiple hotspot areas across the continent. The solidarity and mutual trust between China and Africa serve not only our respective development but also peace and progress of the world.

Third, jointly pursue inclusive development. China is the world’s largest and most populous developing country and Africa the continent with the highest concentration of developing countries. China has a fairly solid foundation in science and technology and relatively abundant capital, while Africa boasts a huge market potential and plentiful labor resources. The high degree of economic complementarity and frequent investment and commerce have linked the two sides in an inseparable bond that leverages their respective strengths. China stands ready to exchange development experience and share development opportunities with African countries to promote inclusive development. We are willing to share with Africa those readily applicable technologies that China has developed without any reservation. We are also ready to transfer, on a priority basis, suitable labor-intensive industries to Africa to promote employment in Africa, as this is good for both sides and benefits the two peoples. China sincerely hopes to see Africa diversify its cooperation partners, welcomes greater international input into Africa, and is ready to carry out cooperation schemes in Africa involving third parties.

Fourth, innovate on practical cooperation. Africa is at the initial stage of an economic takeoff and China is striving to achieve modernization. Both sides are fast integrating into the ongoing economic globalization. China-Africa cooperation, which is consistent with the trend of the world, requires that we base ourselves on our respective development stages, give consideration to each other’s concerns, and constantly seek and expand the areas of converging interests. We should not limit our cooperation to energy, resources and infrastructure but expand it to industrialization, urbanization, agricultural modernization and many other areas, and put greater emphasis on green and low-carbon development as well as ecological and environmental protection. What is more, we should combine the role of the market with that of the government, enhance the synergy of business-society interactions and

innovate on practical cooperation, so as to make China-Africa cooperation a model of complementarity, practical results and efficiency.

Ladies and Gentlemen,

With splendid chapters already written, China-Africa cooperation is poised to turn a brand new page. Characterized by their unprecedented scope of common interests and a much more solid foundation, China-Africa cooperation should seize the good opportunity and focus on the future. China would like to make joint efforts with African countries to actively promote major projects in six areas to upgrade our cooperation.

First, we need to work together on industrial cooperation projects. In recent years, trade between China and Africa has grown rapidly. In the next stage, we may scale up our trade both quantitatively and qualitatively to reach the goal of increasing the volume of China-Africa trade and China's direct investment in Africa to US\$400 billion and US\$100 billion respectively. China will actively participate in Africa's industrialization and strengthen industrial cooperation with Africa. We will promote the development of such labor-intensive and manufacturing sectors as textile, garment and household appliances, work for the transformation and upgrading of energy and resource industries, enhance Africa's capacity of self-development and achieve the alignment of industrial development strategies between China and Africa. Infrastructure is essential to industrial development. China will get actively involved in highway, railway, telecommunications, electric power and other projects in Africa to facilitate regional connectivity. China proposes a China-Africa Regional Aviation Cooperation Plan, under which we will encourage Chinese enterprises to set up aviation joint ventures with African counterparts to provide civilian regional jets and jointly develop regional aviation in Africa. To help Africa achieve the goal of building a high-speed railway network, China is ready to conduct cooperation with Africa in engineering, equipment, standards and planning and establish a high-speed railway R&D center in Africa to share with our African partners relevant technologies, experience and training and management expertise.

Second, we need to work together on financial cooperation projects. Finance is vital to our practical cooperation. China has decided to provide an additional US\$10 billion credit line to African countries for mutually agreed projects, raising the total amount of promised credit to US\$30 billion. We will also put another US\$2 billion into the China-Africa Development Fund to raise it to US\$5 billion. We hope the special loans for African SMEs will be made good use of to support their development. We want to work with the African Development Bank to establish a joint financing fund and build a trilateral cooperation platform for Africa's infrastructural development, including the regional aviation network and high-speed railway network. China supports bilateral cooperation in cross-border local currency settlement, currency swap, and mutual establishment of financial branches.

Third, we need to work together on poverty reduction projects. Poverty is a public enemy of mankind, and poverty reduction is of great importance for improving people's lives. China has seen a big success in poverty reduction in the past two decades. Yet by World Bank standards, over 200 million people in China are still living below the poverty line. Poverty reduction in Africa is similarly a daunting task. During my visit, China and the AU issued the Program for Strengthening China-Africa Cooperation on Poverty Reduction. We are ready to share our experience with African countries on poverty reduction. We will go on sending medical teams to Africa and enhance bilateral cooperation on health care. The year 2014 is Africa's Year of Agriculture and Food Security. China will join the AU and African countries in jointly implementing the "High Quality and High Yield Agriculture Demonstration Project" aimed at upgrading agricultural technology and farm output in Africa. China will devote greater part of its assistance to Africa to providing drinking water, preventing and treating infectious diseases and other areas related to people's livelihood.

Fourth, we need to work together on ecological and environmental protection projects. Ecological and environmental protection is our shared responsibility. Africa's distinctive ecosystem rekindles our collective memory of mankind's distant past and arouses our aspiration for a better homeland. To better protect Africa's wildlife, the Chinese government has decided to provide a grant of US\$10 million in support of closer technical cooperation and experience sharing between China and African countries, and the Chinese government will also strictly abide by the international and bilateral agreements it has signed on wildlife protection. We will also promote the setting up of a "China-Africa joint research center" in Kenya which will focus on bio-diversity protection, desertification control, modern agriculture demonstration and other areas of interest to Africa. We will keep stepping up our cooperation on ecological and environmental protection and actively develop clean energy and renewable energy. The aim of these efforts is to pursue development and environmental protection in a holistic way and build a green Africa that enjoys sustainable development.

Fifth, we need to work together on cultural and people-to-people exchanges. Mutual affinity grows when the hearts and minds of our people meet. We will step up cultural interactions with African countries, making such brand programs as the China-Africa Cultural Cooperation Partnership Program and the China-Africa People-to-People Friendship Action a success, setting up still more Chinese cultural centers and Confucius Institutes in Africa, and helping China-Africa friendship strike deeper roots in people's hearts and minds. China will work through cooperation programs in science, technology and education as well as enhanced vocational training and other means to help African countries improve the caliber of their human resources. We encourage still more Chinese tourists to visit Africa and welcome African friends to come to China for visits, study, investment and business.

Sixth, we need to work together to enhance peace and security. Without a peaceful and stable environment, development will be out of the question. China firmly supports Africa in its efforts to resolve African issues in African ways. We will earnestly implement the Initiative on China-Africa Cooperative Partnership for Peace and Security, actively explore ways to help the development of an African Standby Force and African Capacity for Immediate Response to Crises, support the collective security mechanisms in Africa, expand bilateral cooperation in personnel training, intelligence sharing and joint exercises and training, and assist Africa to enhance its capacity building in peacekeeping, counter-terrorism and counter-piracy.

The Forum on China-Africa Cooperation (FOCAC) is an important platform to deepen China-Africa relationship. It has played an important role in enhancing collective dialogue and practical cooperation between the two sides. We need to continue to improve this mechanism, enrich its content and make the platform more practical and efficient. Next year will be FOCAC's 15th anniversary. China is ready to work with Africa to make its sixth ministerial conference a success by rolling out more measures suited to the needs of both sides, keeping China-Africa bilateral cooperation always at the forefront of international cooperation with Africa and produce more fruitful outcomes in China-Africa cooperation.

Ladies and Gentlemen,

Ethiopia is a country with a time-honored civilization on the East Africa Plateau, known to enjoy thirteen months' sunshine every year, and being the original home to the aromatic coffee. The diligent and courageous people of Ethiopia love freedom and have a glorious tradition of standing up to foreign aggression. The Ethiopian People's Revolutionary Democratic Front, since coming into office, has rallied the Ethiopian people to actively explore a development path suited to the country's conditions. While achieving impressive progress in nation building, Ethiopia has played an important role in regional affairs of Africa. Over the past two days since I arrived in Ethiopia, I have seen for myself that under the leadership of Prime Minister Hailemariam and the Ethiopian government, the Ethiopian people have made continuous progress in national development. I wish to extend my sincere congratulations to the Ethiopian people for what they have accomplished.

In African legend, the Phoenix, a long-lived bird, dies by fire every 500 years, only to rise from the ashes to be reborn again. In Chinese culture, you can find a similar story of a mythical bird named Fenghuang that, too, cyclically regenerates itself. These two legends seem to be telling us that the great renewal of the Chinese nation and the African continent represents an unstoppable historical trend. "Facing the vast ocean that embraces thousands of streams, let us set sail now that the wind is fair". Let us seize the opportunities and join hands, come rain or shine, to bring about an even better future for China-Africa relations. Thank you.

Source: African Union Commission (AUC)

Photos I: Ethiopia Eastern Industrial Zone



Source: Ministry of Commerce of the
China <http://www.mofcom.gov.cn/aarticle/subject/jwjmyhzq/subjectp/201011/20101107229195.html>

Photos II: Fincha-Amerti-NesheHydropowerProject



Source: Water Power & Dam Construction.net

**Photos IV: Chinese Premier and Ethiopian Primerto Inaugurate
Addis-Adama Expressway**



Source: Xinhua.net

Photos III: Ethiopia Opens Africa's Biggest Windfarm



A boy stands near one of Ashegoda's 84 wind turbines. Photograph: Reuters

